

July/August 2008

# AgriSuccess

## JOURNAL

### Managing grain price risk

Find out how grain producers  
and grain buyers are managing  
their risks

Poultry producers manage  
their disease risks

Young producer chooses  
trees over grain

Safe livestock handling pays

Keep functional foods  
in your forecast



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JOURNAL

July/August 2008

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### On the cover:

Shannon Meyers, general manager of Fast Genetics near Spiritwood, Sask.

*Cette publication est également offerte en français.*

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- Canadian Agricultural Marketing Association (CAMA) Awards; Merit 2006, 2007



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# Letter from the editors



FROM KEVIN HURSH AND ALLISON FINNAMORE

**E**ver wonder how we develop our themes and choose stories for this magazine? Here's a thumbnail sketch using this edition as an example.

It starts with a conference call with us and Farm Credit Canada's AgriSuccess Journal editorial board to discuss potential themes. As you'll see on the bottom of this page, the Journal is all about advancing management practices, and we want a focus that has broad appeal across the country and the different sectors of agriculture.

For this edition, we chose the theme of managing risk.

The next step is to ask for specific story ideas on that theme from our network of freelance agriculture journalists across the country. Once those story ideas come in, they are presented by e-mail to the FCC Vision Panel, a group of producers from across the country.

We want to get the opinion of a cross-section of producers so that we know we're doing stories a majority would like to read.

We recognize that producers tend to like stories about their own industry. Dairy producers don't typically choose to read horticulture stories and beef producers may not have a great interest in vegetable production.

For this edition, when the Vision Panel was asked about a story on disease risk management in the poultry sector, it didn't score as highly as some of the other story ideas. However, we decided to go with the story because it contains information on industry insurance programs that may be useful to many other sectors.

The other feature story is about managing grain price risk. It scored well in the Vision Panel, probably because it garnered interest from both grain producers and grain users.

So there you go – a peek into the behind-the-scenes decision process to come up with what you'll see in the pages ahead.

We appreciate your story ideas and feedback. To contact us, e-mail [info@AgriSuccess.ca](mailto:info@AgriSuccess.ca) or call 1-888-332-3301.

**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 nation-wide 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.

#### David Schmidt

David is associate editor of Country Life in B.C. and contributes to various regional and national agricultural publications. He grew up on a mixed/dairy farm in the Fraser Valley. He was named B.C.'s Agriculturist of the Year for 2000.

#### 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.

#### D. Lorraine Andrews

Lorraine is a freelance journalist who lives in Black Diamond, Alta. She grew up on a large grain farm in nearby Vulcan and has written for a number of agriculture related publications.

#### Rae Groeneveld

Rae is Farm News Director at GX 94 radio station in Yorkton, Sask. He has extensive knowledge of agricultural issues in Western Canada from his years of behind-the-scenes work in the industry.

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.

*The views expressed in this journal are those of the authors and do not necessarily reflect the opinion of the editor or FCC/AgriSuccess.*

## High yielding wheat on the way

BY RAE GROENEVELD

A producer-run co-operative is close to having substantially higher yielding wheat varieties for production.

The Western Feed Grain Development Co-op has worked to develop higher yielding, high-starch wheat varieties since 2005. Its breeding program included analysis of 800 varieties provided by Agriculture Canada. Four have now been selected as suitable for seed multiplication.

Founding director David Rourke says trials were conducted in 12 locations across the Prairies last year. The varieties were compared to the

high yielding hard red spring wheat, Superb.

“In our best cases, we were 147 per cent of Superb,” Rourke says. “If we got rid of some of the other criteria and just concentrated on yield, starch and disease resistance . . . we thought we could make some fairly fast progress.”

Rourke says the varieties are suitable for the feed or ethanol markets and have been bred to include a level of fusarium resistance.

The co-op will register the varieties so they can be sold across the Prairies. More information can be found at [www.wfgd.ca](http://www.wfgd.ca).

## Time to incorporate?

BY D. LARRAINE  
ANDREWS

With grain prices soaring to unprecedented highs, many grain producers will be facing taxable income levels not seen for many years, if ever. It could be time to incorporate the farming business and reduce the amount of income tax payable.

Depending on where you live, corporate tax rates on the first \$400,000 of active business income earned in a corporation vary from 13 per cent to 19 per cent, while personal marginal rates range from 39 per cent to over 48 per cent.

Keep in mind that if you need to use most of the farm's funds to meet living requirements, the costs of incorporation could outweigh any benefit. But if you can leave excess cash in the corporation to be reinvested, there could be significant tax savings and other advantages over time.

The process takes planning so now may be a good time to see your accountant.

## Help search engines get customers to your website

BY OWEN ROBERTS

You may indeed be “the dealer of choice” or “the best in the county,” and refer to yourself that way in traditional media campaigns, but such promotional, generic phrases don't describe your services. And they won't help customers find you and your website in the crowded global community. Be more specific, and your sales potential improves.

