

# AgriSuccess

## FROM CUCUMBERS TO CATTLE

THE KRAMERS KEEP GROWING

.....

ANYTHING IS POSSIBLE AT YUKON GRAIN FARM

.....

LOCAL FOOD INTEREST NETS STRONG RETURNS



FARMLAND  
**FCC**  
VALUES REPORT  
P. 21

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A jar of soil symbolizes the first 120 acres Scott Kramer purchased. (Page 4)

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How often have you said or thought that something would never happen, only to have to retract those sentiments later?

“The price of gasoline at the pump will never fall below a dollar a litre again.” Few predicted the precipitous drop in oil prices that occurred in the closing months of 2014. Of course, it wasn’t long ago that American self-sufficiency in oil production appeared impossible.

A decade ago, most analysts were certain that new nitrogen manufacturing capacity would not be built in North America. Natural gas, the primary feedstock for nitrogen fertilizer, was in short supply and more expensive than in other regions of the world.

But as with oil, improved extraction technology has opened up vast new natural gas supplies in the U.S. and Canada, and many plants are in various stages of development despite their billion-dollar price tags.

“That local food trend will never last.” Actually, it seems to have an ever brighter future.

“Organic food will never be mainstream.” While still a minor percentage of total food sales, organic continues to enjoy impressive growth.

“That new crop won’t work out.” People said that about lentils and peas in Saskatchewan, and more recently about soybeans in Manitoba. The naysayers were wrong.

Radio frequency ID tags in cattle, UAV drones for crop scouting, field-to-fork trace-back codes on food packaging, GPS hands-free machinery guidance, and the list goes on. All were scoffed at in their early stages.

Many observers have been amazed at the rapid rise in farmland values in many regions over the past five to 10 years. Some observers now say, “Farmland prices will never drop.”

Land has been a great investment and should continue to be, but the worldwide economic climate can take amazing twists and turns.

I’ve become less inclined to use the word “never,” because never is a really long time.

We welcome your feedback and story ideas. Email [kevin@hursh.ca](mailto: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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## Calculate your true costs

BY LORNE McCLINTON

Risk management – always key to a producer's success – is just plain good business. Grain prices have bounced all over the place in the past few months, let alone the past few years. Producers once again have to pay close attention to their margins if they wish to remain profitable.

Returning to basics provides the best opportunity to maximize the chances of selling at a profit when markets are volatile. The natural place to start is calculating the total cost of production for each of the crops you grow. Once you know those numbers, it's simple to work out what yield-price combination you'll need to turn a profit.

Let's say your calculations show that your total cost of production to grow a top canola variety is \$360 per acre. If you grow a 40-bushel canola crop, you will need to sell it for \$9 per bushel to break even. However, if you only get a 30-bushel crop, you'll need to sell it for more than \$12 per bushel to turn a profit.

Yet no matter how many times marketing experts talk about the value of knowing your cost of production, a surprising number of producers don't have a firm handle on how to determine what their true costs are. Online tables, like those found in Saskatchewan Agriculture's Crop Planning Guides, provide general guidelines. And tools such as FCC's Field Manager PRO allow you to enter fixed and variable costs to estimate projected yield and commodity prices.

Calculating total cost of production is not something that can be done once and forgotten about; it's a dynamic figure that needs to be revisited regularly, says Mark Lepp with Farm Link Marketing Solutions in Winnipeg. Costs change dramatically from year to year. Land prices are higher, interest rates are lower, but loans are bigger.

Many producers are carrying more debt than before, due to increased capitalization for things like new farm equipment and storage. All of these capital expenses have a cost that should be included in any kind of budget to make sure the grower knows the true costs of production – not just what they've invested in seed, chemical and fertilizer.

It's not always straightforward. For example, take calculating which proportion of equipment depreciation and repair costs to attribute to each crop. The simplest way to do this is to take all these costs and divide them by all your acres. However, this doesn't accurately reflect differences between crops.

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The more volatile the marketplace, the better it is to have a long-term marketing strategy.

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Each time you make a pass over a crop, you put a bit more operating time on your machinery. So a crop that requires more spray operations should be attributed higher depreciation and repair costs for your sprayer than a lower-maintenance crop. Of course, a higher-yielding crop will put more wear and tear on your harvest equipment.



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## New livestock price insurance program

### Time your sales for cash flow

A good marketing plan can't always focus on getting the highest possible price for your production. Markets move up and down all the time, so unless you have a working crystal ball, it's almost impossible to hit the very top and you might miss out on opportunities to lock in a nice profit while you're waiting. The more volatile the marketplace, the better it is to have a long-term marketing strategy.

The planning process starts early, well in advance of the growing season to always prevent cash flow issues from suddenly cropping up.

"The most difficult calls are when a producer says, 'I need to make a payment in the next month, what do I sell?'" Lepp says. "We advise our clients to put a long-term strategy in place, which starts with choosing crops based on profitability. Then, over the course of the next 18 to 24 months, we work with them to determine when the best time would be to sell a portion of each crop based on both the market outlook and the dynamics of their farm. Hopefully, the right time to sell is also a profitable time to sell."

