

JULY / AUGUST 2013

**real-life**  
farm management  
stories

# AgriSuccess



New veggies and old vines mix on Shantel and Ryan Bosgoed's Ontario farm



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**JULY / AUGUST 2013**

### On the cover:

The Bosgoeds planted five of their 100 acres to Pinot Noir, Cabernet Franc and Riesling grapes for their fledgling Inasphere Wines alongside the usual – and some unusual – vegetables on the family's farm near Turkey Point, Ont. (Page 4)

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Cette publication est également offerte en français. Consultez [www.fac.ca/agrisuccess](http://www.fac.ca/agrisuccess).

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

- Canadian Farm Writers' Federation award for periodicals; Gold 2008; Silver 2010, 2011; Bronze 2009, 2012
- Canadian Agricultural Marketing Association (CAMA) Awards; Excellence 2009, 2010; Merit 2006, 2007, 2011

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## from the editor



In many ways, our readers wrote this edition.

Journalism is often a one-way street. Publications try to be plugged into what readers want. In the case of AgriSuccess, the stories are all about farm business management, but are we really hitting the mark?

Unless readers are particularly annoyed or particularly enlightened by a story, they don't usually take the time to fire an email to the editor.

This publication has one major advantage in that regard. FCC has an agriculture-focused research panel made up of producers, operators and agribusiness entrepreneurs from all sectors and all regions of the country. The FCC Vision Panel is regularly polled for opinions, and we use the information to help decide what topics we should pursue.

For this edition, we took it one step further. Responses from Vision Panel participants also formed the basis for two of the stories.

The process worked like this. First we asked respondents to rate about 10 different story ideas. Some of the ideas were submitted by the journalists who write for AgriSuccess, and some came out of the FCC editorial board.

Quebec journalist Hugh Maynard came up with the idea of writing stories on what farmers considered to be their best business decision, and what advice they had for farmers starting out. As it turned out, the concept of "If I'd known then what I know now" had a lot of appeal. Panel participants rated it No. 1.

Next was a survey asking them to expound on those specific questions. Responses poured in. Hugh's job as a journalist was to wade through all the input and characterize the responses into a couple of stories. He had a plethora of quotes from which to choose.

We hope you like the end result. Thanks for doing a lot of the work for us.

You can have your voice heard, too, by sending me an email any time – [kevin@hursh.ca](mailto:kevin@hursh.ca).

# Get more succession options with family trusts

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It's possible to pass your farm to the next generation without paying a lot of taxes. However, with farm assets climbing so much over the past few years, programs like the \$750,000 lifetime capital gains exemption may no longer come close to covering the full increase in value. If values continue to increase, a family trust could help set up your beneficiaries relatively tax-free.

A trust is a contract in which a settlor gives up ownership of an asset by transferring it into a trust, says Craig Gartner, a partner with Moodys Gartner Tax Law in Edmonton. A trustee then holds that property and manages it according to the terms set up when the trust was established, for the benefit of its beneficiaries.

Imagine preparing a will while you have minor children. Since minors can't claim an inheritance until they are adults, if the parents die before then, the estate is placed in trust and managed by a trustee until they reach 18 (or older if defined by the trust). The trustee manages the estate according to the terms set out. Inter-vivos, trusts created during your lifetime, are similar.

"A trust is almost a perfect vehicle for holding land," Gartner says. "The legal principles behind them were developed in Europe at the time of the Crusades, so there is nearly 1,000 years of jurisprudence behind them."

If you transfer land ownership into a trust, you're deemed to have sold it at fair market value. Since ownership doesn't pass directly to your offspring, you can't pass the capital gains on using tax-free rollover provisions. Your kids can reduce their tax bill by claiming their lifetime capital gains exemption.

The benefits of incorporating a farm are crystal clear, says Dean Klippenstine of MNP in Regina. It's simple math: the corporate taxes on \$250,000 are a lot less than personal taxes.

But trusts can't do everything. They create no immediate benefit and don't reduce taxes on current income. However, wealth created inside a trust can be transferred tax-free to beneficiaries, but not for eternity. Every 21 years, accrued gains on assets not distributed must be taxed.

Farmland placed in a trust separates ownership of the land from control of the land, Gartner explains. The trust owns the land but the trustee follows provisions for what happens on the land. The former owner and beneficiaries have no control over it. That's why land placed in trust can't be lost in a lawsuit or be part of a matrimonial dispute. The downside is that since the beneficiaries don't own the assets, they can't use them to leverage future growth.

