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Steve Laroque of Beyond Agronomy in Three Hills, examines a barley test plot at the 2007 field day at the Field Crop Development Centre in Lacombe. See story on page 13.

## report

# Changes and challenges continue in Alberta's barley industry

As another growing season wraps up, this is the time of year where those of us who work and live in agriculture take stock. At the Alberta Barley Commission, we "take stock" by producing our annual report.

Inside this issue of *Barley Country* you'll find the Commission's annual report for the year Aug. 1, 2006 to July 31, 2007. Once again, we've taken a prudent and cost-effective approach to reporting our results to our 17,000 members and producers and the 21,000 additional industry partners and stakeholders on our distribution list.

Agriculture is always a demanding industry, but the barley sector experienced extraordinary changes and challenges in 2006/2007. The most notable was efforts to bring about market choice for Western Canada's barley producers. Industry followers from around the world and everyday people across the country watched with unprecedented interest; suddenly barley was a hot commodity – literally.

It was in high demand by beef and hog producers and maltsters couldn't get enough of it. And, of course, there was new interest in using barley for bioproducts like

ethanol, distilled grains and functional foods.

Prices rose, dropped and rose again, resulting in more changes and challenges – and uncertainty – for barley producers and their customers.

The Commission responded to these changes and challenges through leadership and nimble decision-making. Our decisions weren't without a certain amount of risk. And while we ended the year with a deficit, we invested in programs and priorities that continue to serve the best interests of our producers.

You'll find details of our decisions and activities starting on page 5. Your thoughts and views of our plans and progress are important, and we'd like to hear them. You can share them by:

- E-mailing us at [barleyinfo@albertabarley.com](mailto:barleyinfo@albertabarley.com)
- Writing to us at #200, 3601A – 21 Street N.E., Calgary, AB T2E 6T5
- Calling us at (800) 265-9111 (toll free in Alberta)
- Attending one of our fall 2007 regional meetings or the annual general meeting (see page 16).

# Are your barley buyers supporting you?

Your customers may pay you a fair price for your barley, but are they truly being fair about the barley they buy?

If your buyer fails to remit check-off dollars to the Alberta Barley Commission, it's simply not fair. By provincial law, anyone who buys barley produced in Alberta must remit \$0.50/tonne (about \$0.01/bushel) to the Alberta Barley Commission.

Check-off dollars are the Commission's main source of revenue and are in turn invested in projects and programs to make Alberta barley producers more competitive, viable and profitable.

A recent study of Alberta's single largest barley user, beef feedlots, found a surprising number of operators do not submit check-off dollars. In fact, of the 99 feedlot operations included in the study just 29 submit check-off dollars.

Exactly how much feedlot opera-

tors cost the Commission and their members is unknown.

What is known is that in 2005, Alberta barley farmers produced 5.6 million tonnes of barley, but the Commission received check-off dollars for just 2.81 million tonnes, about half of the crop. And in 2006, barley farmers reported production of 4.6 million tonnes, but the Commission received check-off dollars on less than 60 per cent of the crop, or 2.67 million tonnes.

We recognize that the barley grown on some farms stays on the farm for feed, but still estimate that at least \$750,000 a year in check-off dollars isn't submitted.

And that isn't fair to barley producers. The Commission invests check-off dollars in a variety of ways such as research projects, member relations, educational programs and developing new government and industry policy. Given that the

Commission is often able to leverage its funding, this \$750,000 shortfall in direct funding translates into \$2 million to \$4 million a year in support that barley producers are missing out on.

Those funds would go a long way to supporting new programs such as research into leaf diseases, which are a growing risk to the barley industry. Breeding new varieties of barley that are leaf disease-resistant will take several million dollars. If we're going to mitigate the risks of such diseases, our industry needs control of its rightful resources.

While some feedlot operators may complain that submitting check-off dollars is an accounting headache, the Commission can show those operators how quickly and easily accommodating check-off payments can be.

So if you are an Alberta barley producer it's worth asking your



Terry Young, Commission Chairman

customers if they're being fair about the barley they buy, because in the end remitted check-off dollars are a long-term benefit to the whole barley industry.

## viewpoint

# Analyst describes 2007 as adventurous, unique and interesting

John De Pape has never seen anything like 2007.

"We're really where we've never been before . . . it's adventurous, which you don't tend to think of when you're describing life on a farm," says De Pape, president of John De Pape Ltd. in Winnipeg and a featured speaker at the Alberta Barley Commission's 2007 annual general meeting on Dec. 7. He is also the primary author of the 2004 study *The Canadian Barley Industry in Transition: A Study for Alberta Agriculture, Food and Rural Development*.

De Pape's 27-year career in agriculture includes positions in trading, grain merchandising, exchange administration and grain industry consulting. Not one of those years, he says, have been as interesting or unique as 2007.

"You have this really strong global barley market and in Canada you have the feed market cannibalizing the malt market," says De Pape. "It's one very unusual and dramatic year and yet, in Canada we're unable to respond to rapidly changing market conditions and challenges."

For example, many traditional barley exporters have been hit with drought conditions, and buyers around the globe are scrambling to secure barley that meets their standards – or in some cases, just about any barley. Malt barley prices recently hit €335/tonne, about Cdn\$474.60, in Antwerp, Belgium and US feed barley export prices are



John De Pape

pushing toward US\$400/tonne. And since June 2007, Winnipeg barley futures have consistently traded higher than Chicago corn futures (see chart).

### Barley's blessing – and curse

While some barley producers may see the Canadian Wheat Board (CWB) as the source of the industry's current woes, De Pape says there's more to it.

"Barley is different than wheat. Anytime you pool prices in a rising market, the pooled returns will not look good. But unique to the barley market is the fact that the combination of the non-CWB domestic feed market and CWB pooling for malt and exports makes the CWB impo-

tent in those markets. It can't be assured of any supplies of barley – and in a year like this one that includes good quality malting barley that is being pulled into the feed market. How can you market effectively when you can't even show a competitive price?"

He adds: "The blessing in Canada is that we're seeing great prices but the curse is that the weather is not cooperating – and that the Wheat Board system isn't working."

"The Wheat Board has already announced it will start buying feed barley on the cash market, but that undermines the Pooled Return

Outlook (PRO). Cash feed barley prices are high already and the more you drive up feed prices, the less attractive the malt market is to producers."

In addition, cool, wet conditions across the prairies are a clear signal that malt quality and quantity will be less than forecast and that the CWB will be hard-pressed to meet maltsters' needs.

Hear more about John De Pape's views on barley markets and prices at the Alberta Barley Commission's 2007 annual general meeting on Dec. 7; details on page 16.

Winnipeg Commodity Exchange barley futures versus Chicago Board of Trade corn futures (December contracts)

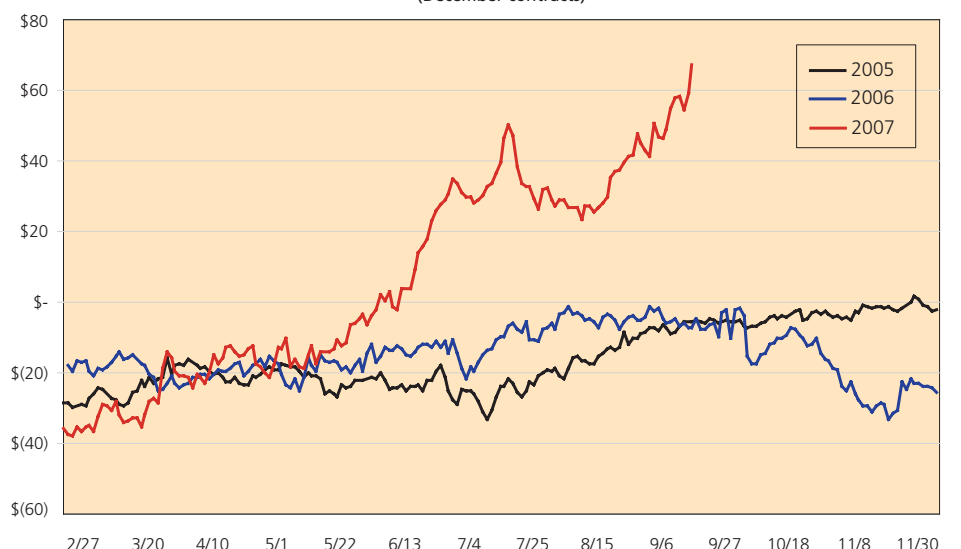


Chart shows the difference in Winnipeg Commodity Exchange barley futures prices in comparison to Chicago Board of Trade corn futures prices. In 2005 and 2006, barley futures were consistently priced well below corn futures. Since June 2007, barley futures have been increasingly priced well above the price of corn futures, by as much as \$67/tonne.

# Dean looks at the new agriculture at AGM

John Dean doesn't like to harp about change when he talks about agriculture.

"The issue is are we looking at opportunities and offsets?" says Dean, a strategic director with AgFusion and a former manager of market development for Agricore United. Widely recognized for his abilities to identify and follow trends in agriculture, Dean will be the keynote speaker at the Alberta Barley Commission's 2007 annual general meeting on Dec. 7. (See details on page 16.)

Dean says today's agriculture – which he likes to call "the new agriculture" – is facing numerous trends, opportunities and challenges.

Among them:

- Increasingly knowledgeable and

sophisticated consumers, who are "very savvy about what's good and what's not good for them." Dean says these consumers want their food to be safe and nutritious.

~

### Producers must be prepared for opportunities and offsets in at least eight areas

~

- Consumers also want farmers' and processors' methods of production to be environmentally responsible

and sustainable. Plus, consumers want assurances that animals are being treated and cared for properly.

- Genetic modification. Debates about and developments in genetically modified food have been going on for years, but consumer stances could change with the arrival of new products offering a variety of benefits.
- Food versus fuel. Another great debate on how ethanol and biodiesel production is driving up prices and putting the brakes on supplies. Farmers are finally getting higher prices, but for how long?
- Value-added processing in both crop and animal products.

Dean says western Canada has many opportunities to develop more value-added products for consumers.

- Changes in regulations. Would changes in regulations governing the Canadian Wheat Board, the Canadian Grain Commission and other agencies lead to more opportunities?
- Greater flexibility in crop production. As more uses are found for crops, more varieties need to be produced. "We still need to protect high quality products such as Canadian hard spring wheat (CWRS), malting barley and durum, but we also need high yielding, low protein varieties for feed and ethanol."

