

AgriSuccess

SEIZING OPPORTUNITY IS JUST THEIR STYLE

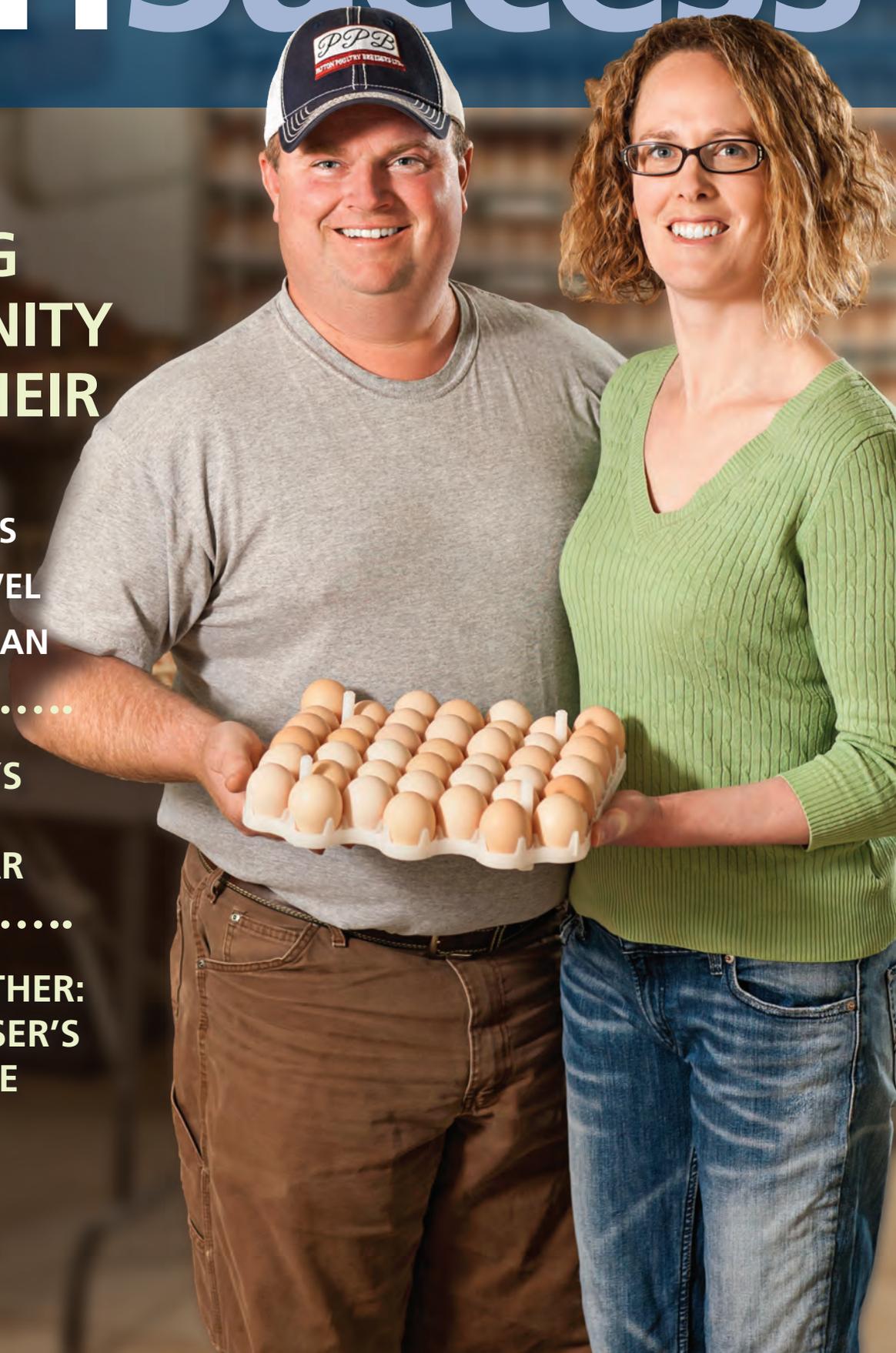
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Jim and Martha Patton run Patton Poultry Breeders in Ontario and grow soybeans in Saskatchewan. (Page 4)

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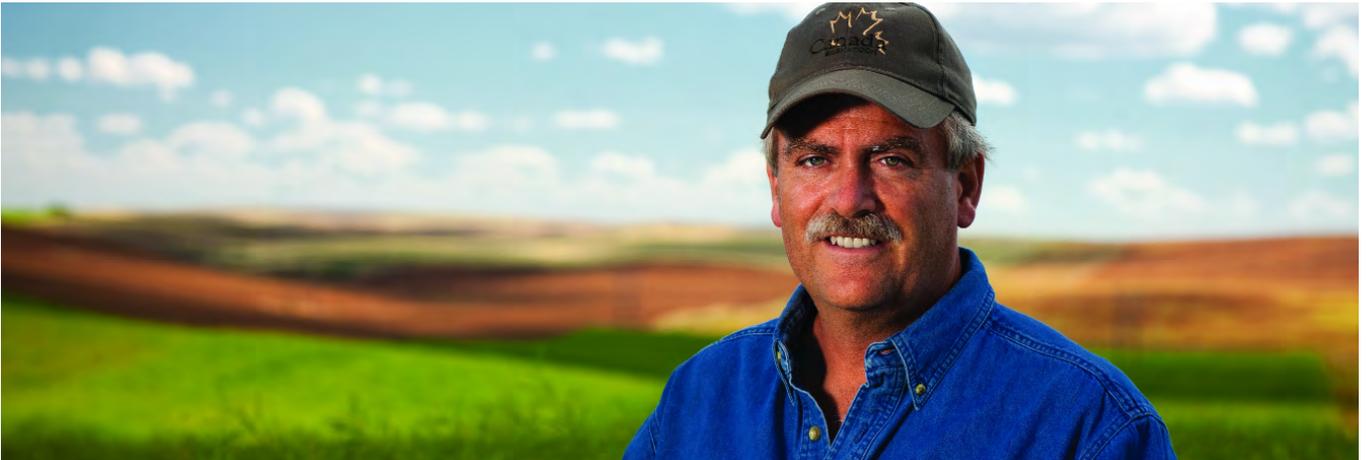
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As I communicate with producers across the country, I'm often amazed at how many medium-sized operations are not incorporated. It's my personal view that many more farms should be considering that ownership structure.