Targeted electronic marketing is driving an increasingly popular website practice called search engine optimization. Rudy Diemer, president of RKD Web Studios in Guelph, Ont., says optimization improves the traffic volume and quality to your site.

“The key is to make it easy for Google, Yahoo and others to find you by strategically integrating the most descriptive, targeted keywords into your site,” he says.

Search engines look for the first six to eight words in titles and the primary copy, and then rank your site accordingly. Diemer suggests those words include your business or product name, and that they describe, not promote, your services.



# Optimize your use of farm support programs



BY KEVIN HURSH

**F**arm safety net programs have never been perfect and they never will be. However, as producers, we don't always use existing programs to our best advantage.

When the former Net Income Stabilization Account (NISA) was in place, there were producers who said they didn't have the money to maximize their contributions. Think about that for a minute. Producer contributions were matched dollar

for dollar by governments.

What other investment provides an immediate 100 per cent return?

The new AgriInvest program is modelled after the old NISA plan. Hopefully, all producers will embrace the opportunity to make a contribution and access the matching dollars.

With the new AgriStability program, like the Canadian Agricultural Income Stabilization (CAIS) program before it, there may be actions some producers could take to avoid having their support diminished.

Some very large producers are being limited by the \$3 million payment cap in the program. Although that's a lot of money, some hog operations and cattle feedlots would have qualified for much more than the program cap in 2007.

In some instances, it may be reasonable to divide very large farms into separate units to stay under the program cap. AgriInvest also has a cap. Producers are limited to allowable net sales of \$1.5 million a year on which to base contributions.

The same strategy of separating a farm into units may also be useful if the farm operation includes more than one type of enterprise.

Take a mixed farm with both grain and cattle. An income downturn on the cattle side could be offset by better-than-normal returns on the grain, or vice versa in any given year. The net result is that the program year margin for AgriStability doesn't dip and no support is forthcoming.

For some mixed farms, there may be a logical way to run the different operations as separate businesses. Make sure you consult knowledgeable advisers to measure the pros and cons.

Here's another piece of advice. Many producers file their income tax on a cash basis as only farmers are allowed to do. While levelling out your income may be a good strategy for income tax purposes, don't let it mess up your AgriStability coverage.

The previous CAIS program adjusted the program year margin for changes in inventory, accounts receivable and accounts payable. However, reference years were calculated on the cash basis unless a producer supplied accrual information.

For the 2007 AgriStability program year, the administration will calculate producers' reference years using a hybrid valuation method for all years for which they have the necessary information.

Although information for missing years is not required, producers can supply this information. An accrual adjustment reference margin worksheet will be available for producers to submit information for missing years.

Providing this information might improve your odds of a payout. In addition, producers will be required to submit information for missing years starting with the 2008 program year, so you might as well get a head start.

While they aren't perfect, the various support programs are meant to help producers. But you also have to help yourself by understanding how the programs work. ❖

There may be actions some producers could take to avoid having their support diminished.

# Young producer chooses trees over grain

BY DAVID SCHMIDT

At just 31, Tim Loewen of Pine Meadows Tree Farms Ltd. in Chilliwack, B.C., is already a 10-year veteran of the nursery business. Pine Meadows itself dates back to Loewen's youth.

"My dad (Arthur) was a schoolteacher and had a Christmas tree farm as a hobby," Loewen explains.

When Tim graduated, he registered for an agricultural program at the local college but didn't go. Instead, he spent the next four years working on his uncle's Prairie grain farm and getting an agribusiness management diploma at the University of

Manitoba. About the same time in 1994, his family purchased property where his oldest brother started a nursery and built the home Tim now occupies. During off-times in Manitoba, Tim returned to help plant trees.

Initially "I didn't know whether I would start farming in Chilliwack or Manitoba," but in 1998, "I helped my uncle seed in spring, then came back here to stay."

While his dad remains involved, his older brothers have long since left and it's now up to Tim to "make the farm pay for itself."

Pine Meadows has expanded to about 150 acres on 13 mostly rented properties. It still grows some Christmas trees, but the focus is now on cedar hedging, conifers, shade trees and Japanese maples sold through other wholesalers. This allows Loewen to operate with only six to eight workers. For the first time, that includes two Mexicans from the Seasonal Agriculture Workers Program.

"We've only had them a week and we already know we're going to do it again," Loewen says, noting labour is a huge issue.

Asked his biggest mistake, Loewen doesn't hesitate. "I would have bought more land when it was affordable. We're not at the size we want to be but we don't know how to get there."

With Fraser Valley agricultural land selling for six figures per acre, it's difficult to rent affordable land for multiple years and even harder to buy. "That's why we have five acres here, five acres there, instead of 40- or 50-acre parcels."

While his grandfather raised poultry, his dad once grew raspberries and his uncle grows grain, costs restricted Loewen's choices. "With the price of land, you can't grow hay or vegetables. With the price of quota, a young farmer can't afford to get into that."