"We don't advocate using family trusts as a substitute for equity earned when the next generation of children are actually becoming part of the operation," Klippenstine says. "The trust's assets are owned by the trust and are under the control of the trustee, rather than with the kids (beneficiaries) directly. This means they don't have access to those assets. They can't demand dividends or demand repayment of the shares, and they can't be used as collateral for mortgages. Earned equity, as opposed to an eventual inheritance, should be controlled by the next-generation successors."



Klippenstine says family trusts help retired farmers who have no intention of selling their land avoid a looming tax landmine. Farm rollover rules state that land must be principally used for farming to be eligible for the exemption. Fortunately, Canada Revenue Agency says that land you've farmed for more years than you've rented it out still qualifies. So if you farmed a piece of land for 25 years, you could rent for 24 years before you'd have a problem.

"These rules were fine when most landowners farmed for their entire lives and then rented it out for a few years after they retired," Klippenstine says. "However, a lot of middle-aged farmers left the industry in the past decade. Few have given any thought to how significant a tax bill they are going to leave behind when they pass on. Trusts are sorely needed."

Let's say you're 55 and your corporation has \$2 million worth of land that soon won't meet the rollover provisions, Klippenstine says. If land continues to go up at the rate it has in the past five years, it might be worth

\$4 million in another 20 years. When you die, your children are going to be hit with \$800,000 in taxes. If they're average wage earners, the only way to pay that bill would be to sell some or all of the land.

Now imagine you froze your farm company today at its current value of \$2 million, exchanged your common shares for preferred shares and your family trust purchased the new common shares. You still would have your original \$2 million that you'd be taxed on when you redeemed the shares or passed on. However, assets in the trust would rise in value for another generation tax-free.

"There is lots of rented land out there that still qualifies for the gains deduction and rollover provisions, but the number reduces every year," Klippenstine says. "A trust is a great tool that's specifically designed to help families pass their wealth on to the next generation."

**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.*



“A variety of crops helps mitigate and manage risk.”



# Free-range tomatoes and pinot noir

## A young family takes traditional vegetable farming to a new level

Ryan and Shantel Bosgoed became official owners of their 100-acre vegetable farm near the picturesque Lake Erie village of Turkey Point, Ont., this winter. To celebrate, they eschewed the traditional bottle of champagne for a glass of Ontario wine – pressed and fermented themselves in small 60-litre barrels they hope will soon form the foundation of what they’re naming Inasphere Wines, their own on-farm winery.

Ryan, 28, and Shantel, 26, are third-generation owners of Bosgoed Farm. The land was purchased in 1963 and diked for farming by Ryan’s grandfather William, and has been operated for the past 30-plus years by his parents John and Julie. Ryan was raised there, and the family plan always called for him to take over the farm, which he and Shantel have now done.

Bosgoed Farm, which employs up to 20 workers at peak season, is blessed with rich, fertile soil. It partly comprises gentle sloping land to the lake, as well as drained marshland that was once part of Lake Erie. This area is revered by conservationists for traits such as wildlife (it’s a stopping point for tens of thousands of migrating Monarch butterflies) and for its designation as part of the Long Point World Biosphere, one of 15 such designations in Canada.

Being in a world biosphere comes with, among other things, certain building restrictions. But that’s just fine with the Bosgoeds – they’re more interested in high yields than high rises, anyway. To that end, they’ve developed a

plan to grow crops and business enterprises that will take the traditional vegetable farm in a direction it’s never been.

While acknowledging the past and the farm’s heritage – including a very active roadside stand that accounts for up to 10 per cent of their farm income in some commodities – they see the future in a very different way.

High quality tomatoes and cabbage are among the vegetables that got them this far. Now building on that reputation, the Bosgoeds are stretching out into new territory. This year, they’re taking 10 acres of celery out of production. “It just wasn’t profitable,” Ryan gives as the reason for swapping it for five acres of squash, 2.5 acres of onions and 2.5 acres of the new darling of Ontario-grown functional foods, kale.

“Having a variety of crops helps mitigate and manage risk,” Shantel says.

Ironically, though, their biggest change so far is as much in their marketing strategy as it is in their production, with a new branded tomato they’ve dubbed, tongue-in-cheek, the “free-range tomato.” It seizes on consumers’ craving for tradition. Started from seed in the Bosgoeds’ greenhouse, the seedlings are transplanted to the field as soon as the chance of frost is gone.

