



AFIN
Alberta Forage Industry Network

The Forage Voice

"Building a Voice for Alberta's Largest Industry"

Issue 2

NEW Executive Director for the Canadian Forage and Grassland Association

Inside this issue:

- **NEW Executive Director - Canadian Forage and Grassland Association**
- **2013 Forage Yield & Quality - Hay, Pasture & Seed**
- **Will a Hay Shed Pay?**
- **FarmOn**

On October 31, the CFGA announced in a press release that the selection of their new Executive Director, Ron Pidskalny had occurred. Doug Wray, Chair of the CFGA says, "Ron has a very strong background in working with multi-segmented agricultural organizations such as ours, as well as private industry. His communication and leadership abilities combined with fund raising experience give us the confidence that he has the skills, experience, and qualifications to successfully lead the CFGA into the future."

The press release also stated that Ron has over 25 years of entrepreneurial and multi-national experience in technology commercialization and business analysis. He has an extensive knowledge of business planning, product development, business intelligence, patent and intellectual property management, competitive product evaluation and project management. Ron has been an advisor to the Canadian government on the International Plant Genetics Treaty and has commented on the "Study on Modern Food Biotechnology, Human Health and Development" on behalf of the Canadian Society of Agronomy and the Agricultural Institute of Canada for the World Health Organization. He has served on the Board of Governors of the Agricultural Institute of Canada and is past-Western Director of the Canadian Society of Agronomy.

Recent assignments include working as Senior Project Manager for the Canadian National Transplant Research Program, coordinating the development of a five-year budget of almost \$24 million from a range of public and private institutions, including multinational medical instrumentation and pharmaceutical corporations, provincially based Organ Procurement Organizations and national not-for-profit charitable foundations.

Ron has worked as a technical consultant on the development of a strategy and a search for research and commercial partners for a multinational European company with consolidated sales in excess of \$2 billion. Collaborators included the Alberta provincial government, the federal government as well as public and private investors. He also developed a crop feedstock sourcing strategy and a business justification for a canola crushing facility that were integrated into an initial public offering for \$70 million on the Toronto Stock Exchange in 2011.

Ron has also served as the Business Development Officer for biofuels and bioindustrial products for Genome Alberta where he developed strategic business plans to focus Alberta's genomics research on commercial biofuel and bioindustrial applications.

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The AFIN team would like to welcome Ron to the CFGA and look forward to working with him in moving the Alberta and Canadian forage industries forward!

Alberta's 2013 Forage Yield and Quality - Hay, Pasture, and Seed

Again in 2013 there was a continued but small movement of land out of forage to cereals and oilseeds. This spring saw much of the stored forage carryover inventory used up due to a long winter, feedlots shifting in 2012 to purchasing hay and combining barley acres intended for silage, and iced snow conditions and wildlife limiting access to some winter grazing. This spring marginally more forage growers fertilized hay stands since fertilizer prices were a bit lower, hay stands a bit older, and forage inventory low. The majority of pastures were not fertilized.

There was a common trend across Alberta's broad forage industry. A dry fall in 2012 and a dry start in the spring of 2013 slowed early season growth in much of Alberta. Rains came in June in many areas and continued to mid-July, so making hay was a challenge in spring and early summer. There were some small windows of time in late June where immature hay did get harvested with little rain damage. Some first cut was made into bale silage as a way to avoid weather risk on newer hay stands where a second cut would be favorable. However more often than not June and July cut hay, was rained on and laid out for extended periods of time. A few fields never got baled and was left laying for second cut collection. Haying in late July, August and September of mature first cut, with a small amount of rain was common. Yields were good especially of fertilized fields. Second cut on those early cut fields gave good quality and quantity. Pastures that were managed rotationally were very good to excellent. Pastures that were not managed vary from good to fair depending on time of livestock turn out. Weeds like thistles in pastures were significantly greater to becoming real problems. The dry conditions through August have stopped growth on pastures not managed by controlled grazing. "It is very notable by fall forage growth which pastures were or were not using managed grazing," said Carla Amonson, manager of the West Central Forage Association in Evansburg. That is true elsewhere also.