Like any producer, he faces labour, market and disease issues. In fact, his first issue as grower's chair of the B.C. Landscape and Nursery Association back in 2004 was an outbreak of *P. ramorum* (Sudden Oak Death), a disease as devastating to the nursery industry as avian influenza is to poultry or BSE to cattle.

The outbreak has forced the industry to move to an expensive systems-based certification program but also led to a Canadian Food Inspection Agency compensation program.

Pine Meadows was incorporated when Loewen got involved, giving him a base to work with.

"It would have been tough to start on my own," he admits, telling other prospective young producers that they need to love what they're doing. "The return is the lifestyle." ❖

Pine Meadows still grows some Christmas trees, but the focus is now on cedar hedging, conifers, shade trees and Japanese maples.



# Working your networks



BY ALLISON FINNAMORE

**D**oes the word “networking” make you duck for cover?

The thought of walking into a packed room and sticking your hand out to shake a stranger’s hand can be enough to make many of us stop short and break out in a sweat.

However, with the right mindset and a few networking tools in our back pockets, we can turn a nerve-racking event into an occasion that helps us reach our business goals, and enriches our business environment.

One of the most challenging parts about networking is starting off. How do you break the ice and make the first move?

Most of us don’t have a plan, says Michael J. Hughes, a networking expert based in Ottawa, and that’s what causes the most angst.

“Networking is really about creating and developing relationships,” he says, “but it’s hard to talk to someone new.” When you walk into a new environment, look at someone, make eye contact and give a brief, pleasant nod.

This immediately creates a connection and gives you the opportunity to walk over, introduce yourself and take the first step to forming a new relationship.

To further the creation of the link, ask for the person’s business card. And always be sure to carry business cards with you, readily accessible. Don’t be shy to hand them out, either. Really, it’s only a piece of paper with your name and phone number on it – but it’s something tangible.

Take the encounter another step by asking a couple of questions, Hughes says. Find out what their passions are, or ease into the discussion by asking how they started in their field of work. Remember, the best networking discussions last between 30 seconds and three minutes, so stay focused on what your new connection is saying, then move on to meet someone else.

The next day, he says, e-mail the three strongest connections you made and ask how you can help or what you can do to help them with the brief details they shared with you earlier.

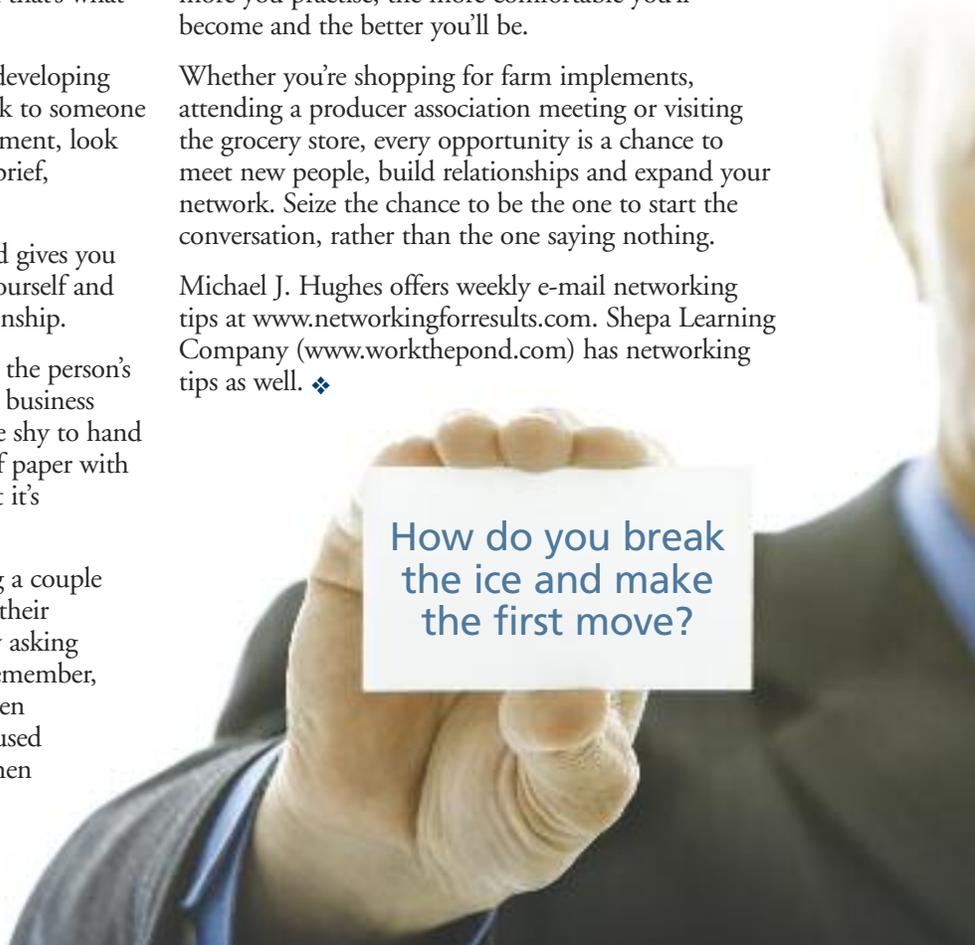
Hughes says it’s important to remember that networks are formed entities that are all around us and interconnected. The tighter the community, he says, the fewer connections. A room full of strangers is an opportunity to become part of dozens of new networks.