## policy

# Health claim efforts continue

The Alberta Barley Commission's efforts to have barley recognized as a "healthy" grain continued throughout the summer. The Commission is working with the Canadian Barley Food Coalition to obtain approval from Health Canada.

In December 2005, the United States' Food and Drug Administration approved a similar claim for barley.

The Commission and the Coalition have teamed with Dr. Nancy Ames of Agriculture and

Agri-Food Canada's Cereals Research Centre in Winnipeg to assess evidence for supporting the claim. Ames is examining a wide variety of information from around the world about barley's effects on human and animal health, and the effects of cereal grain on cholesterol.

In compiling her assessment of acceptable studies and information, Ames is considering: the consistency of observations and effects; the levels (or doses) of barley consumed; the feasibility of consuming the actual dosages; and the demograph-

ics or characteristics of targeted consumers.

Her final report will provide definitive scientific evidence that strengthens the Commission's and the Coalition's application to Health Canada.

Meanwhile, the Commission continues to gather support from Coalition members and other industry stakeholders so that they can ultimately educate consumers about the healthy benefits of barley, and make barley more competitive in the marketplace.



Alberta *is* Barley Country.

This province grows more barley than any other province, and Alberta's output typically accounts for half of Canada's annual crop. Barley production for feed, malt and food is an important economic activity in Alberta.

See past issues *Barley Country* at [www.albertabarley.com](http://www.albertabarley.com)

*Barley Country* is published quarterly by the Alberta Barley Commission to inform producers of new technology and developments affecting barley production and to promote new markets for Alberta barley growers.

*Barley Country* is circulated to more than 38,000 producers, agrolgists, researchers and grain industry representatives. One year subscription rates for non-members are \$15 within Canada and \$20 outside Canada.

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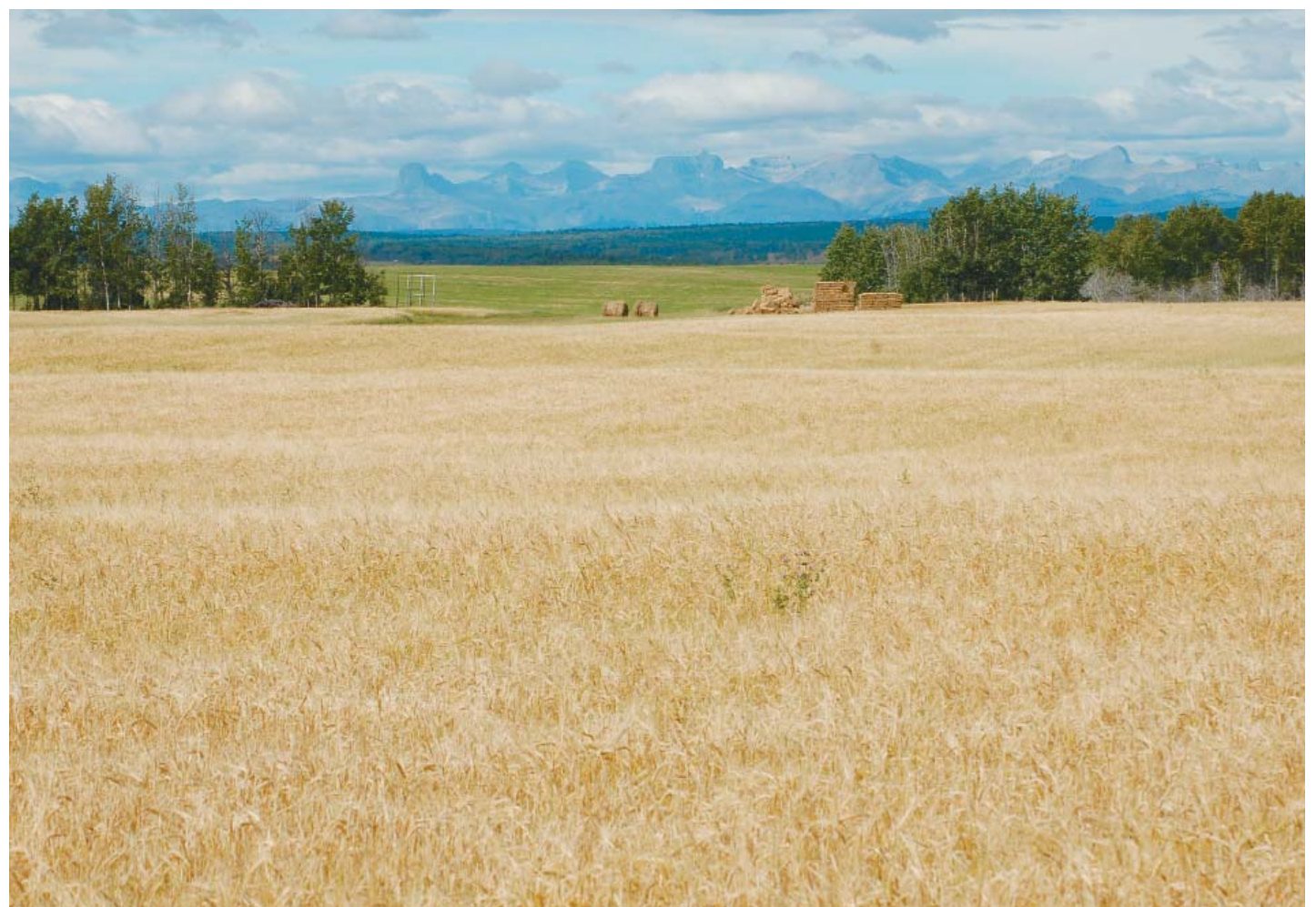
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# Survey reveals fertilizer & supplement uses and attitudes

In spring of 2007, Ipsos Reid asked 400 farmers across the country about their familiarity, usage and attitudes toward fertilizers and supplements.

The survey was conducted on behalf of the Canadian Fertilizer Products Forum (CFPF).

Producers in Canada spend \$2.6 billion a year on fertilizers and supplements, more than on pesticides, seeds, fuel, or other crop inputs.

Three quarters of farmers canvassed said they have confidence in the system that regulates fertilizers and supplements. The rating was highest in Ontario (86 per cent) and was 70 per cent in Alberta. A large number of farmers were not aware that the Canadian Food Inspection Agency (CFIA) develops and implements standards for the quality and safety of fertilizers and supplements sold in Canada.

The vast majority of respondents were satisfied with the physical quality of the fertilizers and supplements available to them and 90 per cent approved of the blended products provided by manufacturers. About 20 per cent said

they had complained about or returned a product for being lumpy or dusty.

The survey also noted that about 20 per cent of farmers, most from the West, were aware of fertilizers or supplements that are available in other countries that have not been approved for use in Canada. Farmers indicated they wanted more choice, for example, in nitrogen and phosphate products.

Among other survey findings:

- Farmers said they pay close attention to the cost of fertilizers and supplements when choosing their products.
- Purchases are based on perceived benefit and availability.
- Farmers want to incorporate more manure and compost, when it is available, to reduce their nutrient requirements.
- About half the respondents cited

price as the main reason for using fewer products.

- Only two per cent of those polled said they had not used any fertilizers or supplements in last three years.
- Farmers annually use traditional products containing nitrogen, phosphorus and potassium but are less familiar with newer products such as wetting agents and biosolids.

Funding for the survey was provided by Agriculture and Agri-Food Canada's Advancing Canadian Agriculture and Agri-Food (ACAAF) program. ACAA is a federally funded program aimed at helping Canada's agriculture and agri-food sector respond to current and emerging issues.

The CFPF was created to provide advice and recommendations to the CFIA and other government departments in the area of fertilizers, crop supplements, micronutrients, composts and other crop nutrition products. The Alberta Barley Commission's CEO Mike Leslie sits on the CFPF's executive board.

A full copy of the survey is available at ([www.cfpf-fcpf.ca](http://www.cfpf-fcpf.ca)).



## production

# Ag departments studying "smart" nitrogen fertilizer

By Anne Georg

This fall, Alberta Agriculture and Food and Agriculture and Agri-Food Canada are joining forces to begin a five-year study of Environmentally Smart Nitrogen (ESN) in nine sites across Alberta. They'll examine the agronomic, economic and environmental effects of ESN on barley, canola and wheat and compare them to traditional urea fertilizer. The study will also compare spring and fall nitrogen fertilizer application, and banded and seed-placed applications to determine performance differences.

ESN is designed to release nitrogen as crops require it. Producers in the United States have used ESN for several years, but it wasn't until the

spring of 2006 that it was approved for use on Canadian food crops.

"This polymer-coated nitrogen provides controlled release of nitrogen based on soil temperature

and moisture, the same factors that have the greatest impact on crop growth and development," explains Ray Dowbenko, senior agronomy specialist with Agrium, the makers of ESN. He adds that controlled

nitrogen release has many benefits for barley producers and for the environment.

"ESN is nitrogen efficient. By releasing nitrogen only when it is

**ESN fertilizer costs more than traditional fertilizers, but if it improves nitrogen use, producers should be able to reduce the amount they need**

needed, the plant doesn't use its energy for producing vegetation, and saves it to produce more grain. Producers get a higher ratio of grain to straw by using our product," Dowbenko says.

"Right now ESN fertilizer costs more than traditional fertilizers, but if it improves nitrogen use, producers should be able to reduce the amount of fertilizer nitrogen they need," offers Len Kryzanowski of the Resource Science Branch of Alberta Agriculture and Food. "Conversely, if they use the same amount they could see increased crop yields."

On the environmental side, because nitrogen is used more efficiently, less is leached into the soil and less nitrous oxide is released into the atmosphere as a greenhouse gas. Kryzanowski says that due to its environmental potential to increase nitrogen-use efficiency, ESN could possibly be used as a carbon offset credit. "That's one more reason there's so much interest in this fertilizer."

The results of Alberta Agriculture and Food and Agriculture and Agri-Food Canada's study of Environmentally Smart Nitrogen (ESN) will be incorporated into the fertilizer decision software, AFFIRM (Alberta Farm Fertilizer Information and Recommendation Manager). Producers can use the AFFIRM software to make

fertilizer decisions based on soil test results, crop prices and fertilizer costs.

The software is free and available from Alberta Agriculture and Food's website at: [www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/crop10159](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/crop10159)



## Chairman's and CEO's message

**M**ay you live in interesting times. For centuries this phrase has been uttered as both a blessing and a curse, for interesting times are filled with upheaval, uncertainty and opportunity.

