

November/December 2005

AgriSuccess

JOURNAL



Workforce from abroad


What you need to know to access
these seasonal employees

Meeting labour needs
in peak seasons

Does more respect
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AgriSuccess Journal is
published bi-monthly
by Farm Credit Canada.

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On the cover

Andy Vermeulen on his
vegetable farm near
Canning, Nova Scotia.



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– Ron Shea, Kindersley, Sask.

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Letter from the editors



FROM ALLISON FINNAMORE AND KEVIN HURSH

Like everything else on a farm, or any successful business, human resources takes planning. It doesn't have to be a complicated formula or a difficult process, but it's an area of farming that requires attention.

In this edition of AgriSuccess Journal, we focus on two areas of human resources that are common challenges across the country – peak season labour requirements and specialized expertise. We hope these stories will help with human resources planning on your farm.

This edition also has stories ranging from nitrogen prices to biotechnology.

Journal stories are designed to be useful to farm operations in the various sectors in all regions. We're happy to have contributing journalists from across the nation – journalists who specialize in agriculture.

You'll also notice Farm Credit Canada's latest Farmland Values Report is summarized on page eight. That ties in nicely with the theme for the upcoming January/February edition of the Journal where we'll examine a number of topics related to the price of farmland.

Your story ideas and comments are always welcome. Please e-mail us at info@AgriSuccess.ca or call 1-888-332-3301.

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Kevin Hursh is a consulting agrologist, journalist and broadcaster based in Saskatoon, Sask. He also takes an active role in the management and operation of a grain farm near Cabri, Sask.

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The editors and journalists who contribute to AgriSuccess Journal attempt to provide accurate and useful information and analysis. However, the editors and FCC/AgriSuccess cannot and do not guarantee the accuracy of the information contained in this journal and the editors and FCC/AgriSuccess assume no responsibility for any actions or decisions taken by any reader of this journal based on the information provided.

Upward pressure on nitrogen prices



BY MIKE JUBINVILLE

Natural gas accounts for 70 to 75 per cent of the cost of nitrogen production. The price of natural gas is nearing all-time highs.

In reports from retail fertilizer operators, it's the first time in memory where summer/fall nitrogen prices have not come down from their springtime highs. In fact, retail urea is now \$500/tonne, with no indication that numbers will fall from this level. High natural gas costs, low manufacturer in-store stocks and slow imports all spell high nitrogen prices.

With big crops filling storage bins, slow cash flow, low commodity prices and sticker shock on the input side, fall fertilizer sales could be slow. However, retailers are already warning we could see substantially higher prices for urea come January/May 2006.

CAIS fee for 2006

BY KEVIN HURSH

Federal and provincial agriculture ministers are planning to meet in November with one of the topics on the agenda being changes to CAIS, the Canadian Agricultural Income Stabilization program.

Producer deposits for 2003, 2004 and 2005 have been postponed until March 31, 2006. By that time, it's expected the producer deposit requirement will be discontinued altogether.

Starting in 2006, an annual fee for CAIS participation is proposed.

At the July meeting of agriculture ministers, a fee of 0.45 per cent of a producer's reference margin was discussed. That would be \$450 on a \$100,000 reference margin. Various farm groups have said the annual fee should be set at a much lower level so that it isn't a barrier to participation.

U.S. energy bill and feed grain demand

BY MIKE JUBINVILLE

The U.S. Congress has finally passed the Energy Policy Act. The bill encourages the development of nuclear energy, clean coal and wind as well as biofuels – all with subsidies over 10 years of \$12.3 billion US.

Of agricultural interest are ethanol and biodiesel supports. Starting with four billion gallons in 2006, the bill will require the U.S. refining industry to steadily increase ethanol use until it reaches 7.5 billion gallons in 2012.

That will require American ethanol capacity to roughly double in seven years. Fifty to 60 new plants will be required, about one every six weeks.

As U.S. ethanol production expands, so will corn demand. This year about 1.3 billion bushels will be distilled into ethanol. By the time that rises to about 2.5 billion, it will either displace almost all U.S. corn exports or absorb all possible increases in U.S. corn production over the next seven years.



Meeting labour needs in peak seasons



BY KEVIN HURSH

We need to say thanks and let these peak season warriors know just how much they're appreciated.

According to the 2001 Census of Agriculture, total wages and salaries account for 10 per cent of farm business operating expenses in Canada. Total wages and salaries exceeded \$3.3 billion that year with \$1.4 billion of the total paid to family members.

Particularly for grain producers across the country, skilled and knowledgeable workers are needed during the peak seasons of seeding and harvest. A big proportion of these workers fall into the overlapping categories of friends, relatives and landlords.

This is a human resource that's sometimes taken for granted. They may only work for a few weekends or a few weeks of the year, but these people are vital to the success of many operations.