They’re grown in what the family calls “traditional” style, meaning the old-fashioned way, without drip irrigation or plastic hoops or other such production tools and practices.



Is it successful? Well, at harvest last fall, patrons lined up at the roadside stand for the next delivery from the field, then cleaned them out. Free-range tomatoes were also sold in local markets, while the farm's non-branded tomatoes have logged some highway miles, appearing on grocery shelves as far east as Moncton, N.B.

But the big change is yet to come, and it's reflected in this young couple's resumes – Shantel holds a business degree from Brock University, and Ryan graduated from Niagara College's wine and viticulture program. After graduating, Ryan landed a job at Jackson Triggs winery, which turned into a four-year educational smorgasbord for someone wanting to start his own operation.

Back on the family farm, Ryan began experimenting. In 2004, he planted a quarter-acre of 10 vinifera grape varieties, assessing which would have the most agronomic potential for Lake Erie's south coast. Pinot Noir, Cabernet Franc and Riesling led the pack; now, the Bosgoeds' vineyards have a total of five acres of these varieties.

And that's clearly where the Bosgoeds are headed. With a combination of capital support from Farm Credit Canada and old-time ingenuity handed down through three generations – such as a durable planter once used by Ryan's grandfather, adapted to modern-day use – they see a clear path.

In the short term, they'll sell their grape harvests to nearby wineries such as Burning Kiln and Golden Leaf. They'll get closer to the business end of wine production as members of the Ontario South Coast Winery Association, on which Ryan is a director.

But starting next year, they're all about Inasphere. They plan to start by producing 1,000 cases of wine on their own farm, from a cabin they've identified for retail sales. They'll stay diversified with free-range tomatoes and other roadside produce, but there's no question their hearts are in wine production.

And given the emergence of boutique wineries in rural Ontario and the strategic agri-food development of Lake Erie's south coast, their dream seems to have every chance of becoming reality.

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





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# Farm equipment industry continues to innovate

We asked Colin Rush, Case IH Senior Director of Regional Sales, for his insights on farm equipment.

## Is remote operation – driverless tractors and combines – on the horizon?

We all envisioned a decade ago that tractors and combines would be driving themselves, and we have made advances in that technology. However, with the shortage of skilled labour in agriculture really being a challenge, we've settled on how to make equipment operation easier.

We're putting non-experts in equipment with the complex adjustments and settings made, for instance, from a master combine or tractor in the field. We're also making vehicle-to-vehicle communication more complete, with a grain cart that can pull up to a combine and the combine will take over and control the distances between the two.

Remote operation will play a role in some crops, but making operation easier for non-skilled or average-skilled workers is a main focus.

## What goes into bringing new equipment and technology to the marketplace?

Our dealer network has to be ready for it. They have to have the training and we need to provide it.

Investments are needed in call centres that answer 80 per cent of the questions such as, "Hey, I forget how to do this because I only use the machine six weeks out of the year. Can you go through these run screens with me again?"

Before you release a product, it takes a lot of support. There has to be a dual path of product development and support infrastructure.

## How do you use customer feedback when it comes to design?

We always say it's paramount. We don't just come up with a tractor or combine and then try to market it for all

conditions. We're really trying to bring in customer feedback in the evolution of a new piece of equipment. We're not using a product for 10, 12 or 14 hours a day. You are. Tell us how you'd like it. That's customer-driven product design.

## With dealer consolidation and other changes in the industry, do you see different customer interaction in the future?

Interactions are changing. Probably 10 years ago, producers wanted to talk about features and benefits and they still do, but they also want to talk about what's going to add value to their operation: "What's the next advancement in Case IH equipment that can put the next dollar in my pocket?"

They're a lot more business-oriented, and a lot of the owners of the equipment don't even sit in the equipment anymore.

### COLIN RUSH

*Colin Rush is responsible for all aspects of the Case IH-dealer relationship, right down to the customer. He's based in Saskatoon, Sask.*



VIDEO: See the two-part video interview with Colin Rush.

[www.fcc.ca/AgriSuccessJuly2013](http://www.fcc.ca/AgriSuccessJuly2013)





# Get up and running

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FEATURE

## Consider these financial rules of thumb

Water expands when it freezes. In most English words, it's "i" before "e," except after "c." And then there's the rhyme we learn as kids: Thirty days has September, April, June and November...

Basic principles and rules of thumb are useful in our everyday lives. Farm financial nuggets can serve the same purpose.

