

September, 2004



Mailing Address:  
P.O. Box 59145  
Edmonton, Alberta  
T6H 5N4  
Tel: (403) 413-0079  
Fax: (403) 413-0076

# The Windssock

## Up, Up & Away!

### **Interest rates are rising to contain inflation which isn't even visible**

Canadian and U.S. central banks are both on a path that will lead to at least a 1% increase in commercial borrowing rates by spring.

The U.S. Federal Reserve increased its discount rate by a quarter point last week, for the third time this year, citing the growing inflation hazard, though no inflation is in sight. Comments by Bank of Canada governor Dodge were in the same vein; the bank's next rate-setting meetings are Oct. 19 and Dec. 7, at which time it appears that rates will be boosted by a quarter-point each time.

There is literally no inflation in the official statistics of either country. The cost-of-living index in Canada is actually lower than the lowest rate the Bank of Canada has said it wants to see (an annual

rate of 1.9% vs. the bank's 2-3% range). This is despite soaring energy prices and higher food costs, especially meat. Unless the official statistics are being fudged, it appears that higher energy prices are being offset by sharply lower prices elsewhere in the mix.

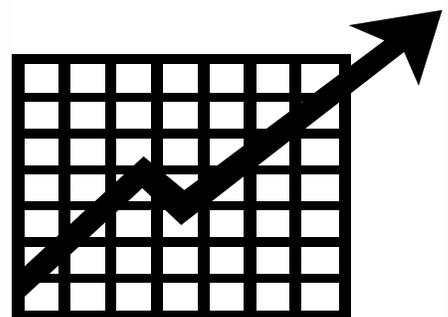
The Canadian dollar rose to eight-month highs last week despite the Fed's interest rate adjustment, which should have at least temporarily increased demand for short-term U.S. dollar placements. The Canadian dollar soared instead, trading briefly above 78 cents US late in the week, up from 73.25 a year ago and 77.50 at the start of 2004.

Central-bank rate increases drop directly to the bottom line of commercial borrowing rates. The prime rate in Canada, currently 4%, will rise to 4.75% if administered rates are raised three more times over the next few months. However, that may not necessarily make all forms of credit more expensive and probably will not make loans

less plentiful. There is a difference between high-cost credit and tight credit. Under conditions of economic slack such as we see now, higher interest rates tend to reduce the demand for credit, so that lenders will find it hard to impose stricter requirements on more reluctant customers.

As for the Canadian dollar, it continues to be artificially supported by the artificial gap between Canadian and U.S. short-term interest rates, which continue to favor the Canadian dollar. Compared to two years ago when the exchange rate was around 63.5, the current rate depresses commodity prices by more than 18%.

*Agriweek 09/27*



## PRESIDENT'S MESSAGE

BY JAMES SPENCE

Many aerial applicators across the prairie provinces are struggling this season, with some doing as little as 20% of their normal application acres. At the CAAA AGM in Calgary, many people were excited about the prospects for grasshoppers. The forecasted epidemic was largely avoided by the weather during hatching and throughout the summer, slowing their hatching and development. The cool and wet weather, however, did bring fungicide work to some areas that had seen very little control done before. Most recently, low overnight temperatures in some areas have brought the risk of frost that could only compound this disappointing season and end it sooner than anyone wants.

The 4A's office noted that complaints from the general public are down this year. This I think is only to be expected given that less acres have been sprayed by air this season than last. However, applicators complaining about other applicators this season is up and this too is expected because everyone is just trying to get a larger sliver out of a "smaller pie" we call the aerial application industry this season.

The operators in the pilot S.E.A.T. program here in Alberta fared no better this year. To date, no callouts have been received and it is tough not to feel disappointed. Outside of Alberta, the S.E.A.T. aircraft in Manitoba were held back by the cool wet spring and some aircraft sat for a month or two without getting a call to work on fires. Only time will tell if the investment to upgrade their current aircraft or buy bigger aircraft to perform water-bombing duties will be recouped or not.

I hope that even though things are tough for many people this year, they will be like our Australian friends and attend their AGM's as a form of "therapy". This year's 4A's AGM promises to be another well organized convention with good speakers, good educational sessions and

good times. The 4A's would like to commend Manitoba and Saskatchewan for their continued hard work in making license re-certification a reality for all the prairie applicators. The Prairie Aerial Certification Committee has not met again since their initial meeting in Regina this spring but all the Alberta license re-certification credits being offered in Red Deer are supposed to be applicable to the SK & MB license holders for their own provinces re-certification.

