JULY / AUGUST 2012

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AgriSuccess

Justin and Carlee Leliuk set new goals for their Alberta farm

FEATURES

COLUMNS

JULY / AUGUST 2012

On the cover:
A formal succession plan helps Justin and Carlee Leliuk decide how and when to grow the family business.

Editor, Kevin Hursh
Associate editor, Allison Finnamore

Original photography by Greg Huszar

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

- Canadian Farm Writers' Federation award for periodicals; Gold 2008; Silver 2010, 2011; Bronze 2006, 2007, 2009
- Canadian Agricultural Marketing Association (CAMA) Awards; Excellence 2009, 2010; Merit 2006, 2007, 2011

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from the editor

Prosperous times often produce opportunities, as well as a brand new set of challenges.

For cow-calf producers and the grain industry, the not-so-prosperous times were not so long ago.

Following Canada's BSE outbreak in 2003, the beef industry was severely affected for many years. Nearly a decade later, efforts are still underway to fully reopen markets that were lost, but times are good. Calves are now selling for prices that were unimaginable just a few years ago.

Hog prices aren't breaking any records, but at least there's been a return to profitability in the past year. Producers in that sector went through an unprecedented period of negative margins.

Before the big run-up in grain prices in 2008, producers across the country were often struggling to make ends meet. There were many years with grain prices so low that returns barely covered variable costs, let alone a farm's fixed costs.

Since 2008, grain prices have been up and down as have input costs. But overall, the profitability picture has been much better for producers able to grow a decent crop. Pessimism about the future has given way to an optimistic outlook.

Dairy and poultry producers continue to adopt technology to increase their efficiency. And on average, the size of those farms continues to increase. The supply managed sector is healthier than ever.

For years, the potential negative effects of a new world trade agreement hung over the sector. Today, countries are paying little attention to the World Trade Organization. Instead they're signing bilateral deals, making it easier to maintain domestic pricing in chosen industries.

There are sectors of agriculture and regions of the country not enjoying prosperity, but overall this is a time of unrivaled returns.

Controlling costs and seeking new opportunities are still important. Overall though, attention has shifted to issues such as farmland availability, farmland prices, labour needs and farm succession.

Those are the sorts of topics you'll read about in the pages ahead. Let us know what you think, and don't hesitate to pass along your own story ideas to kevin@hursh.ca.

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

What's that machine costing you?

Calculating machinery costs can be a whole lot easier with online tools.

Whether you're making bales, running a sprayer or combining a crop, knowing what that machinery operation actually costs is important for making good management decisions.

Would running one big combine be more cost effective than two smaller combines? Should you continue to have a custom operator do the baling or would it cost less to own the equipment and do it yourself?

There are many variables to consider. Even though it's been available for a number of years, many are not aware that Alberta Agriculture and Rural Development has an online Machinery Cost Calculator that's available for anyone to use.

Just plug in your numbers and the calculator provides the total annual costs for the machine, the total cost per hour of operation and the total cost per acre. The calculation starts with the purchase price (or present value) of the equipment. If it's a pull-type implement like a baler, you'll be providing information for both the tractor and the implement.

You need to choose a planning period, say three years or five years, and then estimate the residual value of the equipment at the end of that time frame. You also have to estimate your hours of annual use.

The online program will automatically assign a fuel usage per hour based on the size of the power unit. Ted Nibourg, business management specialist with Alberta Agriculture and Rural Development, says many producers have more precise fuel usage information and they input that instead. Lubrication is assumed to be 15 per cent of the fuel cost.

You need to input the fuel cost per litre and a labour cost per hour.

The annual repair cost is assumed to be 3.0 per cent of the purchase price per year for a self-propelled unit and 2.0 per cent for a pull type (you can adjust that cost). The default setting for expected return on capital is set at 4.5 per cent, with an inflation rate of 2.0 per cent.

The program even takes your marginal tax rate into account. You can set this to zero if you want to calculate a cost before income tax considerations.

You need to input the working width and working speed, and you should give some thought to the field efficiency percentage. For instance, with a self-propelled sprayer, there will be filling time, travel time and turning time in the field when you won't actually be spraying anything.

Of course, the calculated cost per hour and per acre will only be as accurate as the assumptions you input. However, it's easy to adjust the assumptions and see how this affects the bottom line.

The Machinery Cost Calculator is a great management tool. Just go to www.agriculture.alberta.ca and click on Decision Making Tools at the top and then Machinery.

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

VIDEO: Discover why calculating and managing machinery cost is so important. **www.fcc.ca/agrisuccess072012**

Consider forward contracts

August 1 marks the start of a brand new era for Western Canadian grain producers. Western wheat growers, like cash croppers in the rest of Canada, are now responsible for their own marketing decisions. Many producers still sell their production on delivery for the daily cash price, but it's becoming much more common for them to try to manage price risk with some sort of forward-pricing contract.