“Every person you meet has the potential to help you,” Hughes says. “Your mission is to take that potential and make it happen. Look at the people you meet as opportunities to expand your network.”

Like any skill, networking needs to be honed. The more you practise, the more comfortable you’ll become and the better you’ll be.

Whether you’re shopping for farm implements, attending a producer association meeting or visiting the grocery store, every opportunity is a chance to meet new people, build relationships and expand your network. Seize the chance to be the one to start the conversation, rather than the one saying nothing.

Michael J. Hughes offers weekly e-mail networking tips at [www.networkingforresults.com](http://www.networkingforresults.com). Shepa Learning Company ([www.workthepond.com](http://www.workthepond.com)) has networking tips as well. ❖

A close-up photograph of a person's hand holding a white rectangular sign. The person is wearing a dark suit jacket and a blue shirt. The background is bright and out of focus.

How do you break  
the ice and make  
the first move?

# Managing *grain price risk*

BY KEVIN HURSH

**W**hether you're a grain seller or a buyer, the rules of the game have changed. Unprecedented grain price volatility has become the rule rather than the exception. And expectations have changed. There has been a shift in what constitutes a "normal" grain price.

If you're a grain producer trying to maximize returns, how do you avoid pricing your crops at values you'll later regret? If you're a livestock producer being squeezed by high feed grain costs, how do you assure a continuous supply, while still keeping costs as low as possible?

## Feed grain users

Many livestock producers grow some or all of their own feed grain, and that traditional model has a number of advantages. However, the trend is towards larger and more specialized livestock operations that purchase their feed grain supplies.

**"You have to love numbers. You either need to acquire that skill or hire it out."**

For hog producers, feed accounts for about 65 per cent of production costs. As executive vice-president of risk management and nutrition for Hytek Ltd., Henry Van de Velde works to keep feed costs as low as possible for the pork production company based in La Broquerie, Man.

The second-largest hog producer in Canada, Hytek is able to have people like Van de Velde in specialized roles. While smaller operations may not have that capability, they can benefit from many of the same approaches.

Hytek uses just about every tool you can name, depending on the circumstances. There are forward contracts with producers, basis contracts, storage

payments, freight contracts and the futures market.

"Canadian grain farmers tend to have a different mentality than Americans," Van de Velde says. "It's tougher to get Canadian farmers to part with their grain too far in advance."

Van de Velde believes the difference may be that Western Canadian farmers tend to grow barley, peas and wheat for human consumption first. They only explore the feed market when their crop doesn't meet food market requirements.

As a result, forward contracts with grain producers tend to be for near-term delivery. To lock in favourable prices further out, futures markets are used – typically American markets for corn and soybean meal.

It's Van de Velde's job to be on top of market conditions and make wise procurement decisions. "You have to wait for opportunities," he notes. "It's a lot easier when you're locking in a profit. If you're locking in a loss, make sure you've discussed it with your creditors."

Fast Genetics, based in Saskatchewan, is a swine genetics company that's a wholly owned subsidiary of Hytek. While Van de Velde does the sophisticated hedging for the overall company, Shannon Meyers, the general manager of Fast Genetics, plays a big role in feed procurement for Saskatchewan operations.

Much of that involves forward contracts with grain producers and with grain companies. "There are no margin calls with direct contracts," Meyers explains, referring to the margin money that may need to be supplied when hedging grain on future markets.

Another strategy employed at certain times is to lease large storage facilities and stock up on grain at times when it appears to be a bargain. Some wooden grain elevators on the Prairies are now used specifically for storage.



Shannon Meyers looks to different strategies in managing price risk at Fast Genetics near Spiritwood, Sask.

Fast Genetics

Meyers cautions that it's best to carefully monitor the grain going into storage to minimize any issues with grain spoilage.

### Grain producers

For grain producers, the objective is to maximize returns on grain sales, while not taking an inordinate amount of risk. It's also important to consider cash flow and grain storage.

But what is a good price? Many of the grain price peaks over the past year seemed impossible back in 2006. If you forward price a crop, how are you to know that it won't be seriously out of step with the market by the time you have to deliver?

Grain producers have to look at what's good for their business and their profitability says John DePutter, principal of DePutter Publishing. He tells producers to compare the prices being offered for the various crops in their inventory. His advice is to store the ones that are relatively cheap and sell the ones that stand out as abnormally high.

"An understanding of local supply and demand, networking and keeping in touch with prospective buyers – all of this helps," says DePutter, who publishes market analysis tools including Ag-Alert for producers and agribusinesses in Central and Eastern Canada.

