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## EXECUTIVE SUMMARY

- ◆ The BRAED region consists of the Municipal Districts of Provost and Wainwright and the Counties of Flagstaff, Camrose and Beaver. It is a large area which extends 190 kilometres east-west and 85 kilometres in depth and contains 4,387,233 acres.
- ◆ In 2000, the region had gross farm receipts of \$701,876,000, purchased \$585,907,000 in farm inputs, supplies and services and generated farm operating income of \$115,969,000.
- ◆ The agricultural base of the region, because of urbanization, soils, pasturable acres and Crown lease, is diverse with cattle and crops dominant in the eastern portions and diversified operations in the western part of the region.
- ◆ There is no single agricultural development strategy for the region. Because of the extent of agricultural diversity, each sub-region should pursue the development strategy for that district.
- ◆ The competitive advantages of the BRAED region are seen as:
  - Sparse population, particularly in the eastern portions, applicable with site specific water and political will to confined livestock development.
  - Excellent transportation network for the movement of agricultural inputs and commodities.
  - Innovation of the people of the region as evidenced by projects such as producer cars, digesters for electrical power generation and pea crop diversification and processing.
- ◆ The best opportunity in the region is to expand agricultural production is confined livestock: cattle feedlots and pigs. This opportunity, particularly in the high population density areas, may be constrained by public attitude. Other opportunities

in ag-tourism, farm based business and value-added, vary between different areas of the region.

- ◆ The agricultural base in the region is well serviced by the communities in BRAED. The City of Camrose is considered a regional center with all services. Other communities within BRAED have varying agricultural support services. The competitive advantage of these communities is convenience.

## OVERVIEW

The Battle River Alliance for Economic Development (BRAED) is a consortium of counties, municipal districts, villages, towns and cities in East Central Alberta. BRAED is in the process of developing a Regional Investment and Competitive Advantages Profile for its member communities. Primary agriculture, agricultural services and secondary processing, is viewed as a key ingredient of the profile.

BRAED is a large and diverse agricultural region. The region extends 190 kilometers from Highway 21 west of Camrose easterly to the Saskatchewan border and has an average north-south depth of 85 kilometers. The region has an extensive highway network with Highway 13 bisecting the region from west to east, north-south Highways 21, 36 and 41 and with Highway 14 from west to east on the northern edge. There are also many good secondary roads with east-west rail links connecting a large portion of the region. The region, which has a land base of 4,387,238 acres (Table 1), encompasses:

- Municipal District of Provost
- Municipal District of Wainwright
- Flagstaff County
- Camrose County
- Beaver County

and the majority of communities within this area. The consortium also includes the Town of Millet which is in the County of Wetaskiwin. The land base is the agricultural engine of the region. The communities service the engine. Combined they are the agricultural economic base.

### **Primary Agriculture**

The land base determines the nature and extent of primary agricultural production. Management of the land base, markets, climatic conditions, industry influences and

producer intentions will define actual production. All of these factors have and are having an influence on agricultural production in the region. Key factors which are currently influencing production are:

1. Climatic Conditions

In 2002 most of the region suffered a severe drought. This resulted in less than average or in some cases no crops and a depopulation of the cattle herd. In 2003 there were generally good moisture conditions in the spring, hot and dry conditions in the late summer and an open fall. These conditions, although there were good harvest conditions, resulted in below average crops. The early conditions in 2003 also resulted in some of the cattle which were moved to other areas returning to the region. In the winter of 2003 and into 2004 there has been very little moisture and moisture is needed for 2004.

2. B.S.E.

The May 2003 case of B.S.E. changed the economics of the beef industry and the December 2003 case cemented this change. Prior to May 2003 cull cows/bulls were a producer asset. Now they are a liability. With assistance from Alberta and Canada the beef industry rode out the first case and saw some hope of recovery. With the December 2003 case the economics of ranching are being questioned.

3. Pig Industry Collapse

Through much of 2002-2003 there has been an oversupply of pigs in the North American market. The advent of B.S.E. and the dramatic rise of the Canadian dollar have increased the impact on the pig industry to the point where producer cost of production is greater than revenue. As a result, at this stage of the hog cycle, the demand for new pig facilities has virtually ceased and producers are considering exiting the industry.