AgriSuccess has had stories on incorporation in the past, but we've tackled the topic again, this time in Lorne McClinton's *Your Money*.

How big should a farm be before incorporation is considered? I'm not an accountant, but it isn't your number of acres, number of cattle or gross sales that matter. It's your net income expressed on the basis of accrual accounting.

For many beef and pork producers, profitability improved dramatically in the last year and hopefully this will continue. Maybe you've passed the threshold where incorporation is financially beneficial.

While tax savings from lower corporate tax rates are usually the driving force for incorporation, these savings must be significant enough to offset the cost of incorporation and the extra accounting fees that go along with one.

Sometimes, though, the accounting fees may be a convenient excuse for not taking action.

Change doesn't always come easily. Opening up a family discussion about incorporation might force discussion on other topics that have been difficult to talk about – farm succession, for example.

Incorporation shouldn't be rushed. Accountants will tell you there are major advantages to running your farm as a formal partnership for two or three years first. So in addition to professional advice, you need planning.

There's a lot of information to absorb and many decisions to make as you start down the road to being a farm corp. That may be another reason why farm managers tend to procrastinate on the issue.

While this might not be the normal time of year for visiting your accountant, it's as good a time as any to examine your farm structure and plan for the future.

We appreciate your feedback and story ideas. Email kevin@hursh.ca or tweet [@kevinhursh1](https://twitter.com/kevinhursh1). ■

This FCC publication is dedicated to helping producers advance their management practices. Here, you'll find practical information, real-life examples and innovative ideas for your operation.

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Is it time to incorporate?

BY LORNE McCLINTON



like a no-brainer, says Lance Stockbrugger, a Leroy, Sask., farmer and Chartered Accountant who conducts tax seminars for FCC. But unless your net accrual income is averaging between \$80,000 and \$100,000 a year, it just doesn't make sense.

Stockbrugger says it's important not to incorporate too soon. "It costs a lot of money to set a corporation up and you are probably looking at paying four times what you would normally pay (for accounting and other professional fees) for a personal tax return. So it's not something to enter into lightly."

While farmers incorporate almost entirely for the tax savings, structuring your farm as a corporation offers other advantages as well. It's easier to split revenues among shareholders and it offers another layer of liability protection. It also removes the necessity to pre-buy inputs and defer income for tax savings.

Canada Revenue Agency regulations allow farmers to file their taxes using cash-basis accounting instead of the accrual-based system other businesses must use. Farmers can therefore adjust how much taxable income they have in a given year by pre-buying inputs or deferring income. However, this isn't much help if your farm is steadily generating good profits. Strong returns over the past few years have left many producers operating as sole proprietorships in a high-tax position, fuelling interest in options.

If you just compare the 13 per cent tax rate that corporations pay in Saskatchewan with the personal tax rate of at least 26 per cent, incorporation looks

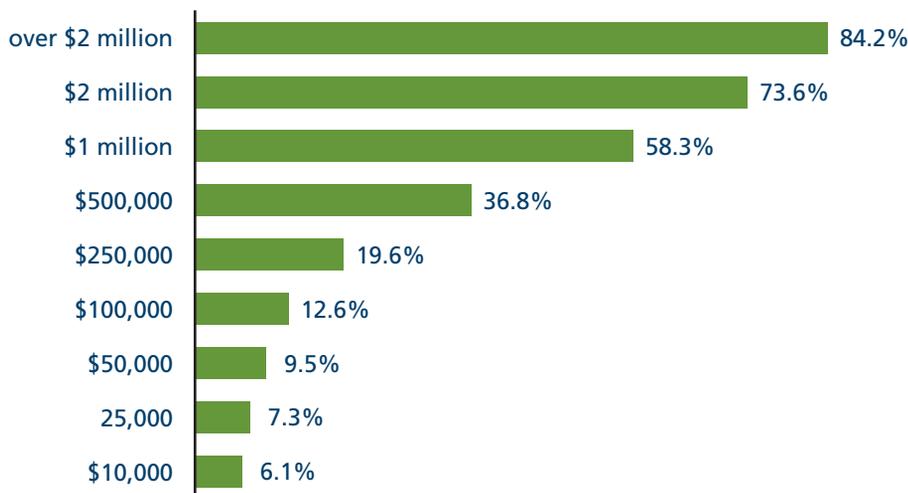
"When farmers are pre-buying inputs or deferring payments to manage their taxes, sometimes they aren't making the best business decisions," says Trevor Tamke, a partner with MNP in Lethbridge, Alta. "Because the corporation has a much lower tax rate, you can make decisions based on whether it makes good business sense instead of always worrying about the tax implications."

