

# AgriSuccess



MEET A LEADER IN  
**PRECISION  
NUTRITION**

## Farming is all about community

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**#RootedInStrength**



## AgriSuccess

With pride in agriculture and a positive yet realistic outlook, AgriSuccess is dedicated to helping Canadian producers advance their management practices. Each edition aspires to present content that is:

- engaging
- motivational
- innovative
- actionable

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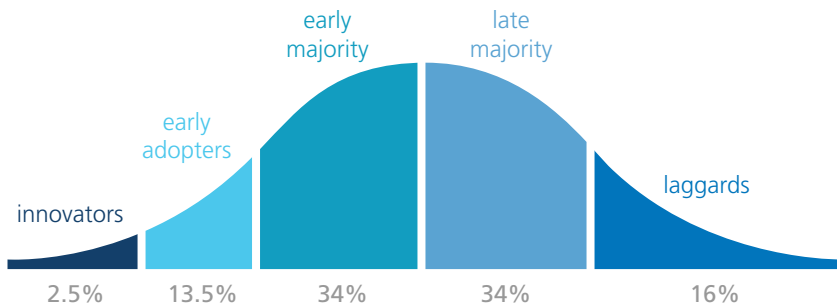
Wanted: Tech and ag-savvy employees

For Canada to be a leader in agri-food technology, we need young, energetic free thinkers with the proper training.



# What to consider when adopting new technology

No doubt, over the winter you'll find new technologies – at trade shows, in farm publications or talking to other producers – that you'll consider for your own operation in the year ahead. Some might be relatively minor, while others might precipitate a number of changes in how you do things. How quickly will you move forward? Social scientists have divided technology adoption into five segments:



Of course, someone might be an innovator or early adopter of a particular technology while being in the late majority or laggard category when it comes to another.

The characterization assumes the technology in question is beneficial and will eventually become the norm, and of course, that isn't always the case. Innovators and even early adopters are taking a risk, and they should have the financial resources to absorb losses if the technology doesn't pan out. For this reason, the leading edge is sometimes referred to as the bleeding edge.

On the other end of the scale, while being a laggard doesn't seem very complimentary, sometimes you can be so far behind on the adoption curve that you end up being ahead. At one time, farms with free-range chickens and group housing of hogs may have been considered laggards.

It isn't easy to know which technologies will succeed and when to jump in. Perhaps the best advice is to keep an open mind, do lots of your own research, calculate how the change may affect other aspects of your operation and most importantly of all, crunch some numbers.

We always appreciate your feedback and story ideas. Email [kevin@hursh.ca](mailto:kevin@hursh.ca) or catch me on Twitter [@kevinhursh1](https://twitter.com/kevinhursh1). ■

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# Dying without a will has big ramifications

BY LORNE McCLINTON

Having a will that spells out how to disperse your estate should be a key part of every farm's management plan. But a surprising number of Canadian farmers don't have one. This leaves the fate of your farm in the hands of the province and its intestate laws.

"In Saskatchewan, the Intestate Succession Act entitles your spouse to the first \$100,000 of your estate, and then it's divided up proportionately after that," says Stephen Schuck, a lawyer with the NSWB law firm in Weyburn, Sask. "In the case of someone who is married with three children, the spouse and each child would get 25 per cent of your estate after the first \$100,000 is dealt with."

It's more complicated if you have no spouse or children, Schuck says. In that case your estate would go to your parents. If you have no parents, it goes to your brothers and sisters, then your nephews and nieces. If you have none of these, it will be divided among next of kin.

"It just keeps going on down the line," Schuck says. "If it gets to the point where it reaches your next of kin, your estate could be fractionalized down into very, very, very small amounts."

The Act also decides who can apply to administer your estate. Again, your spouse will be at the top of the list followed by your children. So, if you have no spouse and your children don't get along, there can be a conflict.

The court will want your estate dispersed in a fair and equitable manner, Schuck says. They'll direct the administrator to take out a bond. Since many farms have millions of dollars in assets, this can easily mean thousands of dollars of extra costs.