So how do we sustain and foster these work relationships?

I know of at least one producer who has installed auto steer on his tractor so his aging father can still participate in spring seeding. The auto steer function reduces stress for the father who is now in his late 70s. Grain auger movers are another key addition for peak season workers who aren't as robust as they used to be.

In another instance, a producer hires one of his landlords for peak seasons. The landlord has a full-time job in the city. However, he takes a break from his job to come back to the farm and help with seeding, spraying and harvest.

For the landlord, the ability to be involved in working his own land and being part of the overall farm operation is a strong motivating factor.

There are sisters, brothers, nieces, uncles, cousins, in-laws and other relatives who take holiday time to return to the farm at seeding and harvest. They often

have an emotional attachment and it's a welcome change from their regular lives.

This is a different kind of employer/employee relationship. The primary motivation for the worker is not economic.

Communication is a key element in making it work. We shouldn't assume a relative in the city will know that harvest is going to be early or late this year. We shouldn't expect them to be available on a moment's notice.

And what about appropriate compensation? While the money may not be the main motivation, no one else would work for less than the going rate. We shouldn't assume that our friends, relatives or landlords want to donate their services.

Perhaps most important of all, we need to say thanks and let these peak season warriors know just how much they're appreciated.



Workforce *from* abroad

BY D. LARRAINE ANDREWS

For Andy Vermeulen, the Caribbean and Mexican Seasonal Agricultural Workers Program (SAWP) has meant the survival of his 174-acre vegetable farm in Nova Scotia.

In the past, he was sometimes able to find part-time or university students to work on the farm, but even now, they tend to be in transition. It is a summer job, not a vocation. Often they will not work the average 60 to 70 hours per week required over the busy season. “The foreign workers look at it as a career.

They are committed to the farm. I have two or three guys who have been coming here for 10 years.”

In 1989, Vermeulen was one of the first producers in Nova Scotia to sign up for SAWP and this year he had a total of 19 foreign workers. Vermeulen is definite when he says, “We wouldn’t have the farm without the program.”

It is a familiar story for many agricultural producers across the country who experience severe labour shortages at peak times of the year.



Foreign workers return annually to work Andy Vermeulen’s vegetable farm near Canning, Nova Scotia.

For Bob Ballard, the SAWP has been a key ingredient to the success of his commercial beekeeping business since 1996. Each year he hires two foreign workers to help him during the busy season on his 2,000-colony

operation near Debolt, Alta. One of his employees has returned each year for almost 10 years.

“The foreign workers look at it as a career. They are committed to the farm. I have two or three guys who have been coming here for 10 years.”

Ballard explains, “I would rate the program as an essential part of running a commercial operation. As we’ve grown in size, the need for experienced beekeepers has grown, but there is a shortage of skilled workers in Canada. Most will have their own operation if they have the specialized

knowledge.” He adds, “We live in an extremely rural area. With the consolidation of farms, the average age of farmers increasing and young people leaving agriculture, the local population available to draw on is dwindling.”

The SAWP was developed to allow for the organized entry of foreign workers to fill such jobs. Human Resources and Skills Development Canada (HRSDC)

and Citizenship and Immigration Canada (CIC) currently manage the SAWP in conjunction with agricultural producers, Mexico and several Commonwealth Caribbean countries.

The program operates in every province except Newfoundland and Labrador, serving industries such as nurseries, greenhouses, apiaries and field vegetable growers. Close to 19,000 workers participated in 2004 with almost 96 per cent of the total hired in Ontario and Quebec.

Employers are required to cover several extra costs related to the entry of the foreign worker. According to Jorge Aceytuno, HRSDC Team Leader with the SAWP, “In addition to addressing some of the needs of foreign workers during their stay in Canada, these additional costs serve as an incentive for farmers to undertake solid recruitment efforts for Canadians first before considering foreign workers.”

Extra costs include paying the workers’ return airfare to the country of origin (a portion of which may be recoverable), providing free seasonal housing and private medical insurance until workers are covered by provincial health plans, and registering with the applicable provincial Workers’ Compensation Board.

For more information, check out www.hrsdc.gc.ca



Upward trend continues

Canadian farmland continued to increase in value in the first half of 2005. From January to July of this year, the average value of farmland across Canada rose by 1.6 per cent.

The largest increase in farmland values for this reporting period was in British Columbia. This market has a

The largest increase in farmland values for this reporting period was in British Columbia.

number of unique factors affecting each area, such as a high demand for properties for residential development. Alberta followed with the second largest increase, which is partly the spin-off from a strong employment picture in the oil and gas industry, and in the general economy. Values in Saskatchewan, Manitoba, Quebec, Ontario and Nova Scotia also

experienced slight increases in the first half of this year. Land values in Prince Edward Island and Newfoundland and Labrador remained stable.