For the Alberta Barley Commission, the past fiscal year (Aug. 1, 2006 to July 31, 2007) has indeed been an interesting time. We have seen our industry turned sideways from the efforts, promises and disappointments of market choice. We've questioned the transfer or withdrawal of crop research funding and support. We've monitored trends and patterns that indicate the strong potential for new uses, products and markets for barley. And we've initiated research to capitalize on barley's potential.

We are pleased to present the Commission's annual report for 2006/2007. In it we examine our "interesting times" and how they affect Alberta's 17,000 barley producers – our members – and our organization.

In 2006/2007, the Commission received income of \$1.24 million, compared to \$1.3 million in 2005/2006. This decrease can largely be attributed to a year-over-year reduction in net service charges (check-off dollars) of \$88,756, about \$300,000 less than forecast in our budget for the fiscal year. This was due to fewer barley sales as a result of low prices at the start of the year followed by market uncertainty later in the year. Despite the reduced revenues, the Board decided to maintain programs and increase spending on member services as well as policy development. In all, expenses exceeded revenue by \$242,097.

The Board approved this shortfall to address needs over the past year and directed the shortfall be repaid over the next five years. The 2007/2008 budget and future budgets will set aside \$50,000 per year as a return to the Commission's long-term investment account.

### Market choice

During the past fiscal year, the single biggest issue Alberta's barley industry faced was market choice. Throughout the summer and fall of 2006, we worked with the Government of Canada and then Minister of Agriculture and Agri-

Food Chuck Strahl and numerous other grain industry groups and associations to discuss ideas and options for marketing western Canadian barley and wheat.

The discussions were never about eliminating the Canadian Wheat Board, but about giving farmers more choice about where, when and to whom they sold their product.

Complex and divisive, market choice required an investment on our part. For example, we produced a special market choice issue of *Barley Country* in February 2007 to inform our members of the facts, opinions and possible outcomes of market choice, and we encouraged them to vote in a federal government plebiscite.

We continued to follow developments very closely and were particularly dismayed to see such turmoil in the barley market during a period of record high pricing; uncertainty that has kept Canadian barley producers out of the global marketplace.

### Bioproducts research

Faced with global warming and declining oil reserves, countries around the world are developing their capacity to produce energy from renewable resources. Recognizing this trend, the Alberta Barley Commission spearheaded the Barley Bioproducts Opportunities Project (BBOP).

The project is being jointly managed by the Commission and the Western Barley Growers Association. In May 2007, the project received \$262,500 from the Biofuels Opportunities for Producers Initiative (BOPI). Funding for BOPI is through the Agriculture and Food Council of Alberta which administers Agriculture and Agri-Food Canada's Advancing Canadian Agriculture and Agri-Food program funding in Alberta.

As well, the Commission is providing \$30,000 of project funding; the Western Barley Growers Association (WBGA) is providing in-kind support for the project.

continued on page 6...

## Chairman's and CEO's message ... continued from page 5

Industry supporters of the three-phase project are:

- Syngenta (\$45,000)
- Ceapro (\$10,000)
- Wilbur-Ellis Canada (\$2,000)
- Parkland Agri Services (\$1,000).

The goal of BBOP is to provide evidence-based information on using barley in new ways, particularly in biofuels and its associated byproducts. This project will benefit western Canadian barley producers and a host of organizations and businesses dedicated to innovative, sustainable uses of a crop that is currently under valued and under utilized in these sectors.

BBOP will examine barley's feasibility in a number of emerging applications; specifically, researchers will study the opportunities and challenges growers would face to establish regional, barley-based ethanol production facilities. The \$380,000-project will also look at removing valuable fractions from barley prior to ethanol production and using a byproduct of barley ethanol production – distilled grains – in commercial applications, including cattle feed.

Currently, barley production is driven by feed and malt users, and barley producers have little direct connection to downstream business areas. Furthermore, less than one per cent of the 10 to 12 million tonnes of barley produced in Canada each year is used for food and industrial uses.

Emerging technologies and major trends in food, feed and industrial markets give barley the potential to become an important feedstock not only for traditional industries but also in new markets.

Barley is already one of Western Canada's most important crops due to its role in Canada's beef and hog industries, domestic and international malting and brewing, and agronomic rotational management. BBOP will determine if Western Canada's barley producers can capitalize on the crop in new, profitable and sustainable ways.

When completed, the project will give members of the WBGA, the Commission and their customers a reasonable reliable base of regional technical and business information to assess their options for investing in barley ethanol production and bioproducts.

### Crop research

Recently, the Province of Alberta said it will no longer provide funds or staff for future malting barley research, something it's supported through the Canada-Alberta Barley Agreement since 1993 (the agreement ends in 2008).

The Province says it will spend funds previously used for malting barley research on new feed and biofuel initiatives. And while the Commission fully supports new areas of research in barley, it does not believe taking funds from one program to support another serves the interests of barley producers.

In our opinion, this is a clear shift away from supporting primary agriculture production in Alberta. The Province has promised to complete current projects and continue to support malting barley research projects in Brandon and Saskatoon, but malting varieties developed in Manitoba or Saskatchewan won't necessarily grow well in Alberta.

A premium, quality crop, malting barley has tremendous contract farming and export potential, which is why the Commission has invested in developing new malting barley varieties for many years. Indeed, researchers at the Alberta Field Crop Development Centre believe they are within months of making it through the rigorous federal registration process with two new lines, TR05669 and TR05671. How the Province will support further development of these lines remains unclear.

Another troubling shift in research was the Province of Alberta's decision to end \$100,000 of funding and in-kind support for regional varietal evaluation trials (known as RVTs).

RVTs compare crop varieties in actual field and weather conditions all across Alberta. Trial results are published annually in the Alberta Seed Guide and used widely by Alberta farmers to select the seed variety that best suits their soil zone, climate and management style.

Prior to 2006, the Province provided more than \$100,000 worth of direct annual support as well as growing sites and crop coordinators for 43 RVTs for barley varieties and more than 200 RVTs for other Alberta crops, among them wheat, oats, rye, canola, field peas and lentils.

Trusted, unbiased and independent, the Alberta RVT testing program has demonstrated that it is essential to produce crops to meet the needs of the international and domestic value-added processing industry. We are working with Alberta Pulse Growers, the Alberta branch of the Canadian Seed Growers Association and the Agricultural Research and Extension Council of Alberta to create a prairie-wide RVT program. We also continue to encourage the Province of Alberta to provide ongoing support of RVTs.

We firmly believe research is not a cost but an investment and that research in crop development will reward investors – industry, private sector and government – with the ability to remain competitive in an ever-changing global marketplace.

The Commission will continue to support research projects and facilities such as:

- Near infrared reflectance spectroscopy (NIRS) research by Dr. Jim Helm of the Alberta Field Crop Development Centre and Dr. Ruurd Zijlstra of the University of Alberta. NIRS is a precise and rapid method of testing and analysis used to determine the chemical make up and components of organic materials.
- Agri-Food Discovery Place at the University of Alberta's south campus. The Commission's support of Discovery Place stems from a goal to establish the relationship between barley-based food and health – and to make barley producers more competitive and profitable.
- A variety of projects at the Food Processing Development Centre in Leduc to create and/or refine foods containing barley.
- Prairie-wide efforts to thwart the westward spread of fusarium head blight.
- New feed varieties that respond to the specific needs of livestock producers, including cattle and hogs.

### Policy

One of the Commission's main tasks is to bring the views and concerns of barley producers to government and regulatory bodies and to have new policies and legislation reflect our members' interests. In 2006/2007, we represented Alberta barley growers and their customers by:

- Direct and active representation for own use imports (OUI) through the Grain Growers of Canada. Our goal is to ensure producers have the benefit of this process under the new OUI replacement program, Grower Requested Own Use (GROU).
- Participation on a 2-4-D task force to maintain the low-cost chemical for use by barley producers, especially those who follow Roundup-ready canola in their rotation or produce barley silage.
- Continually monitoring the World Trade Organization's Doha round of negotiations and supporting the Canadian Agri-Food Trade Alliance (CAFTA) in its hands-on discussions with WTO leaders and trade negotiators. By opening markets for Canadian barley and the value-added products of barley (mainly beef and pork), we ensure our future success in international trade.
- Working towards a food claim authorized by Health Canada to approve barley as a "healthy food," similar to the approval the U.S. Food and Drug Administration gave U.S. barley in 2005.
- Participating in the Canadian International Grains Institute's food barley program, which focuses on the handling, marketing and commercial application of barley in food.
- Ongoing contact with provincial and federal officials on other issues such as market choice, transportation, new variety approvals, research funding and export markets.

### Looking ahead

We will continue to work with officials from the Province of Alberta and the Government of Canada on developing policy that serves Alberta's 17,000 barley producers and their customers.

The Commission's steadfast commitment to research and the improvement of barley's overall performance will continue through significant and pioneering work with Agriculture and Agri-Food Canada, the Canadian Wheat Board and the University of Alberta. This will include efforts to increase barley's resistance to fusarium disease, fertilizer utilization and exploring fractionation methods, processes and opportunities.



## Management Discussion & Analysis

For Alberta's barley producers, 2006/2007 was a year of uncertainty. In Canada, the debate on the Canadian Wheat Board's role in barley marketing and rising feed prices around the world led to both hesitation and speculation. This was further compounded by a rising Canadian dollar which hurt our exports.

While the future looked promising for Alberta barley producers, many took a wait and see attitude when it came to selling their crops. This greatly affected the Alberta Barley Commission's check-off dollars, our main source of revenue, which were \$89,899 below those in 2005/2006 and about \$300,000 less than budgeted.

During the fiscal year, we took immediate steps to reduce our general and administrative costs, which at \$216,946 were \$84,226 less than 2005/2006. The Commission's Board, however, opted to continue to honour and in some instances increase its commitments on major expenditures for market development, research and producer services as well as policy development. These included:

- Production and distribution of a special issue of *Barley Country* informing our 17,000 members about a plebiscite on market choice and the Canadian Wheat Board.
- Increased representation to the Province of Alberta and the Government of Canada about issues and concerns related to barley such as fertilizer regulations, research funding, new variety approval and approval for a health claim.
- Maintaining the Commission's long-term commitment to research by increasing funding the Alberta Field Crop Development Centre in Lacombe.
- Maintaining our support of Agri-Food Discovery Place at the University of Alberta's south campus. In partnership with the U of A and the Alberta Crop Industry Development Fund, the Commission has helped fund a protein scientist to focus on cereal protein research for new food and industrial uses of barley proteins.