When is it viable for a farm to incorporate? Lance Stockbrugger, a farmer and chartered accountant from

Watson, Sask., uses the rule of thumb that a farm needs at least \$80,000 to \$100,000 in annual net income before incorporation should be evaluated.

"When you consider what you will have to take out of the corporation for personal spending and the extra annual costs associated with a corporation, you need to have at least that much income to make the extra costs of incorporation worthwhile," Stockbrugger says. "Also, it's very important that this is on average and on an accrual basis, not cash."

Stockbrugger says another good planning point is that each shareholder should be deeming enough income from the corporation to get them to the top of the lowest tax bracket in their province. Making use of this low tax

bracket every year reduces the tax deferral problem. If that amount is a strain on the finances of the farm, the money can still be declared, even if it stays within the farm accounts.

Analysts will tell you that partnerships are underused. Before incorporation, many farm operations switch from sole proprietorships to partnerships for a couple of years because there can be a number of advantages.

Stockbrugger advises people starting out in agriculture to strongly consider a partnership as their start-up vehicle. "They're very easy to set up, you can use the business's start-up losses, if any, against other personal income and there are also significant tax advantages later on when the operation becomes profitable."

The chartered accountant and farmer also has advice for trading off equipment, saying it's generally not worth having the dealer give you a trade-in allowance larger than your cost base of the asset being traded. While it will give you the benefit of a higher capital cost allowance deduction in future years, the higher value will create taxable income in the year of the trade.

Merle Good, who recently retired after a long career as a farm tax planning specialist with Alberta Agriculture and Rural Development, also likes rules of thumb. There are many financial ratios that can be used to measure a farm's performance, but Good pays particular attention to particular aspects of a farm's current assets versus current liabilities.

"The operating loan balance plus accounts payable plus cash advances should not exceed 50 per cent of the value of inventory to be sold (grain) plus accounts receivable plus pre-paid inputs," Good says. "Otherwise, it will be very difficult for the farm operation to move ahead, and the operation will be vulnerable if there's a drop in gross income."

Good says that once the ratio goes significantly beyond 50 per cent, the operation will usually be able to revolve the operating loan, but an actual reduction in the operating loan balance is very difficult to achieve. Terming out the operating loan by pledging land security for operating losses can be the result, and that isn't a healthy situation.

Good also likes to use ratios to help grain producers decide whether to rent or buy land. Here's the analysis he uses:

In central Alberta, back in 1981, the typical land price was \$1,200 an acre. Interest rates were 15 per cent and so a loan with a 20-year term carried an annual per-acre payment of \$190. Cash rent at the time was just \$40 an acre, so it took 4.75 times the cash rental payment to make a loan payment.

Fast-forward to 1993. Land prices had dropped to \$800 an acre and interest rates had slipped to 10 per cent,

## The ratio of land payment to cash rent can give you some clues as to which option is most viable

making the annual land payment \$94 an acre. Cash rents at the time were \$45 an acre. A little more than two times the cash rent would make a land payment.

Obviously, purchasing land rather than renting was a great decision in 1993 and not such a good decision in 1981.

What about recently? Good pegs 2012 land prices in central Alberta at \$3,000 an acre with an interest rate of around five per cent. That's an annual payment of \$240 an acre. Meanwhile, cash rents were in the \$80 an acre range, meaning it required three times the cash rent to make the land payment.

Good believes land is affordable at that ratio, but land purchase isn't the clear-cut decision today it was back in 1993.

Every producer can use local land prices and cash rent information to track the ratio over time.

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: Farmland – buy or rent? Merle Good shares tips on making an informed decision. [www.fcc.ca/AgriSuccessJuly2013](http://www.fcc.ca/AgriSuccessJuly2013)



# The surprising value of free advice

What's the best farming advice you've ever received? That question – among others – was included in an online survey of FCC Vision Panel members, hoping to profit from their experience. Responses fell into two broad categories – philosophical and practical.

First among the philosophical was the counsel they heard to take care of themselves and those around them. No amount of dollars, no amount of assets and no amount of stress is worth it if you can't sleep at night, they were told. The second was to have faith in themselves: trust their judgment, be themselves and, of course, do their very best at every opportunity.

Great philosophical advice, but what about the practical?

It turns out they received all kinds of advice, much of it from opposing ends of the spectrum: borrow as much as you can, don't borrow too much; buy quality over price, don't over-pay; change banks, don't change banks; buy now, don't be impatient.