“Many provinces continue to see growth in farmland values,” André Tétreault, Farm Credit Canada (FCC) Vice-President, Credit Risk says. “Although increases are generally more modest than in the previous reporting period, they are on par with an upward trend Canada has experienced since January 2000.”

Land values are influenced by supply and demand factors that interact differently in each province or marketplace. The diversity of the country’s agriculture land and crops is also a contributing factor.

The complete Farmland Values Report, including a 10-year trend of farmland values for each province and a national overview, is available on the FCC website at www.fcc-fac.ca by clicking on Products & Services/Property.

% Change in farmland values		
Provinces	Second half of 2004	First half of 2005
B.C.	5.0%	6.5%
Alta.	4.4%	3.2%
Sask.	0.8%	0.8%
Man.	2.4%	1.6%
Ont.	3.0%	1.8%
Que.	1.8%	0.4%
N.B.	(0.3)%	(0.3)%
P.E.I.	No change	No change
N.S.	No change	0.4%
Nfld.	3.8%	No change
Canada	2.2%	1.6%



Does more respect mean more money?



BY ALLISON FINNAMORE

Years ago when agriculture edged its way into my daily writing, I noticed a common issue with nearly every producer I interviewed. They felt underappreciated.

Usually we were talking about something else but often at the root of the issue was this sense of getting no respect from consumers. Sometimes the reference was subtle.

Other times, producers were direct with their criticism of Canadian shoppers: they're only concerned with purchasing perfect produce at cheap prices. If there was more respect for producers, they told me, consumers would understand that paying higher prices at the checkout benefits producers.

It's a concern still resonating in farms across the country. But rather than get stuck bemoaning their woes, one

of the biggest movements in agriculture is improving producer/consumer relationships. Producers have stepped up to the plate to promote their industry.

Open Farm Day started in New Brunswick five years ago and has spread to the rest of Atlantic Canada. Producers volunteer to open their farms to the public in late September, often arranging demonstrations and tours of their facilities to provide a one-day peek at farm life. That year, 61 farms participated, drawing 6,000 visitors. The rest of the Atlantic provinces started their own programs in subsequent years, with the latest attendance tally at 15,000 for all four provinces.

In Ontario and Saskatchewan, animal care councils have purchased child-like robots that open the door to talk to the public about livestock care. Faith, operated by the Farm Animal Council of Saskatchewan Inc. and Oprah, operated by the Ontario Farm Animal Council, simulates a girl riding a small tractor. She's accompanied to events by a handler who manages her movements and voice by

remote control – her voice-activated mouth moves along with the handler's voice.

Producer organizations in the U.S. have come up with innovative ways to draw consumers closer to the farm. One of the best examples is a farm scavenger hunt held in New York state.

The I Love NY Agriculture Challenge gives state residents 15 agriculture items to collect from all sectors like a strand of horse hair, a rose petal, a stem of timothy, a producer's business card, a wine cork from a bottle of New York wine and the state's cheese symbol. Prizes are agriculture-related, like a night at a farm bed and breakfast or a basket of local apples.

The realities of biosecurity make it impractical for visitors to wander through farms year-round. That leaves producers working hard to maintain their presence in the consumer's mind. With that connection comes respect – and perhaps the willingness to pay more at the grocery store.

I noticed a common issue with nearly every producer I interviewed. They felt underappreciated.



Got drought? These plants can beat it



BY OWEN ROBERTS

By managing climate change, some of its detrimental impacts can be moderated.

The only thing you can really predict about climate change is more unpredictability. Scientists are divided on whether we're headed for drier, wetter, warmer or cooler growing seasons. But for the most part, they no longer think we're simply in a "normal" irregular pattern, one that may be a repeat of another that happened hundreds

or thousands of years ago. Instead, it looks like we're seeing something new, something extreme, something likely driven by human impact on the environment. Change is here.

University of Guelph professor Barry Smit, who holds the Canada Research Chair in Global Environmental Change at the university, urges people to stop throwing up their hands in despair, and deal with it. All's not lost, he says. Smit and his colleagues claim that by managing climate change, some of its detrimental impacts can be moderated, or even avoided. No one can halt climate change immediately, but while big thinkers are working on ways to stop its progression (if possible), science can help producers manage it.

Case in point: Drought-resistant plants that don't lose significant yield under water stress.

For decades, plant physiologists and breeders have been reaching for this brass ring. They can achieve the drought resistance all right – that can be done through conventional breeding and selection – but sustained yield has remained elusive.

Enter Performance Plants. This Kingston, Ontario-based company, which maintains a crop development centre in Saskatoon, has created drought-stress plant technology. After three years of trials, it says canola plants outfitted with its trademarked Yield Protection Technology (YPT), beat water-stressed controls by as much as 26 per cent

in tests with a high-yielding Agriculture and Agri-Food Canada variety.