We expect to make up for some of the losses recorded in 2006/2007 with check-off revenue in 2007/2008. Nonetheless, we've reduced our forecast for check-off revenue to \$1.2 million, compared to \$1.4 million in 2006/2007. To cover this year's shortfall, we also will contribute \$50,000 per year over the next five years to rebuild the equity of our long-term investment fund.

In 2006/2007, we also saw a number of new faces added to our staff and Board. Terry Young, a barley producer in Lacombe, became chairman, and former Board chairman Doug Robertson became vice-chairman. Ron Heck from Fairview and Albert Wagner from Stony Plain were elected to serve three-year terms on the Board. They joined existing Board members Doug Miller, Brian Otto, Jesper Nielsen, John Wozniak Jr. and Leo Meyer.

We also hired Andy Bai as the office administrator and Darcy Kirtzinger as the policy and research coordinator. Their efforts have greatly improved our tracking and monitoring of check-off dollars and face-to-face communications with MLAs and MPs.

Board member and delegate participation increased during the year at events such as Aggie Days, FarmTech, Stony Plain City Slickers, Calgary Stampede & Exhibition (at agriculture displays and the Atco Kitchen) and numerous other local provincial and community events.

- Barley producers were also represented by staff and/or Board members at:
- Fact-finding tours and business meetings in Japan, Brazil and Argentina.
  - The Canadian Barley Symposium in Winnipeg.
  - The American Maltsters Conference in San Diego.
  - The Alberta Crop Industry Development Fund (signatory).
  - Alberta's Agriculture Funding Consortium.
  - The Canadian International Grains Institute's food barley program.

## Alberta Barley Commission Governance

The Alberta Barley Commission was formed in 1991 by the Province of Alberta under the Marketing of Agricultural Products Act to represent the interests of Alberta's barley producers and barley production. The Commission is a non-profit, producer-funded organization.

The Commission operates as a corporation and is governed by a nine-person Board of Directors. Six directors are elected by eligible barley producers; each represents one of the Commission's six regions. All are elected for three-year terms and cannot serve more than two consecutive terms. After a one-year waiting period, they are eligible for re-election. The remaining Board members are directors-at-large nominated by eligible barley producers from throughout the province; they are elected at annual general meetings.

The Commission's chairman and vice-chairman are elected by the directors at the first Board meeting following director elections.

The Commission also has no less than 32 delegates – with a minimum of three per region – who are elected for two-year terms at regional meetings.

To be eligible to vote in Commission elections, Alberta barley producers must remit check-off dollars to the Commission.

The Board of Directors works with the Commission's CEO to advise and consult on the organization's policies, strategies and direction. The CEO and the Commission's staff are responsible for carrying out the Board's directives and for day-to-day Commission operations. Plus they are responsible for preparing the annual business plan and strategy, and accompanying budget.

Once these are approved by the Board, management then executes the plan.

Through various communication tools, the Commission regularly advises its members of its progress. For example, an annual report is produced and distributed each year, summarizing the Commission's financial position and progress towards its operating plans and goals.

Eligible barley producers who have remitted their check-off dollars to the Commission are entitled to:

- (a) attend annual and regional meetings and any special meetings
- (b) make presentations to the Board of Directors on matters related to barley production, research, market development and policy
- (c) vote at regional and special meetings or producer plebiscites
- (d) become a Commission delegate, director or director-at-large.

Producers who choose not to support the Commission may request a refund of their check-off dollars. The refund request must be made within six months from the end of the month of the deduction, and the Commission must refund the service charge within 120 days of the request.

The Commission may from time to time change the service charge (currently at \$0.50/tonne), but any change must be approved by a majority of the directors and delegates present at an annual general meeting or a special Commission meeting.

### Director/delegate compensation

Directors and delegates are entitled to claim a per diem allowance for each day served at an authorized Commission event.


Chairman	\$200
Director	\$150
Delegate	\$150

For events of four hours or less, the allowance is one-half of the per diem.

For conference call meetings, the allowance is one-quarter of the per diem.

For board meeting preparations, the allowance is one full per diem.

Board members and delegates are also eligible for a travel per diem allowance and are reimbursed for travel expenses.

<ul style="list-style-type: none"> <li>• Received income of \$1.24 million, compared to \$1.3 million in 2005/2006.</li> <li>• Maintained and/or increased program and member support despite revenue shortfall.</li> <li>• Helped members understand issues about market choice, including publication of a special edition of Barley Country.</li> </ul>		<ul style="list-style-type: none"> <li>• Worked with the Province of Alberta and the Government of Canada on issues and concerns surrounding market choice.</li> <li>• Maintained working relations with the Canadian Wheat Board, a partner in many research and product development projects.</li> </ul>
	<ul style="list-style-type: none"> <li>• Conducted a variety of projects at the Food Processing Development Centre in Leduc to create and/or refine foods containing barley.</li> <li>• Promoted research as an investment (not a cost) that rewards those involved – industry, private sector and government – with the ability to remain competitive in an ever-changing global marketplace.</li> </ul>	
<ul style="list-style-type: none"> <li>• Participated in Prairie-wide efforts to thwart the westward spread of fusarium head blight.</li> <li>• Funded research to develop new feed varieties that meet the specific needs of livestock producers.</li> </ul>		<ul style="list-style-type: none"> <li>• Through the Grain Growers of Canada, represented members for own use imports (OUI).</li> <li>• Supported the Canadian Agri-Food Trade Alliance (CAFTA) in its hands-on discussions with WTO leaders and trade negotiators.</li> </ul>
	<ul style="list-style-type: none"> <li>• Joined industry groups across Canada to assist the Canadian Food Inspection Agency in developing “smart” regulations and guidelines in its fertilizer division.</li> <li>• Welcomed more than 75 producers and industry and government representatives at the Commission’s 2006 annual general meeting.</li> </ul>	

**Research**

- National Forum on Seed meetings
- University of Alberta cereal scientist interviews and hiring
- Barley Development Council meetings
- University of Saskatchewan barley plant novel trait meeting
- Agrivalve Processing Business Incubator opening
- Intensive Livestock meeting
- Barley Bioproducts Opportunities Project (BBOP) project funding and launch
- Alberta Field Crop Development Centre annual field day
- Funding Consortium year-round collaboration on research project evaluation, selection and funding
- Regional Varietal Tests response to provincial government cutbacks

**Partnerships**

- Member of Grain Growers of Canada and hosted the Grain Growers of Canada summer meeting
- GrainVision sponsor

- Growing Alberta’s Food for Thought editorial board member
- Biofuels Opportunities for Producers Initiative committee member
- Agriculture & Food Council member
- Advancing Canadian Agriculture and Agri-Food Program (ACAAF) committee member
- Classroom Agriculture Program steering committee member
- Barley Development Council Board member
- Alberta Crop Industry Development Fund (ACIDF) signatory

**Partner meetings**

- Alberta Environmental Farm Plan’s annual general meeting
- Growing Alberta’s Harvest Gala and annual general meeting
- Grain Growers of Canada annual general meeting and conference
- Alberta Livestock Industry Development Fund open house and annual general meeting

- Advancing Canadian Agriculture and Agri-food meetings
- Western Barley Growers Association & Western Canadian Wheat Growers Association joint convention
- Alberta Beef Producers convention
- Alberta Crop Industry Development Fund annual general meeting
- Agriculture & Food Council annual general meeting

**Policy**

- Feed Grain Summit meeting
- Ag Forum bi-annual meeting
- Southern Alberta Conservation Association meetings
- Agriculture and Agri-Food Canada Barley Working Group Market Signals Report & media release
- Alberta Agriculture and Food Grain & Oilseed Summit
- Institute for Food and Agricultural Sciences of Alberta consultation
- Tripartite barley meetings with Agriculture & Agri-Food Canada and Alberta Agriculture & Food

- In partnership with the Western Barley Growers Association, the Alberta Barley Commission spearheaded the Barley Bioproducts Opportunities Project (BBOP), a \$380,000 research and business plan project.
- Continued ongoing support of the University of Alberta's Agri-Food Discovery Place.

- Continued research support of near infrared reflectance spectroscopy (NIRS), a precise and rapid method of testing and analysis used to determine the chemical make up and components of organic materials.

- Responded to the Province of Alberta's decision to no longer provide funds or staff for future malting barley research.
- Responded to the Province of Alberta's decision to end \$100,000 funding and in-kind support for regional varietal evaluation trials (known as RVTs).

- Worked towards a food claim authorized by Health Canada to approve barley as a "heart healthy food."
- Ongoing contact with provincial and federal officials on other issues such as fertilizer and chemical regulations, transportation, new variety approvals, research funding and export markets.

- Supported the University of Saskatchewan in its presentation of scientific data to the Canadian Food Inspection Agency urging approval of a new low phytate barley variety (HB379).
- Through participation in the Funding Consortium, leveraged producers' investment in barley-related projects by as much as \$9 for every \$1 invested.



- Completed strategic planning and measures of success for the organization.
- Awarded Eugene Boyko Memorial Scholarship to Jennifer M. Geddes, a graduate of the University of Lethbridge.

