MARCH / APRIL 2011

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AgriSuccess

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Lance Stockbrugger shares his thoughts on right-sizing the farm

FEATURES

COLUMNS

MARCH / APRIL 2011

On the cover:
A Saskatchewan grain farmer and chartered accountant, Lance Stockbrugger knows first-hand the pros and cons of farm size.

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AgriSuccess has been honoured with industry and trade publication awards, including:

- Canadian Farm Writers' Federation award for periodicals; Bronze 2006, 2007, Gold 2008, Bronze 2009
- Canadian Agricultural Marketing Association (CAMA) Awards; Merit 2006, 2007; Excellence 2009, 2010

from the editor

I have a moderate-sized grain operation. My wife (the other shareholder) does the books, our kids come out from the city to help when they can, and a semi-retired friend "camps" at the farm with me during seeding and harvest to help operate and repair my fleet of older equipment.

My other main endeavour is as an agriculture consultant and journalist, so the farming has to fit around other projects, including AgriSuccess.

Thus the theme of this edition is close to my heart – small and successful.

There's sometimes a stigma attached to being a big farmer. There can also be a stigma attached to being a smaller farmer.

When someone says my farm is just a hobby, I don't take it very well. There's a lot of time and effort and risk. It's not a hobby when you invest more in crop inputs every year than a lot of people have invested in their house.

True, I'm not in the market for much new equipment and I'm not on speed dial with any farm input suppliers or grain buyers. I'm fine with not being on the top of the heap. Farming is something I really enjoy and the operation has been realizing a good return.

The stories in AgriSuccess and in other publications often profile some of the largest and most successful operations. That's understandable. There's a lot to be learned from leading producers.

However, readers have been telling us that they also like to see stories that are relevant to the size and scope of their more moderate-sized farms.

This issue is in response to those requests.

If you run a large operation, we think you'll still find the content interesting and useful. If you run a hobby farm but aspire to a commercially viable operation, the stories should also resonate.

As always, we appreciate your comments and ideas. Just email kevin@hursh.ca.

AgriSuccess is an FCC magazine dedicated to helping producers advance their management practices by providing practical information, real-life examples and innovative ideas.

Is farm size really what you think?

Farm size is often measured in dollars. However, our perception of the production units – cows, sows, birds or acres – required for an average-sized farm is sometimes at odds with the gross revenue measurement.

Based on the 2006 census, most farms had a gross return of less than $100,000. A gross of $100,000 doesn't usually provide a margin that will pay your living expenses. Most farms of this size rely heavily on off-farm income.

How big does a farm have to be to reach $250,000 in gross sales?

Take an Ontario or Quebec farm that's half corn and half soybeans. Assume a corn yield of 150 bushels an acre at $5 a bushel. Further assume a soybean yield of 45 bushels an acre at $11 a bushel. For gross sales of $250,000, the farm would need to be 400 acres.

On the Prairies, let's assume a farm is half canola and half wheat. Take a canola yield of 30 bushels an acre at a price of $10 a bushel and a wheat yield of 35 bushels an acre with a price of $6 a bushel. To reach a gross of $250,000, the farm would need to be nearly 1,000 acres.

In hog operations, it's now common to get 25 market hogs per year from each sow. At a price of $1.15 per kilogram and a market weight of roughly 100 kilograms, a gross return of $250,000 can be accomplished with fewer than 90 sows.

In the dairy industry, a good cow can typically generate $7,000 worth of milk in a year. Therefore it takes 35 milking cows to gross $250,000.

Size matters . . . but size doesn't guarantee profitability.

Broiler chicken producers receive a price of about $1.40 per kilogram. Working through the number of flocks per year and using the British Columbia quota factor of 1.929 kilograms per bird means you need capacity for just over 14,000 birds to generate $250,000 a year.

While there are many grain farms of 400 to 1,000 acres, it's rare to find a hog operation with only 90 sows, a dairy operation with only 35 milking cows or a broiler operation with just 14,000 birds. If they're serving regular markets, these are now considered small farms.

Interestingly, our perception of size is different for cow-calf producers. Let's assume weaned calves of 550 pounds and a price of $1.25 a pound. About 360 calves would need to be sold to reach $250,000, which equates to a herd of about 400 cows. That's much larger than the industry average.

Of course, it's important to note that the net return from a gross of $250,000 is often dramatically different from one sector of agriculture to another. Size matters, whether you measure it by the number of production units or by gross revenue, but size doesn't guarantee profitability and that's the critical yardstick.

BY **KEVIN HURSH** / *Kevin is a consulting agrologist and journalist based in Saskatoon, Sask. He also operates a grain farm near Cabri, Sask., growing a wide array of crops.*

Full-time, part-time or hobby farmer?

Your classification has a big tax impact.

Most producers consider growing food to be a noble venture. But unless you can prove that your farm has the potential to produce the largest portion of your gross income, expect questions from the Canada Revenue Agency (CRA). If CRA considers farming your prime occupation, you can deduct all your farm business expenses, including interest on loans. However, if they decide you're a part-time farmer, you can only deduct a portion; those who are hobby farmers can't deduct any farm expenses at all.

"Since the Income Tax Act doesn't define what a full-time, part-time or hobby farmer is, the courts have tended to turn to definitions from Webster's," says Gerard Fitzpatrick, a chartered accountant with Fitzpatrick and Company in Charlottetown, P.E.I. "They define a hobby as a pursuit outside one's regular occupation that is engaged in especially for relaxation. A business is defined as a commercial venture undertaken with an expectation of profit."