A well-considered marketing plan should ensure you have cash on hand when you need it while also selling at a profit. ■



**VIDEO:**  
Know Your  
Cost of  
Production  
[fcc.ca/  
ProductionCost](http://fcc.ca/ProductionCost)

**Last January, the federal government – in conjunction with the B.C., Alberta, Saskatchewan and Manitoba governments – implemented a four-year pilot project, the Western Livestock Price Insurance Program (WLPPI).**

Based on a regional program started in Alberta in 2009, it gives western producers the option to buy price insurance on cattle and hogs. Premiums are borne entirely by producers.

WLPPI doesn't allow producers to lock in specific prices for their livestock. Instead, it provides an opportunity to insure against an unexpected drop in prices.

If you know your cost of production, the program can be a useful tool for locking in a profit.

See [wlpip.ca](http://wlpip.ca) for further information.

A photograph of two men standing in a barn. The man on the left is older, with white hair and glasses, wearing a dark jacket. The man on the right is younger, wearing a dark cap and a brown jacket. They are looking towards a blue Ford tractor. In the background, there is a yellow piece of machinery and a red structure. The barn has a corrugated metal wall and wooden beams.

“Look into every opportunity, even if you only ever actually do a few. You learn something each time you do the research.”

# From cucumbers to cattle, the Kramers keep growing

BY OWEN ROBERTS

Some farm kids learn about management and construction by having their own calf and erecting a hutch for it. Not Scott Kramer.

By the time he was 16, this young entrepreneur from Rutherford, Ont., had his eye on land, renting six acres of cucumbers from his parents on their farmstead and seeing the crop through all aspects of production.

And at a time when most others his age were fixated on getting a driver's licence, he was working with scientists at Ridgetown College to design and build a unique soil drill for corn borer studies.

He had his eye on the future then, and has never lost focus.

"I say you should always look into every opportunity, even if you only ever actually do a few," he says. "You learn something each time you do the research."

## Farm growth

Scott's now twice as old as he was during his cucumber patch days. And a lot has changed.

For example, over that time, his holdings and that of the five family members he farms with under the umbrella of Kramer Farms have expanded to 2,750 acres (Scott owns 500 acres and rents another 175 acres). They grow soybeans, corn and wheat on heavy clay soil in the Dawn-Euphemia township area, about 100 kilometres southwest of London.

Cattle have replaced cucumbers. Since 2005 Scott has been operating a feedlot on his farm, finishing about 300 Black Angus beef cattle he brings in mainly from Alberta. It was all part of the big plan to become a full-time farmer.

And these days, acreage at Kramer Farms isn't the only thing growing. Scott and his wife Hedy are raising four children age seven and under – Aydan,



Jouke, Thysje and Evelien. And they're expecting another child in the summer.

## Sound management

With such a full house, the Kramers are keeping a close eye on management of all kinds, including their money.

"Financial management is becoming a bigger part of primary agriculture," says Scott. "Margins are tight and the capital costs are huge. A successful operation will know their figures and be able to plan for production and market risks. You must have a good relationship with your accountant and lender."

Scott would like to expand the operation at some point in the future. "For now, we'll watch what land values and interest rates do over the next year or two, then make a decision," he says. "At this time, we're just going to keep on doing what we're doing."

And what they're doing is enjoying farming while adopting sound management approaches. For example, the Kramers approach labour and equipment as a family, while retaining autonomy



over their land. Hedy, who helps with group purchasing, says this arrangement has worked well. “While each individual owns their own land base, we are able to share on many levels and buy inputs as a buying group,” she says.

## Equipment modifications

The Kramers are also continually refining their production techniques. Scott is an avid and successful machinery modifier and after developing the soil drill at Ridgetown, he and his father Ernie went on to design and fabricate a three-point hitch-mounted sprayer, a 750-bushel grain buggy and a straw bedding blower to distribute straw evenly into the feedlot.

The Kramers have also made many other equipment modifications to suit their operation, including 15-inch unit planters with dry fertilizer capabilities. These are unavailable commercially and so far, the Kramers have built three: a 30-foot and two 40-foot units.

And while they embrace technology, they also give a nod to the past, particularly in the way they manage soil. “Our philosophy for field crops is never put any iron below the seed. Never till deeper than what you will plant,” says Scott.

## For the love of soil

Instead, the Kramers improve their soil with minimum till crop rotation, manure applications and cover crops. Case in point: a 50-acre rented field they recently started farming that was a hay field as long as anyone could remember.

People suggested he deep-rip or plow the hay down, and work to get it flat. But Scott had different ideas.

“When I dug up the soil, it was full of grass roots and the soil structure was amazing,” he says. “I couldn’t see how iron would make it better, so I just sprayed it and lightly vertical tilled it to help manage the residue.”

The result in that field? The no-tilled beans he’s put in it the past two years have been his best yielding beans, both years.

Scott’s love of soil is the stuff of family legend. Back in 2003, when he and Hedy were dating, he showed up at her door on her birthday with a jar of soil from the first 120 acres he bought. The sale closed that day, and he thought it was the perfect birthday gift.