#### 4. Agricultural Policy Framework

The Agricultural Policy Framework and in particular the introduction of the Canadian Agricultural Income Stabilization Program (CAISP) in 2003 has been the subject of much controversy. Producers who had relied upon the Net Income Stabilization Account (NISA) and companion Alberta programs, Farm Income Assistance Program (FIAP) and Farm Income Disaster Program (FIDP) were concerned as to how CAISP would provide the assistance they required. While CAISP appears to have been improved there are existing concerns as to affordability and disaster assistance.

#### 5. Input Costs

Input costs, particularly those related to the energy industry continue to increase. Electricity costs, while controlled by the regulated rate until 2006 have risen significantly. Natural gas, fuel and the cost of fertilizer continue to rise. All of these costs continue to increase cost of productions and narrow producer margins.

#### 6. Canadian Dollar

In 2003 the Canadian dollar increased in value against the U.S. dollar by 20%. This increase has had a negative impact on primary agricultural commodities. Returns on grains have been reduced to the point that the Canadian Wheat Board initial payment on wheat resulted in a deficit position for the CWB. Pork and beef prices are determined on a North American basis and are referenced to the U.S. dollar. As a result the change in the Canadian dollar has placed significant negative pressure on the cattle and pig industries. And, economists are expecting the dollar to remain strong.

The key factors which drive primary agricultural production are negative. This is causing a massive change in agriculture which has not been seen since the early 1980's. The positive aspects in the current change, which were not prevalent in the 1980's, are low inflation and low interest rates. These two factors may make the transition less severe.

Primary agricultural producers will operate in their self interest. And, so they should. As a result they will adapt to the change. This adaptation, evidence of which can be seen in the region, takes several forms.

1. Improved management practices. Producers in the region have been tending more to better land management practices such as zero till. The 2002 drought conditions reduced stocking rates on native grass and there is a trend developing towards smaller framed and more efficient cattle. These improved practices are expected to continue.
2. Reduced production costs. Producers will lower their cost of production wherever possible. As such they will source lowest cost inputs which may or may not be within the region. Producers will also tend to conserve cash, particularly on capital items. While this will result in lower cost of production it may also have a negative impact on the regional economy.
3. Expansion and downsizing. In difficult periods in primary agriculture producers examine their business and make decisions as to the business they wish to be in. Depending upon the individual producer circumstance they may decide to expand operations in an effort to reduce unit costs or downsize or exit money losing aspects of their business. Both activities are expected with smaller livestock producers and possibly some smaller field crop operations exiting the business. While the land base will be absorbed into larger operations the decline in livestock populations, particularly cattle, is not expected to be replaced.
4. Diversification. Primary agricultural producers are constantly examining opportunities to diversify their operations and spread risk. This is particularly evident during periods of difficulty in the agricultural sector. Some diversification strategies, from cereals to oilseeds, have proven successful while other strategies, diversified livestock, were costly and unsuccessful. Within the region there are two diversification strategies which are evolving:

a) There is considerable interest and development of peas as an alternative crop. Interest varies within the region.

b) There is a growing awareness and interest in ag-tourism. A similar analysis in late 2002 showed little awareness and interest. The current analysis indicates that all areas of the region are aware of the potential and there is activity to start up ventures.

5. Innovation. As part of cost of production or diversification strategies primary agricultural producers will innovate. There are a number of examples of innovation within the region.

a) The producers in the area, in conjunction with the Town of Bashaw have purchased the Agricore United elevator with plans to convert to pea processing, other crop processing and seed cleaning.

b) The producers on the rail line from Stettler to Alliance, in conjunction with local seed cleaning cooperatives and communities have organized producer cars to move their crops.

c) The Iron Creek Colony near the community of Bruce, in conjunction with the County of Beaver, has installed a digester at their sow facility. This will generate electric power for their operation and sell power into the grid.