Part-time farmers also qualify for many tax advantages. They do their accounting on a cash basis, they qualify for investment tax credits in Atlantic Canada and the lifetime capital gains exemption, and they can roll the farm over to their children tax-free.

Part-time farmers can deduct only the first $2,500 of their farm expenses and 50 per cent of the next $12,500, to a maximum of $8,750 a year. Losses can be carried back three years, or forward 20 years, but they can only be deducted against farming income.

Being classified as a full-time farmer and deducting all your farm-related expenses is the best scenario. According to Fitzpatrick, producers can prove to CRA that they are full-time farmers a number of ways. However, the main criteria is whether or not your gross farm income is greater than your off-farm income. While this might not be the case every year, you should have a written business plan in place that shows you reasonably expect the farm to provide the bulk of your income at some point.

"Size is not necessarily a determining factor," Fitzpatrick says. "Some small operations are very profitable. There are grey areas, so the more supportive material you have to prove your case the better. They are interested in how much time you devote to your farm operation and how much of your own money you have invested in it. I can't emphasize enough how important it is to have a written long-term business plan in place. It shows you thought the process out."

BY **LORNE McCLINTON** / *Lorne has worked in the communications field for the last 20 years as a journalist, photographer, scriptwriter and corporate writer. He divides his time between Quebec and his grain farm in Saskatchewan.*

Part-time farming classification offers tax breaks

Being classified as a part-time farmer by the Canada Revenue Agency restricts the amount of farm expenses you can deduct on your income tax return, but at least it allows them. Being eligible for tax credits and the lifetime capital gains exemption are also significant benefits. According to chartered accountant Gerard Fitzpatrick, having a part-time farming status means that while your farm isn't your major source of income, CRA still recognizes it as a legitimate business enterprise.

"So you have, in CRA's eyes, met the test that there is a reasonable expectation of profit down the road," Fitzpatrick says. It shows that while you don't expect your farm to be your chief source of income, you still expect to make money at it.

The part-time category is not ideal from a business perspective, but it is better than nothing at all. It benefits those operators who aren't full-time producers or hobby farmers. The Income Tax Act doesn't allow any other business venture to have this intermediate category. Others are judged only by whether they are profitable or not.

Proving you are eligible for part-time status isn't a well-marked path. There have been court cases to determine if having a few cows or horses on a piece of property is enough to qualify. Fitzpatrick says not to expect that CRA will accept your farming operation as a business on your word alone. "You may lose money in the initial stages or later on because of circumstances beyond your control. But if you've operated for five years and have never shown a profit, you can be pretty near guaranteed you're going to have a visit from CRA. If you can show them a written business plan that outlines how you plan to be profitable in the future, you're probably going to be all right." LM

Avoid the hobby-farm classification with reasonable expectation of profit

Hobby farmers are not allowed to claim any farm expenses as income tax deductions. That's why it's important to avoid having the Canada Revenue Agency classify you that way if you ever intend to make a living from your farm.

According to Gerard Fitzpatrick, a chartered accountant in Charlottetown, P.E.I., expectation of profit is the key factor that CRA looks at when deciding if someone should be classified as hobby, part-time or full-time farmer. If you don't have an expectation of profit, you have a hobby – not a business.

"No one goes into business with the intention of losing money," Fitzpatrick says. LM

YOUNG FARMER PROFILE

Little big farm

Without significant resources or assistance from family, it isn't easy to become an owner in the agriculture industry. Jason Neudorf realized his farming dream by buying shares in a large grain operation.

Harvest Moon Acres is in the La Crete area of Alberta on the northern fringe of grain farming in the province. Westerners may think of Peace River as a long way north, but La Crete is north of that – nearly 700 kilometers from Edmonton.

In 2006, Jason was working on a farm when the owner decided it was time to sell the operation and retire. There are now five shareholders in the farm, Jason being one of them, and almost 14,000 acres of grains and oilseeds.

Harvest Moon bought some equipment – including a 50 per cent share in a sprayer, grain trucks and a grain bagger – but most of the equipment is owned by the individual shareholders. Jason owns a tractor and a combine. "I usually run the night shift on the seeder," Jason explains. He also runs his combine during harvest and is paid for the use of his equipment according to how many acres are covered. The shareholders split up the farm management and labour tasks.

"Personally, I don't own any land yet," says Jason, who grew up on a farm in the area. But he's looking for that opportunity. While the other shareholders each own land, most of the farm's land base is rented.

For Jason, 34, being a shareholder in a farming company has been a good way to get a start in farming. "You can buy a little bit of stuff without financing the whole nine yards."

The structure also allows Jason the opportunity to run a successful side business and build up his resources. For the first couple of years, he handled mechanical work for the farm. Now he spends less time in the farm shop and more time in his own heavy duty mechanic business, with his own shop and service truck. There's a lot of work with the logging and gas companies in the region. There's also truck-and-trailer work and work for other farms in the region.

The more traditional route to starting from scratch involves less acreage, older equipment and lots of work to grow the operation. Jason has a small stake in a large farm, but the work ethic and the dream are the same.