What's striking, besides the yield potential, is the way this technology works. Company scientists have figured out a way to get plants to flip their own molecular switch when they sense drought, and keep growing despite a lack of water. They would normally stop yielding under such conditions. But the company found plants have enough "gas in the tank," so to speak, to produce significantly more seed than they would normally allow themselves to do in a drought.

Looking globally – where drought and climate change is even more troublesome than it is in Canada – YPT could make a significant difference. Dr. David Dennis, President and CEO of the Performance Plants, says the company is now developing the technology in other crops such as cotton, corn and soybeans. He predicts producers could be using YPT by 2010.



Hire an expert for estate planning



BY KEVIN HURSH

The theme for this edition of the Journal is human resources. That also includes the professionals you hire. It's recommended that producers learn all they can about financial and estate planning so they can work with professionals to put their plans into action.

Murray Rossworn is a chartered accountant with his own firm based at Enderby, B.C. (Murray Rossworn

Inc.). He has 14 full-time employees including one full-time agrologist. The following case, related by Murray, shows the value of professional help.

A father and mother decided to pass along their broiler chicken operation to their two grown sons. One of the sons was a

partner in the current operation, while the other son worked off-farm. The result would be two farms, one for each son.

It sounds straightforward. Some may even think this would be the kind of transaction where professionals would not be required. However, making the right moves requires a lot of expertise.

Murray says the first step was to determine what percentage of assets would go to each son. This included the percentages of quota, land, buildings and equipment. Section 73(3) transfer allows farm assets to pass to children at an amount up to the fair market value of the asset while using the parents' capital gains exemption.

Next, Murray says, separate companies had to be established for each son. This was needed because the B.C. Chicken Marketing Board regulations require the owner of the quota to also be the owner of the land where the production occurs.

The deal was structured with the use of take-back mortgages that allow the parents to gift or forgive

portions of the loan at their discretion. It also creates creditor protection. If one or both of the sons have creditor problems, the parents simply call back the loan and regain control of the assets.

Finally, Murray says, by planning out the purchase/transfer prices in advance, Canada Pension Plan and income tax can all be pre-planned, allowing for a multi-year cash flow for the retiring parents.

It wasn't just the simple sale of a farm to two sons. It was an estate plan that accounted for the possibility of marital problems, illness, death and business decline. With thorough contingency plans, the farms can now look forward to an optimistic and well-planned future.

Every plan is different because every farm is different and people have different objectives. But every plan requires careful thought and planning. It takes someone who knows how to craft the plan and how to put it into action.



Producers should learn all they can about financial and estate planning.

Human resources key *to ice cider* SUCCESS

BY LORNE McCLINTON

Starting a new business is never easy. It is even more difficult when you have to learn everything about it from the bottom up. Charles Crawford and his wife Susan knew almost nothing about running a cidery before they purchased a 430-acre orchard near Frelighsburg, Que. in 2000. Fortunately, they were able to save a lot of time and avoid mistakes by hiring people who had the knowledge and skills they needed. Today, their cidery, Domaine Pinnacle, is one of Quebec's leading producers of ice cider.

It takes about 80 apples to make one 375-ml bottle.

The Crawfords, like many Canadians, had a dream of some day living in the country. It might have remained just a fantasy for the Crawfords too until they spotted a for sale sign on the orchard during a family ski trip and fell in love with the place.

They knew if they ever wanted to make a living from the property, they would have to find something more lucrative than growing apples. "The margins were just too slim," Crawford says.

Crawford found his solution by chance. During a tour of the orchard he was told about Christian Bartheuf, a local man who had spent the last 10 years developing ice cider.

The process is somewhat similar to that used to make ice wine. It starts with a late-season apple, picked after the first frost.

The apples are pressed into juice and the apple liquor is separated and allowed to ferment for eight months. It takes

about 80 apples to make one 375-ml bottle of Pinnacle Ice Cider.

Ice cider is becoming very popular in Quebec and is slowly gaining fans across Canada. It now accounts for 70 per cent of sales in the Société Des Alcools du Québec (SAQ) local product section.

"Christian is the father of ice cider, he basically invented it," Crawford says. "I set up a meeting with him and tried some of the products he had worked on. I thought here is a great opportunity to do a little transformation business."

There was just one problem. Crawford's background was in marketing and distribution. "I didn't have any knowledge about the apple business," Crawford says. Fortunately, he didn't feel the need to do everything himself and struck a deal with Bartheuf to make ice cider for him.

Even with Bartheuf's help, Crawford still had a steep learning curve. But Domaine Pinnacle now has 10 full- and part-time employees with another 25 part-time people during picking, bottling and pressing.





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