"Eighty-five per cent of farmers don't have a marketing plan," says Larry Weber of Weber Commodities in Saskatoon. He advises producers to look beyond the price and worry more about capturing profitability. "Keep selling as the price is rising."

Although some analysts coach producers to deliver as much physical stock as possible and replace it with paper, both DePutter and Weber believe grain storage capacity can be an important marketing tool.

"I have said for years that a bin is a good investment," DePutter explains. "You are in a bargaining position when you have title to crop in your own storage facility."

He says there's also nothing wrong with paying for commercial storage when you need to.

Both analysts have concerns about how the futures markets for grain are functioning. "The whole futures market is broken," Weber says, referring to the disconnection that has become common between futures prices and the cash prices producers actually realize.

With true price discovery, futures and cash prices should converge. That no longer seems assured.

Funds have taken positions in grain commodity markets that are often in excess of the total value of the commodity being traded. These billions in speculative money have contributed to massive price swings and may be part of the reason why normal market function appears to be lost.

DePutter believes it is not a completely unmanageable problem if it's temporary and if the values come together during the delivery process. "Without convergence, it can be argued that the futures market is no longer working as it should. That would have the potential to change the way we do business in the world of futures and grain trading."

### Advice for sellers and buyers

"You have to love numbers," Van de Velde says. "You either need to acquire that skill or hire it out." He notes that marketing can be the weak link in many farm operations.

"Marketing is all about probabilities and possibilities, not certainties," DePutter explains. He recommends that producers seek out market advice that offers valid opinions while being thought-provoking. It's helpful to use a market analyst who matches your own style and who can teach as well as provide advice.

"Realize that it is your crop or livestock, your money, your business and ultimately your decision." ♦

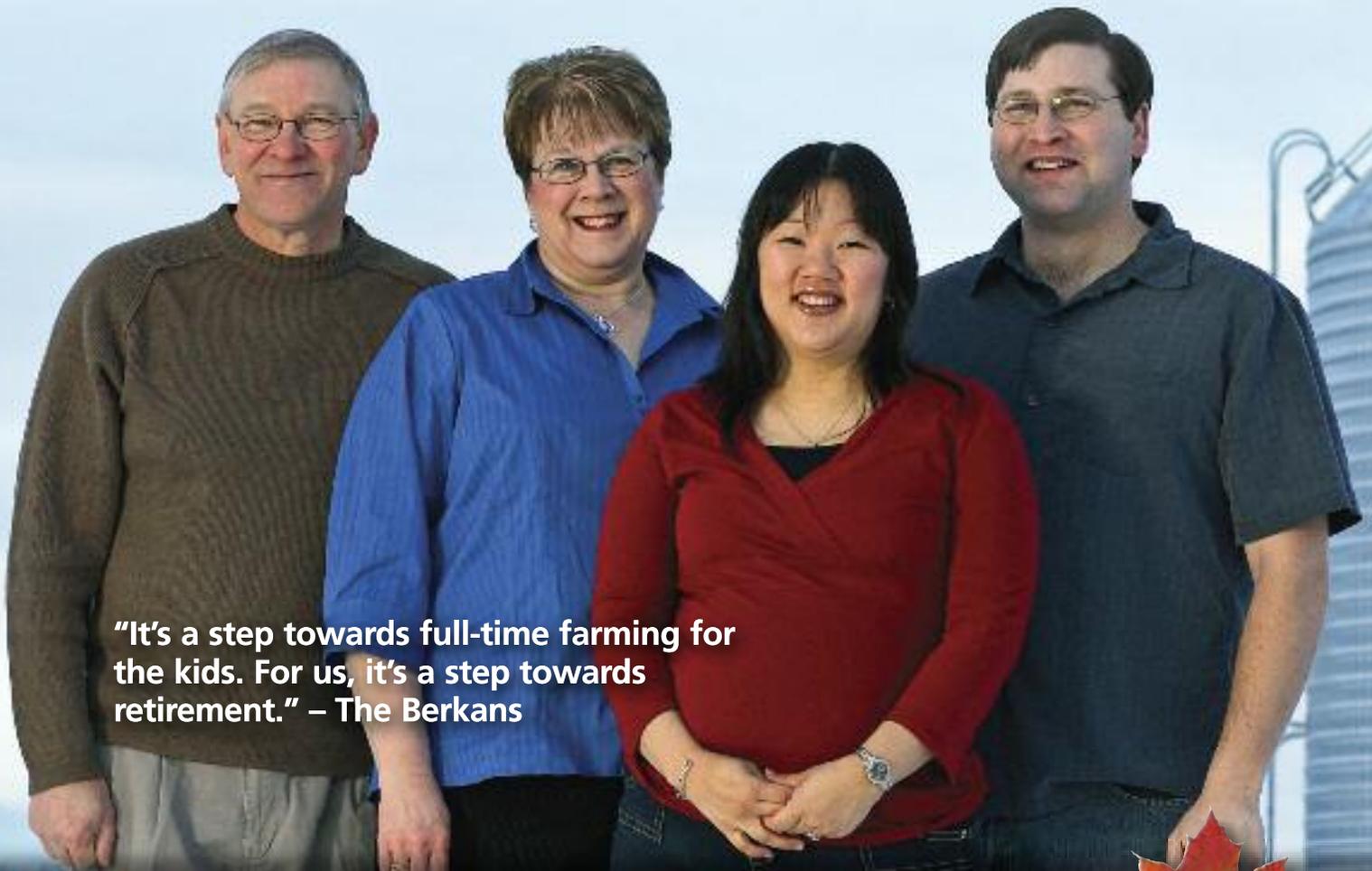


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# *Poultry producers manage their* disease risks