And since incorporated farms have no reason to defer grain cheques, the risk of non-payment is reduced. All of these factors should be considerations in whether it's time to incorporate. ■

Should you roll land into a corporation?



Percent of incorporated farms
by gross farm receipts



Source: Stats Canada Agriculture Census 2011

Producers should think long and hard before they roll farmland into a corporation, Stockbrugger explains. While there are some advantages, he says they aren't enough to offset what you are giving up.

"First, you give up capital gains exemption on farmland when it goes into a corporation," Stockbrugger says. "Second, you can't pick and choose who is going to get a particular piece of land later on, like you could if you owned it personally. Third, if you decide to rent out that farmland, the rental income is going to be taxed as investment-type income by a corporation. No matter where you are in Canada, it will be taxed at the highest rate of tax there is."

Tamke takes a somewhat different view.

"In my experience, I have seen many farmers receive significant benefits from transferring land into a corporation," Tamke says. "Some of the main advantages include utilizing their capital gains exemption on the transfer, or being able to transfer land debt into the company so that it can be paid off using after-tax corporate dollars instead of personal dollars. In other cases, though, there are very good reasons why you want to keep land out of the corporation. It really depends on the individual's personal situation."

Tamke notes that while it's very easy to move land into a corporation, it can be expensive to get it back out. ■

PARTNERSHIPS OFFER FLEXIBILITY

If your farm doesn't earn quite enough money to make incorporation worthwhile, you might want to consider forming a partnership instead.

"Partnerships are a great way to split income and have lots of tax benefits as well," Stockbrugger says. "Say you are a husband and wife with no other outside income; you can make \$87,000 (\$43,500 each) in Saskatchewan and be taxed at the lowest tax rate."

"Partnerships, though, aren't taxpayers so members of the partnership still have to report the income as personal income for tax purposes," says Trevor Tamke. "Splitting income makes a lot more sense if someone is in a lower tax bracket."

Partnerships are a common step along the road to incorporating, because they offer a little bit more flexibility with capital gains, Tamke says. Usually, farms will operate as a partnership for a period of time, two or three years at minimum, before incorporating.

Ontario poultry producers add a Saskatchewan crop

BY OWEN ROBERTS

It's not unusual to manage a home farm in one location and work more land some distance away. But how do you keep things straight when your other main operation is a few provinces away?

That's the daily challenge for sixth-generation poultry and cash crop farmers Jim and Martha Patton.

For most of the year, Jim, 37, and Martha, 36, have both feet firmly planted in Ontario. Along with their children David and Jacob, Jim's semi-retired parents Doug and Lorene, three full-time employees and one part-time employee, they run Patton Poultry Breeders Inc. at two sites.

One is the home farm near Everett, Ont., about 10 kilometres north of the bustling community of Alliston, where Honda builds Civics and CR-Vs. The other is on a separate property north of the home farm, where they found good gravel and water for two 10,000-unit poultry barns they co-own with their secondary company Double J Poultry.

As well, they grow corn, wheat and soybeans on 1,200 acres they own on and near the home farm, and another 800 acres they rent within a 20-kilometre radius.

And as if all that wasn't enough to manage, last year the Pattons purchased and rented another 1,100 acres. But this time they set their sights afar – nearly 2,300 kilometres away, in fact – to Carlyle, Sask. Through family connections, they found farmland there with what Jim describes as “beautiful” clay loam soil, ideal for what he believes is destined to be Western Canada's next big cash crop: soybeans.

In fact, the Pattons seeded their entire Carlyle acreage to soybeans. They felt confident in their decision, having had experience growing soybeans in Ontario, plus sensing the significant research and

development commitment seed companies are showing in western Canadian soybeans. Jim travelled there several times last growing season, starting with planting.

Logic dictates location

A salient question arises: why expand operations so far away?

For Jim, the answer is rooted in the past, present and future.

“The cost of land has been driven up in Ontario,” he says of the past few years. “We were looking for our next venture, and we didn't want to build another (livestock) barn, so we looked to the West. Our new farm has good logistics with a highway, a new grain terminal being built nearby and a market in nearby North Dakota.”

In other words, it seemed perfect for future growth and a great opportunity. And seizing opportunities is the Pattons' style.

After graduating from the University of Guelph agricultural diploma program (Jim in 1998, Martha in 2000), they married and turned their eyes towards new directions on the Patton home farm, which was primarily devoted to beef production. At university, Jim's studies suggested poultry could be profitable and sustainable, and he convinced Doug and Lorene to give it a try.

It turned out to be a good move – worldwide, poultry consumption and markets are strong. Now, besides raising flocks for their own barns, they're under contract to raise pullets for broiler-breeder growers in Clinton and Aylmer, Ont., as well. It helps diversify their income stream and keep their barns full.





2

“Whatever you do, you have to do it from the heart.”



Seeking the advice of experts

Another approach that’s worked for the Pattons is to seek advice from independent crop consultants. “We couldn’t do it all without our agronomists,” Martha says.

Indeed, agronomists are an essential part of their management plans in both Ontario and Saskatchewan.

For example, in Saskatchewan, Jim is in touch with agronomist Dan Reeves of Precision Ag, who scouts the fields when Jim isn’t there, and looks after inputs.

