Farm Credit Canada

Canada

November/December 2008

AgriSuccess JOURNAL

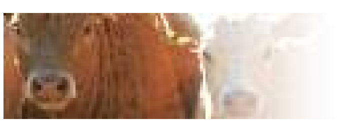
From employee to owner
A young farmer success story

Cash windfall?
Think outside the barn

Will cattle and hogs bounce back?


SPACE FOR
CEO
PARKING
ONLY

In this issue



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Farm Credit Canada is committed to advancing management practices that lead to success in Canadian agriculture. Farm Credit Canada believes in this success and proudly brings you AgriSuccess.

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On the cover:
Greg and Tina MacKenzie of MacKenzie Produce south of Charlottetown, P.E.I.

Cette publication est également offerte en français.

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

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

Drive Away Hunger

Thanks for joining the drive

This fall, FCC employees, partners and volunteers joined together to collect food and cash in support of Canadian food banks. Our thanks to all who gave, all who gathered and everyone who made Drive Away Hunger such a success.

How much was collected?

Check out the grand total at www.DriveAwayHunger.ca.

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Farm Credit Canada

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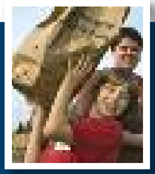
Community matters



Letter from the editors

FROM KEVIN HURSH AND ALLISON FINNAMORE

First of all, we need to make a correction. In the July/August edition, we did an article on optimizing your use of farm support programs, such as AgriStability and AgriInvest. We heard back from a number of accountants and also the Farm Income Programs Directorate on the issue of restructuring a farm business to increase the level of potential contributions.

"In summary," says Michele Taylor, director general of the Farm Income Programs Directorate, "operations that restructure to increase program payments will be combined under both programs (AgriStability and AgriInvest) and treated as the same for payment purposes."

We apologize for not making this more clear in the article.

Now to this edition. Our theme is adapting to change. This year has seen some very good returns for grain producers and many will be making decisions about whether to invest back into the farm or off the farm. We have a feature story on that topic.

For most cattle and hog producers, this has not been a great year economically. But what does the future hold? Is now the time for cattle and hog operations to expand? Our other feature story canvasses the opinions of market analysts from across the country.

The adapting to change theme also is a prime opportunity to talk about upcoming FCC Forums, hosted by Farm Credit Canada. Nine FCC Forums will be held across the country, starting November 19 and ending March 18. Each will be loaded with ideas and information relevant for producers and others in the agriculture industry.

Speakers include CBC commentator Rex Murphy, author of *The Wealthy Barber* David Chilton and Olympic gold medalist, Joan McCusker. We, the editors of the Journal, are looking forward to attending some of the forums to meet as many readers as possible and to get story ideas for upcoming editions. Visit the Learning Centre at www.fcc.ca for a full listing of times and locations.

We welcome your feedback, even when it's because we've made an error.
To contact us, e-mail info@agrisuccess.ca or call 1-888-332-3301.

Kevin Hursh   Allison Finnamore

AgriSuccess Journal is a magazine dedicated to helping producers advance their management practices by providing practical information, real-life examples and innovative ideas that foster personal solutions.

AgriSuccess JOURNAL

This month's contributors

Kevin Hursh, Editor
Kevin is a Saskatoon-based consulting agrologist specializing in communications. He has been an agricultural journalist and broadcaster for more than 25 years. Kevin also operates a grain farm near Cabri in southwestern Saskatchewan growing a wide array of crops.

Allison Finnamore, Associate Editor
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.

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.

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.

Stephanie Maynard
Stephanie Maynard specializes in agri-marketing and, as a young farmer, is a partner in a pumpkin and Christmas tree U-pick operation in Godmanchester, Quebec.

Peter van Dongen
Peter is an agricultural journalist and communications consultant based on Vancouver Island. Born and raised on a dairy farm, Peter is a professional agrologist with work experience on many different types of farm operations.

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.

Taking it to the Net

BY MARK CARDWELL

A new website that promotes tourist visits to Quebec farms is proving popular with producers. "It's a great marketing tool," Benoît Bilodeau says, "and it reaches a good audience." Bilodeau makes and sells award-winning ciders, ice ciders, liqueurs and preserves from apples and maple syrup on his family's farm on Orleans Island, just east of Quebec City.

Created in March (with funding from Quebec's agricultural ministry) by the Fédération des Agricotours du Québec, a non-profit group that has promoted farm- and country-related tourism in the province since the 1970s, the site offers ideas and self-guided itineraries for trips in the countryside.