“I called it a ‘jar of debt,’” he recalls laughingly. But just over a decade later, it’s turned into a jar of gold. ■

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## Maintain your social licence

BY KEVIN HURSH

Some observers worry that agriculture's social licence is eroding.

Social licence is a term bandied about with increased frequency. It isn't a new concept, but its application to agricultural practices is relatively recent.

Typically, social licence has been used in case-by-case discussions on projects like new mine sites. Stakeholder and public acceptance, in other words a social licence, is often sought before these individual projects proceed.

With public trust comes a social licence to operate. When public trust wanes, the social licence can be revoked.

Those of you with a bit of grey hair, or a lot of grey hair like me, will remember when smoking was a cultural norm. People smoked everywhere – restaurants, offices, even airplanes.

Public perceptions have changed. Second-hand smoke is feared. The locations where smokers can engage their habit are severely restricted. Changing public attitudes have led to new rules and expectations.

Despite evidence from the Conference Board of Canada and others that our food supply has never been safer,

consumer confidence in the food system has become more tenuous. People increasingly care about what they consume, but they're bombarded by dietary advice that's often inappropriate.

Surveys show that farmers continue to command a high level of public trust, but the support should not be taken for granted. And while trust is slow to build, it can quickly erode.

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Science  
alone seldom  
trumps  
emotion.

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Consider the neonic seed treatment issue, where Ontario beekeepers and Ontario grain producers have different viewpoints. Beekeepers in the province generally believe neonics should be discontinued, pointing to links between the seed treatment and bee deaths. Most corn and soybean producers argue the

risk to bees is small, especially with some improved application procedures.

As the debate played out in the media, it became clear that public sentiment favoured neonic curtailment. Most people did not wade into the scientific studies or listen in depth to expert opinion. Instead, their viewpoint was guided by perception.

Increasingly, social media can affect social licence. When something negative goes viral, it's difficult to rebuild trust, a factor that has emerged over just the past decade.

Science is still important, but science alone seldom trumps emotion. This can lead to tighter regulations at the farm level. As well, food processors and marketers adjust their requirements to respond to consumer demand, and producers have to change production practices to maintain market access.

There are new challenges as producers work to maintain their social licence. However, change always brings opportunity and in this case, the opportunity is to more directly connect with customers and earn their trust. ■

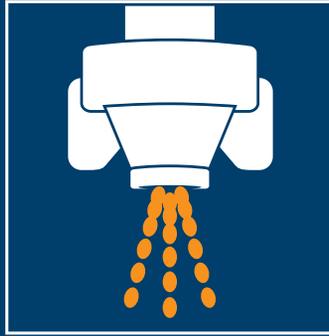


### WHAT IS SOCIAL LICENCE?

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Demands on a business that emerge from society.





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# Anything is possible at Yukon Grain Farm

BY TRISH HENDERSON

Yukon Grain Farm was the Yukon's first commercial vegetable operation



Photos courtesy of Yukon Grain Farm

“There are strange things done in the midnight sun by the men who moil for gold,” wrote Robert Service in his 1907 poem set in the Yukon Territory, *The Cremation of Sam McGee*. The gold rush is long over, but Yukon residents remain resourceful and innovative. Steve and Bonnie MacKenzie-Grieve are no exception.

Sixteen years ago, the couple left southern Alberta in order to “slow down.” After purchasing bare land 25 kilometres north of Whitehorse, where the Yukon River meets Lake Laberge, they started Yukon Grain Farm as a hobby. Today, it’s a thriving business.

Although they weren’t born farmers, the MacKenzie-Grieves had entrepreneurial experience in aquaculture and spray foam insulation services. They heard opportunity knocking in the Yukon.

“We started growing barley and oats, then experimented with potatoes because I had contacts in the potato business,” Steve says. “A friend of a

friend worked at Extra Foods in Whitehorse, so I asked him how many potatoes they sold. The store’s response was great – they almost pushed us into growing for them.

“We got to the point where we were filling the local potato market, then we went into carrots. Cooler temperatures here mean carrots are sweeter, and there are no native pests. We took some to the store, and customers wanted more. The planting and cultivating equipment for carrots also works for beets and cabbage, so now we’re experimenting with other cool-weather vegetables.”

Despite a short growing season and a cold, dry climate, the enterprise became the first commercial vegetable operation in the Yukon, and is now one of the largest farms in the area. Yukon Grain Farm annually grows 100 to 200 acres of oats and barley, 20 acres of potatoes, 3.5 acres of carrots, 1.5 acres of beets, and one acre of cabbage; all under irrigation.

## “A customer is a customer, no matter where you’re at. People want fresh, quality produce.”

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Feed grains are milled on-farm then packaged into 25-kilogram bags. The local livestock and poultry producers who buy them would otherwise rely on feed grains from Alberta or British Columbia.