Also keep in mind that the Family Property Act entitles your spouse to 50 per cent of the value of assets accumulated within the marriage. Your spouse or children can also claim against your estate under the Dependents Relief Act. If you happen to die in the middle of a divorce or if there's a common-law spouse with a claim, settlement could take years.

Intestate laws can create nightmares for children intending to carry on farming. Even family members who got along can become quarrelsome when shares of millions of dollars in assets are involved.

Schuck strongly recommends you plan ahead, seek legal advice and get a will in place. Wills also need to be updated to reflect new realities. It doesn't cost a lot of money, it ensures your wishes are carried out and it can preserve the future of the farm. ■

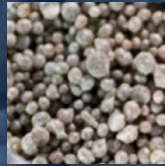


▶ **VIDEO:** Transition and estate planning can be complicated, so the sooner you start, the easier the process can be. Get tips from our Management Moment video. [fcc.ca/EstatePlan](http://fcc.ca/EstatePlan)



# MEET A LEADER IN PRECISION NUTRITION

BY ANDRÉ PIETTE





When it comes to high-performance supplements, Jean Fontaine, president and founder of Jefe Group, is one of the most knowledgeable people in Canada. His entire career has centred around the development of products to replace such supplements, or growth promoters.

Jefe Group is based in St-Hyacinthe, just outside Montreal, and is a world leader in the field. For example, their nutritional solutions are sold to animal industries in over 80 countries.

The company began operations in 1982 when Fontaine had just completed his animal science degree and began importing micronutrients for animal feed. Once he had unearthed a phosphate supplier from Holland and a sodium bicarbonate supplier from Belgium, his list of suppliers grew rapidly.

By importing directly from Europe, Jefe quickly distinguished itself on the Canadian market as a supplier of quality products at very competitive prices. This approach is reflected in the Jefe Group slogan: Life, Made Easier.

At the beginning of the 1990s, Jefe initiated a major change and the company began adopting the new micronutrient protective technology — technology they had previously participated in developing.

“I use the image of the Trojan horse to describe this technology,” explains Fontaine. “What we want is for the nutrients to reach the intestines, where they balance the composition of microflora before they are metabolized. If they’re not protected, they lose their effectiveness because the stomach breaks them down or absorbs them before they reach their intended target.”

### **Non-medicated growth promoters**

In the space of only a few years, the company, which started as a modest distributor, became a manufacturer of nutritional solutions. Jefe had a unique mission: to help farmers achieve optimal livestock performance without using medicated feeds as growth promoters.

At the time, systematically adding small doses of antibiotics into pig and poultry feed was standard practice. By controlling intestinal flora, these medications help the animal maintain good health and grow quickly. The downside, as we are increasingly aware, is that this preventative use of antibiotics may result in the creation of resistant micro-organisms.

Faced with such a threat, public authorities began adopting new regulations. For instance, in 2006 the European Union created new legislation that allows medicated feed additives to be used only with a prescription from a veterinarian.



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It took forward-thinking and vision to start proposing non-medicated growth promoters two decades ago. “At that time, no one was talking about antibiotic resistant micro-organisms,” Fontaine remembers. To convince clients, the company concentrated its efforts on research. “To persuade a PhD in animal nutrition that your product works,” he says, “you have to show scientific results.” The Jefo Group developed partnerships with different universities across North America including Laval, Guelph, University of California and Cornell University. It then expanded its network into Europe, South America and Southeast Asia.

During this time, the company created its own infrastructure, investing in and building swine and poultry research farms. Visitors are welcome at the Jefo Campus where over 60 researchers, animal science specialists and veterinarians are at work.

### Multiple product lines

The Jefo team has developed a wide range of products. For example, they offer a progressive-release zinc supplement.

“In piglets, an effective way to fight diarrhea is to add zinc to the feed,” explains Fontaine. “The problem is that when zinc is used in its traditional form, the majority ends up in the manure rather than being metabolized by the animal. This means there is a lot of waste, and at the same time it creates a potential source of pollution because when this manure is spread in the fields, there is a risk of raising zinc levels to a point where it is harmful to the crops. Our product allows farmers to use one-tenth the amount of zinc previously recommended while maintaining livestock performance.”