BY KEVIN HURSH

ASK AN EXPERT

Bigger isn't

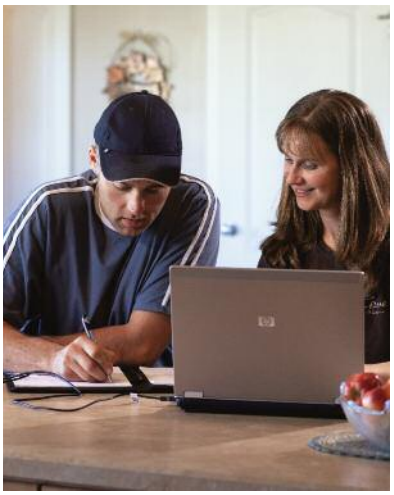
always better, financially

Lance Stockbrugger is a farmer and a chartered accountant in Humboldt, Sask.

Most of your clients are grain producers and you see lots of financial statements. Is bigger always better? Do you see moderate-sized operations that are doing well financially?

There are producers who don't want to farm 10,000 acres. They've made a conscious decision to have 2,000 to 3,000 acres and many of these operations do extremely well. I see some 2,500-acre farms that quite consistently earn $200,000 net income a year. In fact, many large farms are not making as much money as some of the well-run smaller operations.





Why is that? You'd assume smaller operations would lack economies of scale.

Controlling costs is a big issue. On the operations that do well, no spending decision is made lightly. A larger operation may not have the time or ability to assess whether a fungicide or insecticide operation is warranted on every field, so they might just go ahead and do all the acres. A smaller operation might have the luxury of being more selective and doing more field scouting.

Large producers can sometimes be over-extended. Some of their crop might be seeded outside the ideal seeding window, resulting in quality loss on their crop if they can't get it harvested in time. This also might result in storage issues if too much crop is harvested at less than ideal conditions.

What challenges do smaller grain operations face? There must be disadvantages.

I think it's sometimes tougher to get the attention of grain buyers and input suppliers. For obvious reasons, the businesses selling to farmers and buying from farmers often concentrate on their larger customers. These tend to be the first customers called for a special offer, and they're the ones most likely to receive additional perks and volume discounts.

Even if a smaller operation is doing well financially, it may lack the capitalization for a significant expansion. The big tend to get bigger while smaller operators have to accomplish expansion in smaller chunks.

There might also be an issue with equipment. New equipment with the newest technology is often a focus of the large-acreage operations.

What are some of the characteristics of financially successful moderate-sized operations?

As a general rule, they tend to own rather than rent their land. That gives them more stability, since they don't have to worry about losing rented acres or paying out rent in years of tight cash flow. Their debt tends to be relatively low and despite scrutinizing their costs closely, they tend to achieve good production levels.

They tend to own most of their equipment rather than leasing, and a lot of it is a few years old. Larger operators are more likely to favour leasing new equipment because they want it on warranty. This can limit their down time, but it comes at a cost.

Do moderate-sized operations have a future?

Even though optimum size continues to increase, I'm not convinced you have to be huge to be successful. In fact, many smaller operations will suffer less than the larger ones during difficult production years.

There is also a labour issue. Larger operations tend to have a greater need for seasonal labour. If you have long-term employees, that's one thing. But if you're hiring new people each year, there's more potential for mistakes that could be costly. That's a problem moderate-sized operations don't necessarily face.

And there's a lifestyle issue. Do you want to run the equipment yourself, at least some of the time? Or are you willing to be more of a manager, supervising others who may not be very good at problem-solving when challenges arise.

LANCE STOCKBRUGGER, *a chartered accountant with PricewaterhouseCoopers, also runs a moderate-sized grain farm with his brother Lane. The Stockbrugger family grows canola, wheat, barley, canary seed and peas on 3,000 acres.*

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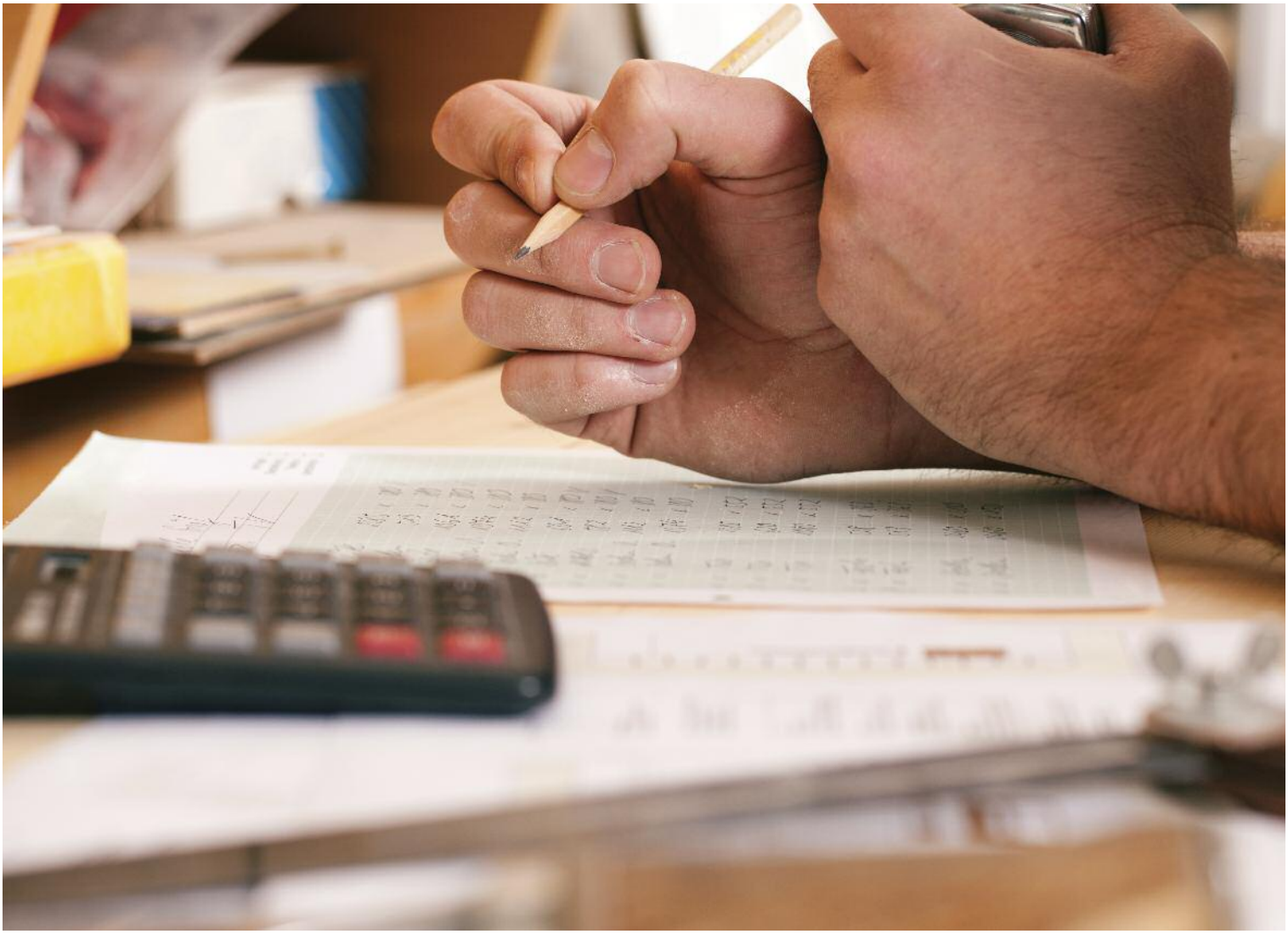