Commodity prices go up and down for complex reasons that include supply and demand, the state of the global economy, and in recent years, trading activities of investment funds. So many different factors are in play that selling at the peak of the market is pretty much pure luck.

Mark Lepp with Farmlink Solutions in Winnipeg says a better way to market your farm commodities is by developing a marketing plan. The first step is to understand your actual cost of production. If you know how much it costs to produce a bushel of grain or raise an animal for market, you know whether the offered price will result in a profit. The next step is to analyze your operation's cash flow so you can be sure your sales strategy lets you pay your bills on time.

Often used by grain producers, forward pricing can be a very useful livestock marketing tool.

"If you know you need $100,000 by November 1, you have to make sure that sales are done prior to November 1 to make sure you can meet your obligations," Lepp says. With a sales plan in place, you can avoid making a panic sale to pay a bill you knew was coming.

Farmers have never had more selling options available. Grain producers have more than 15 different types of contracts at their disposal to help maximize profits and minimize risks. One way to make sense of the types of contracts available is to arrange them by categories the way Alberta Agriculture and Rural Development does on its website (www.agriculture.alberta.ca, select the Information tab).

Each has its advantages and disadvantages, and determining which one is best very much depends on individual circumstances.

Contract terms vary widely from company to company, Lepp says. For example, a company's September delivery contract may give them up to 90 days of wiggle room for acceptance. That could be disastrous for your operation if you were really depending on the cash to make a mortgage payment. That's why it's important for producers to take the time to read through the paperwork and understand what they are signing.

VIDEO: Use the right tools to manage marketing risk.
www.fcc.ca/agrisuccess072012

Target the top third

When professional market analysts try to determine what grain and oilseed prices will be doing in the future, they start by looking at the market fundamentals that will affect the supply and demand of any given crop. The next step is to examine the broader global marketplace. For example, what's the latest news on the financial difficulties in some of the European nations?

The last factor to consider is the technicals. Analysts look at charts to try and determine where the market shows support and resistance. In simplest terms, technicals show the range of prices that buyers are willing to pay. If the price of canola, for example, drops close to the lower end of the range – the support level – the odds are good that the price won't drop further and will likely go higher.

If it gets close to the top end of the range, the resistance level, the reverse is true.

"We go through all of these processes and try to figure out how to minimize risk for our clients," says Lepp. "At the end of the crop year, our target is to have our clients sell all of their crops in at least the top third of the market range that was available to us over the last 18 months."

Forward-pricing livestock

While forward-pricing contracts are commonplace for grain farmers, according to Chris Panter – provincial livestock market analyst with Alberta Agriculture and Rural Development – they are now being used more in the livestock sector as a way to manage price risk. Research from CanFax shows forward contracting increased in 2011. Currently, more than 18 per cent of fed cattle procurement by major packers in Alberta is done this way. Feedlots face high breakevens and are using forward contracts as a way to manage risk.

Panter says two types of forward contracts are being used: flat-price and basis-type. Flat-price contracts, which guarantee a fixed price for delivery of a specific type of animal on a particular date, are the simplest to understand. Basis-type contracts are based on offsets from the cattle futures price on the Chicago Mercantile Exchange. Basis contracts leave producers exposed to price and currency fluctuations, so most producers using these types of contracts also use the futures market to hedge their risk.

"Forward-price contracts can be a good way to protect against market volatility," Panter says. "However, it is possible to lock in a negative margin too. That's why they only make sense if you are comfortable that you know your cost of production."

More information is available on forward pricing livestock on the Alberta Agriculture and Rural Development website.

"Forward-price contracts can be a good way to protect against market volatility."

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

YOUNG FARMER PROFILE

Succession plan
spurs farm growth

A farm succession and business plan helps grow the Leliuk operation at Mundare, Alta.

Make a plan and follow it. It's a simple concept, but one that can help make your farm business a success.

One Alberta couple who can really speak to this issue is Carlee and Justin Leliuk. They're taking over the family farm near Mundare, Alta., from Carlee's parents, Ken and Wendy Motiuk. The families currently farm 7,500 acres of peas, canola and wheat.

Carlee is the second oldest of four daughters, but most importantly, she's the one most attached to farm life. Justin grew up on a 3,700-acre grain and cattle farm he worked with his uncles. He started out helping Ken part time until he and Carlee made the move to the farm from Edmonton two years ago.

When it came time to decide where they might raise a family of their own, returning to the farm was a natural choice. Justin, now 29, was an appealing succession candidate for Ken and Wendy: he really wanted to farm, had a good work ethic and came from a farm background. So, the entire family went through a formal succession plan. Earl Smith, their farm advisor, met with each family member separately.

"Once we had the plan drawn up, all of us went to a neutral location and went through it," Carlee says.