BY DAVID SCHMIDT

**W**hen a risk arises, producers try to find coverage. When nothing's available, they try to develop something.

That's already happening in the poultry industry, says Roger Bennett of Nova Scotia. The industry is pursuing ways to cover a variety of diseases affecting poultry and egg producers.

Bennett was involved in the first of those ways when he was general manager of the Ontario Broiler Hatching Egg and Chick Commission. After hatching

egg producers decided they needed a program to protect themselves against *Salmonella enteritidis* and *Salmonella typhimurium* DT104, they created the Poultry Insurance Exchange (PIE).

PIE was licensed in May 2003, and began operations Jan. 1, 2004. It's set up as a reciprocal insurer in which each subscriber to a program indemnifies each other subscriber. In other words, members self-insure their risk. Risk beyond the producers' collective capacity to cover is farmed out to large European reinsurers.



“The program has been very successful,” says current PIE manager Stan Lasanowski.

All of Ontario’s 78 hatching egg producers subscribe to the program, which this year expanded to include *Mycoplasma synoviae* and *Mycoplasma gallisepticum*. The program deals only with notifiable but non-reportable diseases.

“We have not looked at avian influenza (AI) or other diseases that fall under the Canadian Food Inspection Agency (CFIA),” Lasanowski says, referring to diseases that are reportable to and compensated by the agency.

That is something the national poultry agencies are examining. They hired a consultant to look at what potential costs producers would face, what government programs are available to assist them and what gaps in coverage exist.

Although the CFIA provides compensation when flocks are ordered destroyed, the compensation only covers the value of the flock and not such costs as cleaning, disinfection or business interruption. In the 2004 AI outbreak in British Columbia, the industry spent millions just on cleaning and disinfection.

As well, CFIA compensation has been revamped, meaning lower compensation on some classes of poultry. In 2004, B.C. hatching egg producers received up to \$33 per bird, depending on flock age. By the 2007 AI case in Saskatchewan, the maximum had been reduced to \$24 per bird for broiler breeders and \$8.60 per bird for table egg layers.

Shawn Heppell, B.C. director of the Canadian Turkey Marketing Agency believes government must address the compensation payments and reassess their role in cleaning and disinfection. But he says the industry is also looking at a self-insurance program.

“It’s not something we want,” Heppell explains. “Our first push is for compensation from government.”

But he notes the pressure is on to come up with something since the CFIA started a mandatory AI surveillance program, which is required to maintain the European market for Canadian poultry breeding stock.

The Ontario hatching egg program is the only one currently under PIE, but the framework agreement allows PIE to expand into other diseases and other provinces. That is just what Bennett is working on with egg producers and the Canadian Egg Marketing Agency. He expects to roll out a salmonella insurance program for Leghorn breeder, pullet and layer flocks by the end of the year.

“Our plan is to work through PIE,” Bennett says.

The program will likely be tied into on-farm food safety programs. Even though it will be voluntary, Bennett expects most producers to participate.

Compensation only covers the value of the flock and not such costs as cleaning, disinfection or business interruption.

“If (producers) are going to test for salmonella enteritidis, they’re going to want coverage. The two go hand-in-hand.”

Coverage of disease issues are also part of the AgriInsurance program being developed under the Growing Forward federal-provincial agreement.

“There already was a commitment to expand crop insurance to include livestock and poultry commodities in the Agricultural Policy Framework and that’s in Growing Forward as well,” says Bruce Stephen, chief of private sector risk management partnerships for Agriculture and Agri-Food Canada.

He does not expect a blanket program, saying it is up to a province to create a program to meet its needs. If it fits overall parameters, the program would be cost-shared by the federal government.

“Ultimately, we’re waiting for proposals from provinces,” Stephen says. He expects the first proposal from Nova Scotia in poultry but expects others to follow.

Other plans are also underway as producers work together to manage risk. The Ontario Livestock and Poultry Industry Council is working on a program to cover a wider range of diseases while the Canadian Sheep Federation is working with an insurer to develop a voluntary program for blue tongue.

While some risks can only be managed by an individual farm operation, others can be managed by working together. ♦



# Assessing your risk



BY HUGH MAYNARD

**R**isk is a recipe that mixes uncertainty with anticipation: can I run fast enough in crossing the road to beat oncoming traffic so I don't have to stand in the pouring rain?