And in Ontario, agronomist Deb Campbell of Agronomy Advantage helps the Pattons with activities such as fine-tuning their fertilizer needs. Last year, they engaged in a strip-till project on some of the 40 acres the Pattons dedicate to field research (20 acres for soybeans and 20 acres for corn). They’re believers in conservation tillage and in continually finding new approaches – in fact, the strip-till project led the Pattons to cut back nitrogen use within the strip-till zone.

This research result is typical of those the Pattons share with fellow farmers who belong to the Innovative Farmers Association of Ontario. This grassroots group, dedicated to sustainable crop production, meets annually to discuss ways to reduce tillage, prevent soil erosion and improve profits. Sessions presented at its annual meeting this

year in London, Ont., were devoted to using gypsum on your land, the threat of herbicide-resistant weeds and how precision agriculture and cover crops can battle extreme weather. The Pattons are active members.

It keeps them busy, to say the least. Martha relies on FCC Management Software to help her look after accounting for the business while also managing her family responsibilities. Jim is a director on the Ontario Broiler Chicken Hatching Egg Producer Association.

But despite their hectic schedules, through it all, they’ve been careful to devote meaningful family discussion to succession planning with Jim’s parents. And now, they’re seeing early signs that their sons may also be interested in farming.

Jim and Martha say they won’t push their children to take over the operation if it’s not right for them. “Whatever you do, you have to do it from the heart,” Jim explains.

They’re encouraged, though, by farming’s current state of affairs.

“When I grew up, we were living in a supply-driven market, and my parents didn’t really want me to farm,” Jim says. “Now, though, we have a good demand cycle. Poultry is doing well and there’s a market for crops for food, fuel and fibre. I’m optimistic about the future.” ■

1 Jim with his dad Doug Patton

2 Jim meets with agronomist Deb Campbell



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Logistics become critical

BY KEVIN HURSH

Transportation costs and constraints have become more important than ever. Examples, both positive and negative, abound.

Reduced capacity at processing plants, specifically for potatoes in Manitoba and tomatoes in Ontario, reduced the acreage planted to these crops this spring. Producers need assured delivery to a nearby processor to make the crops viable.

The past decade has seen a major consolidation in the number of federally inspected beef and pork processing plants across the country. This also affects the cull cow market for dairy producers. Transporting animals longer distances to reach processing plants is an extra cost that can be significant.

With direct marketing to consumers, particularly with bulky or perishable products, the closer you are to major population centres, the more viable your enterprise is likely to be.

Ethanol plants using corn and wheat have opened up new markets in the backyards of fortunate grain producers. In Western Canada, around many of the plants processing wheat, producers have switched to lower-protein, higher-yielding varieties to take advantage of the new market opportunity.

The primary market destination for Canadian flaxseed has traditionally been Europe. Trace contamination with the genetically modified variety CDC Triffid caused a crash in European market demand a few years ago. Contamination issues have been addressed and Europe is now buying again, but in the meantime China has also emerged as a major customer.

Shipments to Europe are typically made through the St. Lawrence Seaway. Exports to China go through the West Coast, which helps improve the price buyers can pay in the western Prairies. This is one of the reasons why flaxseed acreage continues to migrate westward.

Logistical problems caused a huge grain backlog on the Prairies last winter. Movement and therefore prices were sometimes substantially better at elevators in North Dakota and Montana. Many producers in the southern Prairies trucked their grain south to U.S. delivery points. Even Canadian oats, which normally go by rail to American millers, were sometimes moved by truck to plants as far south as Minnesota.

This southern movement was the most viable for producers closest to the border. It took effort to make the sales and conform to American trucking regulations, but many producers were well-paid for their efforts.

Similarly, producers who could obtain and load their own railway producer cars with grain could often bypass the movement gridlock and earn price premiums.

Because of the railway bottleneck, some producers in the western Prairies trucked grain to feed mills and livestock operations in Interior B.C.

What and where we produce and how we market will increasingly be affected by transportation realities. Logistics should be part of every business plan. ■



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Get ready: CETA opens doors for beef exports

BY ALLISON FINNAMORE

When Canada and the European Union (EU) finalize the comprehensive economic and trade agreement, or CETA, tariffs will gradually be eliminated on dozens of agricultural products, including Canadian beef.

When that time comes, producers need to be ready to move their product.

“Don’t wait until the agreement comes into force to start preparing,” says Ed Fast, Canada’s Minister of International Trade. Now, while bureaucratic details are being hammered out, is the time to develop key partnerships.

Start now with CFIA protocols

Getting Canada’s beef producers ready to tap into the new markets is part of the job for Mark Klassen, Director of Technical Services with Canadian Cattlemen’s Association (CCA).

Beef producers interested in someday moving to EU exports might find it beneficial to move their operations into compliance with current Canadian Food Inspection Agency (CFIA) rules until the technical barriers are ironed out, he says.

As a first step, Klassen recommends bringing a CFIA-certified veterinarian to the farm to walk

through production practices and look at what may need to change.

He says it's imperative that Canadian beef producers interested in the new export market start preparing now. Overall, he says, they need to take steps to establish a value chain they can work with – a group that shares common goals.

Other producer groups, such as Alberta Beef Producers, are also working to lay out a process for members to follow.

Certification program

CFIA is administering a program that certifies beef is free of growth-promoting products. According to CFIA, it's "a recognized protocol designed to provide evidence to the certifying veterinarian that Canadian beef products are derived from animals that have never been treated with any growth-enhancing products during their raising period."