During the process, the family members identified their goals, and together they created a plan that satisfied everyone's needs. They all believe in treating the farm like a business, and holding meetings to resolve conflicts. Today, the families operate the farm as one unit under the name "Ceres Enterprises," but all have separate holdings within the operation.

The level of growth has been remarkable. Carlee and Justin hit their five-year goals in just two and a half years. Now they're re-evaluating and setting new goals.

Thanks to the business and personal relationships Ken cultivated for more than 30 years, Carlee and Justin have been able to buy land around their home quarter. "The growth is all in their names, because we don't want to grow any more," Ken says.

Carlee and Justin hit their five-year goals in just two and a half years.

"Our vision was to grow," Carlee says of the purchase, and of adding family friend Tyson Ezio to the operation. "We didn't want just an employee. We wanted someone who was going to be more of a partner."

"The incentive is to work so everyone has their own equity base."

Tyson was an ideal fit for the Leliuks, as he'd been helping out part time on the farm for many years, working closely with family members. He rents a quarter-section of land (160 acres) within the farm unit, and in return having a partner in the farm lets Carlee continue working off the farm as a residential appraiser, bringing income into the operation.

They all believe in treating the farm like a business.

The succession plan has been instrumental in expanding the operation, which has grown by a third in the last three years. "Writing the goals down helps you gauge your performance," Carlee says. "Plus, if you write them down you have something to look back on and a greater sense of accomplishment."

"The incentive is to work so everyone has their own equity base," Ken adds.

As the growth continues, Carlee and Justin are starting to buy equipment in their names, and Ken and Wendy are accepting a smaller share of the business. "Our land base will be owned by our four daughters and the dividends will go four ways. But Carlee and Justin have voting control over the operation of the land so no one from the outside can come in and tell them how to farm," Ken explains.

It's all in the succession plan they developed together – farming and non-farming family members alike – and the Motiuks' wills are written to protect the operation as well. They all believe that having a written plan helps take away any uncertainty about the farm's future.

BY **ALEXIS KIENLEN** / *Alexis is a reporter with Alberta Farmer and a fiction writer. Originally from Saskatoon, she has a degree in international studies from the University of Saskatchewan and studied journalism at Concordia.*

Global views with a Canadian focus

Len Penner, President of Winnipeg-based Cargill Ltd., discusses challenges and opportunities in Canadian agriculture.

Cargill, Inc., parent company of Cargill Ltd., has global business interests across the agriculture value chain.

What's your view of how agriculture is doing globally?

Agriculture is an exciting and dynamic place to be right now and it's driven by significant increases in food consumption. Production is scrambling to keep up with this increased global consumption, driven by a growing population as well as the growing wealth of that population. So the demand for grains, proteins and vegetable oils continues to rise at a very fast rate.

Now, we've never run out of food, but our supply of food as a percentage of the use continues to be very low. Ultimately, that has created great prosperity for farmers globally including in Canada. With a high demand for our grain and meat products, we've seen commodity prices go up significantly. Over the last number of years, we've seen record prices for some of the major crops that we're growing in Canada: wheat, canola, corn or soybeans. It's a very positive environment to be in right now.

What we produce needs to be consumed globally. We're blessed with 70 million acres of very productive farmland and we only have 35 million people to feed here in Canada. That's what's driven us to export about 70 per cent of the grain we produce and about 50 per cent of all agricultural production. We're very dependent on the global scene.

So how do we remain competitive? Well, price is obviously one of those pieces, but also being able to deliver what those consumers want. That's more on the quality side.

Give me your assessment of the outlook for Canadian agriculture, especially with the more open marketing environment that's coming.

First of all, it's a great place to be and that will continue for the foreseeable future. But it's also very diverse and dynamic with lots happening. The marketing of wheat for farmers in Western Canada is one of those changes.

> "Can we live in a dynamic world?"

Along with rising commodity prices has come significantly increased volatility. A small change in the supply and demand factors leads very quickly to major swings in the commodity price. Some people respond to Canadian Wheat Board changes or market volatility with some fear or trepidation.

I think we have to be prepared to ask, "Can we live in a dynamic world?" For many of us, that's an exciting thing to be part of.

We also need to continue to drive for open access on reducing our trade barriers. It may require us to look at some of the regulatory environment we're operating in, relative to remaining competitive globally.

You've travelled all over the world. What's the most memorable place you've visited?

I had the opportunity to spend two or three days following an NGO (non-governmental organization) group around Ethiopia. The NGO is focused on delivering irrigation projects to help small-plot farmers prosper. An average farm size might be a quarter hectare in Ethiopia. To see the impact when you bring agronomic advice, technology like low-cost irrigation systems and marketing support and advice – you can watch someone's income rise by five or 10 times because they can now produce more even on a small plot.

But whether it's large-scale farming in Brazil or the development of farming in Eastern Europe, there are lots of exciting things happening around the world relative to agriculture.