According to Diane Lamoureux, director of member services of the FAQ, some 700 agricultural producers who make everything from berries, pâtés and ciders to cheeses, lamb and fresh vegetables – and some who also offer meals and accommodations – have already registered with the website.

The site is agritourismquebec.com. (agrotourisme.com in French)

For Canadian agriculture products, visit the FCC website at CanadianFarmersMarket.com.

Get ready for tax-free savings accounts

BY OWEN ROBERTS

Starting next year, Canadians will be able to take advantage of tax-free savings accounts (TFSA). Up to $5,000 can be invested annually, and while contributions won't be tax deductible, investment earnings will accumulate tax-free.

The TFSA will be a great tool for people in the lower tax bracket, according to Allyn Tastad, a certified general accountant in Saskatoon. He believes TFSA contributions will replace RRSPs for many young Canadians and others with below-average incomes, and that affluent Canadians will use TFSAs to supplement their RRSP investments.

Tastad advises that if you have non-registered investments, you should plan to keep $5,000 per adult liquid for a January 2009 reinvestment into a TFSA.

If you're saving for your children's education, the registered education savings plan (RESP) also offers the benefit of tax-deferred growth and has the added advantage of attracting a federal grant of up to $500 per year.

To learn more about the new tax free savings account, go to www.cra-arc.gc.ca and search "TFSA."

Agricultural investment analysis tool available online

BY D. LARRAINE ANDREWS

Alberta Agriculture and Rural Development (ARD) has released a series of self-learning modules on agricultural investment analysis called Managing the Modern Farm Business.

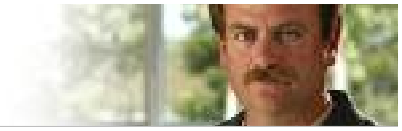
The five units include chapters on preparing investment data for analysis, advanced investment analysis, the annualized incremental method and a technical appendix.

The series was developed by the late Dr. Len Bauer of the University of Alberta's Department of Rural Economy, and published after his death as a result of work done by co-author Don Bushe.

Bauer was well known for his expertise in this area. The modules are designed to provide a reference resource that will be useful for many years.

Printed copies are available by calling 403-948-8524 or 780-427-5390, or from the ARD website at www.agric.gov.ab.ca. Search under "Agricultural Investment Analysis."

Growing pains



BY KEVIN HURSH

Chances are the dollar signs in your farm operation are bigger than ever, both on the revenue side and the expense side. That can be both exhilarating and disconcerting at the same time.

On average, farms continue to get larger. Technology enables larger units with the same labour base and there are efficiencies that can often be gained from bigger operations.

A single truckload of fertilizer may be worth more than an entire year of off-farm work.

In the grains sector, there's been a major dollar expansion even for operations that have retained the same acreage. Most grains, oilseeds and specialty crops are worth two or three times what they were a few years ago. Expenses, particularly fertilizer and fuel, have increased by a similar multiple.

In the 2006 Census of Agriculture, fewer than 20 per cent of all the field crop operations across the country had gross receipts of over $250,000. The percentages for 2007 and 2008 will undoubtedly be much higher. Many operations that had gross receipts in the $250,000 range could be well over $500,000 this year just due to the escalation in grain values.

Here are some stats from 2006 that are likely still relevant today. Forty-eight per cent of all producers reported an off-farm job or business and 20 per cent of producers reported working more than 40 hours per week off the farm.

Increasingly, the dollars involved in the farming operation are overshadowing the money that can be earned from an off-farm job. A single truckload of fertilizer may be worth more than an entire year of off-farm work.

That doesn't necessarily mean that people should drop their off-farm jobs. Extra income is very important to many farm families. However, when simple production and marketing decisions can involve dollar values that eclipse the off-farm income, it illustrates the need for tight management and a sharp pencil.

In all sectors whether it's grain, dairy, poultry or horticulture, there's a growing investment in input costs before realizing a return. You have to spend money to make money and that likely means you'll need to establish higher levels of operating credit.

Farms that aren't incorporated may want to revisit this option. Along the way you may want to check whether your accounting systems need to be updated or streamlined.

Perhaps you should implement regular meetings of an advisory board comprised of people whose opinions you value. This system is especially useful for big picture strategizing.

It's easy to be intimidated by the big dollar signs even if the farm is making money. When the amounts were smaller, off-farm income and personal savings could more easily carry a farm operation through a tough time. Being successful today means making sure the numbers work and doing what you can to manage your risk. ❖

From employee to owner

BY ALLISON FINNAMORE

When there's a good fit between an employee and a farm owner, it's a relationship that should be nurtured. After all, you never know where it could lead.