- Canadian Food Inspection Agency consultations on seed and fertilizer
- Meeting with Agriculture and Food Minister George Groeneveld
- Consultations with MLAs
- Canadian Fertilizer Products Forum
- Agriculture Financial Services Corporation CAIS crop insurance consultations
- World Trade Organization consultations
- Premier's dinner in Airdrie
- Marketing Council's governance review
- Crops Environmental Strategy (CES)
- Agri-Environmental Partnership discussions

#### Marketing

- Canada/U.S./ Mexico meetings
- International Functional Food & Nutraceuticals Show in Japan
- Meetings with Shochu industry representatives in Japan
- Agriculture and Agri-food Canada Brand Canada consultation
- Sanwa Shochu tour

- Canadian International Grains Institute food barley program
- Agriculture and Agri-Food Canada Malt consultation
- Agriculture & Food Council member
- Canadian Barley Food Coalition: established over 30 partnerships with industry to move a barley health claim forward, hired consultants MNP to assist and working with Dr. Nancy Ames to provide scientific data
- Tiffin Conference on alternative enterprise in agriculture

#### Education

- Stony Plain's City Slickers
- Red Deer's Agri-Trade Show
- Calgary Natural Family Fair
- Calgary Home Show & Food Expo
- FarmTech 2007
- Third Annual SAIT Baking Competition
- Calgary Aggie Days
- Calgary Stampede Ag-Tivity in the City display with Alberta Turkey
- Cardiac Wellness Institute of Calgary Stampede pancake breakfast

- Website: completed plan for new website development in 2008

#### Strategy/Governance

- Commission strategic planning session with board and staff
- Development of a strategic plan including defined measures of success and baselines
- STRIVE governance review and workshop with board and staff
- Regular board meetings throughout year

#### Knowledge/Networking

- CropLife Conference
- 36th Annual Barley Improvement Conference in San Diego
- The Innovators Food & Fuel Tour in South America
- Managing Excellence Conference
- Oat & Barley Council of Ontario's Connections 07 Conference
- Canadian Barley Symposium
- Science and Joy of Canadian Barley and Beer Conference in Winnipeg

September 20, 2007

**Auditors' Report**

**To the Directors of  
Alberta Barley Commission**

We have audited the balance sheet of **Alberta Barley Commission** as at July 31, 2007 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with similar organizations, the Commission derives much of its revenue through "checkoff" service charges to producers, the completeness of which could not be satisfactorily verified through our audit. Accordingly, our verification of these revenues was limited to the amounts noted in the Commission's records and we were not able to determine whether any adjustments might be necessary to service charge revenue, assets and net assets.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of service charges revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Commission as at July 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*  
Chartered Accountants

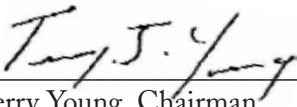
**Balance Sheet**

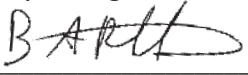
As at July 31, 2007

	2007	2006
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and short-term investments	83,008	572,918
Accounts receivable	139,187	116,696
Prepaid expenses	14,290	10,242
Investments (note 3)	99,764	-
	336,249	699,856
<b>Investments</b> (note 3)	1,213,341	1,121,770
<b>Capital assets</b> (note 4)	21,504	30,476
	1,571,094	1,852,102
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	29,031	85,623
Grants payable (note 5)	684,700	687,712
Unearned revenue (notes 2 and 6)	477,752	457,059
	1,191,483	1,230,394
<b>Net assets</b>	379,611	621,708
	1,571,094	1,852,102

**Commitments and contingency** (notes 7 and 8)

**Approved by the Board of Directors**

  
Terry Young, Chairman

  
Doug Robertson, Vice Chairman

**Statement of Operations and Net Assets**

For the year ended July 31, 2007

	2007	2006
	\$	\$
<b>Revenue</b>		
Service charges (note 2)	1,246,918	1,335,674
Less: Refunds	98,097	112,007
Net service charges	1,148,821	1,223,667
Other income	91,410	91,017
	1,240,231	1,314,684
<b>Expenditures</b>		
Market development	359,197	358,323
Producer services	668,746	520,138
Policy development	176,181	115,982
Directors fees and expenses	59,130	63,600
Other donations and grants	1,563	100
	1,264,817	1,058,143
<b>Excess of expenses over revenue before general and administrative expenses</b>	(24,586)	256,541
<b>General and administrative</b>		
Amortization	10,144	8,826
Computer system development	6,845	9,645
General expenses	19,979	20,316
Interest and bank charges	1,900	2,532
Office rent	21,286	20,250
Postage and delivery	2,091	3,754
Professional fees	11,500	33,924
Salaries and benefits	115,915	173,923
Stationery and supplies	8,751	7,017
Strategic planning expenses	6,685	12,802
Telephone	9,325	6,891
Travel	2,525	1,292
	216,946	301,172
<b>Excess of expenses over revenue before the following</b>	(241,532)	(44,631)
<b>Loss on disposal of computer equipment</b>	565	-
<b>Excess of expenses over revenue for the year</b>	(242,097)	(44,631)
<b>Net assets – Beginning of year</b>	621,708	666,339
<b>Net assets – End of year</b>	379,611	621,708

**Statement of Cash Flows**

For the year ended July 31, 2007

	2007	2006
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of expenses over revenue for the year	(242,097)	(44,631)
Items not affecting cash		
Amortization	10,144	8,826
Loss on disposal of computer equipment	565	-
Interest earned but not received	(49,069)	(48,444)
	(280,457)	(84,249)
Changes in non-cash working capital items		
Accounts receivable	(22,491)	101,560
Prepaid expenses	(4,048)	2,750
Accounts payable and accrued liabilities	(56,592)	74,067
Grants payable	(3,012)	137,974
Unearned revenue	20,693	(89,483)
	(345,907)	142,619
<b>Investing activities</b>		
Purchase of long-term investments	(336,132)	(293,302)
Proceeds on disposition of investments	193,866	528,236
Purchase of capital assets	(2,749)	(9,088)
Proceeds on disposition of capital assets	1,012	-
	(144,003)	225,846
<b>Increase (decrease) in cash</b>	(489,910)	368,465
<b>Cash and equivalents – Beginning of year</b>	572,918	204,453
<b>Cash and equivalents – End of year</b>	83,008	572,918

**Notes to Financial Statements**

July 31, 2007

**1 Nature of the Commission**

The Alberta Barley Commission (the Commission) is a non-profit, producer funded organization formed August 1, 1991 under the Province of Alberta's Marketing of Agricultural Products Act. Its mandate is to give producers an organization for developing new markets for barley and for influencing the direction of research dedicated to barley production. The Commission's nine directors, who serve fixed terms, are elected at producer meetings.

Funding for the Commission is achieved by way of a check-off system, whereby a service charge is deducted from the proceeds of producers' barley sales and remitted on a periodic basis. These service charges are refundable to producers within six months of the sale transactions, on request.

The Commission, being a non-profit organization, is exempt from income tax under Paragraph 149(1)(l) of the Income Tax Act.

**2 Accounting policies**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

**Cash and short-term investments**

Cash and short-term investments include investments with maturities of up to three months from date of purchase.

**Revenue recognition**

Service charges collected (net of refunds paid) are recorded as unearned revenue until the available six month refund period has expired. Accordingly, the statement of operations for the year ended July 31, 2007 reflects only those service charges and refunds pertaining to producer transactions occurring from February 1, 2006 to January 31, 2007.

Interest revenue and revenues from sponsorships and advertising are recognized as earned.

**Capital assets**

Capital assets are recorded at cost, and are amortized on a declining balance basis at the following annual rates:

Office furniture and equipment	20%
Promotion equipment	33%
Computer equipment	33%

Computer software costs are fully expensed in the year incurred.

**Investments**

Investments are stated at the lower of cost and market value where the decline in value is of a permanent nature. They have been classified as a long-term assets in accordance with the nature of the investments.

**Measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. By their nature, these amounts are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods, could be significant.

**3 Investments**

	2007	2006
	\$	\$
Sentinel Canada-Interest earning and interest of 13% maturing October 1, 2007	1,068	-
Coupon Bond of Bank of Nova Scotia earning annual interest of 3.12% per annum, maturing September 27, 2007	-	155,865
Bank of Montreal Guaranteed Investment Certificate earning annual compound interest at 4.40% per annum, maturing November 26, 2007	98,696	94,537
Coupon Bond of Bank of Montreal earning annual interest of 3.47% per annum, maturing December 20, 2008	242,139	270,746
Coupon Bond of CIBC earning annual interest of 3.84% per annum, maturing October 31, 2009	309,657	298,217
Coupon Bond of Ontario Hydro earning interest of 3.39%, maturing August 18, 2010	312,651	302,405
Province of Ontario earning annual interest of 4.12% maturing December 2, 2011	348,894	-
	1,313,105	1,121,770
Less: Current portion due within one year	(99,764)	-
	1,213,341	1,121,770

Market value of these investments is approximately \$1,275,102.

**4 Capital assets**

	2007		2006	
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
Office furniture	65,107	57,561	7,546	9,232
Promotion equipment	19,509	17,643	1,866	2,617
Computer equipment	35,999	23,907	12,092	18,627
	120,615	99,111	21,504	30,476

**5 Grants payable**

Research project grants committed to in the year are expensed when the grant contract is approved and a corresponding liability is set up for the amount of funds committed. As grant funds are disbursed the liability is reduced.

**6 Unearned revenue**

Unearned revenue consists of the following:

	2007	2006
	\$	\$
Service charges collected from February 1 to July 31 of fiscal year	356,331	380,296
Accrued service charges receivable	145,025	102,664
Allowance for refunds	(23,604)	(25,901)
	477,752	457,059

**7 Commitments**
**Lease commitment**

The Commission entered into a five year lease agreement for office space effective March 1, 2003. The future minimum obligations including estimated operating costs, associated with the lease are as follows:

	\$
2008	10,500

**8 Contingent liability**

The Commission, as one of a number of Plaintiffs, was unsuccessful at trial, based upon a decision rendered as of April 11, 1997, with respect to an action to challenge certain "monopoly" aspects of the Canadian Wheat Board Act ("The Charter Challenge"). The original trial judge, in his summary, made an award of "costs" to the successful defendants. However, no amount was specified.

An appeal heard in June 2000, was also unsuccessful, at which time the Plaintiffs filed for leave to appeal to the Supreme Court of Canada. The leave to appeal was dismissed in 2001 and ended the legal action.

The outcome of the cost process is not reasonably estimable at this time. Therefore, no provision for such "costs" has been recorded in these financial statements.

**9 Financial instruments**

The Commission's financial instruments included in the balance sheet are comprised of cash and short-term investments, accounts receivables, investments, accounts payable and accrued liabilities and grants payable. In the opinion of management, the Commission is not exposed to significant interest or currency risks arising from these financial instruments.

**Fair value**

In the opinion of management, the fair values of the financial instruments approximate their carrying amounts.

**Credit concentration**

Financial instruments that potentially subject the Commission to concentrations of credit risk consist primarily of accounts receivable. As at July 31, 2007, one dealer accounted for 56% (2006 - 43%) of the accounts receivable balance. Management believes there is minimal collection risk in respect of these amounts.



# Directors & Delegates

Who they are and the committees and organizations they work with to represent the Commission and its members.

## Vision

A vibrant and innovative industry that unlocks the entire potential of barley.

## Mission

To advance the interests of Alberta barley farmers through leadership and investment in innovation and development.

## Mandate

To coordinate and sponsor research, assist with market & product development, enable technology transfer, and ensure barley producers' best interests are represented in policy development.