That's also what gives me hope. The world population by 2050 is projected to be over nine billion people. We have to figure out how to double our grain production by 2050 to feed them. And we don't have any more land to do it with. The encouraging part is the innovation shown by farmers and the agricultural sector. The development of new technologies, whether in seed or production technology, gives us high confidence that we can rise to that challenge.

LEN PENNER
Len Penner is President of Cargill Ltd., headquartered in Winnipeg.

See the full interview with Len Penner.
www.fcc.ca/agrisuccess072012


GO

Booming back to life

The streets of Stoughton aren't paved with gold, but the level of optimism found in the 700-person southeast Saskatchewan community is so high you might think they are. The town is booming. New businesses are moving in and a 140-lot residential housing development with the potential to double the town's population is under consideration.

There's more money around and locals have become very generous, says Stoughton Mayor Heather Balon-Barmann. As an example, she cites a recent fundraiser to help the family of a young girl diagnosed with a rare form of cancer. The event raised over $52,000. An auction held as part of the event turned into a frenzied outpouring of goodwill: a dozen cupcakes sold for $1,000.

What a difference a decade makes. When Ryan and Amanda Goudy moved back to Stoughton to help operate the family farm in 2002, the future of the town and the entire province looked grim. BSE had devastated livestock production, grain and oilseed prices were low and the region was caught in the grip of a devastating drought.

"At the time, we had an opportunity to buy my grandmother's house in town for $15,000," Ryan says. "I thought, no way. We'd never get our money back out of it because no one would ever buy it. Grandma's house was nothing special, but today it would probably fetch $100,000." They ended up putting a mobile home out on the farm.

Today, the entire province is thriving, caught up in a resource boom that includes a resurgent agriculture sector. Saskatchewan is now the place to be. Regina and Saskatoon are consistently rivalling Calgary and Edmonton for the honour of having the fastest growing economy in Canada.

The economic turnaround is most obvious in southeast Saskatchewan where new technology has unlocked the potential of the vast Bakken oilfield. Hundred-dollar-a-barrel oil has created a furious rush to bring the field's estimated 18 billion recoverable barrels to market. It's triggered exponential growth reminiscent of the Yukon Gold Rush. Stoughton, located at the junction of Highways 13, 33 and 47, is right in the heart of it.

All the activity has left workers in short supply, and people are flooding in to fill the demand. The influx has overwhelmed the housing market in nearby centres like Weyburn and Estevan, and is bringing sleepy farming communities in the region back to life.

Housing can't be built fast enough and workers are commuting from as far away as Regina and Brandon. A new 42-room hotel in Stoughton was fully booked almost as soon as it opened. Balon-Barmann says building permits have been issued for two more hotels the same size.

A changing community

"I used to be able to walk down the street and know everyone I met – I've lived in Stoughton forever," Balon-Barmann says. "Now, some evenings when I walk into the local pub I don't know anyone in there but the staff."

The pace of life has completely changed too, Balon-Barmann adds. Stoughton's not a sleepy little town anymore. Traffic flows have increased exponentially, and it's the same out in the countryside.

"Oil traffic is so intense that moving farm equipment around on the back roads has become very difficult," Goudy says. "You need to pay attention, because there's almost always somebody coming. We put a pilot vehicle in front of our air drills and combines now. We're big enough that if we meet a semi on the road, we can't pass each other. If we're in a spot where they've got to back up for half a mile they're not happy, either."

Suddenly finding themselves farming in such a thriving area has some setbacks as well as positives, Goudy explains. The worker shortage is a big problem, and the high oilfield wages are difficult for farmers to compete with. All the activity has also placed much higher demands on emergency services personnel.

The problems that come with money are there too, Balon-Barmann admits. There's more drug-related crime, so the police are busier. The volunteer fire department has had to adapt, becoming emergency medical responders coping

"It's an exciting time for long-term residents."

with traumas from oilfield-related accidents as well as being fire fighters.

"On the other hand, when you see all these businesses building big shops and offices, it's obvious they're planning on being here for a while," Goudy says. "It really gives you a sense that the town has a future. Having a few oil pump jacks on your land makes you feel better, too."

Secret to success

Communities that take responsibility for their own destiny are the ones that are thriving, Peter Kenyon – an Australian expert on rural revitalization – says in a recent video interview with FCC. They don't wait for the cavalry to come in and save the day, Kenyon adds.

Balon-Barmann agrees, but admits that a lot of Stoughton's success over the past five years has been due to its location – not that townspeople just sat back and waited passively while head offices in Calgary determined their future.

"The first big commercial development was done by the farmer who owned the land," she says. "Initially he wanted to sell the land to the town, but when we told him we couldn't afford it, he took it on himself to develop it. The town stepped in to help by giving him a break putting in his infrastructure. It was our first kick at the can, and we learned some valuable lessons about what to do differently the next time."