Greg MacKenzie was just hanging out with his high school friends when he met Allan and Diane Balderston in the early 1990s. The Balderstons were looking for a few extra hands on their cabbage farm in Crossroads, P.E.I., just south of Charlottetown. Greg enjoyed the day's work, and was surprised when they passed him a cheque at the end of the day.

> "They were almost my family away from home."

"I grew up on a mixed farm and it was expected on Saturday morning, you get up and do the work," recalls Greg, now 34 years old. "At the end of the day when they threw a cheque at me – well, that was something."

Greg continued working at the farm, and in 1994 started as a full-time, year-round employee.

"They were almost my family away from home," Greg says, recalling long hours during planting and harvest and frequent trips back to the farm in the evenings if additional work needed to be done. His job evolved from a farm hand into an unofficial farm manager.

The Balderstons were obviously happy with Greg and the relationship they built up over the years. Looking for ways to reduce their workload, they asked Greg if he was interested in taking over some of the acreage on lease and selling the product back to them. But a busy family life meant it wasn't good timing for such a move and Greg declined.

A few years later though, Greg and his wife Tania were ready for a bigger role in the farm operation, and by early 2003 were the owners of the 100-acre farm, 65 of which is planted to cabbage sold to restaurants and grocery stores throughout the Maritimes under the MacKenzie Produce label. It was a deal that worked well for everyone – even suppliers liked the sale.

"There was some comfort there, even with the suppliers, because they had been dealing with me for a while. They were wondering who was going to take over the farm."

The close connection between the families reassured both during the transition, Greg says.

"Always, if there was anything that came up, a phone call or a walk across the yard was all that was needed," he says, adding the Balderstons always gave him plenty of respect. "They'd never tell me what to do. They'd always give me advice. It's good to have someone like that who knows the operation and what's going on," Greg says.

Now, Greg treats his own employees with the same respect, and this year his six seasonal employees are all returning workers. In a Maritime job market known for an out-migration of workers to Western Canada, that's a formidable accomplishment.

Finding the right fit between farm staff and employers isn't always easy and, Greg points out, it takes work to ensure the lines of communication are constantly open. But when the right fit is found, Greg believes it's a relationship that's worth as much work as the crop that's in the field. ❖

Know your audience

BY ALLISON FINNAMORE

When you're talking to your customers, knowing who they are is key to sending the right message.

Recently, two agriculture organizations promoted projects using vastly different means to reach their different audiences. The B.C. Dairy Foundation was talking to teenagers, promoting increased milk consumption. AGCare – the Ontario coalition that represents fruit, vegetable and field crop growers – focused on using a celebrity spokesperson to inform gardeners what they can learn from the farming industry.

In Canada, we have diverse audiences that can be grouped into endless targets for our messages – geographic area, gender, ethnicity, age. In the case of these two advertising campaigns, the groups were targeted by age, each a strong buying force in its own right. The latest figures from Statistics Canada show there were 4.3 million senior citizens in 2006 – 16 per cent of the country's population. Youth aged 15 to 29 total over six million.

We have diverse audiences that can be grouped into endless targets for our messages.

The B.C. Dairy Foundation veered from traditional advertising methods and used the tools and habits of Canadian youth to share their information. Animated TV spots appear on provincial stations, and online digital short films are posted on the video-sharing website, YouTube.

Calling some of the online videos edgy may be an understatement, but then again, I'm outside their target audience – they're not designed for me. The B.C. Dairy Foundation is clear on the goal of the entire advertising campaign: "The ultimate objective of the campaign is to make milk more socially relevant to teens." From the comments left by many of the viewers, the videos are generally found to be entertaining. Another element in the advertising campaign is the chance to create a milk video and compete for prizes – right on target for tech-savvy youth of today.

Meanwhile, in the AGCare campaign, well-known Canadian gardening expert Mark Cullen has thrown his support behind the agriculture industry, telling home gardeners that there's much to learn from agriculture producers.

The campaign's brochure features Cullen sharing lessons from producers on topics like managing your soil, conserving water and controlling pests responsibly. Thousands of Ontarians received copies of the brochure in gardening magazines and through hardware stores.

Cullen is like an old friend for many Canadians – many of whom spend hours in the garden every week – and he speaks the language of many home gardeners.

The two advertising methods couldn't be further apart in their approaches to reaching target audiences: a social media website and video production contest versus a print brochure featuring a Canadian gardening icon.