FEATURE

Success strategies

for smaller farms

You aren't interested in having a hobby farm. You want to make money. But you don't have a farm operation that's a typical commercial size. What you need is an above average net return from an operation that has below average output.

There are a number of strategies being employed by producers across the country to make this a reality.

Note: some of these strategies are also applicable to large farms.

Go niche

The most obvious strategy is to go after higher value markets. Thanks to the impetus of the local food movement, that higher value market is probably in your back yard.

"The 100-mile diet is big here on the coast," notes chartered accountant Ben Vanderhorst. Based on Vancouver Island, Vanderhorst is a member of the agriculture services team with accounting firm Meyers Norris Penny. "Producers here have had to be creative to get and remain profitable. Specializing in local production has been the key for many."

Some farms on Vancouver Island continue to serve conventional markets – most notably dairy operations that are around the conventional size. However, most farming enterprises on the Island lack economies of scale and face higher overall costs.

Vanderhorst says 50 to 100-acre parcels of good agricultural land typically sell for $10,000 to $12,000 per acre. As well, inputs such as feed grain are costly to import.

But it is possible to sell locally produced food at a premium. While this trend exists across the country, it has become the dominant type of agriculture in areas characterized by high production costs and access to an affluent population base, such as the half-million people of Vancouver Island.

Go after higher value markets.

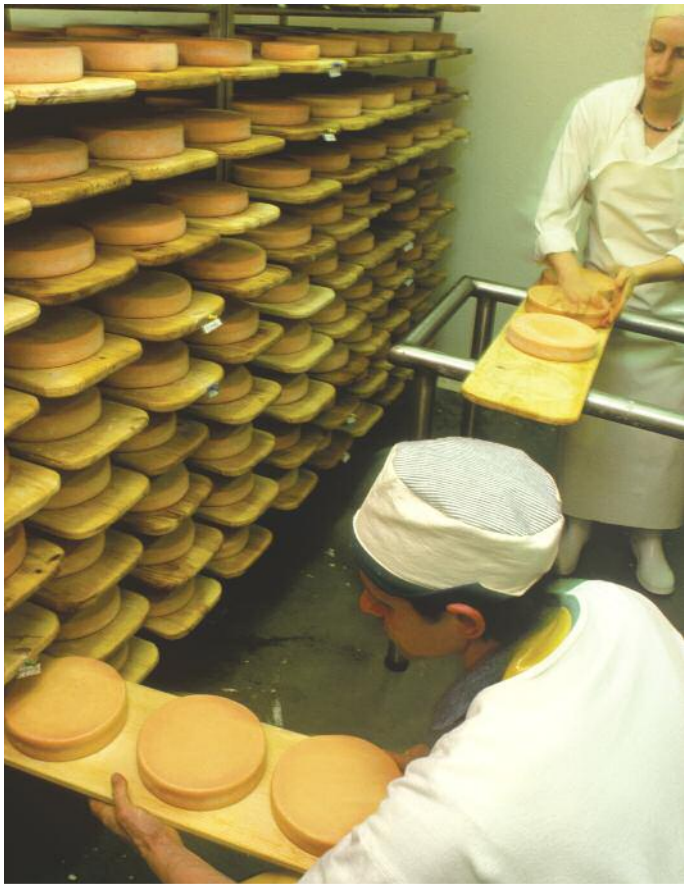
Various adjectives are used for the marketing pitch – local, fresh, free range, green, organic, all-natural.

"Market development takes time," Vanderhorst cautions, noting that this type of enterprise needs more than just production skills. "You have to identify what the local market wants."

