

Executive Summary:

The SouthGrow region is a major producer and supplier of agricultural and food products. The region has over one million acres under irrigation, boasts one of the longest growing seasons and has the most hours of sunshine in Canada. The region has well-developed water management systems, expertise and availability of water. In fact, the total land assessed as suitable for irrigation is 1.45 million acres with the SouthGrow region including seven of the Province's thirteen Irrigation Districts. The region produces over 60 percent of the Province's vegetable crop plus large quantities of sugar beets and potatoes are grown in large quantities in the region, mainly due to irrigation.

In general, agriculture in Southern Alberta is thriving and growing. That is not to say that it is without its issues, problems and challenges. The disparity between returns to the investor in the agricultural sector and other major industries has become even more apparent in the present booming economy of Alberta. The participants in this study brought several issues forward to illustrate this:

- **Labour** - The issue of labor was a major topic. This included the full gamut of the labor force from unskilled to skilled to the trades and to professionals. Suggestions to resolve this ranged from the importation of labor from foreign as well as domestic sources, which importation of that labor may be temporary or permanent. Other suggestions were directed to the colleges and universities to adapt their programs to better prepare graduates in areas such as custom meat cutting, with the needed skills to address the needs of the prospective employers.
- **Transportation and Logistics** - The need for a local container yard is an important priority for many. It is an issue that has significant repercussions on the economy, our infrastructure and the environment. In addition, frequent rail strikes have given Canada the international reputation of being an unreliable supplier. We have several businesses that are capable of operating in global markets but must deal with supporting infrastructures that are "bush league" players. Our major international competitors have solved this problem but Canada seems to be either incapable or unwilling to do so. If Southern Alberta businesses are going to be successful in the global marketplace, this needs to be resolved, perhaps through an ad hoc committee that includes representatives across the industry that investigates and lobbies various levels of government for assistance in this area.
- **Bio-fuels** - Bio-fuels have become a significant issue recently, influencing virtually all sectors of the industry. Like agriculture itself, it is a complex issue with no simple answers but it is going forward and a plan needs to be developed. Some study participants indicated aptly that *"we are all going to be able to afford gas to go to the grocery store, but we won't be able to afford the groceries once we get there."* There is potential for the bio-fuels movement to negatively impact many sectors of the agriculture industry.
- **Regulations** - Many small processors brought up the issue of nutritional labels. This is a consumer driven issue that brings an added cost to the processor, creating challenges in the ability to recover those costs. Some have resolved the issue by discontinuing operations while others struggle with compliance. Businesses need assistance with finding creative ways to cover the increased costs, which, if complied with, often induce greater efficiencies in the operations.
- **Commercial Kitchen** - The idea of a commercial kitchen has been discussed for many years and it is still a topic of interest. While the facility at Leduc is state of the art and qualifies as a federally inspected facility, the cost of using the facility has become a major challenge for some operations. Therefore, the feasibility of such a

facility needs to be investigated further in order to enable more small-scale value-added processing in the region.

As with other industries, the agriculture industry in the region faces many opportunities. In this region, a handful of opportunities have arisen that can be investigated further for feasibility:

- **Greenhouse and Organic Vegetables** – The population of Alberta is projected to increase and much of this population is concerned with health and diet. As a result, the greenhouse and organic vegetable market can be investigated for feasibility in order to replace imports and serve niche markets. It is interesting to note that the organic foods market is growing to such an extent that the large supermarket chains have now set aside organic food sections in their stores. This is not to say that organic is better, safer or more nutritious but it is perceived by the consumer to have an advantage and they are willing to pay extra for that.
- **Red Skin Potatoes** – Only 25 percent of the potatoes consumed in Alberta are actually grown in Alberta. Most potato producers are focusing on white skinned potatoes and other products required for the processing (chip, fry and powdered) industry. This has left a gap in the table potato market, which although not as stable as the processing market needs investigation.
- **Pulse Processing/Canning** – A significant amount of the pulse crops grown in the area is being shipped out of the region and in fact the country for further processing into a variety of canned goods. Canada has the potential to be a leader in pulse crops and with a value-added component located close to the geographical area where these pulse crops are grown, perhaps growers can realize the confidence, stability and prices required to increase the number of acres devoted to this crop.
- **Essential Oils and Related Specialty Products** – A cluster that has the potential to grow in the region is the essential oils and related (hemp, flax, etc.) products. The bio-fuels issue is currently affecting prices in a positive manner and therefore provides an opportunity to not only develop this niche market for export but also to expand it and take advantage of the area's advantages.
- **Pet Products** – The study only investigated this area on fringe basis. That is, it was covered under bird seed and cat litter using clay. However, the pet food industry is growing due to the increased population of domestic animals. As a result the bird seed, cat litter and pet foods products market may warrant further study. Given the strength of the livestock feed and the agricultural by-product potential in the area, detailed investigation may be worthwhile.

Of course, the opportunity for a candy or confectionary maker in the region has already been identified in previous studies and should still be considered. In addition, the viability of a commercial kitchen should continue to be investigated seriously as this will help start value-added agriculture ventures.