Accidents in Alberta were down this year but one accident was noted by some operators to have been caused by poor business practices. A pawnee in south-central Alberta crashed after hitting a powerline while using a road as a landing strip. Applicators who use roads should consider all the risks and decide if using a designated airport will be better not only for them but for our industry. This may well be a hot topic of discussion at this year's AGM.

With the pre-harvest season now upon us, consult the CAAA website for the latest list of qualified pilots and aircraft. Applicators can use Roundup Original, Roundup Transorb, Vantage, Reglone, etc but note that the new Roundup Weathermax at the time of writing this still did not have an aerial registration for cropland use. Like many other operators, I hope this will not be another product denied aerial application use. On a side note, in mid August an AT-402A (C-FLAX) was sold to an operator in southern Florida. My dad Terry Spence ferried the aircraft

*(Continued on page 3)*

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Ph. 934-4880  
Fax: 934-5888

(Continued from page 2)

down there and got a chance to see the damage from the recent hurricanes. Some airports were hit very hard with as much as 80% of the hangers and aircraft destroyed in some areas. We should all take a lesson from the people of Florida who commit to taking time to help their neighbors and friends in times of great need... when times are tough for you remember that there is always someone else worse off. I hope everyone is busy as the 2004 aerial application season draws to a close.

**Alberta Pesticide Licence  
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Don't miss this opportunity  
to attend!**



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### ALBERTA AERIAL APPLICATORS ASSOCIATION 2004 ANNUAL GENERAL MEETING

#### Monday, November 15, 2004

- 8:00—9:00 a.m. Breakfast with Exhibitors
- 9:00 – 10:15 a.m. Wild Rose Protective Fund  
Annual General Meeting  
MEMBERS ONLY
- 10:15 – 10:45 a.m. Coffee Break with Exhibitors
- 10:45 – 11:45 a.m. Legislation Updates & Issues  
**\*\*1 CREDIT \*\***  
*Jock McIntosh,*  
*Alberta Environment*
- 12:00 – 1:30 p.m. Lunch w/exhibitors
- 1:30 – 2:30 p.m. Speaker TBA
- 2:30 – 3:00 p.m. Coffee Break with Exhibitors
- 3:00 – 5:00 p.m. AAAA Annual General  
Meeting
- 5:00 – 6:30 p.m. Reception with Exhibitors
- 6:30 p.m. Dinner  
Entertainment  
Silent Auction

#### Tuesday, November 16, 2004

- 8:00 – 9:00 a.m. Breakfast with Exhibitors
- 9:00 – 10:30 a.m. Canola Diseases & Pests  
**\*\*1 CREDIT \*\***  
*Phil Thomas*
- 10:30 – 11:00 a.m. Coffee Break w/exhibitors
- 11:00 – 12:00 p.m. Spray Systems & Maintenance  
**\*\*1 CREDIT \*\***  
Tips  
*Allan Denesowych,*  
*Yorkton Aircraft Service*

#### **REGISTER NOW!**

**Complete and return enclosed registration  
form to the AAAA office or call  
780-413-0079 for further information.**

A special room rate of \$94.00 per night has been negotiated with the Red Deer Lodge in Red Deer, Alberta. Call 1-800-661-1657 or 1-403-346-8841 by October 31, 2004 in order to receive the guaranteed room rate. Be sure to indicate that you are an Alberta Aerial Applicators Association delegate.

# Happy Thanksgiving

from the  
AAAA Board of Directors,  
Jill Lane, Nicole Kelly, Monika  
Burak and Dora Klassen.

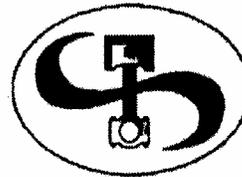


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## Calendar of Events

### SAAA AGM

SASKATOON INN, SASKATOON, SK  
OCT 27-29, 2004

### MAAA FALL BOARD MEETING

PORTAGE LA PRAIRIE, MB  
NOV 4, 2004

### AAAA AGM

RED DEER LODGE, RED DEER, AB  
NOV 15-16, 2004

### CAAA AGM

HOTEL VANCOUVER FAIRMONT  
VANCOUVER, BC  
FEB 24-26, 2005