Some farms have switched their type of production completely to pursue local markets, such as dairy operations that now produce berries and have a winery. The new wave of production includes existing producers who have switched their focus to local, as well as new players who have jumped into agriculture for the first time.

"It's not for the faint of heart. The quality has to be there," Vanderhorst advises. A small farmer himself, he doesn't see the growth in local production reaching a saturation point any time soon.

"There's lots of food brought onto the Island. For instance, our beef herd is tiny compared to demand."



Value added

Secondary processing operations are often linked to local food demand. Every corner of the country now seems to have wineries, and this is usually combined with other value-added activities such as agri-tourism.

Apples are sold as cider, beef is marketed as jerky, whole pigs are in demand for roasting on a spit.

It's no use producing beef or lamb or goat meat for the local market unless you have access to a facility to make it consumer-ready. Increasingly, local food producers are opting to do their own processing so they can retain control of their product and the profits. Of course, this isn't as easy as it sounds since various food safety regulations apply.

The concept of adding value extends beyond local food. It's the reason seed growers are in operation, and why many seed growers also have their own cleaning plant. The term is also applicable to producers who command price premiums through identity preservation and other traceability measures.

Add an enterprise

Sometimes it seems that everyone in the farm family is stretched to the limit and there's no way to accomplish more in a day. But it may be possible to add a complementary enterprise to your farm, using existing facilities and labour. A prime example is meat goats.

Boer goats were introduced to Canada back in the '80s, and at that time big dollars were paid for the breeding stock. In recent years, a strong market for goat meat has developed, based largely on a growing population of Canadians originating from countries where the meat is traditional.

"There's seven times more goat meat eaten in the world than beef," says Ernie Penney, who raises goats on his farm near Moose Jaw, Sask.

Meat goats certainly aren't a get-rich-quick scheme, but Penney says an increasing number of farms are finding goat production to be family-friendly as well as profitable.

It helps that goats can eat a lot of plants that cattle can't, including leafy spurge and Canada thistle. Some producers run their cattle and sheep together to more fully use their pastures.

Goats are not as predator-prone as sheep and a doe will typically give birth to twins. While they don't require shearing like sheep, they do need hoof care.

"It's a family-oriented industry because even children can handle the stock," Penney says. As well, many farms have vacant buildings that can be used to provide the necessary shelter.

While Canadian production has been growing, producers have been unable to match the rise in demand. Most provinces have meat goat associations that can provide information.

It's always important to do lots of research before jumping into a new venture. The experience of Canadian producers who tried ostriches, wild boars and even pigeons has not been good. Make sure a profitable, long-term market exists.

Reduce costs

On grain farms across the country, smaller operations typically use older machinery that requires more maintenance and repairs. On one farm, the combine

may be 20 years old and worth less than $40,000, while on the next farm the combine is brand new and worth more than $400,000.

Having the right equipment for your land base and crop types is a big part of remaining competitive. Of course with older equipment, more time and money should be budgeted for repairs.

Fortunately, older equipment can still be fitted with more recent technology such as auto-steer, which helps farms of all sizes reduce production costs.

With intensive livestock operations, a big portion of the expense base comes from the facility. In recent years, the hog industry across the country has undergone a major consolidation. Medium-sized hog facilities have been for sale at a fraction of their replacement cost.

Assuming profitable prices for the years ahead, this may be an opportunity for someone wanting to get into the business.

> Recent technology such as auto-steer helps farms of all sizes reduce production costs.

Another example of cost-cutting is the establishment of greenhouses where waste heat is available at little or no charge. If you can reduce or eliminate a major cost, you have a better chance for success.

Collaboration

Producers team up on all sorts of initiatives from marketing co-ops to sharing major pieces of equipment. This is born of necessity and practicality. Small and medium-sized operations arguably can benefit most from working together to reduce costs.

While you might think of a farmers market as a competitive environment, it too is a collaborative effort. Everyone benefits from bringing products for sale to one location.

With collaboration, you tend to give up some control and autonomy, so the benefits have to be weighed against the drawbacks.

Recognize opportunities

New opportunities come along all the time. Which ones are viable? Which ones are too experimental or trendy?

Do your homework, crunch the numbers and seek good advice. With good strategies, smaller operations can be financially successful.

BY KEVIN HURSH

FEATURE

Managing to stay moderate

Complementary jobs and creative management help these producers farm without getting too big

Chicken production has always been in Manitoba farmer Robert Dueck's blood, as has entrepreneurship. He was raised on a poultry operation in Landmark, 30 kilometres southeast of Winnipeg, and even at an early age, he had his eye on opportunities past the farm gate.

They're said to be a vanishing lot, either adding more land to become large farms or making way for small niche-market farms.