What's the risk (pain)? What's the gain (relief)? And what are the possibilities (short distance vs. fast cars and the chance of slipping)?

We carry out the mental risk calculations on whether to "stay put or race ahead" a dozen times a day, and the risk-averse amongst us prefer to remain wet but safe.

Employing the right resources in risk assessment allows you to take advantage of opportunities while being both safe and dry.

Even though the calculation process is considerably more complex for farm management dealings such as making investments or renewing a mortgage, the basic elements of personal risk assessment in everyday activities are pretty much the same. There's assessing information, touching base with experience, factoring in the unknown and, most importantly, deciding when and how to act.

Depending on the situation and the level of risk involved, the four ingredients combine to determine whether the risk assessment can be carried out on the spot or requires some external inputs.

A producer who sells directly to consumers on a daily basis has a pretty good handle on the ebb and flow of the market so he can calculate the risks relative to volumes, prices and the fickleness of consumers on the day before a paycheck – and the day after.

Setting up the financing for a major expansion project, however, is another basket of vegetables. It may be the first and last time a farm operation undertakes an initiative of such magnitude, and it will require a lot of new and different information. It will bring into play more unknowns than usual and timing will be critical in matching money out to more money coming in. Such a project brings up a whole subset of risk assessment – what type of expertise to engage and when.

Some producers mitigate that risk by taking business courses as part of their university education. Some rely on tried and true neighbourly references about who gives good advice at a fair price. Other options include Agriculture and Agri-Food Canada ([www.agr.gc.ca](http://www.agr.gc.ca)), which lists certified business advisers by province. The Canadian Association of Farm Advisors ([www.cafanet.com](http://www.cafanet.com)) also has useful information.

There's nothing wrong with being risk-averse. The important question is whether you are able to carry out due diligence on the risk assessment. For complex farm management situations, it's often not possible without bringing in perspectives on technical matters that reach beyond the farm gate.

Without that due diligence, you'll always be safe but wet. Employing the right resources in risk assessment allows you to take advantage of opportunities while being both safe and dry. ❖



# Safe livestock handling pays



BY PETER VAN DONGEN

I'm sure you don't need me reciting a bunch of statistics to know that accidents involving animals are a leading cause of injuries and fatalities on Canadian farms.

All of us who have worked with livestock, myself included, probably have a story or two to tell about a closer-than-expected encounter with an animal that caused our heart rate to jump – or perhaps worse. But what I find interesting is the fact that good livestock handling not only reduces the human safety risk of your operation, but it can also put more money in your wallet.

**“Slow is fast.  
You will actually  
get the job done  
quicker if you  
slow down.”**

Jennifer Woods, a livestock handling specialist from Blackie, Alberta, is well known for her work with such organizations as Alberta Farm Animal Care, the American Meat Institute,

the International Animal Transportation Association and the British Columbia Farm and Ranch Safety and Health Association. She says proper livestock handling facilities and practices can help make your operation more profitable, safe and enjoyable.

“If you are handling animals humanely, you are handling them safely,” she says. “They are one in the same. And if you are handling animals in a humane, low-stress manner, you will actually make more money.”

Woods explains that stressed animals have reduced gain and increased chance of illness and injury. There is also decreased reproductive performance. For example, sows that are fearful of people have two less piglets per litter, on average, so the economic cost can be significant.

On the other hand, benefits of good handling practices include better animal performance, reduced shrinkage during transport, reduced labour expenses, improved safety to both livestock and handlers and an enhanced public image through improved animal welfare.

According to Woods, safe and effective livestock handling can be distilled down to three factors: animals, facilities and people. One of the most common mistakes relates to our handling facilities and the fact they are not designed based on natural animal behaviour. To demonstrate her point, Woods recommends visualizing how water would flow through your handling facilities.

“Animals flow like water,” she explains. “If you have a nice curve system, what happens when water runs through it? It carries around the curve. But if you'd see water crashing into a corner, that's exactly what your livestock are going to do.”

When it comes to the people element, Woods says the most common mistake is to try and move animals too quickly. This often translates into the use of verbal pressure (yelling) and prods to get animals to move through the system, rather than focusing on moving animals slowly and methodically using visual pressure (proper positioning of the handler). In other words, if we treat livestock handling as a timed event, we're well on our way to a rodeo.

“Slow is fast,” Woods says. “You will actually get the job done quicker if you slow down.”

So what's the take-home message? “Slow down and pay attention to your animals. The animal is never wrong. The animal is doing exactly what we told it to do, either by our facility, where we were standing or what we were doing.”

You can learn more from Woods at [www.livestockhandling.net](http://www.livestockhandling.net). ❖



# Keep functional foods in your forecast



BY OWEN ROBERTS

**N**iche market development is often held out as a key component of managing risk. And nothing says niche like functional foods.

For years, foods with a function (thus, the name) beyond normal sustenance have been held out as a tiny but lucrative alternative to conventional commodities. When the chips were down – when corn, soybeans and wheat were a fraction of their current prices – niches such as functional foods looked mighty attractive.