Obviously, advice is very much based on personal experience. The main message is to understand your own farm business as much as possible so you can assess the advice and suit your own circumstances.

*“Sometimes in agriculture you need the visionaries to forge ahead despite what market conditions are telling you.”*

*“Do your very best, each day, in everything you do, while staying focused on your dream ... and you'll sleep well at night.”*

## Pay it forward

So if advice comes from personal experience, what would the respondents consider most important pieces of advice for someone starting out?

By far and away, acquiring some combination of knowledge, understanding and information were at the top of the list: listen to others in the business, do your homework so you can make informed decisions, ask a lot of questions before jumping in feet first. Throw in some education; knowledge is king.

And as reinforcement, getting advice from others was cited quite often as . . . well, good advice. Accountants, partners, peers, advisors – there are lots of people out there who have something valuable to contribute if you have an open mind and can assess what it is they have to say.

Lastly, there were a lot of suggestions to make sure you have a Plan B. Whether that's an alternate scenario

within your farm's business plan, or a trade certificate for an off-farm job, be prepared to shift gears when necessary. Because things are not always going to go as planned.

*“Don't try to do everything at once. Have a plan and stay working with a steady income until you have the basics in place ... and then take the next step.”*

*“Have a short- and a long-term plan. Focus on what you have planned, and work smart.”*



## Adapting to change

*“We went from one operator to a family farm when our oldest son came home. We had to expand to make it work, and learn that my way was not the only way things can be done.”*

*“Instead of dealing with problems as they arise, we have Plan B and Plan C and Plan XYZ as alternatives.”*

Having received all that good advice, respondents were also asked how their farm management had changed to keep their operation successful.

A common sentiment was the step-by-step approach to building the farm business. Expanding little-by-little, so the pieces are manageable and the risks mitigated.

The other frequent reaction was the shift from doing to managing. Many said that with computerization and new management systems, they were spending more time in the office keeping track of things and researching before implementing. Generally, less time was spent doing the physical work in the field or barn.

New approaches to managing operations were also mentioned, such as sharing equipment and input purchases with like-minded farmers to keep costs and workloads down. Adopting new practices was also frequently mentioned, ranging from minimum tillage to monthly budget analysis. One respondent even noted that paying income tax rather than avoiding it actually made the farm business more money in the long term.

## Finding the best advice

Finally, respondents gave suggestions on the best places to get advice.

Financial professionals, particularly accountants, were first on the list, followed by the many other types of professionals who interact with agriculture on a daily basis – input suppliers, marketing representatives, nutrition services, veterinarians and lenders.

One respondent has an advisory team to formalize the planning and feedback process. Successful friends, farmers and business people were frequently cited as go-to people when seeking input or new ideas.

The Internet was mentioned frequently as an easy-to-access source of information to complement publications, newsletters and farm meetings. Courses and seminars were noted, and even the venerable “coffee shop” received an acknowledgement for its multi-faceted role as an advice-giving institution – whether you want it or not.

*“Now, with a coffee cup and a laptop, I have the world at my fingertips.”*

*“There are good financial people, there are good courses offered through Farm Credit ... I also sit on a couple of boards that challenge you to keep yourself up-to-date with financial and current affairs.”*

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.

# If you knew then . . .

“When I bought my first bred sow and seeded my first crop, I wish I would have had the money to go on and advance my education, not jump into farming with both feet.”

What’s the one thing you wish you would have done when you started managing your farm? It’s obviously an easier question to answer today than it was 20 or 30 years ago, given the benefit of hindsight, but it’s an important one to consider when handing advice to the upcoming generation.

We asked this and other “what if?” questions of the FCC Vision Panel, operators and agriculture entrepreneurs assembled by Farm Credit Canada. We received some expected and some less-than-expected responses.

The No. 1 thing respondents wish they would have done? Bought more land. By far and away the most frequent response was the wish they hadn’t been so risk-averse, hadn’t worried so much about interest rates and had generally pursued a more expansion-oriented outlook for the farm’s development.

Other frequent responses were to have adopted more business planning into the farm’s operations, especially around marketing, computerized bookkeeping and general management know-how.

Several wished they had bought their farms in better locations, a reflection of owning a farm in proximity to expanding urban centres, and one commented he could have kept his off-farm job longer.

One personal lament came from a farm wife who wished she had insisted on more down time, more time for family fun. Wise words indeed.