These spring summer rains, then dry conditions thereafter explain the hay yields being above average in many areas with quality being down. Yields in the drier areas east near Oyen were above average but below the last two years fantastic hay crops. In the far north in the Peace, Fort Vermilion after two years of severe drought was granted a reprieve and hay and pasture yields were near average with rain delaying fall grain harvest. Exceptions to provincial results are some dry pockets near Bonneyville, Fort Kent, Willingdon, etc. where hay and pasture growth was below normal.

Grasshoppers were a problem in parts of the Peace but since they started late they did not do notable damage. Hail damaged was not as severe as the past few years with only some salvage cereals going into the forage supply.

Densified forage yields were above average but were over mature so are grading Choice and not Premium. Those who tried to cut hay earlier in July to mid-August for Premium were damaged by rain. Timothy harvested in southern Alberta was the worst hay quality grade percentage on record. After mid-August most hay was cut with no rain and had tremendous well above average yields. The mixed hay export demand is growing as the USA tries to address forage needs after the last two years of drought. Densified forage acres were stagnant in 2013. Densified companies are paying some high prices for the choice hay as a way to keep forage acres and not lose them to the grains industry.

Brooks is the area where there are the majority of Alberta's alfalfa seed crops. Alfalfa seed yields are less than last year but still about 15% above average. Quite a few fields are around 600 pounds /acre but dockage is about 25%. On average alfalfa seed yield will be 450-550 pounds cleaned /acre. Quality is very good with good color. Insect issues were about normal but it seems there are a few more insect issues each year. Some seed growers sprayed 2-3 times. Prices for alfalfa seed look like there may be a slight rise or stay the same. Although there were boxes of leaf cutter bees increasing, boxes were not as full.

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Canadian Forage and Grassland Association

Association Canadienne pour les Plantes Fourragères

Mark Your Calendars!

2013 CFGA Conference & AGM

“Taking Forages Mainstream - The Challenges, Pitfalls & Opportunities”

December 9th (Tour), 10th & 11th (Conference), 2013

Pomeroy Inn & Suits at Olds College, Olds AB

Plenary Session:

Laura Rance

The Future of Forages in a Fabricated World: Where do Forages Fit in a World so Fixated with Technology that the Petri Dish Could Soon Replace the Back 40 for Beef Production?

Dr. Pascal Badiou

The Importance of Grasslands and Wetlands on the Prairies - Forage and Grassland Opportunities

For More Information

and to Register Visit:

<http://www.canadianfga.ca>

AFIN Membership Drive

AFIN is currently accepting and looking for new members. Those involved in any aspect of the Alberta forage industry are encouraged to become members, have a say, and play a part in the future direction and development of this industry.

Farmers, farm corporations, agricultural related businesses, government departments and agencies and non-government agencies who are interested in furthering the objectives of AFIN are eligible for membership.

Current membership fees range from \$50 to \$250, depending upon class of membership.

The financial support provided by membership will allow AFIN to address Alberta forage industry objectives and priorities.

Join AFIN Today!

Will a Hay Shed Pay?

Adequate moisture conditions in many parts of the province have resulted in stacks and rows of hay bales. If the winter is mild and cow numbers remain static, there could be a large surplus of hay carried over into the summer of 2014 and fed over the 2014 – 15 winter.

When hay is carried over the course of a winter, bales weather and lose both weight and quality compared to when they were made. This poses a few key questions. What is the potential lost value when storing the bales outside, unprotected from the elements? How much would it cost to store the bales in a shed? Putting both of these together, if it pays to cover the hay, how long would it take for cost savings to pay for a pole hay shed?

What are the losses, and how big can they be?