The company founder is particularly proud of the vitamin solution for dairy cows developed by his team. “This product is given to dairy cows during the three weeks prior to calving,” he explains. “It significantly reduces the occurrence of retained placenta, acetonemia and udder edema. The farmer thus keeps his cull rate lower.”

### Reinvesting – a success model

Jefo is on a roll. “Our total revenue was \$100 million in 2010, \$250 million in 2015 and it should pass half a billion in 2020,” he says, adding, “That’s largely the result of having over the years reinvested the majority of our profits back into the company, just as farmers do on their farms.”

Fontaine just turned sixty and has begun passing on the reins to his children. “We can count on a solid team during this transition,” he says.

“Another challenge is anticipating the benefits new fields of knowledge like intestinal microbiome research and artificial intelligence will have for agriculture. We want to imagine what’s next and redefine the boundaries of animal nutrition.” ■



# American GM food labelling will affect Canada

BY KEVIN HURSH

The U.S. Department of Agriculture (USDA) is working on how to implement the labelling of genetically modified (GM) foods. How the USDA proceeds and how consumers react to the labels will have ramifications on both sides of the border.

The nationwide American initiative was mandated by Congress in 2016 as a way to ward off the patchwork of GM labelling rules springing up in various states, such as Vermont. However, while there will eventually be one set of labelling standards, the devil is in the details.

From May 3 to July 3, the USDA invited public comment on what it called a National Bioengineered Food Disclosure Standard. Months later, it's still wading through thousands of submissions and trying to determine a way forward.

The first problem is differing definitions of bioengineered. Most people view bioengineering or genetically modified as meaning the transfer of genetic material from one species to another outside conventional plant breeding. But where does that leave the newer technology of gene editing where no genetic transfer occurs?

Threshold levels are another thorny issue. GM crops such as soybeans, canola and corn are moved in the same bulk handling system as non-GM crops such as wheat, barley and flax. If you enact zero tolerance, even a bit of grain dust could be enough to spark non-compliance.

And what about highly refined food products such as soybean oil, canola oil and cornstarch? Those made from GM or non-GM grains are virtually indistinguishable, since the protein has been removed. Do you still have to label these?

And what if a food product contains just one per cent canola oil? Does that make it a bioengineered food?

The International Food Information Council (IFIC) based in Washington, D.C., ran a survey of American consumers and found lower acceptance and less willingness to pay for foods labelled as bioengineered. The label raised human health concerns.

"Despite broad scientific consensus that GMOs are safe to consumers, a majority of Americans seem to be convinced otherwise," said Joseph Clayton, CEO of the IFIC, when commenting on the survey findings.

Canada and the United States trade over C\$47 billion in agricultural products annually. Even without the labelling of GM foods in Canada, American labels will have an impact on this side of the border.

It's too early to know exactly how the U.S. labelling laws will be applied or their impact. However, there will no doubt be groups advocating a similar approach in Canada. Plus, with the amount of cross-border trade, what happens in the U.S. matters to Canada. ■



# SOME FARMERS NEVER RETIRE

BY LORNE McCLINTON

Handing down the family farm from one generation to the next is one of our strongest agricultural traditions. But none of Rob Dreger's children or their spouses plan to take over the 116-year-old farm near Lang, Sask. They have careers and interests of their own, and the 65-year-old grain and oilseed producer is fine with that. And, since the farm – which is Rob and his wife Lois's passion – generates a comfortable income and they're in good health, they plan to continue farming for some time.

There are thousands of Rob Dregers out there. Canadians are living longer, healthier lives than ever, says Darrell Bricker with Ipsos Global Research in Toronto. Canada's population is aging dramatically. In 1970, the median age was 26, meaning half the population was younger and half older. Today it's 41, and the numbers are even starker in agriculture where the median is 56.

Farmers choose to retire for all kinds of reasons. Some lose interest after they've achieved their goals. Others want to pursue something new and still others retire after a health problem or some sort of crisis. But there are also those who are committed to the farming lifestyle and just want to keep going.