### Region 1

#### Brian Otto, Director

- Funding Consortium's
- On Farm food safety and liability committees and cross commodity coalition subcommittee
- Commission's audit committee, and research committees

#### Delegates

Brad Berger, Nanton  
Glenn Logan, Lomond  
Greg Stamp, Enchant  
(member of Commission's communications committee)  
Trent Bolokoski, Warner  
Gerard Oosterhuis, Enchant

### Region 2

#### Doug Robertson, Vice-chairman & Director-at-Large

- GrainVision
- Grain Growers of Canada
- Commission's transportation & business risk management, audit, FarmTech and market choice committees.

#### Doug Miller, Director

- Commission's audit, livestock/feed value chain and non-food uses of barley committees

#### Delegates

Eugene Brown, Didsbury  
Alex Hamilton, Olds  
Murray Marsh, Carstairs  
Jeff Nielsen, Olds  
David Eaton, Oyen  
Warren Hilz, Vulcan  
Bernie McWilliam, Blackie  
Matt Sawyer, Acme (member biofuels committee)

### Region 3

#### Terry Young, Chairman & Director-at-Large

- Alberta Agriculture and Food's fusarium task force
- Alberta/Canada Barley Development Agreement's management and work plan committees
- Funding Consortium
- Alberta Grain Commission
- Canadian Food Inspection Agency's seed program modernization
- National Forum on Seed
- Western Grains' standard committee/barley subcommittee
- Barley Quality Evaluation Team
- Prairie Recommending Committee for Oat and Barley
- Food Malt and Industrial Committee
- Barley Development Council
- Steering committee member for Canadian Food Inspection Agency's barley and oat crop specific consultative group
- Commission's communications, environmental and audit committees, and research committees

#### Jesper Nielsen, Director

- Alberta/Canada Barley Development Agreement's management and work plan committees
- Barley Development Council
- Chairman of Commission's communications committee and member of Commission's audit committee
- Alternate for FarmTech

#### Delegates

Mike Ammeter, Sylvan Lake  
Wayne Hagemann, Ponoka  
Dave Tindal, Clive  
Kevin Bender, Bentley  
Trevor Peterson, Penhold

### Region 4

#### John Wozniak Jr., Director

- Alberta Agriculture and Food's fusarium task force
- Commission's communications, and audit committees: chairman of environmental committee

#### Delegates

Cody Kurek, St. Paul  
Bernie Klammer, Vegreville  
Ed Persely, St. Paul  
Dale Fodness, St. Paul  
Charlie Leskiw, St. Paul  
(member of Commission's audit committee)

### Region 5

#### Albert Wagner, Director

- Chairman of Commission's transportation & business risk management committee and member of audit committee

#### Delegates

Bryan Adam, Stony Plain  
Tom Jackson, Killam  
Darrel Hennig, Stony Plain  
Richard Mueller, Barrhead

### Region 6

#### Leo Meyer, Director-at-Large

- Western Grains' standard committee/barley subcommittee
- Prairie Regional Grain Council
- Commission's communications, transportation & business risk management and audit committees
- Alternative representative for Grain Growers of Canada

#### Ron Heck, Director

- Commission's transportation & business risk management and audit committees.

#### Delegates

Dan Ropchan, Grimshaw  
Garry Mihailoff, Fairview  
Leo Meyer Jr., Woking

# Lacombe field day 2007

Each year, Alberta Agriculture and Food's Field Crop Development Centre and Agriculture and Agri-Food Canada's Lacombe Research Centre welcome people from throughout the province's grain industry to their annual field day. On July 26, 2007, about 100 people attended the day of tours and demonstrations.

"This event is one of the many ways we work to put lab and field research into the hands and practices of our producers," says Mike Leslie, CEO of the Alberta Barley Commission. "When producers, re-

searchers and other industry stakeholders gather at these kinds of events, they gain a better understanding of each others' needs and challenges."

The Commission was one of the event's main sponsors. Others included the Alberta Canola Producers Commission, Alberta Pulse Growers, FarmPure Seeds, Gateway Research Organization, Pioneer HiBred Ltd., Reduced Tillage Linkages, SeCan and Syngenta.

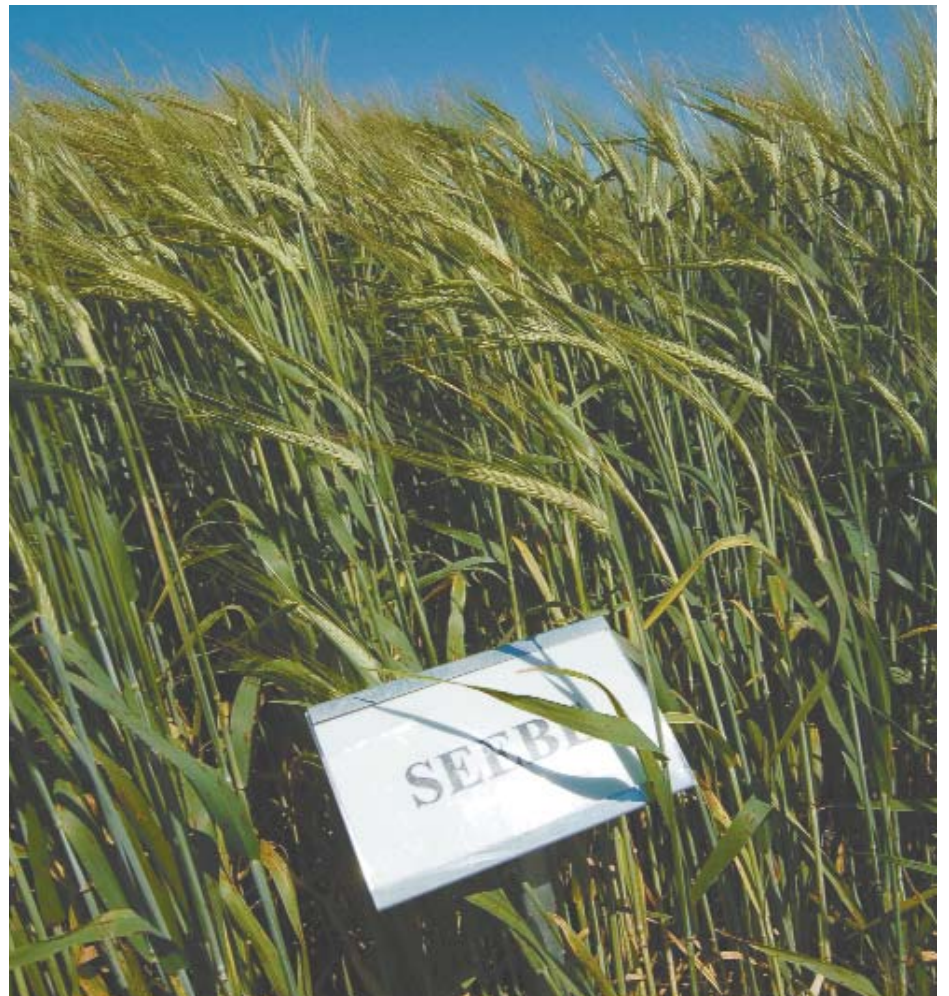
A downloadable version of the field day handout is posted at [www.albertabarley.com](http://www.albertabarley.com).



Dr. Patricia Juskiw explains how water use efficiency and nutrient use tests are conducted on all cereal lines in advanced yield trials at the Centre. Seed is planted in pots filled with soil-mix and the moisture content is measured. The pots are then placed in over-flow buckets to collect any excess water and placed in rain-out shelters. After the plants emerge, rocks are placed on the soil surface to hinder evaporation and all watering is recorded. After final harvest, soil moisture and any water in the over-flow buckets are measured and these amounts are subtracted from the applied amount. Plants are harvested after maturity and the total above-ground biomass and grain yields are measured.



Researchers Dr. John O'Donovan and Dr. Kelly Turkington touch on the highlights of their malt barley trials. Their project is the first of its kind in Western Canada to relate agronomic practices directly to the quality of the resulting malt. The project is funded by the Alberta Barley Commission, the Canadian Wheat Board, Rahr Malting Canada Ltd. and Agriculture and Agri-Food Canada.



A test plot of Seebe barley. The 2-row feed barley variety was developed at the Field Crop Development Centre and registered in 1992. It is adapted to high scald areas in Alberta and has superior scald resistance to other two-row varieties and is equal to the best six-row varieties.



Onlookers absorb information at the malt barley test plots.



In the barley breeding test plots.

## Discovering the potential of barley

**"BBOP offers the potential for increased market opportunities . . . and the opportunity to put barley farmers in greater control of their product."**

Behind the Barley Bioproducts Opportunities Project (BBOP) is a belief that barley, already one of the prairies' major crops, has infinitely more potential.

The three-phase, \$380,000-project was launched in May 2007 to evaluate barley's potential in Canada's rapidly evolving biofuel, biorefining and bioproducts industries. Specifically, researchers will study the opportunities and challenges growers face to establish regional barley-based ethanol production facilities that take full advantage of barley co-products and ethanol byproducts.

Doug McBain, a Cremona barley producer and a director of the Western Barley Growers Association, says BBOP "brings barley into the energy picture. In the past, it's been dismissed out of hand [for ethanol production] because it was assumed it wouldn't work. This is an opportunity to prove barley's viability for ethanol production."

Brian Kelly of Kelwin Consulting, a Manitoba-based firm evaluating the business case for barley in BBOP, describes the project as "really, really timely. Two years earlier, the enzymes [to break down barley beta-glucans and viscosity for ethanol production] were not available. And if this project was to begin in two years, there would be lost opportunities."

Despite recent technological developments, Carman Read, BBOP's project manager, cautions that more comprehensive research and business planning are essential to determining barley's suitability for sustainable energy and new



bioproducts in Western Canada.

"That is our focus and that is what we will deliver to producers," says Read.

"BBOP is all about giving our members and their customers a good base of regional technical and business information to assess their options for investing in barley," says Terry Young, chairman, Alberta Barley Commission. "BBOP offers the potential for increased market opportunities . . . and the opportunity to put barley farmers in greater control of their product."

The project has received more \$262,000 in funding from the Government of Canada's Biofuels Opportunities for Producers Initiative (BOPI); BOPI funding is made available through Alberta's Agriculture and Food Council, which administers Agriculture and Agri-Food Canada's Advancing Canadian Agriculture and Agri-Food Program in the province.