Managing the heady growth has its challenges, Balon-Barmann says. A lot of changes have happened quickly, but as she says, it's an exciting time for long-term residents like her.

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

See the full interview with Peter Kenyon.
www.fcc.ca/agrisuccess072012

Upselling Canada's cultural mosaic

Rising domestic demand for once-exotic products creates homegrown opportunities for producers.

It's easy to understand why, in a country with wide and fast-growing ethnic diversity, many opportunities exist for producing ethnocultural food for local markets. What is more difficult to figure out, however, is which are the most popular, and which offer producers the best earning potential.

"There's no doubt the demand is there," says Glen Filson, associate professor with the School of Environmental Design and Rural Development at the 137-year-old Ontario Agricultural College, a founding college of the University of Guelph. "The trick is to know the consumption patterns and value chain of ethnocultural food, the cost of production, and how to access and sell to those markets."

Filson is co-ordinating a major collaborative research project on the ethnocultural vegetable market in the Greater Toronto Area (GTA), trying to give farmers in Ontario and across Canada the information they need to do exactly that.

Last November, the Guelph researchers released new findings about the food consumption habits of the 400,000 Canadians of African descent, which includes people from sub-Saharan Africa and the Caribbean, in the GTA. The study found they spend roughly $7 million a month on okra, African eggplant, amaranth and other mostly imported vegetables that are unique to the community.

That ranks third behind the estimated $33 million spent each month by the city's 800,000 residents of South Asian descent and the $21 million that 600,000 Chinese-Canadians spend monthly on eggplant, bok choy and other produce.

For Filson, the results demonstrate the high demand for non-traditional produce in Canadian cities with large immigrant populations. He says estimates put the market for ethnocultural vegetables in Canada at $800 million a year. More than 90 per cent is imported from Asia, Mexico, the Caribbean and South America.

What's needed now, he adds, are government programs and crop research – like the kind being carried out at the Vineland Research and Innovation Centre near Niagara Falls, where small crops of exotic vegetables are being produced – to help Ontario farmers identify potentially profitable crops that can be grown in our northern climate in an effective and efficient manner.

"We know a lot about demand, but little about production costs," Filson says. The vast majority of Ontario growers, he adds, "don't have the technical expertise they need to grow these vegetables. We are still really at the experimental stages."

Not that they aren't interested in learning. According to Art Smith, chief executive officer of the 7,500-member Ontario Fruit and Vegetable Growers' Association, producers understand that Canada's growing ethnic diversity, together with the globalization of the food industry and the myriad of new products on grocery store shelves, is creating new markets for them.

"Growers know the opportunities are there."

"Growers know the opportunities are there and this market is growing," Smith says. The problem, he adds, is that most Ontario producers are of European descent and have neither the technical expertise nor the financial leeway to dabble in niche markets they know little about.

"[Ethnocultural] foods likely account for less than $10 million of the $1.5 billion in annual total produce production in Ontario," Smith says. "But we are interested in this market and are doing what we can to help develop it, because in 10 years it could be worth $100 million."

Smith notes that much of the ethnocultural vegetable crop in Ontario is being grown by farmers from ethnocultural communities. Several Chinese-Canadian growers own and operate farms in the fertile Holland Marsh area north of Toronto, and some of them have farms in Mexico for supplies during the winter months.

"They have the experience and know-how to produce these kinds of foods," Smith says.

Jason Verkaik is a third-generation carrot and onion grower in the Holland Marsh area. He's been experimenting for several years with Indian red carrots, Jamaican pumpkins and Mexican tomatillos, exotic foods popular with consumers of Southeast Asian descent.

"It really does start with that ethnic culture," Verkaik says about his diversification efforts in an interview with the Globe & Mail earlier this year. "It starts there, but there are opportunities to expand it further."

Another third-generation Ontario farmer of Dutch descent, however, had an entirely different experience trying to tap into the ethnocultural food market.

Five years ago, Phil Glasbergen, his brother Peter and their father John decided to "go for broke," as Phil puts it. Abandoning their family's decades-old cut-flower business, they devoted their 12 acres of greenhouses in the heart of the Niagara Peninsula entirely to growing two varieties of bitter melons for the Chinese and Southeast Asian communities in the GTA.

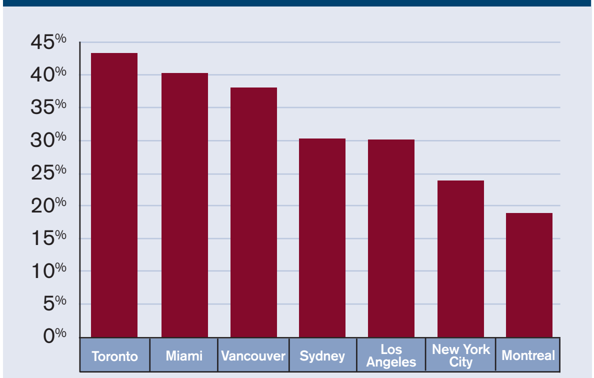
Despite their best efforts and some assistance from University of Guelph researchers and other industry partners, the Glasbergens were forced to exit the market after only two years. "We grew great quality produce, but the technical data and yields just weren't there," Phil says.