Both advertisers knew who they were speaking to and how to get them to listen. Flipping the campaign approaches would have created dismal results. But a clear focus on target audiences and knowing the best ways to connect with them resulted in effective and successful campaigns. ❖

YouTube™

Cash windfall?

Thinking outside the barn

BY HUGH MAYNARD AND STEPHANIE MAYNARD

For some producers – especially in grains and oilseeds – 2008 could be the year to make a profit. "Could be" are the operative words, because the first decade of the 21st century has been marked by wild swings in the markets that have thrown traditional commodity cycles out the window. Peak prices today, a speculative tumble tomorrow.

The T-word has nasty connotations for some producers, but there are benefits.

Thinking optimistically, however, let's say you find yourself at the end of the year with more cash in the bank than the farm has seen in a long time – what will you do with the windfall?

There's no shortage of options: pay down debt, purchase equipment or pre-pay some inputs. These are the regular standbys, but what about declaring a profit and paying some taxes? The T-word has nasty connotations for some producers, but there are benefits to off-farm fiscal measures and investments that should be considered before you spend all the farm's liquidity on next year's fertilizer. This is especially true as part of long-range succession planning.

First things first: make sure the financial fundamentals of the farm's balance sheet are sound.

First and foremost, keep sufficient cash resources on the farm to finance operations, says Allyn Tastad, certified general accountant with Hounjet Tastad Harpham in Saskatoon.

"As long as there's cash, there'll never be a (working capital) problem," he says, noting a current ratio of 2:1 for current assets over current liabilities should be the goal. Beyond that, there's a bit of a cushion, and when you start looking at a return on assets in the 15 to 25 per cent range, it's time to consider options.

You can leverage cash for next year to make large purchases. It provides more negotiating power when you're buying equipment, you can take advantage of off-season bargains, and your savings could be more than what you would have paid out in taxes or on pre-paid purchases.

Tastad says financial management decisions start with the producer's marginal tax rate. Once you know your taxable income bracket, you're in a position to make the best investment choices. For instance, you'll be able to determine whether the new tax-free savings account (TFSA) is a better option for you than an RRSP. (For more information on TFSAs, see the story in Your Money.)

Paying tax can be beneficial if there is a generation-in-waiting and succession plan in place. Showing a regular profit can help secure a loan, so the children can buy the farm at a value that will provide their parents with a decent retirement income. The farm may have less borrowing power if there are lower revenue declarations, leaving the new generation with a tougher management challenge or parents with a smaller retirement fund.

And that retirement income may be even less if there is no long-term tax plan in place, according to Len Davies, a farm financial adviser and cash crop producer from Chatham, Ont.

"Farmers need to be conscious of their pension fund," he points out. "Farmers should try to max out their Canada Pension Plan (CPP) contributions each year. Otherwise they're only going to have their Old Age Security pension when they retire." With only their Old Age Security Pension, producers may be forced to ask the going rate for the farm from the next generation, just so they can afford to retire.

Getting the most into your CPP account means earning income, and that means paying some tax, Davies says. Like Tastad, Davies says producers have to be aware of their marginal tax rate so they can assess the best options for investing cash off the farm. He notes that producers tend to put their investment resources in one basket – usually land – but points out there are many alternatives that will pay just as well and offer more flexibility as needs change.

He advises looking at specific non-registered investment strategies such as segregated funds and mutual funds for those who want a tax-friendly investment that converts easily back to cash. Davies cautions investors to be aware of administrative fees for these types of investments. They may reach as high as six per cent just for withdrawing money out of the fund, which then cancels any tax savings. He points out that even a good rate of interest on a GIC ends up in the taxman's hands, and the money may be locked up for five or more years.

Davies also counsels producers to look at insurance as both a security and an investment measure. He says mortgage and disability insurance are necessary parts of a financial planning package, especially the latter.

"It's hard to say, but if you die tomorrow, there are no long-term costs to your family other than the loss of income you would have earned. If you're injured, there will still be the loss of income, but there could also be long-term costs such as health care, so you must make sure you're covered," Davies emphasizes.

He also notes that certain types of insurance, such as a universal life package, can be a tax-friendly investment as well. With universal life, the term premiums are stable but you can invest alongside so that the amount grows over time. Davies says there are no taxes on the investment portion as it grows. If you pass away with the savings still in the policy, it flows out as life insurance so there is no tax due on the growth.

"With RRSPs, they give you a break when the money goes in. With insurance, you get a break when it comes out," he says.