## What’s the best thing you did?

Wishful thinking was not the only thing on respondents’ minds in the survey. They also commented on things they did get the chance to do. No surprise, then, that those who bought land are glad they did.

The other big ticket item on the positive side of the ledger was having good relationships. The support of spouse and family, the learning to be had from neighbours and

“I’m glad I stepped out when I purchased my first farm. A lot of people were skeptical at the time as the price seemed to be a lot. Today, it seems like a real bargain.”

“In some ways the isolation we had – because we were doing things differently and looked at life differently from the start – gave us the advantage of researching new ways and ideas, looking outside the box, experimenting with different ways of running this operation.”

friends, as well as the networks with suppliers and service providers were all mentioned frequently as things respondents valued in building their operations.

There were also quite a few “glad I didn’t” comments, especially related to not buying equipment newer or bigger than they needed, not taking on too much debt and not doing things the same way they’d always been done. Respondents reflected a lot on the benefits of getting prepared, from ensuring siblings were taken care of in the farm transfer to focusing on building the herd or adopting new technology such as no-till.

## The future

The past is easier to reflect on than the future is to predict, but we also asked the panel about the one farm management measure they’d still like to implement. The two most prominent responses concerned marketing and farm succession.

The marketing focus is likely a reflection of producers today having to be more involved in what happens to their product beyond the farm gate. They want to know more about commodity trading, hedging options and marketing in general, as well as sharpen up the financial skills that are a necessary sub-component of marketing.

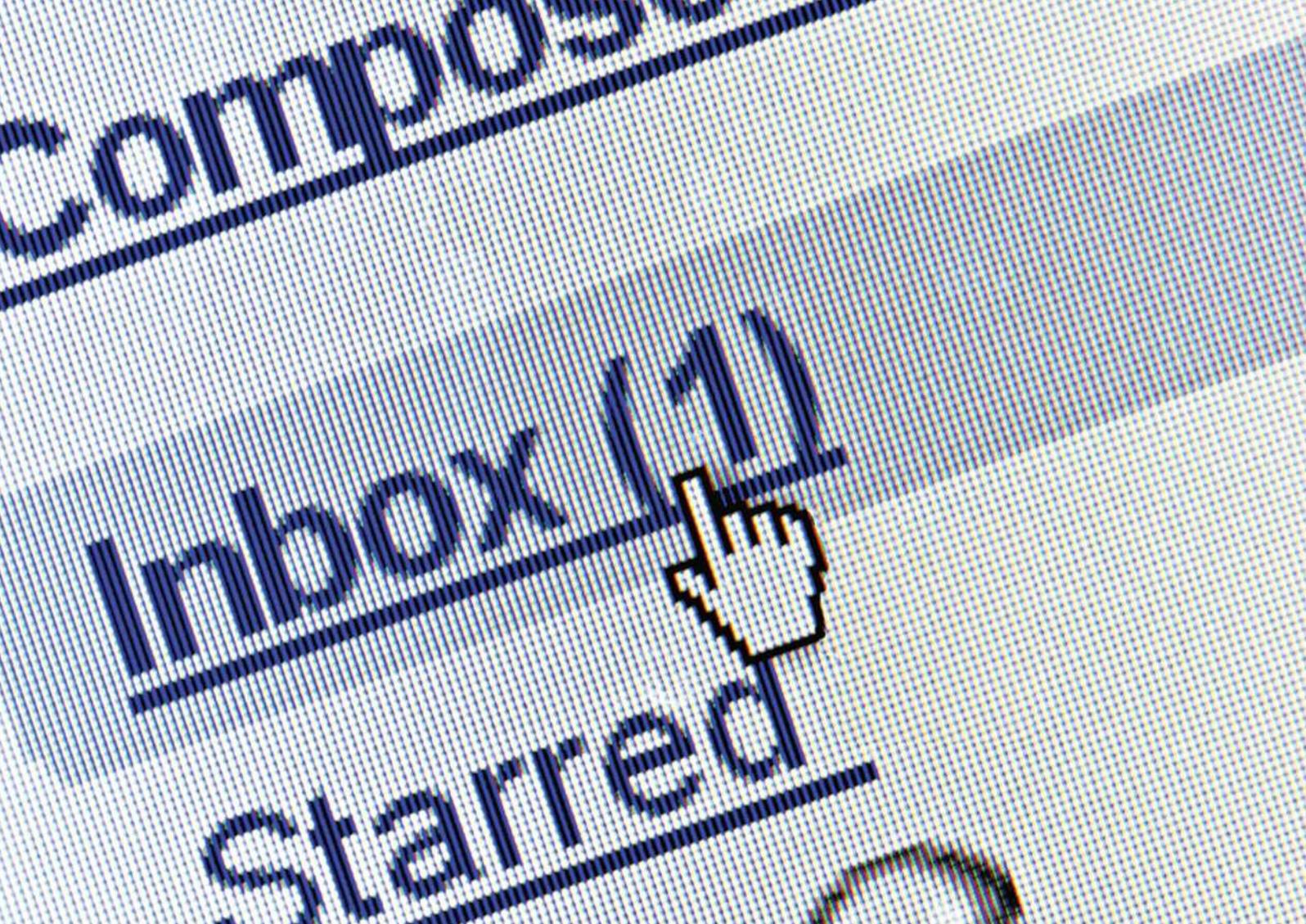
Nothing says the future more than succession, and a number of respondents said they were starting to plan for succession or were already working on how to transfer the operation to their children.