The program incorporates controls like farm registration, animal identification and record-keeping. Oversight is done by evaluations from approved private veterinarians. After slaughter, carcasses are physically checked for implants, and eligible animals may be sampled to monitor compliance. As well, beef products must come from EU-approved slaughterhouses, cutting plants and cold stores.

It's an optimistic time for beef producers, says Doug Sawyer, past chairman of the Alberta Beef Producers and a cow-calf producer.

Sawyer believes that following current guidelines is the best way to ensure the beef industry is building a base for future EU exports. It's what he did this spring, when he set aside all his calves for future export overseas.

"I'm giving myself flexibility," he says. "I'm going to give my calves every possibility to get into the stream."

At the feedlot

Jason Hagel of Hagel Feeders in Swalwell, Alta., about 100 kilometres northeast of Calgary, already has his feedlot EU certified for beef exports, and he doesn't expect many changes once CETA is signed. While the thought of the record-keeping may overwhelm some producers, he believes the opportunity makes it worthwhile.

"It's daunting," he acknowledges. Getting started can be the largest obstacle, Hagel says, but once a record-keeping system is in place and used for a few months, it becomes part of the farm routine.

"Any time we get a serious market with 500 million people, we're excited."

What's at stake?

Once CETA is finalized, it will provide new duty-free access for 35,000 tonnes of fresh and chilled beef and 15,000 tonnes of frozen beef – a total value of nearly \$600 million, according to CCA. There is potential to reach more than 100,000 tonnes per year of duty-free access for Canadian beef. Additionally, all live cattle, beef genetics and most beef offal and processed beef products will benefit from immediate unlimited duty-free access. Annual beef consumption in the EU is about 8 million tonnes.

"Any time we get a serious market with 500 million people, we're excited," Sawyer says. "We're looking at tariff-free exports." The increase will triple current beef export levels. He points out there are 200 different products from one carcass, and less expensive cuts currently have limited markets. CETA means a wider market access, which will result in higher prices. "This adds value to the whole carcass," he says.

Negotiations are continuing on technical barriers, such as carcass washing, a common practice in Canada but one that's banned in the EU. And while there's apparent flexibility on some trade matters, that's not the case with everything.

Without the use of growth promoting products, Sawyer says, it will probably cost producers up to 20 per cent more in feed costs and in time in the feedlot. While adjusting Canadian beef production for export to the EU will take some changes in on-farm practices, the payoff of tariff-free access to 500 million people with an annual income activity of almost \$17 trillion should make the adjustment worthwhile for many producers. ■



5 lessons from a difficult grain market

BY KEVIN HURSH

It's been an amazing year in grain markets. Since this time last year, world prices have dropped from their lofty levels, sometimes precipitously. And in Western Canada, logistical issues have meant wide basis levels and restricted delivery opportunities. Looking back on the past 12 months, what lessons have we learned?

Like many of you, I follow the writings of many prominent Canadian grain market analysts. More than most, I have the opportunity to attend meetings and see presentations by these analysts. As an observer of and participant in the industry, I have assembled these takeaway messages from recent history.

1 Consider what analysts are saying

In fall 2013, most analysts were predicting softer prices ahead. As time went on, it became increasingly clear that moving the massive crop in Western Canada in a timely manner was going to be difficult.

Few predicted the magnitude of the price drop and even fewer predicted the record high basis deductions caused by the logistical bottleneck, but the sell signals were evident.

An aggressive sales plan early in the crop year paid large dividends. Those who took a contrarian view and held their grain hoping for a price rebound have had reasons to regret their decision.

A contrarian view isn't always the wrong approach, but it should be based on facts and analysis, not just a gut feeling or wishful thinking.

It should be noted that few producers are entirely happy with their marketing decisions of the past year.

2 Market analysis has limits

Marketing plans could almost always have been better with the benefit of hindsight, and analysts will tell you that trying to hit market peaks is rarely possible. Sometimes we over-estimate the ability to accurately predict the future.

While acreage and production projections, stocks-to-use ratios, carryover levels and demand forecasts are interesting and important, there are simply too many variables to predict prices with much certainty. Even the best market analysts are regularly surprised and keep adjusting their projections as new information becomes available.

As producers, we often want answers to the basic questions. Will prices go up or down in the days, weeks and months ahead? Should I lock in a new crop price on a particular commodity? When should I be storing and when should I be selling?

Some producers work directly with an advisory firm to develop a sales and marketing plan that takes their needs and risk appetite into account. However, most producers still do their own marketing and listen to the views of various market analysts. In this case, market advice has to be interpreted based on the specific needs of the farm.

3 Agriculture and markets have always been cyclical

During times of bullish grain prices, there can be a tendency to assume the party will

never end. After all, the world's population is growing and they're not making any more farmland. In truth, many regions of the world continue to make impressive gains in productivity and the growth in global food production continues to outpace the increase in population.

During tough times, the opposite mentality can become entrenched. Prices and profitability will never increase, or so it seems.

Markets are cyclical and often volatile. Nothing goes up or down indefinitely. The cure for high prices is high prices. The same goes for low prices.

If someone says, "This time is different," suggesting prices will forevermore remain at one end or the other of a cycle, be wary.

4 Information versus analysis

Sometimes we can't see the forest for all the trees. It's easy to become fixated on dry conditions in one region of Brazil or the lack of snow cover for winter wheat in Russia for example, but perspective and analysis are needed to weigh all the factors that will influence the market.