"I taught for 31 years and I've farmed for 44 years," Dreger says. "I retired from teaching when I was 52. I'd put my 30 years in and I was out; I was done with it. But I can't say that about farming right now. I haven't made my plans for the auction sale yet – I still want to farm for the foreseeable future."

Dreger says he can't easily tell people why he plans to keep farming. Part of it is that it still interests him, and he also notes that recent changes to the small business tax structure make it much more attractive to actively farm his land than to rent it out.

But he wants to farm on his own terms with a nice line of equipment to make fieldwork enjoyable. Lifestyle is important to him, so Dreger doesn't hesitate to hire a custom operator to do some spraying or haul grain to free up time to spend with the grandchildren or travel.

"I plan to remain actively involved in the management and marketing sides of the operation indefinitely," Dreger says. "Eventually there will come a time when I'm done with it, but the land will never be sold ... it continues to meet our financial needs and it's a bonus for our children and grandchildren in the end. So we'll let them worry about what to do with it after we're done." ■



Recent changes to the small business tax structure make it much more attractive to actively farm land than rent it out.

▶ **VIDEO:** Try mentoring young people or taking on new roles in the farm business to reinvent your retirement. Find more ideas in our Management Moment video. [fcc.ca/Reinvent](https://fcc.ca/Reinvent)

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# IN SEARCH OF AN ACCURATE WEATHER FORECAST

BY KEVIN HURSH

Canada is a nation obsessed by weather, with farmers and ranchers perhaps the most obsessed of all. Many of us wouldn't know how to start a conversation if it wasn't for the weather.

You look at the weather app on your phone and see a prediction for 20 to 25 millimetres of rain on Thursday. Good, you think, the rain is timely and badly needed.

However, your spouse heard on the local radio station that Thursday has only a 60 per cent chance of showers. Meanwhile, your neighbour who subscribes to a farm weather forecast service says the outlook for Thursday calls for no precipitation at all.

Which forecast is most accurate? How are these forecasts even derived?

## Big weather models drive forecasts

Some weather services just regurgitate forecast information that mirrors the public system. They don't necessarily employ any meteorologists.

On the other hand, numerous private weather services such as The Weather Network and World Weather Inc. have their own meteorologists and generate their own forecasts. However, it's important to note that the basis for their work is the publicly funded weather forecast bodies that employ huge, expensive supercomputers to perform forecast modelling.

The Canadian system is part of Environment and Climate Change Canada. The U.S., European Union and Japan all have

their own systems churning out world-wide forecasts. Each monitors what the other is doing and each model has its strengths and weaknesses.

From the publicly available information, meteorologists from private weather firms may add their own interpretations. Sometimes this involves localizing the available information or customizing it to be more user friendly for a particular interest group such as agriculture.

Private firms also have the ability to deviate from the public forecast models, giving greater or lesser weight to specific parameters.

"It's important to realize that each weather service isn't re-inventing the wheel," says Bruce Burnett, director of weather and markets for Glacier Farm Media. For years, Burnett monitored global weather and markets for the Canadian Wheat Board. "There are a lot of forecasts, but not a lot of clarity of where the information is sourced."

Andy Nadler of Peak Hydromet Solutions agrees that most people are unaware of how weather forecasts are formulated. "Many private forecasters provide forecasts for a smaller geographic area, but this granular forecast may or may not be more accurate," says Nadler, who supplies weather and climate-related services to a number of agricultural companies.

## Which forecast is best?

Nadler and Burnett also agree that forecasts overall are getting better, but neither can provide a definitive answer on which forecast is the most accurate.

"How do you measure accuracy?" Nadler asks, rhetorically. He notes that forecasts tend to converge as the time draws closer. Forecasters might have widely varying predictions for Day 7

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Weather radar ... will only get better as new radar stations come on stream.

# Weather radar upgrades

of a seven-day forecast, but they are likely to be in reasonable agreement by the time Day 7 is tomorrow.