A switch in their entire production to a more conventional crop – English cucumbers – enabled them to literally and figuratively save the farm. "We survived because we're stubborn Dutch guys," Phil quips. He adds that, despite the difficult experience, he would try to get into the ethnocultural market again if circumstances were right.

"It's an interesting and potentially lucrative market, that's for sure."

BY **MARK CARDWELL** / *Mark 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.*

Foreign-born as a proportion of total population (selected international metropolitan areas)



Sources: Statistics Canada

FEATURE

Farm labour
trends to full-time work

Use them or lose them: that's often the case when it comes to farm labour these days.

"They say, 'If you can't find me employment, I'll look elsewhere,'" says Grant Babich, a Saskatchewan-based grain and oilseed producer. Babich, his daughter and two sons each own their own farming company, but they all work together and share the services of nine hired staff to help farm their 36,000 acres near Moose Jaw. The desire for full-time work has forced the family to get creative: at one point last February, they operated a split shift. Four employees worked one week while the rest stayed home, and the following week it was the reverse. Everyone received full wages, even if they were being paid not to work.

Meanwhile, near Carievale in southeastern Saskatchewan, Maurice Berry also had to scramble to keep his lone farm employee fully occupied last winter. Fortunately, the weather was mild with little snow. Berry and his worker were able to spend time outside, clearing bush and cleaning up yard sites. "We're doing things on the farm that we might have had to hire out before."

Despite having to pay the extra wages, Berry finds having a year-round employee worthwhile. "It frees me up to spend more time in the office, concentrating on the farm management side," he says.

Berry and Babich are among a growing number of Canadian farmers who have adjusted their business operations to accommodate full-time employees.

Their numbers may have to increase even more in the future as agricultural employers face the dual realities of a shrinking farm labour pool and growing employment competition, says Debra Hauer, project manager for the Canadian Agricultural Human Resource Council (CAHRC) in Ottawa. Traditionally, people employed by farmers were seasonal and worked from early spring until late fall. That's not always true anymore, says Hauer. "I believe it's changing because of the competition from other industries," she says.

In Babich's case, the main competition comes from Saskatchewan's potash industry. There's a large mine only 10 miles from his farm, which means he needs to provide similar wages and benefits to compete for workers.

Berry's big competitor is the oil patch in his region. His employee had one prerequisite when he was hired: he had to have full-time work.

And Winnipeg's bright lights rise only 20 miles from Domain, Man., home of the seed business run by Ron Manness and his son Graeme. Although he has kept a full-time employee for five years, Manness finds the lure of the city hard to compete against. "I think you've got to ante up. That's all there is to it," he says.

The demand for on-farm labour is growing steadily, according to a 2008 CAHRC labour market information survey that suggests employment needs on farms are expected to increase by at least 15 per cent across all regions of Canada over the next few years. Employers in primary agriculture expect to require an additional 50,000 non-seasonal and 38,000 seasonal workers by 2013. That includes general farm workers as well as technical, trade and supervisory workers.

The increasing need for farm labour is forcing employers to become innovative in sourcing employees. "Agricultural producers are employing a number of different strategies in order to secure labour," Debra Hauer says.

One such strategy belongs to Craig Ference, who operates a beef and grain farm with his father Harvey near Kirriemuir in east-central Alberta. Besides employing seasonal workers for calving and crops, Ference sources labour through the federal-provincial temporary foreign worker program.

He also has a private business with a partner in Australia to source young labourers with agricultural experience and place them on farms in Western Canada. "We're looking for people who have agriculture in their blood," he says.

According to Hauer, word of mouth continues to be the main means of finding new employees for farm businesses. But that's changing. As employers experience difficulty in locating and keeping employees, they expand their search. Surveys show over half of farm employers advertise in newspapers. A growing number use the Internet or a government employment centre to find workers.

"There's no one-size-fits-all recipe for attracting and retaining employees," Hauer says. "Each individual farmer-operator will find strategies that work for them, their commodity and their particular geographical area."

She suggests offering on-farm training to develop new skills as a way to raise part-time workers to full-time status. Employees possessing specialized skills, such as welding or mechanics, may be motivated to stay on, even if the employer can't always match the wages and benefits other industries offer. Or, if you run a business as a sideline to the farming operation, moving employees there can improve the chances of year-round employment.

Having workers with special skills is another reason for farm employers to hang on to them, adds Maurice Berry. "Farm help that can operate a high-clearance sprayer, or someone with a Class 1 licence who can drive a semi, is difficult to find," he says.

"There's no one-size-fits-all recipe for attracting and retaining employees."