Vegetable crops are sold direct to retail, supplying Loblaws stores in Whitehorse with potatoes 10 months of the year and carrots three months of the year. Produce is washed and bagged on-farm then delivered to retailers: daily in the summer, three days a week in the winter. Sometimes Steve is tasked with stocking his product on store shelves, an extra job he looks forward to because it offers direct contact with customers.

“The biggest reward is producing what consumers enjoy,” he says. “There’s a big disconnect between producers and consumers in Canada, but in the Yukon people know where their vegetables are coming from when they buy ours.”

### Remote location creates opportunity

Although they have to truck fertilizer, fuel, equipment and parts for hundreds of miles, the remoteness of the Yukon still offers opportunities for agriculture.

“We have a cost advantage over vegetables and feed brought in from other provinces,” Steve says. “And, our produce is higher quality than vegetables hauled across the country.”

He’s surprised there aren’t more small-scale producers teaming up with local grocery stores.

“We’re lucky to have an isolated market, but there are lots of other areas in Canada that are off the beaten path. A customer is a customer, no matter where you’re at. People want fresh, quality produce. If you can supply local stores with as good or better product than commodity suppliers, at a relatively competitive price, there’s opportunity.”

To meet the requirements of their retail customers, Yukon Grain Farm became the first operation in the territory to implement CanadaGAP, a food safety certification program for companies producing, packing or storing fruits and vegetables on-farm.

While Steve says the record-keeping and audit requirements can be time-consuming and costly, he believes in the program.

“Putting myself in the shoes of the consumer, I would look for that (CanadaGAP certification). It provides assurance that you’re getting a safe, quality product.”

Relationships with local grocery store staff are also key, according to Steve.

“We deal with Loblaws’ head office, but local store staff need to believe in what you’re doing. They decide who gets the prime shelf space.”

### More than producers

Steve understands that many farmers may not want to tackle the added responsibility of marketing, processing and packaging – on top of the already taxing work of growing crops or raising livestock – but maintains these additional duties mean more control, and ultimately a higher chance of success.

“It can take over your life for a while, but once you have enough experience you become a better salesman and better producer.”

It took about seven years for the MacKenzie-Grievess to reach this level of comfort with their operation.

“You have to stick with it, be flexible, respond to consumers and have good judgment. And I don’t do it alone,” Steve admits. “Bonnie is very involved, and we have good staff.”

# Feature Article



Cool-weather vegetables thrive at Yukon Grain Farm

Photos courtesy of Yukon Grain Farm

## Overcoming challenges

They've always hired locally and now have three full-time and six seasonal employees.

“At first it was hard to attract workers. But the more established we become, the better we do and the better we can pay. The more you pay, the better your help. It's worth it in the end – people are happy to be here, working close to home.

“With no farm infrastructure here, you're on your own to keep equipment running,” Steve says. “You always want a back-up plan in case of breakdown. We keep two pieces of main equipment, like harvesters and combines, and rely on our neighbours – people in the Yukon are very resourceful.”

Relationships within the community are important in more ways than one.

Yukon Grain Farm gives back to the community by participating in a vegetable hamper fundraiser, where local students sell boxes of their produce and the schools keep half of all proceeds.

Trying new ideas has paid off for Steve and Bonnie MacKenzie-Grieve. They've built a successful business in an unlikely location. At the same time, they're enhancing the quality of life for their fellow Yukon residents by creating local jobs and increasing the availability of fresh vegetables. They're proof that resourcefulness and innovation can go a long way. ■

## THE GROWING SEASON AT YUKON GRAIN FARM

**Frost-free period**  
80 to 90 days

**Average summer precipitation**  
<20 cm

**Maximum daylight**  
20 hours per day

**Average seeding dates**  
May 15 – June 1

**Average harvest dates**  
Aug 1 – Aug 31

**Vegetable harvest window**  
2 weeks

## YUKON AGRICULTURE FACTS

**Number of farms**  
160

**Traditional crops**  
Forage/hay

**Typical soil deficiencies**  
N & P

**Machinery dealerships**  
None

**Crop input suppliers**  
None

**Commercial processing facilities**  
None

**Total population**  
36,000

Source: Yukon Agricultural Association

# AG IN CANADA

## Impact of increased beef prices

Herd size cow-calf producers needed to achieve a gross return of **\$250,000**



## Upcoming farm shows

Use these hashtags to join or follow Twitter conversations about farm shows in your area.

**Canada's Farm Progress Show**  
Regina, June 17-19 **#CFPS15**

**Ag In Motion** NEW  
Saskatoon, July 21-23 **#AIM15**

**Expo-Champs**  
St-Liboire, Sept. 1-3 **#expochamps**

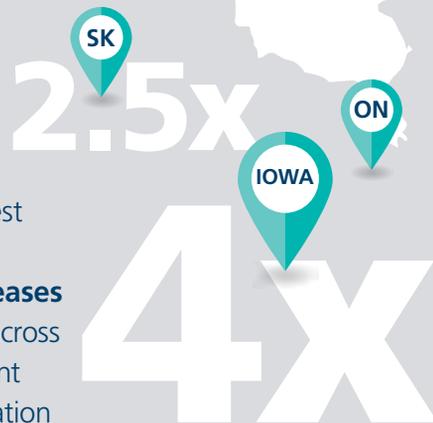
**Canada's Outdoor Farm Show**  
Woodstock, Sept. 15-17 **#COFS15**

## FARMLAND VALUES

Strong commodity prices and a low interest rate environment have resulted in **rapid increases in farmland values** across North America in recent years. But the appreciation hasn't been equal across markets. From 2003 to 2013, for example, Iowa's farmland values **increased nearly 4 times**, while land values in Ontario and Saskatchewan **increased less than 2.5 times**.\*

Read more about farmland values, p. 21, or visit [fcc.ca/FarmlandValues](http://fcc.ca/FarmlandValues)

\*Ont. and Sask. values include land and buildings.