But a light came on when the agri-food sector started boning up on how to grow more broccoli, garlic, flax and legumes. “Lucrative” can also mean high maintenance, and some functional foods were both. Given their specific traits, delicate nature or end use, producers might need unconventional management or special approaches to crop protection and identity preservation.

Flash forward to 2008. Commodity prices have finally reached a modicum of respectability. A positive forecast is on the horizon. So, it’s time to ask: Are functional foods really worth the bother?

It’s a question that has a two-part answer, one that needs to come from the farm, and another that lies with consumers.

Producers may think functional foods are a bother, maybe even a headache. But that’s not what consumers say.

Through the media, which is where they get most of their health-related information, they know there’s growing evidence about the connection between diet and health. They’re hearing it everywhere, including from Ottawa. Health Canada says diet may modify the risk of developing or exacerbating certain chronic diseases, and individual components of foods can affect certain risk factors for disease.

This is not new, really. Functional foods were behind our grandmothers force-feeding our parents Red River cereal, a porridge of flax, wheat and rye, and cod liver oil. Today, it’s the same reason the University of Guelph and other research institutions, as well as the federal and provincial governments, are continuing to research functional foods. They do more than hold promise. They work.

And that’s why they’re still worth the bother. Consumers crave them, in their zeal to find a magic bullet that improves health.

That zeal has implications for growers. We can rhyme off scads of reasons for buying Canadian food – product integrity, regulatory agency approval, supporting the local economy, and on and on. But if there’s a particular food that keeps you going strong, who cares if it’s made in Canada?

Consumer connectivity is something the agri-food sector has realized it must improve upon. Failing to meet demand is a slippery slope. Inevitably, consumers will go elsewhere to buy the niche products domestic producers avoid making or growing. Once foreign supply chains get established, consumers will end up buying staples from importers, too.

Then, you wake up one day to find most things you buy in your own country are made somewhere else. Sound familiar?

So, don’t count out niches yet. As long as Canadians look to food for health, they’ll be looking for new answers. Functional foods are a way to build more support and trust in Canada’s food system. They’re still a great opportunity. ❖



# FCC honours five Canadian women

Across Canada, women from all walks of life are advancing the business of agriculture.

To recognize their contributions, Farm Credit Canada created the Rosemary Davis Award in 2007. Named after FCC's first female Board of Directors chair, the award celebrates innovation, creativity and a passion for the success of the agriculture industry.

**The Rosemary Davis Award celebrates innovation, creativity and a passion for the success of the agriculture industry.**

This year we are once again pleased to draw public attention to the valuable contributions of women in agriculture by presenting the Rosemary Davis Award to: Debbie Coke, Claire Désaulniers, Marie Logan, Elspeth McLean-Wile and Lilliane Sabiston.

"These women were selected from more than 50 nominees because they serve as role models," says Kellie Garrett, FCC Senior Vice-President of Strategy,

Knowledge and Reputation. "They are accomplished producers and volunteers, involved in a variety of pursuits. All have selflessly given their time and talents to benefit others."

Each recipient was awarded an all-expense paid trip to the 2008 Simmons School of Management premier leadership conference for women, "Dialogue and Discovery."

**Congratulations to the 2008 winners!**

## **Debbie Coke, Dresden, Ont.**

A leader and tireless worker, Debbie's love of the agriculture industry is expressed through her involvement. Her love affair began while working on a horse farm, and fully blossomed after meeting Clarence, her future husband and partner in their cash crop and cattle operation.

Debbie supports the forward movement of the Canadian agriculture industry as viable, strong and a world leader.

## **Claire Désaulniers, St-Tite, Que.**

Claire's belief in the power of knowledge has enabled her to successfully transfer her business administration education to her family dairy farm. An active member in many agricultural organizations, Claire is a full partner with her husband at La Ferme Pittet, Inc.

## **Marie Logan, Lomond, Alta.**

An active farm operator, rural leader and visionary, Marie is passionate about family, agriculture, youth and education. Marie and her husband operate Wheatcrest Farms, a successful pedigreed seed farm and cow-calf operation – a fifth-generation family farm.

## **Elspeth McLean-Wile, Wileville, N.S.**

Elspeth has spent her life advancing the business of agriculture without leaving the sector into which she was born – a fifth-generation dairy farm. Today, she and her husband co-own and operate a dairy and manage the successful Wile's Lake Farm Market, which she created over 20 years ago.

## **Lilliane Sabiston, Kelliher, Sask.**

The strength and determination of Lilliane Sabiston comes from her passion to care for people.

A selfless volunteer, Lilliane is currently the Chairperson of both the Prairie Women's Health Centre of Excellence and the Saskatchewan Farm Stress Line Advisory Group.

*If you know someone who deserves to be recognized for her leadership in agriculture, visit [www.fcc.ca](http://www.fcc.ca) for nomination details. Nominations will open in November 2008.*



Rosemary Davis Award



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