Davies advises the best way to start planning for off-farm investing is to think about any possible scenarios and always ask "What if?" as you work on your succession plan. Even for short-term investments, it pays to look at all ways of maximizing extra cash so that 2008 won't be the only windfall year.❖

She is a leader

The FCC Rosemary Davis Award

The FCC Rosemary Davis Award honours women who are leaders in Canadian agriculture – producers, agribusiness operators, teachers, veterinarians, researchers, you name it. If you see yourself or someone else in this light, please apply or nominate online at www.FCCRosemaryDavisAward.ca between November 24 and January 26, 2009. The five winners from across Canada will receive an all-expense paid trip to Boston for the 2009 Simmons School of Management's premier leadership conference for women. Go ahead. See for yourself how completely amazing you are.

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Farm Credit Canada
Advancing the business of agriculture

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Will cattle and hogs bounce back?

BY KEVIN HURSH

Zig while others zag. Might that be a good strategy for cattle and hog producers? With the red meat sector going through a serious downturn, is now the time to buck the trend and expand with the hope that a turnaround is coming?

Look what happened with cash crops. Three years ago, commodity prices were so low that it was darn tough to make a dollar. In retrospect, it would have been a great time to be buying cropland and signing long-term leases.

The experts don't agree, but their opinions and observations are thought-provoking.

Will the same happen in cattle and hogs? The experts don't agree, but their opinions and observations are thought-provoking.

A pessimistic analysis comes from Al Mussell, senior research associate with the George Morris Centre in Guelph. "I see no reason for optimism whatsoever," Mussell says.

Mussell and his colleagues believe there's a large negative impact from feed grain being consumed for ethanol production. "We can't profitably export meat and import the feed going into it," Mussell says.

On top of that, American hog and cattle producers have seen less red ink in recent times and their balance sheets are stronger going forward.

Herb Lock of FarmSense Marketing in Edmonton has some serious concerns with the Canadian cattle industry, but unlike Mussell, Lock's main concern isn't ethanol.

"The industry is dysfunctional and marketing is largely absent," Lock claims. For instance, he points out that feeder cattle are assembled by colour and size, rather than genetics, growth potential and marbling ability.

"The 62-cent dollar made it all work," Lock says. Now, he sees a sector struggling to obtain sustainable returns. Country of origin labelling, a lack of farm labour and an unwillingness to share information up and down the value chain has Lock shaking his head. He's also critical of certain support programs believing that they stop producers from adapting to change.

"You can't make a living selling 200 or 300 calves off the cow in the fall," Lock says. He points out that the most expensive gain is the first 500 pounds. "It's been cheaper to buy a calf than to raise a calf."

In neighbouring Saskatchewan, Sandy Russell shares some of Lock's views, but she exudes a more long-term positive attitude. Russell was formerly a livestock economist with the provincial government and is now a principal with Spring Creek Land and Cattle Consulting. She and her husband also have a cattle operation just west of Saskatoon.

"The days of dumping calves in the fall are numbered," Russell says. Like Lock, she believes producers must build other marketing options to maximize their returns.

Although she acknowledges there will likely be a couple more years of poor returns ahead, she believes it's a good time to be considering expansion. Good quality young cows can be purchased at relatively low prices. The problem for the entire industry is accessing the capital. "Absolutely there is opportunity down the road, the question is how far," Russell says.

Ranulf Glanville, vice-president of Ontario-based DePutter Publishing Ltd., also sees opportunity. "For the industry as a whole, we've probably seen the low ebb of the profitability cycle," Glanville says, in reference to both the cattle and hog sectors.

"The tragedy, of course, is that many producers didn't make it to the other side, even good ones."

"For hogs, the prime window for expansion may actually be just about closed," Glanville says, noting that the market outlook has improved dramatically. He says the saviour for the North American hog industry as a whole has been sizzling demand. U.S. exports are way up due to strong demand from China and elsewhere.

"To date," Glanville notes, "expansion has been the last thing on the mind of many of my clients, and rightly so." Producers have been in survival mode and raising the capital for any expansion will be out of the question for many.

While there are probably hog finishing barns available at bargain prices right now, Glanville cautions that variable costs such as feed and fuel are not cheap. "Livestock prices may improve, but it's going to be critical to manage your operating margins for long-term success."

So there you go: four prominent analysts with differing outlooks. Predicting the future is always dicey, but no matter what the future holds, a solid understanding of the industry and a well-developed business plan will improve your odds of success.❖

Are you a leader or a manager?

BY HUGH MAYNARD

It's a cliché, but change is with us all the time. In just the last 20 years, we have adopted and abandoned the fax machine, we have blue-toothed cell phones permanently in our ears and we now check e-mail on our hand-helds while the GPS steers the tractor. There's no more "hog cycle," just a continual round of mini-cycles, some far more dramatic than others.