## DID YOU KNOW?

Conservation tillage in Canada saves more than **170 million litres** of fuel from being burned each year.

Source: Farm & Food Care Foundation



In Canada, **74,000**

**ag jobs** will come open by 2022 that will **need** to be **filled**.

Source: HRSDC



# Local food interest nets strong returns

BY TRUDY KELLY FORSYTHE

Talk of expanding local markets has been around for years. Finding a way to turn that talk into dollars, however, can be a challenge.

It seems timing has as much to do with success as do business flexibility and agility with business plans.

## East coast

Really Local Harvest is a co-operative in Moncton, N.B., that started in 2000 with seven farm members. Today, 30 members market a variety of products including meat, fruits and vegetables, eggs, cheese and wine. The co-operative is mandated to promote its members and their locally grown products: there's a farmers market, a farm-to-cafeteria program that serves 25 of the region's

schools and a new weekly food basket service.

Executive director Mathieu D'Astous says that in Atlantic Canada, the local food movement took several years to catch on. Really Local Harvest just helped – and continues to help – nurture its growth.

"In 2000, 2005, even 2010, the local movement was something just coming out of the woodwork," D'Astous says. "We contribute to this movement, and make people conscious of products in the local market – and the benefits of consuming these products in terms of taste and the economy."

Robert Bourgeois, owner of Verger Belliveau Orchard near the New

Brunswick-Nova Scotia border, is a founding member of Really Local Harvest. He says the co-operative started when interest in where food comes from was reaching a peak.

"Everybody was looking for more local products so the timing was perfect to do it," he says, adding it's a global trend with u-picks and value-added products all doing better.

But, D'Astous points out, there's more to the financial success of the local food movement than forming a co-operative. Really Local Harvest invested in promotion, which was a turning point for the group.

The co-operative tapped into the former Canadian Agricultural Adaptation Program and hired staff to do promotion. They saw such an increase in business that they agreed to continue to keep an employee even after the funding ended.

Farmers realized they needed to mobilize the co-operative to promote their local food. "It's expensive," D'Astous says. "This way, they share resources to promote the Really Local Harvest brand."

---

"We look at what other people are doing and ask 'What are the missing pieces?'"

## West coast

When Wylie Bystedt moved from Vancouver to the rural community of Quesnel, B.C., and began operating Coyote Acres Ranch, she had her sights set on establishing a large farm and began with 10 acres for chickens and sheep. She soon bought another 640 acres and leased a neighbouring 600-acre property for a 75 cow-calf herd.

Her original business plan didn't include selling to the local community, but when neighbours started asking if they could buy meat directly from her she recognized there was a local need. She adjusted her business plan to seize the opportunity.

She rightsized her farm for the local market. With 20 acres, she specializes in what she calls the five food groups: beef, pork, lamb, chicken and llama. Herd and flock sizes vary depending on market conditions, to which she can easily respond.

"We have some cows, about a dozen, but we don't focus on that now because beef prices are high and you can get more at auction than locally," she says. Several other producers have started raising beef so she focuses elsewhere. "We look at what other people are doing and ask 'What are the missing pieces?' We're keeping our hand in with specialty products like jerky and sausages."

Right now the market is best for pork and lamb. "We sell as much as we can produce, so we are looking at building up livestock and finding more areas to sell into."

## Keys to success

To determine demand, Bystedt looks ahead at market opportunities for lamb such as holidays, special events like 4-H sales, market season and niche markets like intact males for the ethnic market. "It's why we call ourselves a niche producer," she says. Critical to success, she says, is business agility.

She also recommends finding opportunities to help other local companies. Bystedt sells lamb, and some chicken, to a producer of raw pet food, and she works with local restaurants when they have catering jobs and special events. Most of her sales are by the cut, like roasts and steaks, and value-added products, like sausages, pepperoni, bacon and jerky, which garner better prices. She only sells whole animals, butchered or live, opting not to sell sides of meat. "Other farms do sides," she says.

Bystedt, Bourgeois and D'Astous all agree that timing and flexibility are keys to success in local markets. As Bourgeois points out, farmers who hope to capitalize on the interest in local food can't afford to lose their business mindset. ■



**VIDEO:**  
Building a Retail  
Strategy  
[fcc.ca/Retailing](http://fcc.ca/Retailing)

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# Insurance coverage: how much do you really need?