The economic impact of agriculture in the BRAED region is significant. In the year 2000, on a cash basis, Gross Farm Receipts for the region were \$701,876,224, Operating Expenses were \$585,907,000 and Operating Income was a reported \$115,969,224 (Table 7). This information was derived from the 2001 Census with the financial information lagged one year. Census data is available every four years. This would result in 2000 being the base year with subsequent years fluctuating from the base depending upon climate, market and industry influence. These variable factors in

years 2002-2004 have been outlined. The constant is the land base and it is the land base which provides some stability in examining the economic impact of agriculture. The other factor which varies the economic impact is producer intentions. With projected difficult climate, market or industry influences producers will tend to reduce expenditures to meet lower expectations. Lower expenditures will in turn reduce economic impact and if lower expectations are realized this reduces operating income and there is a further decline in impact. As producers tend to adjust expenditures to anticipated returns the relationship between gross farm receipts, operating expenses and operating income will not materially change. What does change is a lower overall impact.

As financial information statistics are not published on an annual basis the change in economic impact from year to year can be based only on anecdotal information. This information, gathered from discussion with community representatives, industry publications and the general media would appear to indicate that using 2000 as a base year the economic impact in the region is expected as:

1. In 2001 about the same as 2000.
2. In 2002, with the general drought, much of the region would be considered a disaster area with significantly reduced farm receipts, lower than normal operating expenses and low operating income.
3. In 2003, with good spring moisture and then hot dry conditions, crops would appear to be average to below average. The impact of B.S.E. in May 2003 devastated the cattle industry. As a result while 2003 was considered better than 2002 the farm receipts, operating expenditures and operating income would be below the base year.
4. The year 2004 is uncertain. The region requires moisture for planting crops and for grass. B.S.E. is expected to have a continuing negative impact on the cattle industry

and the pig industry is in difficulty. As such 2004 is expected to be another difficult year.

BRAED, from an agricultural perspective, is characterized as a cereal and oilseed crop production region (Table 11) with cattle and other livestock production (Table 9). The mix of crop and livestock production varies within the region. In parts of the region there is also some crop and livestock diversity. Generally agriculture production and impact in the region is dependent upon climatic conditions and markets. As such, from an agricultural base perspective, the region does not have a distinctive competitive advantage over other agricultural regions. There are exceptions within the region where there are competitive advantages and the region has a competitive advantage in these areas:

1. Much of the region, particularly the eastern portions, is sparsely populated. Given site specific water and the political will there is an advantage in attracting confined livestock.
2. The region has an excellent transportation network for movement of agricultural inputs and commodities.
3. Innovation of the people of the region as evidenced by projects such as producer cars, digesters for electrical power generation and pea crop diversification and processing.

Each of the sub-regions, counties and municipal districts are discussed separately.

### **Agricultural Services and Processing**

The communities within BRAED service the agricultural industry in the region and derive income from this activity. All of the communities were surveyed and as a general observation the region has access to the necessary services to support the agricultural industry. Not all of the services are conveniently located for producers with some

services such as farm equipment and vehicles being only available on a regional basis. Other services such as grain handling, veterinary services and livestock auction markets are also regionalized. Most communities provide farm supply/hardware services, retail food outlets, fertilizer/chemical distribution and to a lesser degree bulk fuel outlets. Custom abattoirs and seed cleaning plants are located throughout the region. There is very little secondary processing of agricultural products, other than abattoirs, in the region. Most abattoirs are provincially inspected and are for custom processing or local consumption. There are potential additions of services. These will be discussed on an individual sub-region basis.

The changes to agricultural production in the last decade have been driven by lowering cost of production and distribution costs. In the service sector this has forced providers to seek economies of scale. The result has been larger regional service centers with a decline in localized outlets. Most notable examples are farm equipment and vehicle dealerships and country elevator points. This regionalization has also been fostered by the development of road systems which while of benefit to the agricultural producer have a detrimental effect on local trade.

The pressure on agriculture to continue to reduce cost of production and distribution costs is expected to continue. This will place more emphasis on the service sector to continue to reduce costs and seek further economies of scale. As a result this will place local communities at a disadvantage in supplying capital items and potentially the purchase of large volume agricultural inputs. As regionalization continues this disadvantage will extend to other local services such as farm supply/hardware, grocery and other retail.

In the BRAED region the City of Camrose is considered a regional center with the City of Edmonton as the other major regional center affecting trade in the region. These regional centers have a competitive advantage in terms of economy of scale. The other communities in the region, particularly as the distance from the regional centers increase, have another distinct competitive advantage: convenience. It is this

convenience combined with service that will continue to drive the local communities; particularly in retail trade.