In these days of instant worldwide communication and information sharing, it's tempting to second-guess the reasons behind market volatility yourself. But expert advice and analysis are always worth seeking.

5 Old advice still has merit

"You'll never go broke locking in a profit." This advice has been around a long time, and it still has merit. Base hits may not be as gratifying as home runs, but if you're always swinging for the fence, you also have an increased risk of striking out. Take some profits when and where you can.

To know what's profitable, you need to have a really good handle on your cost of production. Knowing your farm's numbers continues to be the starting point for a viable marketing plan. ■



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Use regional stories to promote sales

BY LORNE MCCLINTON

Consumers might think that a peach is a peach, but that won't be the case for much longer if Sylvain Charlebois with the University of Guelph College of Business and Economics has his way. Charlebois is working with the Ontario Peach Growers to convince consumers and processors there's something about their geographic region and culture that makes their peaches special. If this marketing approach, known as *terroir*, succeeds, growers will be able to extract additional value for their products throughout the supply chain.

How *terroir* works

"The *terroir* concept is a sophisticated approach to promoting a product that goes beyond the food itself," Charlebois says. "It showcases the region's know-how and the culture that supports it. *Terroir* adds value by focusing attention behind the meal."

While this approach is relatively new in Canada, it's been used to promote otherwise generic products for centuries. Parmesan cheese from Italy and Black Forest ham from Germany are two classic examples.

Several years ago, Charlebois worked with bison producers in Saskatchewan to market their products using the same concept. Since consumers already link bison with the Prairies in their minds, producers there could capitalize on several natural competitive advantages.

“Bison can be raised anywhere, so we had to come up with a branding strategy that links the region and its culture with the taste of the meat itself,” Charlebois says. “You promote the meat, of course, but you also promote the virtues of the Plains. That way, when people think about Saskatchewan bison, they can reminisce about Prairie views, beautiful sunsets and all that. The goal is to develop a compelling story that will convince the market that the only way to have this food experience is by buying bison raised in the Prairies.”

Terroir vs. local food movement

Since *terroir* extolls the virtues of a particular region of the country, it superficially resembles local foods. Both, for example, try to use the location where a food product is produced as a way to make it stand out from similar products found in supermarkets. However, while the local food movement aims to promote the region’s production to consumers who live nearby, *terroir* tries to promote the region’s products to the broader world as well.

In fact, some European regions have been so successful at promoting their products they go to great lengths to protect producers from imitators outside their region. They protect their markets by restricting the use of names to those products that come from specific geographical areas. For instance, sparkling white wines are produced in many of the world’s wine-growing regions, but only those in France’s Champagne region are allowed to call their products Champagne.

The World Trade Organization treaty restricts geographically indexed (GI) trademark rights to wines and spirits. However, the new comprehensive economic and trade agreement (CETA) with the European Union will extend the list to a whole raft of other products, affecting how food processors can name their products in the future. Current Canadian-made parmesan and feta cheeses on the market will still be able to be sold as parmesan and feta cheeses, but future ones can only be marketed using parmesan-style or feta-like designations.

“GI products are *terroir*, but it takes the concept to the extreme,” Charlebois says. “I’m not sure how well that approach would work here, because of the vast distances and immense landscapes in Canada. Quebec is the only province in Canada that has them.”

Quebec lamb produces Canada’s first GI region

In 2009, Charlevoix lamb, produced in Quebec’s Charlevoix region northeast of Quebec City, became the first GI food product produced in North America. It was the culmination of a 15-year push from lamb producers in the region, spearheaded by Lucie Cadieux and her husband Vital Gagnon from Les Éboulements, Que.



Cadieux was quoted in Macleans magazine in 2009 (A Canadian Lamb Makes History) as saying the catalyst for the push to establish *indication géographique protégée* (IGP) regions, as they are called in Quebec, came when Cadieux discovered a Parisian restaurateur had put what he called Charlevoix lamb on the menu. Since there was no way to prove it was false advertising, she convinced a group of her fellow lamb producers to band together and push for Quebec to change its regulations and allow IGPs to be established in that province.

Today, Charlevoix lamb can only be sold under the *Agneau de Charlevoix* (Charlevoix lamb) name if it was produced on one of the handful of farms in one of the 13 municipal regions in the Charlevoix district certified to raise it. It has to be raised under strict production protocols. These cover herd size (less than 500 animals), how long the lamb nurses from its mother, and the types of feeds that can be included in its diet.

Charlebois believes it’s quite possible for a group of producers in a region to use the *terroir* concept to capture increased market returns without having to implement the types of GI regulations found in Quebec. He says it’s a sophisticated way to celebrate a region’s local culture and differentiate commodities so they stand out from the pack of similar products sold on global commodity markets. In the process, they could potentially capture millions of dollars in added value. ■



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Weather watching in the extreme

What are some guidelines for when to watch a storm and when to get everyone under cover?

Storm watching or spotting is our national pastime, but few Canadians have a really good understanding of storm structure and safety guidelines. Essentially there are a few key safety cues that can be easily identified. First, whenever lightning is present in a storm, it's a good idea to seek shelter indoors, including in a vehicle. Lightning is far more deadly than winds or tornadoes. When seeking shelter from a storm, never "hide" under a tree. That's where most people are when killed by lightning.

