

CATTLE | FEED

Alberta feedlot's 'buy local' motto provides grain sellers with pricing options

BY BARBARA DUCKWORTH
CALGARY BUREAU

BANFF, Alta. — It takes 225,000 tonnes of barley per year to feed the 100,000 cattle at Western Feedlots' three locations in southern Alberta.

Even with that kind of need, the company still prefers to deal directly with local barley producers, said Jay Burrows, manager of commodity trading at Western Feedlots.

"We still have a strong preference for grower direct procurement to identify the characteristics in barley

and being to able drive that out to the market and have the grower supply us with the product we need," Burrows said during the Alberta Barley Commission annual meeting Dec. 11.

He is responsible for grain procurement, quality control and logistics at High River, Alta.

About 90 percent of the company's barley purchases are direct deals with farmers, mostly in the Red Deer,

Drumheller and Calgary areas.

About 75 percent of the barley bought is two row feed.

Sellers can accept standard trade contracts or sign on to the Western grid premium which offers a variety of pricing options.

All deliveries are probed and tested to assess plumpness and waste percentage. Payment is made a week after delivery. Price discounts start when the moisture content is greater than 15.3 percent or when barley bushel weight falls below 47 pounds.

Burrows said the livestock industry continues to contract and some companies are unable to pay for delivered feed.

Producers should know their buyers and insist on prompt payment.

"It is getting to be more and more important to understand whom you are supplying to. If you've a market willing to pay a plumpness premium for barley, it is going to be against

your best interests to try and put a 46 lb. barley into that particular market," he said. "It is not in your best interest to put 52 or 51 lb. barley into a 46 lb. market."

He also suggested getting good all-weather storage to capture price-premiums available in spring.

Recent Statistics Canada figures on prairie barley production could influence procurement strategies and the prices being offered.

Statistics Canada reported that total prairie barley production was down 20 percent in 2009.

It was down about 29 percent in Alberta with harvested acres down 81 percent of the 2008 harvest.

Saskatchewan harvested acres were 85 percent and Manitoba 82 percent. Average yields for Alberta were down 14 percent this year. Saskatchewan and Manitoba were each three percent better over 2008.