## SUB-REGIONAL PROFILES

BRAED consists of a large geographic area with considerable variation within the area in land base, agricultural diversity, agricultural impact and community agricultural support services. These are best characterized on a sub-regional basis. The framework chosen is the municipal districts and counties and the BRAED communities within these areas.

### M.D. of Provost

Lying in the southeast portion of the BRAED region, the M.D. of Provost, contains 893,526 acres and in 2001 had the largest average farm size of the region at 1,809 acres with 39.68% of the farms being 1,600 acres or larger (Table 1). The land use in the M.D. of Provost reflects brown soils, Aspen and Mixed Grasslands, climate and topography. In 2000 the M.D. had the greatest proportion of land in the region in natural grass, 37.98%, and the lowest in crops at 38.09%. It also has the highest proportion of land in summerfallow in the region at 8.48% (Table 3) and the second highest level of government lease lands at 15.20% (Table 2). Average gross farm receipts in 2000 of \$278,062 (Table 4) and average operating income of \$48,230 (Table 7) were the highest in the region.

The classification of farms by farm type in 2001 (Table 8) indicated that the largest classifications were cattle producers at 54.02% with crop production at 36.70%. Classification by farm type is based upon over 50% of the gross farm receipts being derived from one type of production. This does not mean that any particular farming unit which is classified as one type would not have other types of production. The largest crop produced in 2001 was spring wheat followed by silage, barley, oats and oilseeds (Table 11). The silage and much of the barley and oat production would support the cattle industry. The M.D. of Provost had the largest population of feeder cattle: 51,823 out of 89,940 head, in the region (Table 9).

The agricultural base of the M.D. of Provost is principally cattle production with crop production being secondary. Other than cattle and major crops (wheat, barley, oats and canola) the M.D. does not have much agricultural diversity (Tables 9, 10 and 11). The agricultural drivers for the M.D. are cattle and major crops.

The M.D. of Provost has a major grain handling facility adjacent to the community of Provost. While some grains may be hauled to other points, the majority of grains are handled at this facility. There is also a livestock auction market in the Town of Provost but many of the cattle are marketed outside the region at larger auction facilities i.e. Vermilion, Lloydminster and Veteran. There is little value-added processing in the M.D. There are two small abattoirs and custom processing plants in the Town of Provost one of which has opened a retail outlet in Lloydminster. The Town of Provost has the majority of services required by the agricultural community. The exceptions are farm equipment and motor vehicle dealerships. These are not viewed as an opportunity.

In 2000 the agricultural base in the M.D. of Provost generated \$137,362,400 in Gross Farm Receipts, had Operating Expenses of \$113,537,000 and generated Operating Income of \$23,825,400 (Table 7). The drought of 2002 and the B.S.E. cases in 2003 are projected to have had a seriously negative affect on the agricultural economy. With the continuation of the B.S.E. difficulties and lower than required moisture conditions entering 2004 it is expected to be another difficult year for agricultural producers. As the M.D. and the Town of Provost are driven by energy exploration and development the difficulties in agriculture will be somewhat blunted in the service sector. Grain handling, fertilizer/chemical distribution and bulk fuel, dependent upon moisture conditions, are expected to remain below average. Farm supply/hardware and meat processing, with producers avoiding capital expenditures and conserving cash, are expected to remain stable. Other service sectors are expected to be either stable or below average. Agriculture production, particularly in the cattle industry is expected to take some time to recover. As the pig industry is nearing the bottom of its cycle there may be site specific opportunities for pig production. There is limited interest in the area for ag-tourism although with the Bodo archeological site there may be opportunities

presented. Crop production, with possibly some diversification in peas, will be dependent upon climatic conditions.

### M.D. of Wainwright

The M.D. of Wainwright is in the northeast portion of the BRAED region. It contains 956,691 acres with an average farm size of 1,597 acres (Table 1). There is 157,357 acres or 16.45% of the land base in government lease. Most of this lease land is CFB Wainwright, an estimated 147,000 acres, which has limited grazing access. This distorts the average size of the farming units which, if excluded, would reduce the average farm size to an estimated 1,351 acres. The land base is fairly evenly distributed with 50.58% in crop production, 29.30% in natural pasture and 11.16% in tame pasture (Table 3). Average gross farm receipts in 2000 were second highest in the region at \$216,242 (Table 4) and farm operating income was also second highest at \$36,928 (Table 7).