“We claim 95 per cent accuracy for Day 1 of our forecast period,” notes meteorologist Terri Lang of Environment and Climate Change Canada. “However, people tend to remember the five per cent when we don’t get it right.”

For the first two days of an Environment Canada forecast, there’s some human element massaging the prediction that comes from the supercomputer modelling. Past two days, the model information without any adjustments forms the forecast.

Lang doesn’t believe there’s a great deal of latitude to improve computer modelling. At some point, extra data just becomes information overload, even for supercomputers. However, she is enthusiastic about the upgrades coming to weather radar stations across the country.

No one can accurately predict the path of summer thunderstorms, but with weather radar everyone can watch thunderstorm development and tracking in real time. It has become a valuable tool for producers and will only get better as new radar stations come on stream.

## Seasonal forecasts lack accuracy

Environment Canada and many private forecasters release long-range or seasonal forecasts, but the accuracy remains poor. Long-range temperature forecasts have a bit more credibility, but precipitation forecasts are not much better than flipping a coin.

“Too many factors come into play for seasonal forecasts. It makes them really, really challenging,” Lang says.

But that doesn’t deter Canadians from wanting to know the long-range forecasts and then talking about them. ■

A modernization of Canada’s weather-radar network began this year. According to Environment Canada, the country’s 31 radar stations will be replaced at a rate of four to seven per year.

The new systems will enable forecasters to better distinguish between rain, snow, hail and freezing rain, resulting in more precise and timely weather watches and warnings. The new stations will also have an extended severe-weather detection range.

The radar structure is composed of an open lattice steel tower with a 12-metre diameter radome on top. Total height will vary from one site to another, but could be as high as 40 metres, the equivalent of a 12-storey building.

## U.S. precipitation forecast includes Canada

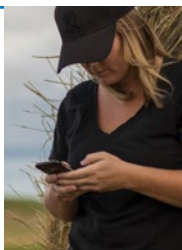
You may have seen colour-coded precipitation forecast maps for North America from the U.S. National Weather Service. They go by the letters QPF, which stands for Quantitative Precipitation Forecast. Five and seven-day forecasts are provided, but just like Canadian forecasts, they aren’t always correct.

To find these forecast maps, just search U.S. QPF.



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MENTAL HEALTH MOMENT

## WHERE TO START WHEN LIFE BECOMES OVERWHELMING

### STEP 1

Take care of yourself



sleep



exercise



eat healthy

### STEP 2

Talk about what's going on

**Share what you are going through** and talk to your doctor if you need help. Counselling and medication can start you on the road to recovery.

Source: Country Guide

KEY TIPS

## NEGOTIATE WITH CONFIDENCE

### Speak up

Don't be afraid to ask for what you want

### Listen actively

Concentrate to fully understand and learn before responding

### Make a list

Write down what you're prepared to accept

### Be fair

Do your research so you know that what you're asking for is realistic

### Stay calm

Be professional and manage your emotions

**TIP:** Don't let a setback destroy your confidence. Other opportunities will come along!

Source: Forbes.com

## FIVE THINGS EVERY ASPIRING FARMER SHOULD KNOW



### LEARN FROM OTHERS

Talk to other farmers in your sector, attend farm open houses and twilight tours, go to industry education events. Ask questions and listen to the advice of those who've been there.



### SCIENCE MATTERS

A lot of problems in farming can be solved by understanding the science behind the issue affecting the crops or livestock you're growing.



### BE PATIENT

Building a farming business takes time and curve balls can come in many forms, so growth and success won't happen overnight.



### LOVE WHAT YOU DO

Agriculture takes passion and dedication, and you're likely to struggle with success if you're not committed to the farming lifestyle.



### GET STARTED

That first opportunity might not be entirely ideal and taking that first step can be the hardest decision you'll ever make – but you won't realize your farming dream without it.

Source: FutureOfAg.com

# STARTING A FARM WITH SOUND ADVICE

*The following is Part 1  
of a fictional case study  
created by BDO.*

It was a big day for Jeremy – and it was a long time coming. He quit his job. He was now officially a full-time farmer.