Research on over-winter bale storage done in the Westlock, AB area indicated a 5.7% reduction in bale weight. A 1,400 pound bale in July would weigh 1,320 pounds the following spring. At 3 cents per lb., this weight loss effectively pushes the laid in price from \$42/bale to an equivalent of \$44.55/bale.

To set a possible range for over-wintering weight loss, various locations across North America, have reported bale weight losses as high as 18%. Conversely, weight loss for bales stored under a shed is typically 2%.

Weathering also affects the acceptability of hay to livestock. Cattle eat less of the weather damaged hay, rejecting up to 8% more feed from bales that are stored outdoors compared to indoors. This moves the value of that same bale of hay from \$44.55/bale to \$48.44/bale.

After considering weight loss and waste (acceptability), the next area of concern is the reduction in quality or feed value. Bales stored outdoors tend to squat or flatten out during storage. Surface area in contact with the ground and exposed to rain increases. Weathering and water damage reduces quality. Both consumption and digestibility suffer. This is further compounded by losses in protein and energy content. Weathered hay can test 2 to 3% lower protein (hay that tested 14% after baling can be 10 to 11% the following spring). As well, energy content can be 20 to 50% lower as well (TDN value of 63% after baling can be 45 to 55% the next spring). Supplementing two year old hay with barley and protein compensate for lower forage quality could roughly increase the “cost of the 1320 pound bale” by \$13.42.

Will these losses pay for a shed?

Combining the rough estimates of the lost value by either shrink or quality loss; the average 1400 pound hay bale cost climbed from \$42 a bale to \$61.85 per bale (\$60 to \$88.40/Ton), about a 50% increase! A move of this magnitude certainly makes it worth a managers' while to put a quick budget together to evaluate the “if's” and “when's” of putting a shed over hay supplies.

A scenario is described below to illustrate the simple partial budget steps producers can take to evaluate the question, “Should I build a pole shed for my hay to reduce feed loss?” Key considerations include:

- Feeding 250 (1,400 lb) cows for 175 days,
- Requires 882 tons of hay, 1260 bales @ 1400 pounds.
- Size of the shed to hold this amount of hay would be 40ft wide x 420 ft. long x 16 ft. high)
- Base strategy of carrying over 50% of this year's hay crop cover half of next year's needs,
- Feed prices: \$0.03/lb. for hay, \$0.08/lb. for barley, \$0.16/lb. for protein supplement
- Investment costs for pole shed to cover the hay of approx. \$85,000 (materials and construction), with on-going repairs and maintenance penciled in at 1%/annum of original cost

A partial budget was developed, focusing on the annualized added costs and reduced net losses (losses occur in the shed excluded). Future costs and benefits were appropriately discounted.

The economic analysis, as summarized in the partial budget below, generally supports the notions that large losses may justify building a shed to cover hay stores. Under the baseline 50:50 carry-forward strategy, annual cost savings exceed annualized investment and operating costs associated with a shed by over \$4,000 – equivalent to a net benefit of more than \$16/cow. At this pace, feed cost savings would create a pay back on the shed in 13 – 14 years.

Partial Budget: “Should I build a pole shed for my hay to reduce feed loss?”			
Added Costs:		Reduced Costs:	
Annualized Investment Cost	\$7,634	Weight Loss	\$2,764
Annual Repair & Maintenance	850	Waste Loss	1,895
		Quality Loss-late pregnancy	1,384
		Quality Loss-lactation	6,475
Subtotal:	\$8,484	Subtotal:	\$12,517
Net Advantage (Disadvantage): <u>\$4,033</u> or <u>\$16.13/cow</u>			

If the value of hay increases to 4.5 cents a pound, the repayment period for the shed would be 7 to 8 years. It's critical for producers to assess their own expected levels of loss, linkages to feeding systems, feed pricing and hay carry-forward strategies. The partial budget analysis can be used to examine the sensitivity of the “pay-back” to each of these factors, and others.