You need to lead first and manage second.

How do we cope with all this change from a professional point of view? There are two essential skills to be considered: leadership and management.

Leading is about coping with change; managing is about coping with complexity. Take fuel prices, for example: leaders are looking at alternative fuels to reduce dependency and costs, even if it means producing them on the farm (and that's not always successful). Managers figure out how to deal with the higher costs with new equipment, different technology and techniques, or even different suppliers.

So, leading is about deciding where to go and managing is about how you're going to get there. With higher commodity prices, a lot of producers are probably re-thinking the road they're going to take: pay down debt, invest to be more efficient or expand, stay in the business – or even get out while the getting's good. Managers find the best way to do it once a decision has been made.

The key is to get the sequence right. You need to lead first and manage second. Successful leaders have a plan that maps out where they'd like the farm to be – what they'd like it to develop into – five, 10, 20 years down the road. The plan doesn't have to be complicated. It can be as simple as having a budget that paints a picture of anticipated revenues and expenses. The fact that reality doesn't always follow the budget doesn't mean the plan's a flop. Instead, it's a guidepost that measures success and failure, so management can play the role of "fixer" when the time comes.

The bigger the plan, the more complex its application and the more skill it will take. Despite this additional complexity (and therefore the greater need for management), leadership still comes first. When things go well, leadership kicks into gear to look at what the next steps will be. When things don't go well, leadership makes the tough decision on when to cut losses or change direction.

Change will always be with us. What kind of plan do you have in your leadership wallet? ❖

Zoonotic diseases

BY PETER VAN DONGEN

Biosecurity is often in the headlines from the perspective of ensuring food safety and preventing disease outbreaks – and the resulting economic hardships – in livestock and poultry operations. But a point that all too often gets lost in the story is the fact that many biosecurity practices also play an important role in protecting the health of farm workers.

A 2001 study found that nearly two-thirds of infectious human diseases are recognized as zoonoses – diseases that can be transmitted between species, including from animals to humans and vice versa. These diseases can range from mild and easily treatable fungal infections like ringworm, to much more severe and potentially fatal diseases like anthrax and Hantavirus.

Many biosecurity practices also play an important role in protecting the health of farm workers.

"I think many people have some understanding that there are infections they can get, but few associate mild flu-like symptoms, diarrhea or vomiting with the possibility of a zoonotic infection," says Craig Wilkinson, director of animal care at the University of Alberta's Faculty of Agricultural, Life and Environmental Sciences.

"Many reports estimate that working with poultry or pigs in particular is associated with a fairly high rate of infection with bacteria like campylobacter or salmonella. In healthy young people, these infections are usually not too serious. But in children, elderly or those with low or suppressed immunity, these can be quite serious."

Organisms that cause zoonoses may be present in saliva, blood, feces, urine or other body fluids of diseased animals. The most common means of infection include accidental ingestion of infected materials (from splashing) or eating, smoking or otherwise touching your face after coming into contact with a diseased animal. Other potential points of entry include your eyes, skin wounds, inhaling dust contaminated with infectious material or accidental injection of needles contaminated with animal blood.

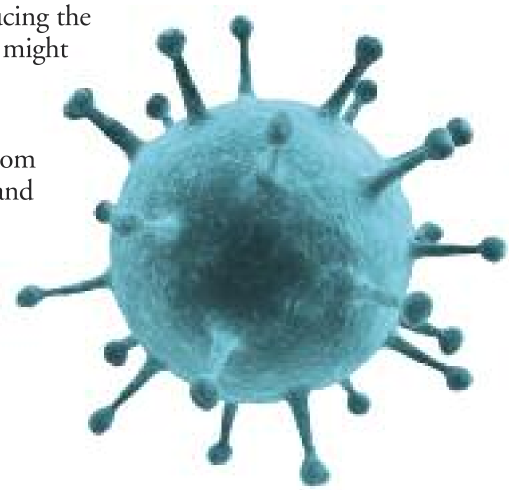
Some of the most effective prevention methods are also the most basic:

- wash your hands after working with livestock or poultry and before eating
- wear protective clothing, change out of work clothes or coveralls before going home and wash work clothes regularly and separately from other clothes
- use appropriate respiratory and skin protection

"The importance of washing and good health practices such as the use of personal protective equipment and routine disinfection procedures cannot be over-emphasized," says Glen Blahey, provincial farm safety co-ordinator for Manitoba Agriculture, Food and Rural Initiatives.