The classification of farms by farm type (Table 8) in 2001 indicates the largest classification was livestock at 50.00% followed by crop production at 40.99%. The largest crop produced was spring wheat followed by barley, canola, silage and oats (Table 11). While the largest number of livestock operations are classified as cattle producers the M.D. of Wainwright also had the largest number of pigs in the BRAED region. Cattle feedlots, while large in number, had a small feeder population (Table 9).

The agricultural base of the M.D. of Wainwright is livestock; cattle and pigs, and crops. There is little agricultural diversity in crops with some diversified livestock and a small number of dairy operations.

The M.D. of Wainwright does not have a major grain elevator facility. Grains flow out of the M.D. to other elevator points in the M.D. of Provost and the surrounding counties. There is no livestock auction market in the M.D. with cattle flowing to other auction markets in Provost, Vermilion and Lloydminster. Pig production is shipped out of the M.D. to major processors. There is a custom abattoir and meat processor in the Town

of Wainwright. The processor also provides other processed meat products and retail. With the exception of grain handling and bulk feed the Town of Wainwright provides all of the agricultural support services. The Village of Irma provides only basic services; grocery and hardware with limited chemical/fertilizer distribution. The Village of Chauvin has grocery services. The town of Wainwright would be considered the hub of the area.

The 2000 agricultural base reported Gross Farm Receipts of \$129,528,841, Operating Expenses of \$107,409,000 and Operating Income of \$22,119,841 (Table 7). The 2002 drought in the area resulted in significantly reduced crops and some depopulation of the cattle herd. In 2003 crop conditions were considered near normal with average to below average crops and the cattle population returned to near normal levels. In 2003 the B.S.E. situation would have significantly reduced cattle returns. Moisture conditions for 2004 are uncertain. Also in 2003 two large farrow-finish barns, despite the decline in pig returns, were opened. Pig production in the M.D. is largely controlled by a large pig production company with a captive feed mill. There are no commercial feed mills in the M.D. Despite the B.S.E. and pig industry situation the agricultural base in the M.D. is considered stable.

Opportunities in the M.D. of Wainwright in terms of increased agricultural production and operating farm income are thought to be limited in terms of diversified crops or livestock. Value-added processing potential, other than niche markets developed by individual producers (farm gate or home based business), is considered limited. The M.D. is remote from major markets. Ag-tourism may have some limited potential. The M.D. is a large producer of feed grains and forages, which, given adequate water supply, offers the greatest opportunity in confined livestock feeding, both cattle and pigs. This in turn may require the development of a commercial feed mill. The agricultural services sector while considered adequate may expand in the Town of Wainwright into a regional hub thus reducing procurement leakage into the Lloydminster trading area.

### Flagstaff County

Flagstaff County, which is in the center of the BRAED region, is the largest agricultural area in the region with 986,723 acres. Average farm size in the region is 1,162 acres (Table 1). The land base is largely for crop production with 68.99% reported in crop and 3.65% reported as summerfallow in 2001. Tame and natural pasture was reported as 21.99% (Table 3). The County is primarily a wheat and oilseed production area which also produces barley, oats, forages and peas (Table 11). There is a large cow-calf production sector reporting 41,174 head in 2001, a small cattle feeding industry and a small pig production industry (Table 9). There is not significant agricultural diversity in the County. In 2001 the majority of agricultural producers reported their primary source of income, 58.21% as farming, with livestock accounting for 34.90%. This level of livestock production as a primary source of income was the lowest in the BRAED region.

The agricultural production of the County is shipped for further production. There are major grain handling facilities within and surrounding the County as well as livestock auction markets. There are four custom abattoirs and meat plants in the County. There are no motor vehicle distributors in the County and one farm equipment dealership. While there are veterinarians in the surrounding area there is one veterinarian service in the BRAED communities. With these exceptions there is adequate services provided to the agricultural community.