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Do you recommend producers have their employees under workers' compensation as well as having liability insurance, or is it enough to have just one?

I would say, first and foremost, if you're eligible, purchase workers' compensation. It's different in every province. Some allow family members to be on workers' compensation. Second, carry liability insurance. Everyone asks, "How much liability insurance should I buy?" and I always say, "As much as you can," because you don't know what claim might occur.

What about contract workers on the farm?

If you have a contractor coming onto your property, whether it's an electrician, a plumber, or even a custom farming operation doing some combining or spraying, ask for written confirmation of workers' compensation coverage and commercial general liability coverage. By law, if that person is on your property working for you and they fail to have workers' compensation and general liability, you then become the employer and are liable and responsible for that person whether they hurt themselves or injure someone else.

Are producers liable even if they've taken all due care and attention, or only in cases where things haven't been done properly?

In both cases, you could be drawn in. Nothing prevents someone from attempting to sue you. Even though you may be found not liable in our court system, you still have defence costs and that could be in the tens, twenties or even hundreds of thousands of dollars depending on the complexity of the case.

With general insurance, do you find that producers have adequate coverage or are there gaps?

There are two big shortfalls I often find when I do a review of insurance. One is coverage on the farm buildings. Many times we have buildings that were built 20 or 30 years ago with a work crew, bringing in some neighbours to help out, and they put up a building fairly inexpensively. Unfortunately, in that 20 or 30 years' time, all the constructions costs have increased exponentially.



Reid Henderson, leader of risk management and insurance for Agri-Trend Business Management, shares his advice to producers on workers' compensation, liability and property coverage, and more.

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### REID HENDERSON

*Raised on a mixed farm near Minitonas, Man., Reid has over 20 years of insurance experience and expertise.*

“The statistics say that 50 per cent of businesses never re-open after a major loss because of lack of, or inadequate, business interruption insurance.”

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The second huge gap we see is tool coverage. When you have a farm that is multi-generational, you have a multi-generational accumulation of tools and equipment. You can walk into a farm shop and some of them are fantastic. There are hundreds of thousands of dollars' worth of tools on more and more farms. All of a sudden when it comes time to claim, they've never updated their list and walked through that shop with their insurance provider to create a replacement cost evaluation.

### Can a producer get replacement value on a building when the depreciated value of that building on paper might not be anywhere near replacement value?

Where we see a little bit of confusion is when there might be an asset on the farm that's been depreciated, but it's a great building – it's solid, has good bones, and there's upkeep and maintenance. If we have a building at 25 years old, but there's full upkeep and maintenance – it's in great shape, the shingles aren't curling, the electrical is all updated – there is the opportunity for a full replacement cost as long as we have insured a value.

### What about business interruption insurance? Why is it important?

Business interruption is a huge issue, not only in agriculture but in any other industry buying insurance. The statistics say that 50 per cent of businesses never re-open after a major loss because of lack of, or inadequate, business interruption insurance. Essentially, business interruption insurance is income replacement. Let's say we have a dairy barn operation that burns to the ground. That farmer is going to have ongoing expenses and costs to be paid, but he's not getting a monthly milk cheque because he's not producing anything.

For grain operations, it's not so much a business interruption exposure, but a loss of use exposure. The combine always burns on September 5, it's never in May. So it's the middle of harvest, the combine burns, you should have enough loss of use coverage in that policy to go out and rent another combine.

### Should producers expect their insurance broker to actually come out to the farm and look at things?

Absolutely. Insist on what I call the “kitchen table meeting” or “in-farm office sit down.” It's over that cup of coffee that a lot of things will be picked up – risks and exposures that you as a farmer may not have realized, or your agent or broker may not have known about. ■



**VIDEO:**  
Watch the full interview with Reid.  
[fcc.ca/Coverage](http://fcc.ca/Coverage)

# Make technology assessment a core skill

BY PETER GREDIG

Whether you're looking at game-changing technology or just trying to determine what options you need on a new tractor, the challenge is the same: How do we really get a handle on which technologies hold the most promise and benefit?

Over the past couple of years, I've had the opportunity to talk to farmers across Canada about technology and there are some common lessons to be learned.

## | Don't be intimidated

Taking advantage of technology is first and foremost about attitude. Keep an open mind and don't assume it's beyond your abilities or scope. Getting comfortable with new things is done in baby steps.

## | Have a goal

Whether it's a \$4.99 mobile app or \$200,000 variable rate planter, the process should be the same. Look for innovations that solve an existing problem or generate a benefit not currently available. It's no different from the way we've always approached this, the difference today is the speed at which new technologies arrive and evolve. Today, it's less about welding rods and more about software-driven tools.

## | Understand the management required

Good technology works for you, not the other way around. If you're investing in new seeding, spraying and harvesting monitors that generate more data and transfer it wirelessly, are you prepared to calibrate the machines, organize and direct the data transfer, ensure that the data is accurate and relevant, and (this is a big one) make use of the data?