Because the work is seasonal, employees who are working full time can swing between heavy workloads during the busy time of year and lighter loads in the off-season. Hauer says one way to ensure a consistent paycheque is to pay employees a regular salary throughout the entire year, based on an average total workload.

Despite the challenge of competing for full-time labourers, farm employers say they have this working in their favour: find employees with a passion for agriculture and skills to match, give them job satisfaction, and they'll be loyal. And that's worth a lot.

BY **RON FRIESEN** / *Ron reported on agriculture for the Manitoba Co-operator, a weekly farm newspaper, for 23 years. Now retired, he's a freelance writer.*

Farm succession:
what's in your will?

Without a will, the succession plan for a farm family can easily be derailed.

Wills, like other business planning instruments, fall into the motherhood category of life – everyone knows they're important, if not essential, elements of effective management, but not everyone actually gets around to putting one in place or updating the one they have.

Why? It truly is a mystery, especially in small businesses like farms where so much is at stake with assets that are now often worth millions of dollars. No will, and the law of each province determines what happens to these properties, an outcome that is pretty much pre-determined whether your heirs like it or not. No will, and generally someone in the family won't like the outcome of an estate settlement, and that can mean lawyers, courts and family strife.

A typical example is where only one of four children intends to operate the farm. The untimely death of the owner who doesn't have a will could mean that the child intending to take over the farm has to take on a lot of debt to "buy out" the claims of the other three. Worst case, it might mean that the farm has to be sold to settle the estate according to the law, rather than following the owner's wishes.

A will helps avoid these pitfalls and ensure that whatever succession plan is in place will, in fact, end up executed as planned.

Once a will is written, one of the more common misunderstandings is to consider it a dormant document. Family farm life changes over 30 years, and the will should be updated to reflect that.

But a will should be just one piece of an overall plan for the next generation to continue to operate a successful farm enterprise. Without a family conversation about what's in that plan, including the will, the potential benefits might be lost.

Manitoba Agriculture, Food and Rural Initiatives advises producers to solidify the intent of the will with a Farm Business Agreement, in effect a contract that protects both sides of a farming partnership given that a will can be changed by the person writing it (the testator) without the consent of the beneficiaries.

This is a farm family conversation worth having.

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

VIDEO: No will? No way. Learn how you can get started on your estate plan.
www.fcc.ca/agrisuccess072012

SAFETY ON THE FARM

Beware the big beasts

Here's a personal story to illustrate the dangers posed by farm animals.

I was a rambunctious eight-year-old when my family moved from Midland, Ont., to a farm outside town. My dad was a local doctor, but he loved playing the gentleman farmer so we had an ever-changing assortment of dogs, cats, poultry, sheep, cows and horses.

One summer day when I was about 12, I left a gate open and a half-dozen adult horses escaped into an unfenced field. I didn't want to get in trouble. I did what my mom or older brothers did when we wanted to lead the horses somewhere: I put some oats in a pail and shook it to coax them back.

It worked like a charm. However, before I knew it I was surrounded by big hostile animals jostling and snapping at one other.

I dropped the bucket and started walking backwards between them, pushing at them in an effort to get to the gate. But the next thing I remember, I was lying on my back staring into the sun and the horses were grazing peacefully back in that unfenced field.

I only realized what had happened when I saw a hoof-shaped mark on my forehead.

I never told anybody about it (until now), but I learned a lesson and always considered myself lucky. I didn't realize how lucky I was until doing research for this column.

According to a report by Canadian Agricultural Injury Reporting, a national surveillance project run through the Canadian Agricultural Safety Association (CASA), 100 animal-related fatalities occurred on farms across Canada between 1990 and 2004:

