



# Team Alberta Memo to Farmers

In the wake of the worst drought and extreme heat conditions that farmers have faced in two decades, Team Alberta continues to press the provincial government to acknowledge the ongoing situation and find solutions to protect farmers against the mounting risks threatening the stability and competitiveness of Alberta's crop sector.

Team Alberta has been monitoring the situation since before indications that crop failures would be imminent and has been meeting regularly with the government to alert them of the severity. Despite the livestock sector seeing a \$340 million AgriRecovery initiative for feed assistance, we have received no formal response and have been told there will be no program changes for the 2021-22 crop. Team Alberta has been pressing for the government to recognize the crop sector as part of the overall agricultural sector and implement solutions to ensure crop farmers can remain competitive.

In the meantime, farmers are encouraged to [submit their Harvest Production Reports](#) to the Agriculture Financial Services Corporation (AFSC) as soon as possible to expedite payouts.

## The current situation

Our commissions are aware of and have been monitoring the accumulating risks that will extend well into the next growing season. We have heard a number of concerns that are not only beyond farmers control but also create increased uncertainty and risk on their operations now and into the future:

- Drastic yield reductions: crops are ranging from 50 to 60 percent of five-year averages
- Less grain in the bin is causing major cash flow issues that not only hurt farmers' ability to secure inputs for next season but also to leverage financing from lending sources or make existing loan payments
- Farmers are being warned to source seed earlier than normal since the drought is threatening seed supply which in-turn is driving up prices
- Global demand and other market forces are driving up the price of fertilizer. In some cases prices are double those of last year and are close to reaching 10-year highs

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- Farm marketing through forward contracting, meant to mitigate risk, has left farmers with high costs associated with contract buy outs, cancellation and administration fees often in the hundreds of thousands of dollars
- Farm incomes have taken an unexpected hit two out of the last three years, leaving little time for recovery and concerns with economic solvency into future growing seasons
- Agronomic issues: Carryover of crop protection products due to the severe drought will dictate which commodities can be grown on which fields next year, thus impacting rotations and management decisions
- There are also increased concerns for disease, weed and insect pressure due to the dry conditions – carried over into the longer term
- Deviating from crop rotations creates economic and agronomic risk, reducing opportunities to capture premiums from high value crops (e.g., durum, lentils, dry beans) resulting in further lost income
- Protein premiums are not being fully realized in wheat, leaving little opportunity to soften the impacts of reduced yields as in other years
- Canola oil content of this year's crop is at the lowest it has been since 2002, which greatly reduces the efficiency of the canola processing plants in Alberta and threatens large investment in value added processing and associated jobs.
- Demand destruction – supplies of grains and oilseeds are so low that international buyers will be forced to find new supplies, and they may never return
- Increases in food prices is a cost that will trickle through the value chain and impact consumers, if it hasn't already. Grains are a foundational crop for many staple foods (i.e., flour, bread, canola oil and pulse products) meaning the impacts will affect the affordability equation and food security.

## Team Alberta's Response

Team Alberta has been regularly informing the government of the wide-ranging impact on the crop sector across the prairies. We have been advocating for the need for a proactive strategy by government to help smooth the impacts to the crop sector, support recovery and respond to the carryover impacts on the sector including:

- Team Alberta met with the Minister and his team in mid-July to alert them of mounting concerns in an attempt to develop a proactive response as the season moved into harvest. We continued to maintain regular contact with the department of Agriculture and Forestry.
- We have also been seeking prompt government acknowledgment of how dire the situation is and may become extending into next year.
- The crop sector has been excluded from the \$340 million AgriRecovery initiative that was announced for livestock feed assistance, despite attempts to discuss the potential for inclusion of the crop sector.

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- We have advocated for changes to existing programs to improve flexibility and responsiveness in assessments and expedite payouts where required. Details of these asks [can be seen in our letter to the Minister](#).
- We have continued to advocate for changes to AgriStability that would make the program more responsive, equitable and predictable in a year of a disaster.

## Bracing for next year

The impacts of this year's extreme weather conditions will extend well into the next growing season. Additionally, farmers are braced for another year of drought and volatility in 2022, creating the potential for a worsening situation next year. Farmers need solutions to ensure they do not become insolvent in the next few years due to the cumulative risk and financial impacts that they have experienced over the last four years. For these reasons farmers will be bracing for next year:

- Farmers are concerned about business risk management tools that are meant to support them and how they stand up in a year of need. Crop insurance funds will surely be depleted this year, further increasing farmers' risk if liability is high next year.
- Next year will likely bring record low carryovers, resulting in continued volatility in market prices.
- Drought is rarely a one-year problem, farmers are worried about risks beyond their control into next year.
- Uncertainty that prices will follow regular seasonal patterns. Prices normally rise in the spring and summer after harvest with delivery in the winter. This hasn't been the case this year. Delivering on upcoming contracts will be competitive with much demand coming forward, it is uncertain how our farmers will fare or if there will be a switch to other markets given the higher-than-normal volatility.
- Farmers are still trying to navigate the ever-rising cost of the carbon tax alongside increased energy prices, that stand to further impact farm income.
- Low precipitation accumulations in areas without fall and winter precipitation will elevate the risk for the next year growing season.

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# Short-term resources for farmers

- Farmers need to submit their Harvest Production Reports to AFSC as soon as possible to expedite payouts.
- Agronomy resources of the commissions: [The Growing Point](#), Alberta Pulse Growers App, [Teamalbertacrops.com](#), and Canola Council's '[Growing Canola](#)' site
- [Know your Contracts](#): Canadian Canola Growers Association
- Mental Health Resources: [The Do More Agricultural Foundation](#)
- [AFSC's response to 2021 crop conditions](#)
- [Farming in Dry Conditions](#): Alberta Government Resources (new Government of Alberta resource)
- Watch for a Team Alberta survey being conducted to better understand the complexities of contract fee issues this year.

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