Sometimes a major shift in technology, such as switching to robotic milking, involves a complete change in the day-to-day responsibilities and

management. For some, this is the primary benefit. For others, it turns out to be the biggest challenge.

## | Partner

There will be speed bumps – it comes with the territory. Support from vendors, specialists and other farmers can be the difference between seeing it through or abandoning the project midstream. Team up.

## | Connect

We have the world at our disposal thanks to social media tools. Twitter is incredibly powerful if you're looking for other farmers who are in the same headspace or doing similar things. By using the search function, accurate hashtags and creating lists for specific areas of interest, you can really drill down into Twitter to mine information and find people to follow and communicate with.

Before making any purchase, it's a great idea to enter the make and model into YouTube. Farmers around the world are generating reviews that offer the pros and cons for various equipment and products.

## | Assess – without emotion

The biggest upside to the ever-expanding ability to collect on-farm data is that we can assess new processes and tools with greater certainty and accuracy. There's no benefit to sticking with something that's not delivering the goods.

Thinking about how you can assess a new technology should be part of the process from the beginning. ■



**VIDEO:**  
Tool, or toy?  
Find out how  
three tech trends  
fit with ag.  
[fcc.ca/TechTrends](http://fcc.ca/TechTrends)

## No cutting corners in lawn mower safety

BY MARK CARDWELL

One of Jan Chappel's duties at the Ontario hotel where she worked as a summer student years ago was to cut a massive lawn using a push mower.

"I couldn't do it on one tank of gas. I always had to refill halfway through, when the engine and muffler were burning hot," says Chappel, who went on to earn a master's degree in occupational health at the University of Toronto.

"Looking back, it was probably a bad idea," she says. "But no one gave me any instructions or warned me about the dangers."

Chappel has spent the past 20 years doing workplace safety research and knowledge transfer for the Canadian Centre for Occupational Health and Safety in Hamilton.

She believes people don't take lawn mowers seriously enough.

"They are small, and mowing grass may seem mundane," she says. "But that doesn't mean they are less likely to chop off an appendage or explode."

That's especially important to note on farms, where push mowers, riding tractors, zero-turn mowers and even big agricultural mowers are often used to keep yards and field edges trimmed.

According to data collected by the Canadian Hospitals Injury Reporting and Prevention Program, or CHIRPP, lacerations and amputations account for most injuries involving lawn mowers. And most of those injuries were caused by people slipping or tripping under a mower.

Notably, nearly half of all mower accident victims (48 per cent) are 15 years old and younger.

Other common injuries include burns from hot lawn mower engines or mufflers (which accounts for 70 per cent of injuries to small children), passengers falling off riding mowers, and people struck with debris thrown out by mowers at speeds of up to 200 kilometres an hour.

Rollovers are also a danger around water, drop-offs, retaining walls, culverts, steep inclines and in wet environments, which explains why rollover protection systems (ROPS) are now standard on all new professional models of rapid, fast-turning zero-turning radius mowers, some of which weigh up to 1,700 pounds.

"Zero-turning radius mowers offer efficiency, maneuverability and productivity. In short, they help get the job done in a lot less time," reads a safety warning from one leading Canadian manufacturer (The Toro Company). "However, like all lawn mowers, these machines require careful operation to prevent accidents."

The Canadian Agricultural Safety Association sums it up this way: before any piece of equipment is moved, regardless of its size, the person in charge should ensure there is adequate training. Training does two things: it forces the supervisor to review work procedures and acknowledge any hazards that are present, and it tells the new person that there are work performance expectations. ■

## CUT AND DRIED TIPS



Use seat belts when available

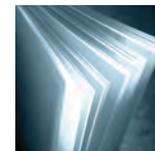


Maintain safety equipment like deflector shields and ROPS



Choose appropriate footwear

Scout area to be mowed and remove debris and obstructions



Review mower manual for other safety tips

Get trained, and provide training to everyone who uses the equipment

# Farmland values increase not as steep in 2014

The numbers are still going up, but the climb isn't as dramatic as it was in 2013. Average farmland values in Canada increased by 14.3 per cent in 2014, compared to 22.1 per cent the previous year.

The rate of increase slowed in many key agriculture regions. Manitoba showed the most significant change from 2013 to 2014, slowing from 25.6 to 12.2 per cent. Saskatchewan went from 28.5 to 18.7 per cent.

"While the increases are still significant in many parts of the country, they do suggest we are moving toward more moderate increases," says Corinna Mitchell-Beaudin, FCC Executive

Vice-President and Chief Risk Officer. "This is good news for producers since gradual change in the value of this key asset is always better for those entering or leaving the industry."

Ontario and Quebec were the only other provinces to see double-digit gains in land prices. B.C., Alberta, Nova Scotia, New Brunswick and P.E.I. ranged in increases from 4.2 to 9.3 per cent. Newfoundland remained unchanged from 2013.