The range of the remaining responses was diverse, but mainly focused on improving a production or management aspect. Boosting yields, better cropping practices to improve the soil, and new buildings and facilities were commonly cited as “next on the list” items. Others noted they wanted to manage risk better, dedicate more time to the increasing demands of governments and their agencies (paperwork!), and one wanted a “farm boss.”

BY HUGH MAYNARD

“There are still a lot of different things we want to do: irrigation using a gravity-fed system while generating power, expand into raw wool processing on the ranch, improve our rotational grazing out on our summer range, try to put together an economic solar watering system for the cattle in the winter, a better way of marketing our animals.”

Who’s on the Vision Panel? Members include those in primary production, all levels of agribusiness and agri-food, agriculture-related studies and those whose businesses have a direct association with the agriculture industry. You can join and have your voice heard, too. Share your insights, ideas and opinions – and be rewarded for your efforts. Visit [www.fcc.ca/vision](http://www.fcc.ca/vision) to register.



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# What's your water footprint?

By 2030, some experts predict there will be as much as a 40 per cent gap between the world's water supply and the demand, according to *Charting Our Water Future*, a report from the 2030 Water Resources Group. As both a steward of water and one of the largest net consumers, there's going to be a large impact on agriculture.

Obviously, more water will be needed to produce food for the growing world population, but there will be increasing pressure to use water more efficiently. Water recycling and reuse will become bigger issues.

Some food supply chains are measuring carbon footprints. How soon before retailers will want to know your water footprint?

Water footprints are a measure of direct and indirect water use. In 2011, the Water Footprint Network established a Global Water Footprint Standard.

Finland-based Raisio is the world's first food company to include an H<sub>2</sub>O label on its product packaging. The label shows water consumption from production to end product.

No one can predict the future with certainty, but it seems likely that water will become more expensive in the years ahead and that there will be more scrutiny on water use.

Some experts believe that desalination will be a partial solution. Technology is steadily reducing the high cost of removing salt from seawater. Thousands of desalination plants in coastal regions worldwide are running or are being built. As the cost of water rises, desalination will become more attractive.



Canada is blessed with 20 per cent of the world’s fresh water and seven per cent of the world’s renewable fresh water. That should solidify our position as a key food exporter. However, there are many regions of the country with shortages, demand from competing uses continues to rise, and there are also quality concerns.

What can individual producers do? Evaluate new water-conserving technologies. Adopt practices that preserve water quality. Be aware of your water footprint.

Mark Twain is thought to have said, “Whisky is for drinking. Water is for fighting over.” Even with advances in water conservation and desalination technology, this quote is becoming ever more poignant. There are many competing uses for water and there’s no substitute for it.

BY KEVIN HURSH



Find related links and more information in Knowledge Insider, Water edition. [www.fcc.ca/insider](http://www.fcc.ca/insider)

Virtual water in food		Water needed to produce (litres)
1 hamburger		<b>2400</b>
1 glass of milk		<b>200</b>
1 egg		<b>135</b>
1 apple		<b>70</b>
1 slice of bread		<b>40</b>
1 potato		<b>25</b>

Source: adapted from Food and Agriculture Organization of the United Nations, FAO Water Development and Management Unit

# Opportunity in our own backyard



Canada is an exporting country, with nearly half our gross domestic product coming from the goods and services we ship to other countries. Agriculture is no exception. Two-thirds of what we grow and raise goes to feed people elsewhere, particularly the United States.