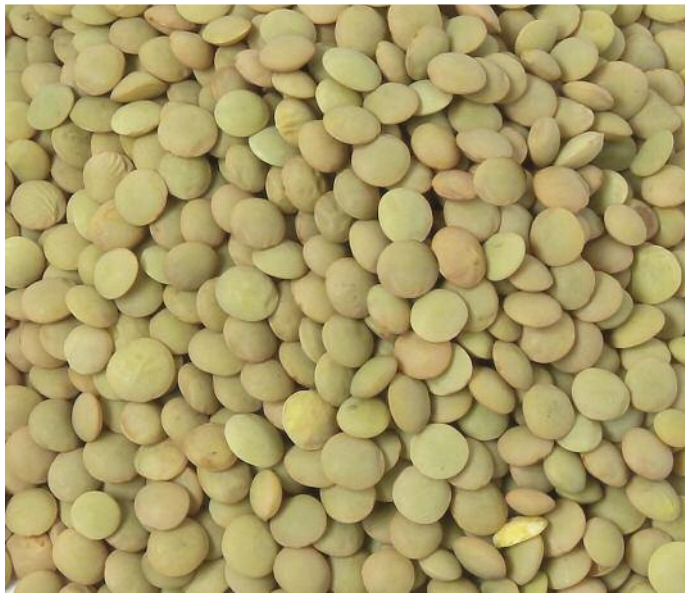
At 20, he opened his first venture – an autobody shop – followed by an electric motor repair business that grew into a successful 25-person operation. Finally, coming full circle, he found himself with the financial foundation to get back to his first love, chicken production, with a manageable, moderate-sized operation.

"If you dream of trying to farm and stay in the business world, you have to hustle," he says. "I'm surrounded by good people and that's allowed me to farm."

Dueck's story resembles that of other producers in what might be considered the "moderate size" category. They're said to be a vanishing lot, either adding more land to become large farms that realize economies of scale, or making way for small niche-market farms. Categorically, they mostly line up with what Statistics Canada defines as medium-sized farms: those having gross farm revenues between $50,000 and $99,999. And statistically, they're shrinking in numbers, while big and small farms grow.

But that's not necessarily the way they see themselves, either in size or in spirit. They're not trying to grow, nor are they throwing in the towel; rather, they're finding ways to make their farms more viable. Most are happy being medium-sized. Often, their agricultural operations are related to other business interests that complement each other in various ways, fuelled by transferable skills, wise marketing decisions and a passion for agriculture.

At Mike McAllister's 85-year-old family farm 10 miles outside Regina, Sask., the cityscape is a backdrop to the canola and lentils he plants on the family's modest (by Prairie standards) 2,200-acre operation. He manages the farm with his family while simultaneously serving as the Director of Credit for Farm Credit Canada.



"One reason I can do this is because of the short distance between my office and the farm," he says. "I don't want to get any bigger. That would compromise my ability to do both jobs properly."

As with many jobs, the office work spills over into what is supposed to be down time. Much of McAllister's time off is spent working at his farm, and he says having a supportive and actively involved family is essential in making the operation run smoothly. McAllister's background in farm business gives him the management tools to handle finances, while his father Richard, mother Diane and wife Cheryl look after labour and accounting chores. And his farming experience helps him further appreciate producers' interests.

"In my role as Director, I don't have that direct handshake connection with farmers," he says. "Being a farmer myself keeps me more in tune with the challenges they face."

The other reason he can farm 2,200 acres and hold down a full-time job is because of technology – specifically, auto-steer and his BlackBerry. "My boss jokes that on days off when I'm on my BlackBerry, using auto-steer on the tractor and working a mile-long field, he gets more work out of me than when I'm in the office in Regina," McAllister says. There's no question fewer interruptions are likely on the tractor than in the office, and that a lot of administrative work can get done while the tractor is basically driving itself.

And whether you farm several sections or several acres, carving out time is certainly one of the biggest challenges facing operators of moderate-sized farms. Steve and Alice Uher run a Purina feed dealership near Blenheim, Ont., and maintain a 180-acre farm. Steve's dad Joe did much the same thing, back when modest meant a 25-acre family farm and an off-farm day job.

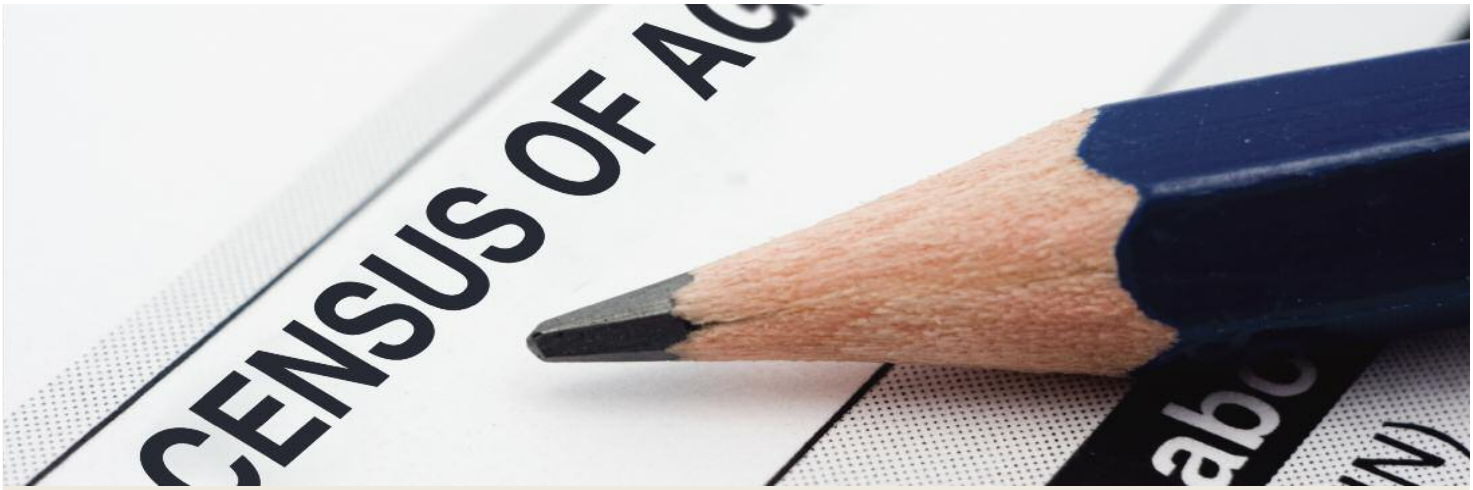
A lot of administrative work can get done while the tractor is driving itself.