BBOP is jointly funded and managed by the Western Barley Growers Association and the Alberta Barley Commission, and is supported by industry partners Syngenta, Ceapro, Wilbur-Ellis Canada and Parkland Agri Services.

"Our view is not 'if' but 'when' and 'how' we can tap into barley," says Read. "Barley has tremendous genetic diversity and processing technology and systems are rapidly advancing. These advancements will, in our view, make barley an important crop for biofuel production and biorefining."

## BBOP research overview

The Barley Bioproducts Opportunities Project (BBOP) is exploring the potential of increasing barley acreage and/or production, or directing part of Western Canada's current barley acreage for use in emerging industrial markets.

Using barley as a feedstock for ethanol production can provide significant new value-added opportunities while also continuing to supply established feed and malt markets, says Terry Young, chairman of the Alberta Barley Commission.

For example, when whole-grain barley is used as a feedstock in ethanol production, a byproduct of the process – distillers grains – could be a source of high-value feed for certain livestock rations. As well, fractionation of whole-grain barley (coupled with innovative extraction technologies) could produce high-value compounds for a wide range of human health, nutrition and consumer products.

BBOP will also examine the potential for producers to increase their barley revenue through biorefining technologies and processes that use barley's entire biomass.

BBOP researcher Dr. David Bressler, an associate professor with the University of Alberta's Faculty of Agricultural, Food & Nutritional Science, says BBOP is focusing on three varieties of hulled and hullless barley that are high-yielding and agronomically accepted.

Bressler says BBOP will document – in great detail – the exact chemical composition of the varieties and how various commercial enzyme "recipes" break down the starch (the building block of ethanol) content in each variety.

"Ethanol production is similar to malting – it's about

breaking down the starch, but instead of using the grain's own enzymes to break down starch over a period of days, we're adding commercial enzymes to break down the starch in a matter of hours," says Bressler.

On the feed side of BBOP, researcher Dr. Ruurd Zijlstra, also with the U of A's Faculty of Agricultural, Food & Nutritional Science, is analyzing the distillers grains that are produced during the barley-to-ethanol process. He says the nutritional value of distillers grains vary by variety, biofuel production method and how and if beta-glucans are removed.

Other co-products include fractionated or chemical components of barley such as beta-glucans, phenolic components and anti-oxidants, which could be used in everything from functional foods such as high-performance sports drinks and nutritional supplements to ingredients in anti-aging cosmetics and sun-screen lotions.

What's exciting for the barley industry is this research will demonstrate the feasibility of improving the value of barley to both producers and downstream customers.

To see the Barley Bioproducts Opportunities Project's entire inaugural newsletter, visit the Alberta Barley Commission's website at [albertabarley.com](http://albertabarley.com) or the Western Barley Growers Association website at [wbga.org](http://wbga.org). You can also request a copy of the newsletter by e-mailing [info@albertabarley.com](mailto:info@albertabarley.com) or [wbga@wbga.org](mailto:wbga@wbga.org) with "BBOP newsletter" in the subject line.

## Biodefinitions

**Biofuel** – solid, liquid or gas fuel consisting of, or derived from renewable biological resources such as biomass (plant or animal). Typically, biofuels are used for transportation.

**Biorefining** – definitions vary, but the concept of biorefining is to discover, extract and profitably use every possible element of a renewable biological resource. For example barley could be biorefined to produce starch, fiber, protein, sugar, beta glucans and a host of other compounds.

**Bioproduct** – any renewable biological resource (in whole or in part) used, traded or sold in the marketplace.



Dr. Ruurd Zijlstra



Dr. David Bressler

# New ruling on the right track

by Anne Georg

“It’s a step in the right direction,” says Albert Wagner responding to a recent Canadian Transportation Agency (CTA) ruling that CN’s car supply practices were stacked against small shippers, like himself.

“What the government did was right,” says Wagner, the Alberta Barley Commission’s director of Region 5 and the Commission’s transportation committee chairman. “It guarantees that smaller shippers will get the rail service they need.”

With the new regulation, companies no longer have to block book 100 railway cars in advance. They can now book as few as 50 and will be able to trade space with other shippers.

The ruling is the result of a complaint filed in March by Great Northern Grain, a small shipper in northern Alberta. It was backed by a coalition of 10 small shippers and the Canadian Wheat Board.

Complainants charged that a CN practice requiring shippers to book blocks of 100 cars to any one grain elevator for 42 weeks discriminated against small shippers. They pointed out that in the 2006/2007 marketing year, 69 per cent of CN’s rail cars transporting grain to Vancouver ports were contracted under the long-term advance booking system. Yet only 22 per cent of grain eleva-

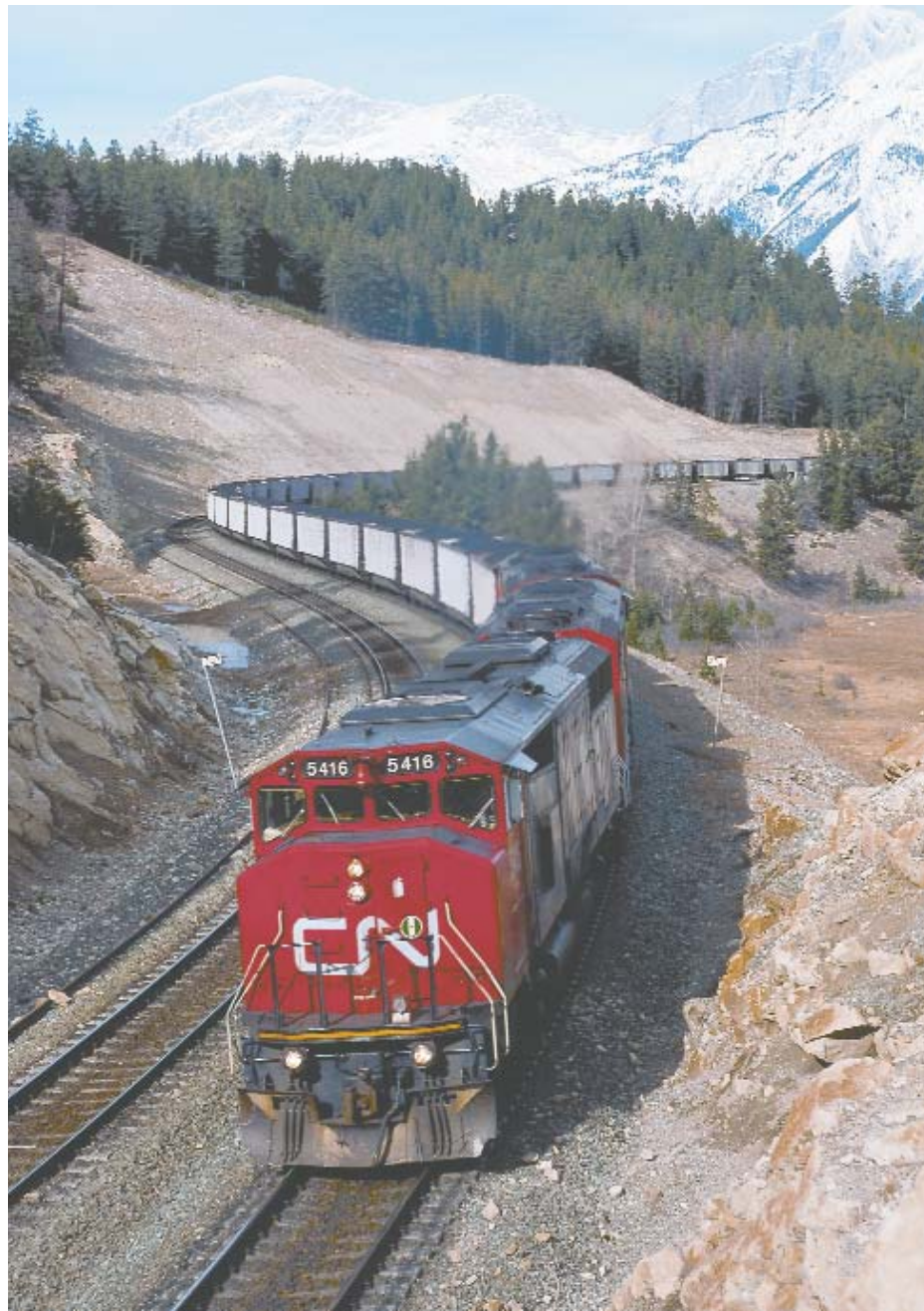


Photo courtesy CN

A ruling by the Canadian Transportation Agency will give small shippers better rail service and reduce the premiums they pay, says the Commission’s transportation committee chairman.

tors have the spot capacity to fill 100 cars at one time. That left smaller shippers paying premiums above the regulated freight rates, or receiving cars under a program that offered no guarantees.

Rail service is the raw nerve among Canadian grain handlers, who ship grain to ports that are up to 1,000 kilometres from the producing regions.

George Groeneveld, Alberta minister of Agriculture and Food, applauded the ruling.

“Alberta farmers have been hampered by low rail service levels and a lack of capacity, which prevents smaller shippers from moving their grain to market efficiently,” he said. “This creates added costs and marketing challenges for many grain farmers in Alberta and across Western Canada. I’m glad to see that the CTA agreed with our position and that there were steps taken to resolve this issue.”

Wagner says producers like him still face several larger challenges when transporting grain.

“When other impediments in the barley market are dealt with, this ruling allows an export industry to grow to its potential.”

Wagner says the ruling is significant because it creates an environment for smaller shippers to step forward. “These are the entrepreneurs that will bring additional buyers into the marketplace and ultimately more aggressive prices for producers.”

## value-added

# Quick-cooking barley starts market testing

This fall, Marvin Nakonechny and Graham Ogilvie of Progressive Seeds Ltd. will start market testing a quick-cooking barley they’ve developed.

Nakonechny is a contract grower in Wetaskiwin and Ogilvie is a seed retailer and contract grower in Lacombe.

Their as yet unnamed product is made by precooking Falcon hullless barley – which is typically used for silage and monogastric feed – in pressure cookers and then processing

it through a two-stage dryer. The result, says Nakonechny, is a tasty food that goes from pot to plate in 15 minutes; most barley is parboiled and soaked overnight then re-boiled.

Nakonechny says their quick-cooking barley preserves all the grain’s nutrients and nutty flavour, plus it has a fluffy texture (cooked barley can often be “mushy” due to its high beta-glucan content) and has a mouth feel that’s slightly chewier than rice. Like regular cooked barley, quick-cooking barley readily absorbs

the flavours of other foods it’s cooked with.