Second, tornadoes are born from the updraft of the storm. This area is easily identified as the part of the storm that has a relatively flat, even cloud base and little or no rain.

Typically, the rain-free base of the storm is located on the south or southwest sector of the storm. When this structure is present and Environment Canada has issued a tornado watch or warning, then it's definitely time to get in the basement.

Honestly, the most dangerous part of storm watching is people who foolishly stop at the side of the highway and don't pay attention to how dangerous the traffic is. They're putting others at risk with their positioning on the highway.

Are storms becoming more prevalent, or do we just do a better job of documenting them?

I personally don't believe there is any weather-related evidence that storms are becoming more or less prevalent. In fact, I would argue that it would be completely irresponsible to try and connect those dots.

Humans have been tracking tornado numbers for about 50 years, and in many of the places that tornadoes get reported today, there were no human beings present to witness them 50 years ago. Over the past 30 years, the reports have definitely increased exponentially. However, the camera and communications technology that allows us to report these incidents has increased at the same pace.



Canada's own storm chaser Greg Johnson shares his thoughts on storm-watching, weather patterns and the benefits of social media in the weather world.

GREG JOHNSON

Tornado Hunter Greg Johnson is a professional photographer, speaker and author. You may have seen him at one of the past year's FCC Forums. Visit tornadohunter.com and follow him on Twitter @canadogreg.



What advice would you have for farmers who want to track storms and monitor regular weather conditions through social media?

I think social media is the future of storm reporting, and frankly the future in terms of offering warnings for communities in danger.

John Paul Cragg, Environment Canada's severe weather preparedness meteorologist, is based in Saskatoon and offers storm-spotting classes for communities around the Prairies.

As well, the National Weather Service in the U.S. has great information at NOAA's storm prediction site, spc.noaa.gov.

In addition, people can follow along and contribute on Twitter using hashtags such as **#ABstorm**, **#ONstorm** or **#PEIstorm**.

Do you have any views on man-made climate change/global warming?

Scientific evidence certainly points to changes in the atmosphere and ocean temperatures, but that's about where my knowledge ends. I get asked this question all the time and my answer is always the same. Climate is not weather. I think the scientists

have done a good job of not trying to connect the dots and say that a single tornado event or weather phenomenon is evidence one way or the other.

Mainstream media, on the other hand, has done a terrible job in my opinion. Every time a weather event occurs, media outlets around the world are quick to jump on the bandwagon and connect this event to global climate change. We hear all the time about how bad things are getting and that it must be a result of climate change.

The facts simply do not support this assumption. For example, 2012 and 2013 were the two years in the past 30 with the fewest tornado reports around North America. Also, in the past five years, North America has seen only two hurricanes (and both were small category 1, Hurricane Ivan and Hurricane Irene).

What will you be doing this summer?

Well, I will definitely be out chasing as in the past, starting with my team in the Texas-Arkansas-Oklahoma region as the storms start to ramp up. Throughout the spring and summer, we generally move north along with the jet stream.

This season will be particularly interesting, as we'll be shooting a TV program for Country Music Television that will hopefully be on air in the fall. ■



VIDEO:
Backstage
with the
Tornado Hunter
fcc.ca/tornadohunter



Understanding emotions helps mitigate risk

BY HUGH MAYNARD

Emotions come into play in all aspects of our lives, and while they can make or break a marriage or a friendship, they also have an impact on how we conduct business. What do you know about yourself and your emotional state when it comes to making big decisions or handling stressful situations?

Emotional blind spots can make all the difference in the outcome.

The influence of your emotional state is why marketers try to appeal to your inner self so you'll buy their products. It's also why Steve Jobs was

infamous for firing employees when something went wrong, only to recant the next day when his emotional fury had subsided.

So, are you buying that piece of land because it really is a good deal; what the farm needs to expand? Or is it for less practical, more emotional reasons? Do you relate to family members working on the farm as, well, just family members, or as business partners too?

While emotion can never be totally removed from the equation when managing a farm, it comes down to containing the negative and capitalizing on the positive. For this, you need to know yourself. Do some tests online (try searching "emotional intelligence" or "EQ test"). You can also ask family, friends and associates for feedback on your emotional strengths and weaknesses.

Mitigate the negative

For emotions with potentially negative consequences, adopt mitigation practices such as counting to 10 before yelling in anger when things go wrong. Set out specific criteria for purchases over a certain dollar value so you have a benchmark against which you can say no, and not kick yourself afterwards. That way, you won't have to justify your purchase to your business partner when you – once again – couldn't refuse that great deal at the auction.

Emphasize the positive

For the positives, put them to work. It's always better working with someone who is cheerful, enthusiastic, confident and passionate with a hopeful outlook. Granted, that doesn't happen all the time, but emotions do rub off on others and they tend to respond in kind.

Maintain an even keel

Balance is the key when dealing with emotions in a management setting. One can be over-enthusiastic or over-confident without good reason, and that presents as much risk as being overly distrustful or just plain indifferent.

Whatever your state of mind, get to know your emotions and how they affect you. Emotional intelligence is an essential ingredient in managing risk on your farm. ■

Make farm visits fun – and safe

BY MARK CARDWELL

Farms are great places for children and teenagers to visit or work during the summer months. But farms are also filled with dangers that can – and sadly do – claim the lives of many unsuspecting young people.

“Kids are more curious than cautious,” says professional agronomist and farm safety expert Dean Anderson. “Climbing up on a round bale of hay is great fun – until it shifts.”