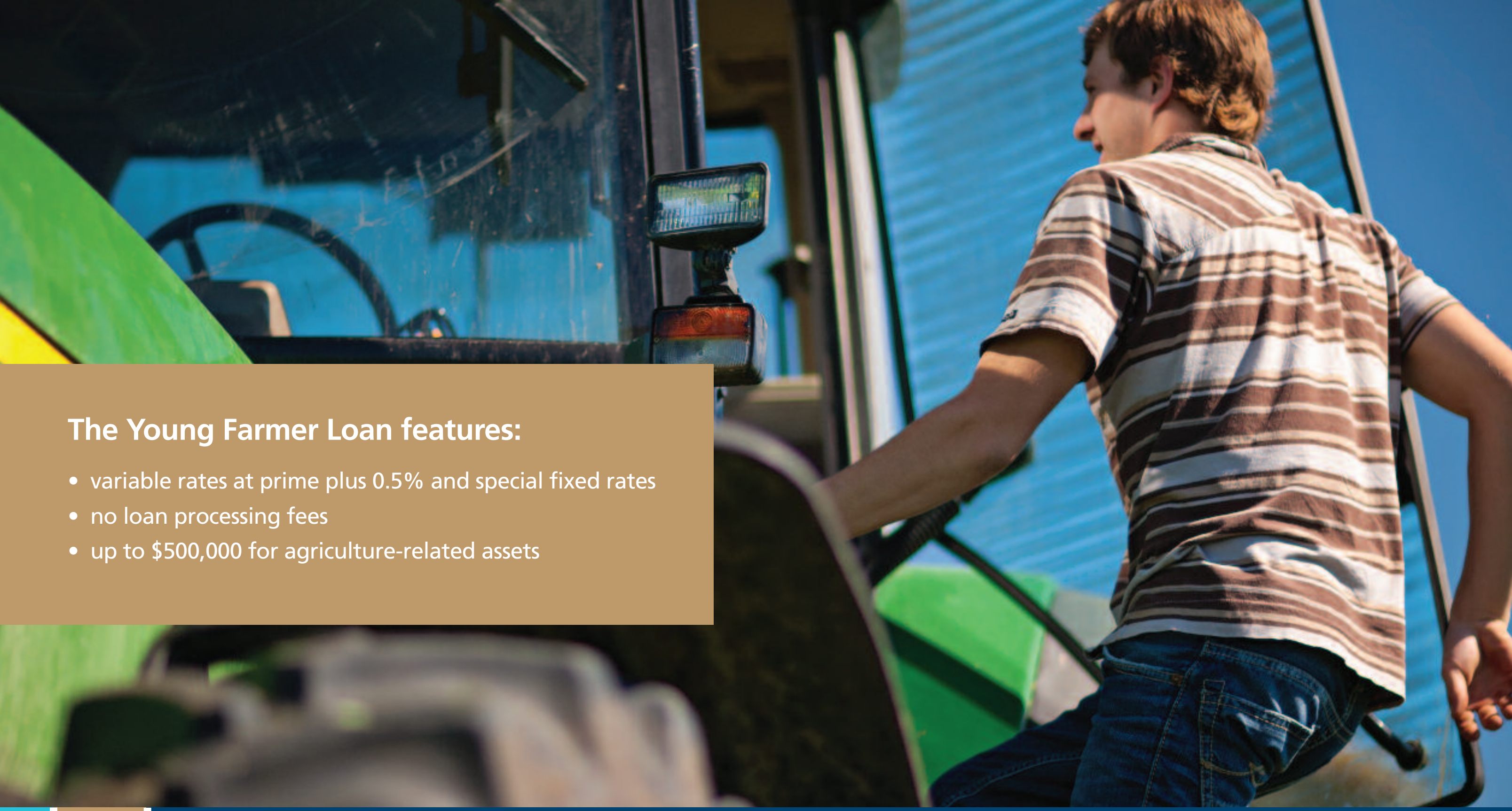
- almost half (42 per cent) were caused by horses; roughly a third by cattle
- more than three-quarters of the victims were male, and almost half were owner/operators
- fifteen per cent of victims were children of owner/operators
- the most common places for fatalities were fields, pens, barns and farm yards
- chests (27 per cent) and heads (26 per cent) were the primary points of fatal injuries

To avoid being kicked or crushed, CASA recommends never working on foot inside animal pens that don't have secure panels or gates, or that aren't designed for rapid escape.

CASA also cautions people against working alone around large animals, especially bulls and horses. Similarly, people should never approach horses and cows from behind or stand in their kick zone.

Forty years after doing just that, I consider myself lucky to be sharing this story with you.

BY MARK CARDWELL



The Young Farmer Loan features:

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FROM FCC

Young Farmer Loan

is ready for the future

Know someone who's under 40 and loves agriculture? You're not alone. In 2011-12, FCC disbursed more than $1.9 billion to young farmers to help them succeed.

Today, the next generation has another option to finance the future of Canadian agriculture. FCC recently introduced the Young Farmer Loan, which provides up to $500,000 to purchase or improve farmland and buildings, or to purchase equipment or livestock.

"Agriculture is a key driver of jobs and economic growth here in Canada, and young farmers are vital to the long-term prosperity of the agriculture industry," Agriculture Minister Gerry Ritz said at the launch of the Young Farmer Loan. "Encouraging young farmers to invest wisely and contribute to a prosperous, modern sector is not only good for agriculture but good for Canada."

FCC is making $500 million available for Young Farmer Loan financing across the country.

"We listen to our customers, and we develop products and services to meet their needs," said Greg Stewart, FCC President and CEO. "By allowing young producers to borrow with no fees at affordable rates, the Young Farmer Loan will help them build their businesses and develop a solid credit history. As a responsible lender, we're excited to see how they use this product to grow their business and the industry."

Learn more at www.fcc.ca/YoungFarmerLoan, or call us at 1-888-332-3301.

FCC lending to young farmers

2010-11	2011-12
$1.6 billion	**$1.9** billion

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