Initial production of the quick-cooking barley is being conducted at the Leduc Food Processing Development Centre.

The Alberta Barley Commission’s efforts to have barley recognized as a “heart-healthy” grain by Health Canada would be a boost to Nakonechny and Ogilvie.

“When this happens, we see ourselves as being one of the first to use such a health claim on our prod-

uct,” says Nakonechny, adding Progressive will position their product on its nutritional value and unique taste and texture.

The Capital Health Region in Edmonton has expressed interest in using the pair’s quick-cooking barley as an alternative to rice in their hospital kitchens.

For more information about Progressive Seeds’ quick-cooking barley, contact Marvin Nakonechny at (780) 387-6334.

# News and events

## Alberta Barley Commission Fall 2007

### Regional Meetings

Make your opinion count! Plan to attend the Alberta Barley Commission meeting in your region this fall. It's your chance to get involved – as a participant, delegate or even director – in the future of barley. All regions can submit nominations for a director-at-large; election to occur at the Commission's annual general meeting Dec. 7, 2007 from tallied votes. New delegates and directors will be nominated and elected at their respective regional meetings.

#### Region 1

Thursday Nov. 15 at 5:00 p.m.  
Luigi's Pizza and Steak House  
1119 Mayor Magrath Drive South, Lethbridge  
Agenda highlights: electing four new delegates.

#### Region 2

In conjunction with the Alberta Canola Producers and the Alberta Pulse Growers  
Wednesday Nov. 28 at 8:00 a.m.  
Three Hills Community Centre  
Main Street, Three Hills  
Agenda highlights: electing four new delegates.

#### Region 3

Wednesday Nov. 14 at 10:00 a.m.  
Killam Senior Centre  
Main Street, Killam  
Agenda highlights: electing one new delegate and one new director.

#### Region 4

Tuesday Nov. 20 at 5:00 p.m.  
SilverStar Restaurant  
534 – 50th Ave., St. Paul  
Agenda highlights: electing two new delegates and one new director.

#### Region 5

Thursday Nov. 22 at 9:00 a.m.  
In conjunction with the Alberta Canola Producers;  
RSVP by Nov. 19 to (780) 674-8268  
Westlock and District Community Hall Westlock  
Agenda highlights: electing two new delegates.

#### Region 6

Wednesday Nov. 21 at 10:00 a.m.  
Pomeroy Inn  
4311 51st Street, Grimshaw  
Agenda highlights: electing one new delegate.

## Alberta Barley Commission Dec. 7

### Annual General Meeting

Alberta barley producers are invited to attend the Alberta Barley Commission's annual general meeting at the Banff Park Lodge. This year's meeting theme, changes, will look at industry trends, patterns and developments – and how you can manage them. Speaker John Dean (see story on page 3) will discuss marketing barley in a changing world. And agriculture analyst John De Pape will speak on barley markets and prices in Canada and around the world. Other meeting highlights include updates on:

- The World Trade Organization's Doha Round by the Canadian Agri-Food Trade Alliance
- The barley health claim project by the Canadian Barley Food Coalition
- The Barley Bioproducts Opportunities Project (BBOP) with project manager Carman Read
- What's happening in the malt sector
- Country of origin labelling.

To register, contact Nikki Barnes at (800) 265-9111 or nbarnes@albertabarley.com by Nov. 26.

## Nov. 5 & 6, 2007

The Agricultural Institute of Canada presents Making Choices: Consumers and Their Impact on Canada's Agriculture and Food in Edmonton. The conference is a forum for discussing and debating the current and future drivers – economic, health, political and social – that affect integrated agriculture and food systems. For a conference program and registration form, visit: [www.aic.ca](http://www.aic.ca) or call (888) 277-7980. Registration is \$400 for members and \$450 for non-members.



## Nov. 7 to 10

The Alberta Barley Commission will be among the many exhibitors at Agri-Trade in Red Deer. This annual event, one of the largest agricultural trade and lifestyle shows in Alberta, also features displays, demonstrations and programs for farm equipment and services and home happenings along with a collector toy show and an agri-careers centre. For details, visit [www.agri-trade.com](http://www.agri-trade.com).

## Nov. 19 to 23

The Canada Grains Council and the Grain Growers of Canada present the Seventh Annual Grain Industry Symposium at the Crowne Plaza Hotel in Ottawa. Join distinguished experts from across Canada and around the world, including the Honourable Gerry Ritz, minister of Agriculture & Agri-Food Canada and MP for Battlefords-Lloydminster; Rory McAlpine, vice-president, Government & Industry Relations, Maple Leaf Foods Inc.; Suzanne Vinet, associate deputy minister, Health Canada; Pamela Kirby Johnson, director general, Grain and Feed Trade Association (GAFTA) of London, Eng.; the Honourable David Emerson, minister of International Trade and MP for Vancouver Kingsway; and Dr. Klaus Schumacher, chair of Markets Section, COCERAL Economics Department, Toepfer International of Hamburg, Germany. For details, visit: [www.canadagrainscouncil.ca](http://www.canadagrainscouncil.ca) and click on News.

## Jan. 30 to Feb. 1

FarmTech 2008: Global Perspectives . . . Local Knowledge is Alberta's premier crop production and farm management conference. Co-hosted by the Alberta Barley Commission and numerous other provincial producer groups. Held in Edmonton at the Mayfield Inn & Suites. For registration, sponsorship and exhibition information, call (866) farmtec (327-6832) or visit [www.farmtechconference.com](http://www.farmtechconference.com).

## Feb. 13 to 15, 2008

Save these days for the Western Barley Growers Association annual convention at the Sheraton Cavalier in northeast Calgary. Program and registration details to be announced; to reserve accommodation, visit [www.sheratoncavalier.com/calgary](http://www.sheratoncavalier.com/calgary).

## CAIS filing changes

Alberta farmers can now file their Canadian Agricultural Income Stabilization (CAIS) forms online using the myAFSC website (<https://my.afsc.ca/myAFSC>). The secure online filing system is expected to improve the quality and scope of producer information and processing turnaround times.

Producers can use the site to check the status of their CAIS application, view historical information and now file supplementary forms via CAIS eForms. Users can also validate data before submitting it.

Information on activating myAFSC accounts and CAIS is available via e-mail at [myafsc@afsc.ca](mailto:myafsc@afsc.ca) or by calling (877) 744-7900.

## Low phytate barley approved

As *Barley Country* went to press in October, the Alberta Barley Commission learned the Canadian Food Inspection Agency (CFIA) had approved low phytate barley HB379. Developed by Dr. Brian Rossnagel, a plant scientist at the University of Saskatchewan Crop Development Centre, for the monogastric feed industry, HB379's benefits include lower phytate levels and higher available phosphorus levels. In turn, the variety reduces the need for added dicalcium phosphate and/or enzyme supplementation in feed rations. Most importantly, HB379 reduces phosphorus in animal effluent by as much as 44 per cent compared to traditional barley diets.

The Commission, however, is concerned that fine print in the ruling will create a barrier to future innovation.

"Issues remain about low phytate barley and plant novel traits, but it is not a genetically modified food and shouldn't be treated as such," says Commission CEO Mike Leslie. "Through our research alliances we will continue to work towards a solution that inspires innovation and not quashes it."

To have your event listed in *Barley Country*, submit it by fax to (403) 291-0190 or by email to [barleyinfo@albertabarley.com](mailto:barleyinfo@albertabarley.com).

## ALBERTA BARLEY COMMISSION KEY CONTACTS

### Chairman & Director-at-Large, Region 3

Terry Young  
RR 2  
Lacombe, AB T4L 2N2  
Phone: (403) 347-7664  
Fax: (403) 347-7354  
Email: [tcyoung@yourlink.ca](mailto:tcyoung@yourlink.ca)

### Directors-at-Large

Doug Robertson, Region 2  
& Vice Chairman  
Box 26, Site 12, RR 2  
Carstairs, AB T0M 0N0  
Phone: (403) 337-2077  
Fax: (403) 337-3063  
Email: [dougar@xplornet.com](mailto:dougar@xplornet.com)

Leo Meyer, Region 6

RR #1  
Woking, AB T0H 3V0  
Phone: (780) 774-2051  
Fax: (780) 774-2246  
Email: [mgrain@telusplanet.net](mailto:mgrain@telusplanet.net)

### Regional Directors

Brian Otto, Region 1  
Box 419  
Warner, AB T0K 2L0  
Phone: (403) 642-2134  
Fax: (403) 642-2136  
Email: [botto@mrcable.ca](mailto:botto@mrcable.ca)

Doug Miller, Region 2

Box 337  
Acme, AB T0M 0A0  
Phone: (403) 546-2472  
Fax: (403) 546-2265  
Email: [odessafarms@telusplanet.net](mailto:odessafarms@telusplanet.net)

Jesper Nielsen, Region 3

Box 278  
Killam, AB T0B 2L0  
Phone: (780) 385-2195  
Fax: (780) 385-2218  
Email: [kryger@netkaster.ca](mailto:kryger@netkaster.ca)

John Wozniak, Jr., Region 4

Box 671  
St. Paul, AB T0A 3A0  
Phone: (780) 645-6955  
Work: (780) 645-5915  
Email: [wozfarm@mcsnet.ca](mailto:wozfarm@mcsnet.ca)

Albert Wagner, Region 5

Box 2826  
Stony Plain, AB T7Z 1Y3  
Phone: (780) 963-7753  
Fax: (780) 963-8753  
Email: [ajwccr@telusplanet.net](mailto:ajwccr@telusplanet.net)

Ron Heck, Region 6

Box 817  
Fairview, AB T0H 1L0  
Phone: (780) 835-4431  
Fax: (780) 835-2168  
Email: [heckfarms@hotmail.com](mailto:heckfarms@hotmail.com)

### ADMINISTRATION (403) 291-9111

Mike Leslie, CEO, Ext. 26  
Nikki Barnes, Manager,  
Office & Projects, Ext. 25  
Queena Zhang, Accountant, Ext. 24  
Audra Crump, Office Assistant, Ext. 21  
Darcy Kirtzinger, Policy & Research  
Coordinator, Ext. 23; cell (780) 405-0789  
Andy Bai, Office Administrator, Ext. 27

Terry Bullick, *Barley Country* Editor,  
(403) 246-5225 [tbullick@telusplanet.net](mailto:tbullick@telusplanet.net)