"The farm keeps us close to primary agriculture," Steve explains. Even through tough times in the hog business, which is predominant in their area, they built a strong customer base that took a new turn as road improvements to their farm increased traffic appreciably, particularly from urban people buying pet food. They work hard to keep both sets of customers satisfied. Says Uher: "Everyone's going after the same piece of pie. It's very competitive."

Looking for complementary ways to make the farm and business thrive is an approach that will help medium-sized operations remain steady players in Canadian agriculture.

BY **OWEN ROBERTS** / *Owen, a native of Mitchell's Bay, Ont., teaches agricultural communications at the Ontario Agricultural College, University of Guelph and is director of research communications for the university. He is also a freelance journalist and broadcaster.*

PHOTO (PAGE 14)
1 – MIKE MCALLISTER AND HIS FATHER RICHARD HAVE A 20 MINUTE COMMUTE TO THE CITY.



Census of Ag provides vital information

If you're going to make good decisions, you need good information. In this industry, one of the main ways of gathering information is through the Census of Agriculture. It's the only source of information that takes in the whole of Canadian agriculture, giving a big-picture look at the entire industry.

Uses for the statistics are broad, according to Statistics Canada analyst Erik Dorff. Farmers use the information to formulate production, marketing and investment decisions; producer organizations use it to develop policy and to keep members informed of trends and developments.

"One of the neat things we get to see come out of this is the evolution of trends," Dorff says.

Governments use statistics to make policy decisions concerning agricultural credit, crop insurance, farm support, transportation, market services and international trade. Agribusinesses use them to market products and services and make production and investment decisions.

Dorff says all farm sizes are included in the census – even new purchases, start-ups and operations undergoing re-growth, like the planting of fruit trees that have yet to begin producing fruit.

"The baseline is that a farm is selling in agriculture or has the intent to sell," Dorff explains. Participation in the Census of Agriculture is required, and while 16 pages of questions may seem tedious, Dorff points out that on average only 20 per cent of the questions apply to any one farm. There are questions on land use and finances for all farmers, and then the census branches off into specifics for each farm.

Census Day is May 10, 2011. Dorff says while Statistics Canada knows this is a busy time of year for producers, they hope that any downtime could be used, in part, for filling in the Census of Agriculture. The timing coincides with the general Census of Population for the best use of resources. The larger general census is scheduled to catch older Canadians who travel south for the winter after they've returned home, and younger families before summer vacation.

"We expect that when the weather is good and there is seeding to be done, they attend to the business of farming," says a Statistics Canada news release. "When things slow down or the weather doesn't co-operate, then we'd ask them to complete the form. If they need any assistance or require additional accommodation, they can call the toll-free number on the questionnaire to speak with agents trained on the Census of Agriculture."

Farmers may receive a reminder call from Statistics Canada if census forms aren't returned by June, Dorff says.

BY **ALLISON FINNAMORE** / *Allison specializes in cultivating words. Based in New Brunswick, she is an agriculture and business communicator with nearly two decades of experience. She contributes to publications nationwide and works to help industry promote farming and rural living.*

Small-farm entrepreneurs create success

Swimming against the tide is not always the easiest way to succeed, but that's just what some small farms in Canada are doing.

One trend has been to get an off-farm job to stay in business. Farmers in some developing countries are leaving the land in droves. In fact, 2007 was the first year in human history when more people lived in an urban rather than a rural setting.

The contrarians are a new breed of urban and semi-urban farmers who have jobs or retirement packages and are taking on farming as a sideline or as a developing business opportunity. Postmedia News reports that women now make up 30 per cent of organic farmers. They often cater to families through community-supported agriculture and report sales of under $50,000 a year.

The urban agriculture venture Sandy Aberdeen of Calgary, Alta., started with his son began after he was given the bronze parachute by his company. They convince developers with unused land to let them turn it into vegetable gardens. The developer gets goodwill from being community-minded and green, while they get free land. From rooftop gardens to back porch greenhouses, small-farm entrepreneurs can be found across the country.

There are, of course, limits to this trend. The largest 20 per cent of farmers will continue to produce 80 per cent of the food for the foreseeable future, and these types of small farms are not going to thrive without access to a committed and reasonably well-paid urban clientele. Yet there's lots of potential for agriculture ventures in niche markets such as tourism and specialized restaurants.

Women now make up 30 per cent of organic farmers.

Despite the contrast with a typical small farm – 50 head of cattle on an open range – the same rules for any small business will apply: get up early, keep a sharp pencil (actually a good computer would be better) and plan before you plant. Make allowances for the weather, use debt for investments rather than expenses, and get as much good advice as you can.

This last point is particularly important given that there's not a lot of expertise out there to support these new farming entrepreneurs. Make sure your venture has a chance to succeed before you make it your only job.

BY **HUGH MAYNARD** / *Hugh is a specialist in agricultural communications based in Ormstown, Que. A graduate in farm management from Macdonald College (McGill University), Hugh is a seasoned journalist and broadcaster.*

CAUTION

Small farms can have big safety issues

Reg Steward has a tip for family farmers who figure they're saving time and money by not repairing or buying basic safety equipment: picture your busted body or that of someone you love on the other end of the mathematical equation.