An occupational health and safety expert with Ontario’s Workplace Safety and Prevention Services, and current Vice-Chair of the Canadian Agricultural Safety Association, Anderson says farms are unique in that the vast majority combine family homes with industrial work sites.

In other words, visitors to a producer’s home are also visiting the workplace. Producers can be legally liable if a visitor is injured or killed on their property.

“Risks abound on farms, which are considered workplaces,” Anderson says. “And in Ontario, like in many provinces, the Ministry of Labour can investigate and press charges if an accident occurs, regardless of whether the victims are visitors or workers.”

In addition to machinery and livestock, Anderson says rides on tractors and all-terrain vehicles pose potentially deadly hazards for farm visitors.

He says recent farm accident statistics show that bystanders – a category that includes farm visitors – account for one quarter of tractor-related deaths, which in turn account for half of the 100-plus fatalities that occur on Canadian farms each year.

Young visitors, adds Anderson, are at great risk.

He points to a recent study that found six of the 12 children under age 15 who were killed on farms in the province from 1992 to 2008 were visitors.

“Kids visiting a farm can’t be expected to know and understand the inherent dangers like the operator’s kids do,” Anderson explains. “They can be running and jumping around in the hayloft without knowing where that big hole in the floor is that the operator’s kids know to avoid.”

The same holds true for manure storage areas and ponds, which can be even more dangerous in winter when iced over.

As a result, Anderson says, the onus is on producers to set some ground rules for visitors upon arrival – especially young boys, who he says are typically more adventurous than girls and account for higher injury and mortality rates.

“The owner-operator needs to be aware and take time to point out the dangers and the dos and don’ts,” Anderson says. “They should see visitors to their farm the same way they do new workers on their first day on the job.” ■



Hazards on the farm

The hazards you deal with every day may be foreign to visitors. Be sure to discuss potential dangers with adults and older children, and closely supervise the little ones.

- Machinery and equipment
- Ponds, pools, dugouts and troughs
- Animals
- Chemicals
- Electricity
- Firearms
- Plants and gardens
- Out buildings and barns
- Grain, silage and manure storage

Check these websites for more information:

- casa-asca.ca
- farmsafety.ca
- farmsafetyforjustkids.org
- childagsafety.org

Stand up, be proud

An open letter to Canadian ag

Greg Stewart's career at FCC took him from summer student to CEO, and June 27 marked his official retirement and the end of a great 26-year run. Here, he shares his thoughts on an industry he's been passionate about his whole life and makes it clear that although he's leaving FCC, his heart remains with ag.

Agriculture matters to this country, and there's absolutely no question in my mind that the future for Canadian agriculture is bright.

The industry is thriving, family farms are prospering and I see incredible amounts of optimism, pride and passion across the country. And with this success comes a responsibility – an obligation to this industry to let everyone else in on the secret, which is this: even though it's sometimes tempting to downplay your success by saying how tough farming is, you know in your hearts you'd never dream of doing anything else. Deep down, you're intensely proud of what you do, and it's time to quit hiding how successful this industry really is.

It's our obligation to make our voices heard about where the industry is heading because believe me, if agriculture doesn't take control of its own destiny, somebody else will. So if you're benefitting from ag, you have an obligation to give back by driving the outcome, rather than waiting to be told what to do by someone who doesn't fully understand or appreciate the industry. That means standing up and telling the truth about Canadian agriculture, because right now, that's just not happening enough.

So let's take a deep breath and say it out loud together: Agriculture is the best industry in the world. We're honoured to be part of it. We can only hope that our children find the same fulfilment from whatever path they choose in life. We're incredibly proud of what we do. And yes. We want the Canadian public to be proud of our success, too.

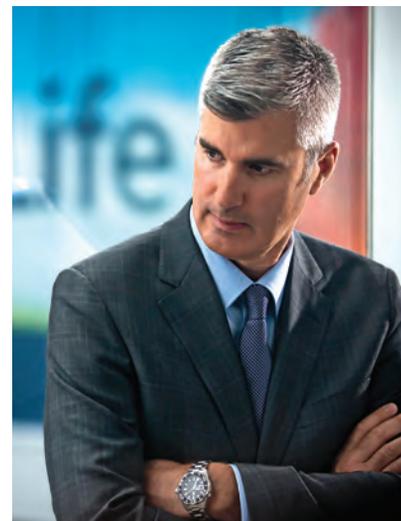
Short of fulfilling my childhood dream of being a farmer, my career in agriculture has been the best ride I could have imagined. I can't help being excited for the future of this industry.

I'm forever grateful for the opportunity I have had to serve this amazing industry and the wonderful people in it. Thank you.

I wish you all great success. Stand up and be proud – you've earned it.



Greg Stewart



CEO Greg Stewart
retired in June 2014



Throughout his career, Greg always made a point of finding time to contribute to worthwhile causes such as Habitat for Humanity, FCC Drive Away Hunger, the United Way and more – and he helped FCC employees do the same – because he so strongly believes in the importance of giving back to our communities.

FCC Drive Away Hunger



Fight hunger in our community

You're part of an industry that helps feed the world – here's your chance to reduce hunger here at home. Nearly 850,000 Canadians will need a food bank this month. Over a third will be children. Bring a food or cash donation to the FCC office nearest you, or donate some of the proceeds from your field, bin, livestock or greenhouse, before October 17.

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Call 1-855-427-6207 or visit FCCDriveAwayHunger.ca.



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