Operating income for Flagstaff County in 2000 was \$24,202,000, which was 15.69% of gross farm receipts. Retaining disposable income (operating income plus amortization and depreciation less debt repayment) would appear to be one of the challenges. Highway 13, which bisects the county, and Highway 14, which is accessed to the north of the county, are in proximity to large trading centers; Camrose and Edmonton. As a result much of the disposable income is directed towards these centers. With the continued development of Edmonton and Camrose, this trend is expected to continue.

Drought conditions in 2001-2002 are expected to have had a dampening effect on farm expenditures and disposable income in those years and, in 2003 and beyond, depending upon moisture conditions and producer intentions. Both the crop and cattle sectors will be affected. The recovery of the crop sector will be dependant on moisture and the recovery of the cattle sector will require a herd rebuilding process. The cattle sector may require a longer period of recovery.

Flagstaff County has little crop or livestock diversity and a small number of confined livestock operations. Although it has a healthy cattle population, the county is primarily a crop producing area. Because of soils and climate, opportunities in crop diversification are considered limited. Ag-tourism, particularly in those areas adjacent to the Battle River valley may offer an opportunity to individual producers. Value-added processing other than possible home based businesses is considered limited. Assuming there is adequate water, the county, as a major crop producing area, has the greatest opportunity in confined livestock operations i.e. feedlots, pig barns, poultry and dairy.

### Camrose County

Camrose County is on the southwest portion of the BRAED region. The county, which contains 830,550 acres, has the smallest average farm size of the region at 669 acres and, proportionately, the largest number of small land holdings; 31.75% of farms are less than 180 acres and 59.71% are less than 560 acres (Table 1). In 2001, the county had the majority of land in crop production, 69.89%, with only 12.30% of native pasture and 9.96% in tame pasture (Table 3). Average gross farm receipts in 2000 were \$139,180 (Table 4) and average farm income was \$22,888. The gross farm receipts and farm income are a reflection of the number of small holdings, many of which are a result of urbanization and what is considered, in many cases, to be hobby farming.

Camrose County has considerable agricultural diversity. Farms classified as crop production farms were 43.74% and those with livestock as the major purpose were 42.99% (Table 8). The largest crop grown in the area in 2001 was spring wheat followed by canola, barley and silage. Other crops were also grown including oats, field

peas and potatoes (Table 11). Livestock production was also varied with cattle, including a small cattle feeding industry, pigs, sheep and a large poultry flock (Table 9). The county also exhibits other diversity with dairy farms, fruit and vegetable crops and diversified livestock (Tables 8, 9 and 10).

While the bulk of primary agricultural production is exported for further processing, Camrose County does add value to some of the production. The county has two major grain elevators, located at Camrose, and two livestock auction markets. Most grain and cattle move through these facilities. Pigs, poultry and most dairy products leave the county. There are two small meat processors, two specialty cheese manufacturers, two bakeries, a natural food processor and a flour and cereal producer within the county. Additionally, there is a large regional feed mill and a manufacturer of dairy calf supplement.

The City of Camrose is a major regional hub with a trading area that extends south and eastward towards the Saskatchewan border. All agricultural services are available. The Town of Bashaw is largely free standing in terms of agricultural services. Bashaw does not have a livestock auction, grain handling or a motor vehicle outlet. Bashaw, the community and local producers have retained the Agricore grain elevator in the community and with innovation are planning to convert the facility to pea and other crop processing. The Villages of Edberg and Rosalind have no services.

The agricultural base in the County of Camrose in 2000 reported Gross Farm Income of \$172,722,646, Operating Expenses of \$144,319,000 and Operating Income of \$28,403,646. As the agricultural base is varied the 2002 drought while reducing the agricultural impact would not have had as severe an impact as in other areas of BRAED which are more dependent on crops and livestock. The impact in 2003 of B.S.E. and the decline in pig industry returns would also have a less severe impact. 2004 impact, with less than adequate moisture conditions to start the year, is uncertain.