For example, the profitability of the venture is very sensitive to the carry-forward strategy. The break point for the shed investment, under the scenario's feed price and loss assumptions, is at about a 30% year-end stock. At levels less than this, the shed rapidly becomes an added cost burden ... that persists for many years. In east central Alberta where it is common practice to carry the better part of the next year's feed needs in inventory, sheds can easily show a net benefit ranging from \$30 - \$40/cow.

Sensitivity of the budget results to feed loss and value is mixed. Every percentage point difference in weight loss from the stack to the shed generates a cost savings change of \$2.50 to \$3.00/cow. A one percent change in feed acceptability, or added wastage, equates to a \$1/cow change in profitability. A one cent per pound change in the value of hay moves the net benefit by about \$2/cow.

In closing cow/calf producers have learned, by experience, that cow herds are challenged to cover the cost of depreciable assets. This does not mean they shouldn't have them ... it just means that they need to be justified by dollars and cents additions to profits over the long term. Each farm is different in terms of whether or not assets, like a hay shed, are a profitable investment. The answers are a simple budget away.

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AFIN Partnering with FarmOn

Social media is taking the world by storm and it seems like everywhere you turn someone has their smartphone out and is either texting, facebooking, tweeting or instagraming....just to name a few! It tends to be the younger generation that are using these technologies, but it can be just as useful for those more established individuals. The agriculture industry has started to use social media more and more to help promote its products and practices to the consumer world. FarmOn is one such group.

According to their website, FarmOn.com, the FarmOn Foundation was formed by a group of young agricultural enthusiasts, from rural Alberta, determined to see the industry thrive and become tangible for new farmers looking to be a part of it.

With Canada losing 60% of their young agricultural producers in the last 15 years, leaving only 9.1% of farmers under the age of 35, it was mission critical to form an organization that existed solely for the benefit of young farmers and seeing them succeed. As such, the FarmOn Foundation was born, with the mandate to inspire young farmers to action by equipping them with the tools, knowledge and hands on skills needed to increase the profitability of their agricultural businesses.



Governed by a Board of Directors, all in touch with the agriculture industry, the Foundation continues to create programming that is of benefit to farmers who are evolving their operations.

AFIN understands that the sheer number of forage producers is declining at an even faster rate than those in the cropping industry and that there are many younger people who may not have grown up in rural communities that are interested in starting a career/lifestyle in the forage industry, but have no idea of how to get started. Therefore, AFIN and FarmOn have partnered on the initiative of putting together short videos that identify the "why" and "how" of being part of the forage industry in Alberta. Work has begun in interviewing and videoing established and progressive forage producers across the province to showcase their operations and how they have become successful in an industry that has faced its fair share of challenges. These videos will be available for viewing shortly by those that are interested in pursuing their passion in the forage industry and for those established producers which by doing so, may help to reconfirm that they made the right career choice.

In the meantime, be sure to check out the FarmOn website to see what it has to offer and take a look at the AFIN website for valuable information on the Alberta forage industry and upcoming industry events. You can also follow both organizations on Twitter!





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2013 AFIN Board of Directors

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Membership Application Form

Membership Category - (Check one)

	Category	Annual Dues	No. of Eligible Voters
<input type="checkbox"/>	Individual Farmer	\$50	1
<input type="checkbox"/>	Farming Corporation	\$50 per voter	Max 4
<input type="checkbox"/>	Agri-business	\$250	Max 4
<input type="checkbox"/>	Ag Related Non – Government Organization	\$250	Max 4
<input type="checkbox"/>	Ag Related Government Organization	\$250	Max 4
<input type="checkbox"/>	Other Individuals (upon approval by AFIN)	\$50	1

Name of Individual or Organization: _____

Mailing Address: _____

City: _____ Province: _____

Postal Code: _____ Email: _____

Phone: _____ Fax: _____ Cell: _____

If application is for a farm corporation, business or other organization, please provide names of the designated Voters:

Name	Email Address	Phone Number
1.		
2.		
3.		
4.		