"Safety is like insurance," Steward explains. A trail rider and custom cowboy, he's also a safety consultant and field supervisor with the Farm and Ranch Safety and Health Association – or FARSHA – a non-profit, publicly funded group that serves the agriculture industry in British Columbia. "Nobody wants to spend money on it, but they're happy they did when something happens."

> "Producers big and small need to keep in mind that agriculture is one of the most dangerous occupations."

Like farm safety experts across Canada, Steward has met many operators who have paid a steep price for risky behaviour – like one producer who sustained life-threatening injuries when his boot laces were snagged in a rotating PTO shaft he knew had a broken safety guard.

"The 40 bucks he saved on repairs sure looks cheap now," Steward says. "Producers big and small need to keep in mind that agriculture is one of the most dangerous occupations." And it's not just machinery they need to watch out for.

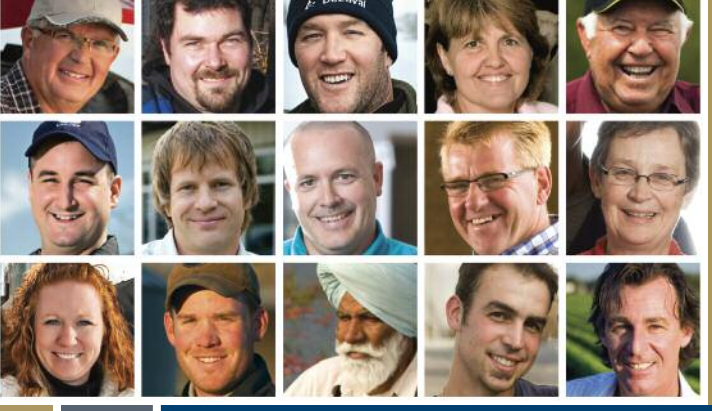
Steward believes that working alone in the proverbial back 40, as many producers do, carries inherent risks. That's why he advises that producers set up a visual or distance check-in system (using just a cell phone or something more advanced like a GPS tracking device) with family, friends or neighbours. That's doubly important, he adds, when they're doing high-risk activities like checking cattle or separating bulls.

Steward urges the same cautionary approach when producers work in restricted areas with livestock. "You need an escape plan before you go in there. If not, you can get beat up bad real fast if things go wrong."

He also stresses the need for "family meetings" to discuss and plan responses in emergency situations, when time is of the essence. "I've been to a gazillion operations where there are no fire extinguishers near fuel storage systems," Steward says. "And farms are the only places I know of that are both industrial workplaces and family play places. That's an awesome part of family farm heritage, but it's also one of the greatest dangers."

"There's a just-hurry-up-and-get-it-done attitude that is just plain wrong," he says. "Producers, particularly small operators, need to stop – even if it's just a few seconds – and think about what they're doing. And because they work alone, there's no one to check what you're doing and how you're performing and say, 'Hey, that's not safe.' Sometimes we need to check our egos and ask neighbours or friends for advice or feedback."

BY **MARK CARDWELL** / *Mark Cardwell is a writer and freelance journalist who lives in the Quebec City region. He is a regular correspondent for a dozen newspapers, magazines, trade and specialty publications in Canada, the United States and Europe.*



Optimism hits four-year high

FROM FCC

Canadian agriculture producers and agribusiness owners are feeling more optimistic about the industry than they have felt in the past four years, according to a recent FCC Vision Panel survey. Three-quarters of those surveyed (76%) say their farm or business will be better off in five years, which is a significant shift from 2009 (70%).

"Challenges in agriculture are all around us. It's a complex industry. At the same time, when we ask about the future of agriculture in general, survey results echo what we hear from the majority of our customers. They love their work and believe that agriculture is a sector with opportunities," says FCC President and CEO Greg Stewart.

Producers also continue to be strong advocates for careers in the agriculture industry.

This fourth annual study, completed with the input of farmers and entrepreneurs from all regions and sectors of Canadian agriculture, also shows that producers' optimism for the future is influenced by their current state: more than six in 10 (67%) believe that they are better off now than they were five years ago. In addition to being optimistic, half (55%) report they plan to expand and/or diversify their farm or business in the next five years, another four-year high.

"People have to be open-minded to new technologies and opportunities that may come their way. However, it will require some hard work – there are no easy rides," says a Vision Panel member who answered the survey.

"Weekly, I hear reasons for optimism from our employees who talk directly with producers and agribusiness owners and operators across Canada," says FCC Chief Operating Officer Rémi Lemoine. "This optimism is the result of stronger commodity prices in most sectors, farm business expansion and growth, and the interest of young farmers. This shows me that producers have optimism about success. If they didn't, they wouldn't be making plans for future projects and growth."

Producers also continue to be strong advocates for careers in the agriculture industry, more so for careers in agriculture-related fields (80%) than those in primary production (64%).

"The future for agriculture is much brighter than when I started farming," says another survey respondent. "Both my boys want to farm, and I feel it is a much better future for them."

The survey was done as part of the FCC Vision Panel, a national research group made up of 9,000 producers and agribusiness operators from across Canada who regularly share their opinions on agriculture-related topics. Nearly 4,900 panel members participated in the survey. For more detailed findings, including comparisons by sector and province, visit www.fccvision.ca/InAction.aspx.

To learn more about the FCC Vision Panel, or to become a member, visit www.fccvision.ca or call 1-800-387-3232.

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