Fortunately, good management practices often protect the health of both animals and workers. Wilkinson notes many routine husbandry and health promotion practices for farm animals – such as all-in/all-out management in poultry or hogs, and vaccination of livestock for common infections – are aimed at not only promoting the health of the animals, but also reducing the risk of infections that might pose a threat to farm workers.

"Protect the animal from infectious organisms and you protect yourself," Blahey adds. ❖



Growing Forward reflects research priority

BY OWEN ROBERTS

A decade or so ago, when Ontario held open consultations with producers to determine support program priorities, the message was clear: put your money into research. It's non-countervailable, it produces results, and the distance between the lab and the field is short.

Federal bureaucrats who heard delegations register their hopes and desires for the new $1.3-billion Growing Forward program were likewise told producers support research. However, the expectations are more immediate – and specific – than ever.

Increased scrutiny and demands by the public mean producers need research results that are faster and more targeted.

At meetings across the country, producers repeatedly said increased scrutiny and demands by the public mean they need research results that are faster and more targeted.

One way to demonstrate performance and pertinence is product development. Sources say that will likely be an enhanced feature of Growing Forward (which, you'll remember, replaces the expired Agricultural Policy Framework or APF).

Product development lends itself wonderfully to value chain initiatives that attempt to bring producers, researchers and processors closer together. To shepherd products through the development process, researchers need infrastructure such as equipment, buildings, communications and human resources.

Support for commercialization was another point producers made during the consultation process. Institutions such as universities are investing more in business development offices and commercialization specialists. That will help, as will an enhanced focus on expertise clusters and networks. Of the nearly two dozen national centres of research-expertise networks that exist, only one – the Advanced Foods and Materials Network – has anything to do with farming. Hot topics on the federal radar screen include food safety, biosecurity and the environment, regulatory matters and managing risk.

The challenge will be introducing federal and farm imperatives into a policy climate that's emphasizing provincial and territorial flexibility. When Growing Forward was announced, the agri-food sector applauded how Ottawa assembled an infrastructure program that would allow provinces and territories to fashion their own priorities around national prerogatives. Some are simply larger and more advanced than others, and won't benefit from a national one-size-fits-all program. Others have different needs.

Ottawa says its main interest was having the provinces and territories buy into a common vision for what it called "a profitable and innovative agriculture, agri-food and agri-based products industry that seizes opportunities in responding to market demands, and contributes to the health and well-being of Canadians." That sealed the deal.

And as a result, the country's agri-food sector is stronger. Now, Ottawa can stand before international trading partners with confidence and say all parts of Canada's agri-food sector are like-minded on food safety and quality. It's not a stretch to believe a sector that looks after the health and well-being of its own people can be counted on to commit the same care to the food it sells abroad.

That's the kind of assurance the partners of a major exporting nation like ours need to hear. It shows our commitment to quality and safety, built on a strong research agenda driven right from the start by producers. ❖

Consistent increase to average Canadian farmland values

The average value of Canadian farmland increased 5.8 per cent during the first six months of 2008, according to the Fall 2008 Farmland Values Report just released by Farm Credit Canada. This is the second highest percentage increase since 2000. Released twice a year, the report provides important information about changes in land values across Canada. Land is one of the major assets required for agricultural production. This one-of-a-kind report has been published since 1984.

Most provinces continue to see increases in farmland values, with Alberta the highest at 6.7 per cent. Manitoba follows closely at 6.2 per cent.

"Farmland values data helps Canadians make farm business management decisions and informed choices about acquiring, holding or selling agriculture land," says Rémi Lemoine, FCC Senior Vice-President, Portfolio and Credit Risk. "The values in this report reflect Canadian agriculture trends at the beginning of 2008. Crop producers were optimistic about long-term profitability. Commodity prices for grains and oilseeds were stimulated by the growing demand for food and biofuels. Land prices also are being driven by increased commodity prices and interest from non-farm investors."

There is growing interest in farmland as an investment. When investors compare buying farmland, residential properties or stocks, farmland is looking much more attractive. "We've noticed this particularly in Western Canada. It appears to be more attractive to investors due in part to the oil and gas industry, potash resources and relatively low land prices compared to parts of Eastern Canada," Lemoine says.

In the last three semi-annual reporting periods, farmland values in Canada have increased by 3.6, 7.7 and 5.8 per cent respectively.