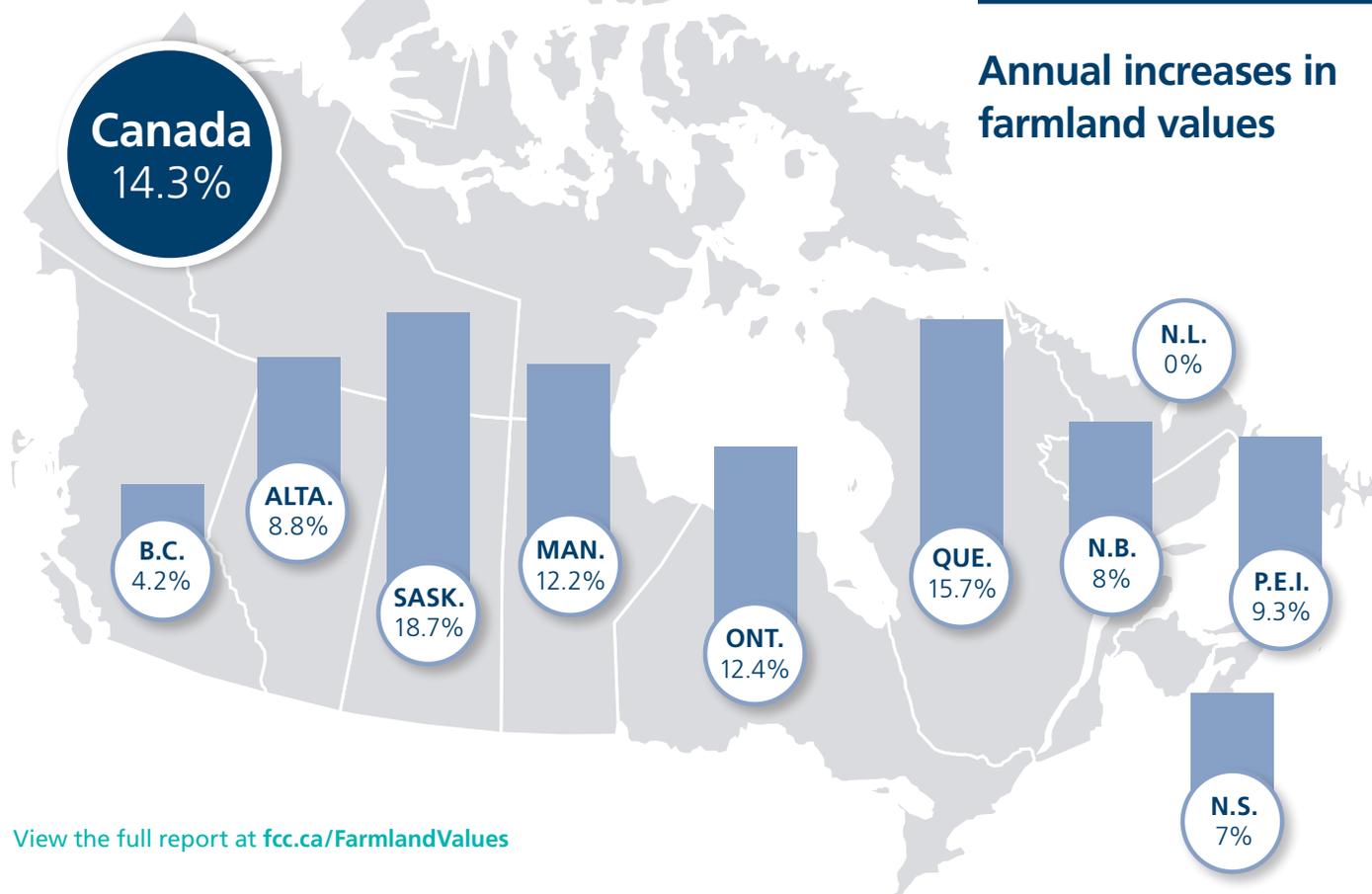
J.P. Gervais, FCC Chief Agricultural Economist, has been predicting a "soft landing" for farmland values since crop prices began moving closer to the long-term average following abnormally

high prices due to the 2012 U.S. drought.

Normalized profit margins may affect the land rental market. Rental rates usually take a little time to adjust downward following lower grain and oilseed prices. Multi-year leases are also gaining in popularity.

"Land is a valuable asset and there really isn't a one-size-fits-all formula for determining when to buy or sell," Mitchell-Beaudin says.

Producers need to take a close look at their operations and ensure they can manage through a number of scenarios when it comes to revenues and expenses.



## Annual increases in farmland values

View the full report at [fcc.ca/FarmlandValues](http://fcc.ca/FarmlandValues)

# We all share the same table. Pull up a chair.



“We take pride in knowing we would feel safe consuming any of the crops we sell. If we would not use it ourselves it does not go to market.”

– Katelyn Duncan, Saskatchewan

“The natural environment is critical to farmers – we depend on soil and water for the production of food. But we also live on our farms, so it’s essential that we act as responsible stewards.”

– Doug Chorney, Manitoba



“The welfare of my animals is one of my highest priorities. If I don’t give my cows a high quality of life they won’t grow up to be great cows.”

– Andrew Campbell, Ontario



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The journey from farm to table is a conversation we need to make sure we’re a part of. So let’s talk about it, together.

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