There is, however, an opportunity at home that farmers would be well advised to keep an eye on. It's not the baby-boomers; even as there are more of them, they will start to eat less as they – ahem – mature. It's not young families, as they're having fewer children ever later in life. And it's not Aboriginal Peoples, proportionately the fastest growing demographic segment in the country.

The emerging food market to tap into is the new Canadians who will make up at least 30 per cent of the country's population in the next 20 years. There are about 250,000 immigrants arriving in Canada each year and they bring with them a taste for cuisine from their home

countries. They're also influencing and changing the food preferences of people born here.

Bok choy, Asian eggplant, halal meats, naan breads, falafel, tahina and somosas are but a few of the food items preferred by cultural communities across Canada. Given that this market segment offers the potential of \$10 billion in farm gate sales in the near future, now is the time to start planning to succeed in this promising market.

Some producers have already read the playbook and are getting to work. Jason Verkaik of Carron Farms raises vegetables in the rich, black-muck soils of the Holland Marsh north of Toronto. He has switched from exporting orange carrots to the U.S. to growing the Indian Red variety, in response to the preferences of the increasing numbers of south Asians living nearby. (The orange carrot was cultivated by breeders in the Netherlands in the 17th century as a tribute to William of Orange who led the struggle for Dutch independence – but that's another story.)

Some communities in metropolitan Toronto already have more than 85 per cent of their population speaking a mother tongue other than English or French. Farmers like Verkaik have spotted the market potential of this demographic shift and have responded. What has been a market niche is rapidly becoming mainstream in the chain supermarkets.

Given that food importers will chase this market opportunity if Canadians don't, doing a bit of research and planning for alternate farm produce that will appeal to new Canadians could pay handsomely.

BY HUGH MAYNARD



## Undermining winter

It's hard to think about the cold clutches of winter during the dog days of summer, but now may be the ideal time to consider installing an automated system designed to keep walkways free from ice and snow.

Already popular in many Scandinavian countries, where they are widely used to help keep city sidewalks safe and dry for pedestrians during the long winter months, automated ice melting systems are also used by many large companies in Canada, particularly in the oil and gas industry.

Now some Canadian producers are warming up to the idea of having ice-free walkways for workers and animals.

"I don't know many people who are eager to shovel snow in winter," quips Léandre Morin, a third-generation owner of Couvoir Scott, one of Quebec's largest egg and chick producers. Last fall, Morin had ice-melting systems installed in the eight-by-eight outdoor cement shipping platforms at all 15 of his egg-laying facilities.

Made up of monitor-controlled heating cables that are installed inside poured concrete or under paver blocks or asphalt, the systems prohibit the accumulation of snow and the formation of ice.

According to Morin's foreman, André Bruneau, the systems kept the platforms bone dry this winter. That both eliminated the need to shovel them after snowstorms and diminished the risk of injury to drivers who handle the 1,200-pound racks containing thousands of eggs shipped from each facility several times each week.

In addition to enhancing workplace security, Morin says the systems eliminate the need to buy and use salt. The downside is the cost of the systems, which retail for roughly \$8 per square foot (plus installation by an electrician), and the 50 watts of electricity per square foot the systems use when switched on, either manually or automatically.

"You never get something for nothing," Morin says. "But in this case I feel it's worth it."

Philippe Beaulieu agrees. A former dairy producer who is now chief executive officer of Celsair, a Canadian company that sells an ice-melting system called Aneo to mostly commercial customers like hotels and stores (through electrical supply stores and landscaping companies), he says producers can benefit greatly from snow- and ice-free walkways.

"Farmers are always walking around barns or machine sheds carrying stuff, moving livestock," Beaulieu says. "Having a maintenance-free and relatively inexpensive ice-melting system is a good way to keep them and their animals safe from slips and falls in winter."

**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.*



FROM FCC

# Last March, almost 900,000 Canadians walked through the front door of a food bank asking for help

## 38 per cent were children

### A decade of fighting hunger together

When it comes to our basic needs in life, food is at the top of the list. Most of us are fortunate enough to have plenty to eat. Not everyone is so lucky.

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Tours are planned in Alberta, Saskatchewan, Southern Ontario, Quebec, Prince Edward Island, and in Regina, home of FCC corporate office.



**"I'm really excited about what the future is in agriculture as a whole.**

I think more than ever it's got to be run with a business plan and a sharp pencil."

- Doug Seland, Alberta

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