Camrose County has significant agricultural diversity. With a high population density in the north and west of the county confined livestock is not considered a significant opportunity in this area. The south and eastern portions may offer a better opportunity for confined livestock. The proximity to poultry and dairy processors may offer further opportunities in these areas. Diversification into other livestock and crops, given markets for the end product, may also be a possibility. Due to the proximity to major markets (Edmonton) there would appear to be significant potential for home based businesses i.e. farm gate or farmer market. This opportunity may extend to produce, berries (a travel distance of one hour or less is considered necessary for a U-Pick operation), condiments, etc. Given the agricultural diversity of the area and existing food manufacturing there is also potential for niche market value-added processing i.e. specialty cheeses, jams, jellies, etc. Due to water requirements, transportation infrastructure and low livestock numbers a major meat processing facility is not considered an alternative. With the proximity to the Edmonton market, the Can America Highway (#2) and the Edmonton International Airport, ag-tourism is also considered a potential opportunity.

### Beaver County

Beaver County, which is in the northwest portion of the BRAED region, contains 719,748 acres and has an average farm size of 820 acres. Beaver County is the smallest municipal district in the region (Table 1). The land base, other than in the Cooking Lake Moraine, is largely in crop production with 61.83% of the area. Natural pasture accounts for 20.25% and tame grass 9.16% of the land base (Table 3). There is very little government lease (3.33% of the land base), and most of this lease is the University of Alberta ranch (Table 2). Average gross farm receipts in 2000 were \$123,027 (Table 4), average farm operating income, \$19,838, is the lowest in the region (Table 7). As the north-west portion of the county is in close proximity to the City of Edmonton, both average gross farm receipts and average farm operating income are distorted by urbanization. Many of the land holdings in the area are small with 27.33% less than 180 acres and 53.64% less than 560 acres (Table 1).

The classification of farms by farm type (Table 8) indicates a fairly even distribution between crop use, 43.74%, and livestock, 47.07%. The county has considerable agricultural diversity. The largest crop produced in 2001 was spring wheat followed by canola, barley, silage and oats. The area also produces some potatoes (Table 11). While the largest number of farms reporting livestock as their primary production are designated as cattle producers, the county is also a large producer of pigs (Table 9) and has considerable diversified livestock (Table 10). The county also has dairy and poultry operations (Table 8).

Primary agricultural production is exported for further processing. Grains flow through existing elevator points both within and outside the region. The county does not have either a large cattle herd or a large number of cattle on feed. There is no livestock auction market in the county and the market cattle flow through livestock auction markets in other areas. Pigs, poultry and dairy production is shipped for further processing. There are three small meat processing facilities in the county.

Ryley provides fertilizer and chemicals and short line equipment. The Town of Tofield, which is closest to Edmonton provides most services and in addition is planning a livestock auction and has a vehicle dealership which services both the rural area and the City of Edmonton.

The agricultural base in the County of Beaver is diverse. In 2000 Gross Farm Receipts were \$108,018,041, Operating Expenses were \$90,600,000 and Operating Income was \$17,418,041 (Table 7). With the agricultural diversity the impact of the 2002 drought and the B.S.E. and pig industry decline in 2003 are not expected to have a severe impact. The 2004 year, with low moisture conditions entering the year is uncertain.

The Cities of Edmonton and Camrose, although they are outside of the County of Beaver, are considered agricultural service hubs. This has an impact on the services available in the BRAED communities within the County. Distance from these major hubs would also appear to have some impact on service levels. The Town of Viking,

which is furthest from hubs provides most of the basic services; abattoir, bulk fuel, farm supply, fertilizer and chemicals, grain handling, grocery and veterinary services. These services are based on convenience i.e. given comparable pricing the convenience of local supply is important. The Villages of Holden and Ryley provide basic grocery services. Holden also has farm supply/hardware and a seed cleaning plant and innovation has been demonstrated by the Iron Creek Colony and the County in developing a digester for the colony pig operation. Possibly this can be replicated.

Urbanization is expected to have a counter-effect and, as a result, overall growth in agricultural production is not expected to increase significantly.

Ag-tourism, particularly in the area of Beaverhill Lake, is considered a potential opportunity. Beaverhill Lake is a renowned birding area and with the proximity to Edmonton, the Edmonton International Airport and the Can America Highway (#2) the area has tourist potential. The proximity to Elk Island Park, Cooking Lake Forest Reserve and the Ministik Game Bird Sanctuary further augments this potential. With the proximity to Edmonton there would also appear to be significant potential for home based businesses i.e. farm gate or farmer market. This opportunity may extend to produce, U-Picks, and value-added production such as specialty cheeses, jams, jellies and condiments.