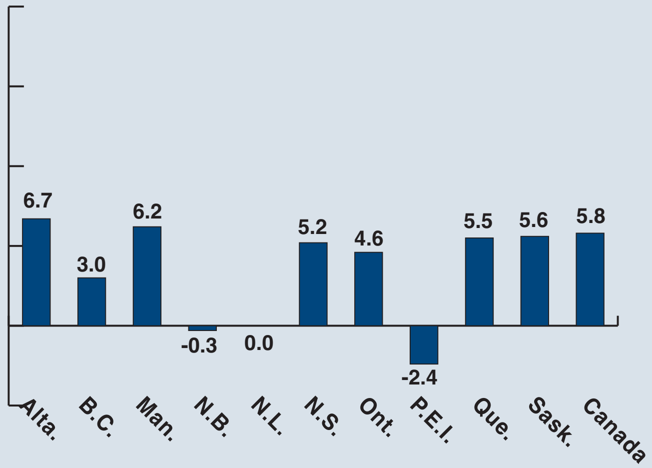
"At FCC, we're committed to advancing the business of agriculture. That's why we provide services such as management software, information, learning sessions and our Farmland Values Report to help people involved in agriculture grow, prosper and succeed," Lemoine says.

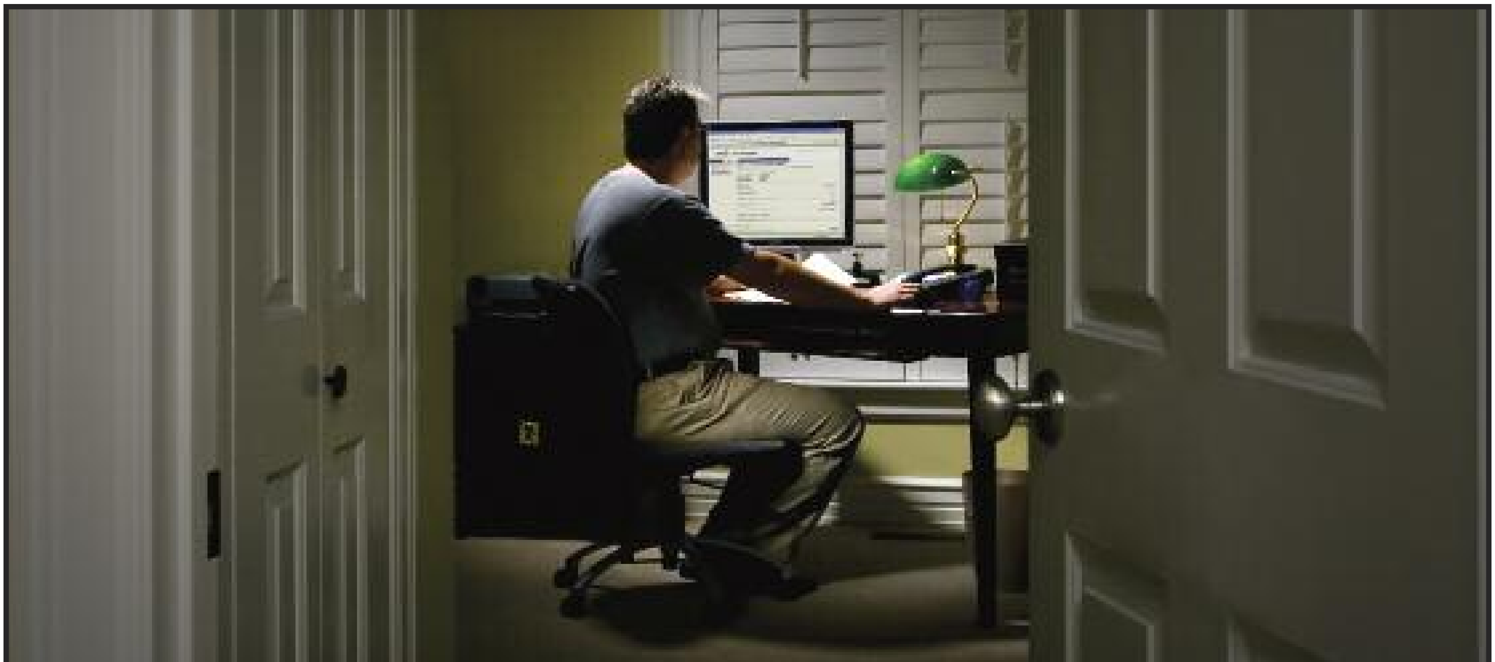
The complete Farmland Values Report is available at www.FarmlandValues.ca.

Provincial comparison of farmland values

Semi-annual % change in farmland values

January 1, 2008 to July 1, 2008





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