It was a great feeling, but scary at the same time. There would be no more safety net in the form of a weekly paycheque. He knew he was making the right decision, but he suddenly had some anxiety about aspects of his farm enterprise.

Jeremy had always wanted to farm, but he came from an urban background. After getting a diploma in agricultural business, he worked a number of jobs for crop protection companies, an equipment dealership and most recently, as a farm manager. At the same time, he was able to rent some acres and equipment from the farmer he worked for.

When his parents passed away within a couple of years of each other, Jeremy inherited their house in a super-heated housing market in a major urban center. He sold the house and bought land, but cash flow was always an issue and he needed a job to keep everything moving forward.

A turning point came when a former boss suggested he look into an opportunity to custom-bale hay and straw for some of the mid-sized operations in his area. He started with an old baler and rented tractor, but within three years he had purchased two newer balers and a couple of tractors to power them. He had more work than he could handle so it was time to make the leap. His plan was to grow value-added crops and use the custom baling enterprise to keep growing the land base.

Jeremy had always relied on mentors and neighbours to help him on his journey. But when it came to questions about how to structure his business, land ownership options and tax planning, the free advice he was getting at the coffee shop seemed priced about right.



## He wasn't dealing with succession, he was initiating a business and knew he needed help.

With the warm fuzzy feelings after quitting his job subsiding, Jeremy made a list of the questions that kept bubbling up. He wasn't dealing with succession – he was initiating a business, and although he had been farming part-time for a number of years, he knew he needed help to start his full-time farming venture off on the right foot.

The first priority was to meet with his accountant, Alex, a local professional with a wealth of experience in agriculture.

### Should he incorporate the business?

Jeremy expected gross revenues this year of about \$300,000 from farming and the custom work, similar to the prior year. However, last year, after expenses, he had only reported about \$35,000 of taxable income. This puzzled Jeremy, but Alex explained that because he could depreciate his equipment, he had been able to report a sizable deduction last year. Given his plans for additional expansion, Jeremy and Alex estimated taxable income of about \$50,000 for the next few years.

At that level of income and with no other personal income, Alex thought there'd be insufficient tax savings to offset the legal and accounting fees to set up and maintain a corporation. He could always incorporate in the future if his income increased. At that time, they would decide if it made sense to transfer all the assets into the corporation, or only the equipment.

### What about future capital gains?

Jeremy knew there were capital gains exemptions available for farm property. Alex provided some insights. An individual (not a corporation) may claim up to \$1 million of exemption from gains on the sale of qualified farm property. Although Jeremy didn't intend to sell any farm property in the future, he was glad to have a better understanding of how the exemption worked.

There was a benefit to not putting land into a corporation, because gains that accrue on it after it was in a corporation would not be sheltered with this exemption. Unlike many of his peers who operated farms that had been in the family for generations, Jeremy now knew that if he ever quit farming and started renting his land out, or if the custom work business became much more substantial, he would have to consult with Alex to keep his farm aligned with the rules concerning capital gains.

### How would he pay personal expenses?

This was not on Jeremy's list, but Alex wanted to discuss the logistics of keeping business and personal expenses separate. Rather than running all his personal expenses through a single account, he should transfer a set amount regularly to a personal account and then pay personal expenses like groceries and entertainment from that. Jeremy liked this idea as it would help him budget his personal expenses.

After meeting with Alex, Jeremy knew he was just getting started on accounting and business management decisions. He needed to learn more about avoiding issues when hiring and firing employees, and managing payroll. He also needed to choose an accounting software program, develop a plan for RRSPs and think about what kind of insurance coverage he needed at this stage of his career.

Watch for the January edition of AgriSuccess to read more about Jeremy's journey to establish a successful farm business. ■

*BDO Canada LLP is a national accounting and advisory firm serving producers from offices across Canada.*

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# Avoid construction cost surprises

When renovating a farm building or planning new construction, what are the best ways to limit cost overruns?



**GARY VAN BOLDEREN**

Board member, Canadian Farm Builders Association (CFBA)

Owner, Dutch Masters Construction Services Ltd.


To prevent cost overruns, do your homework.

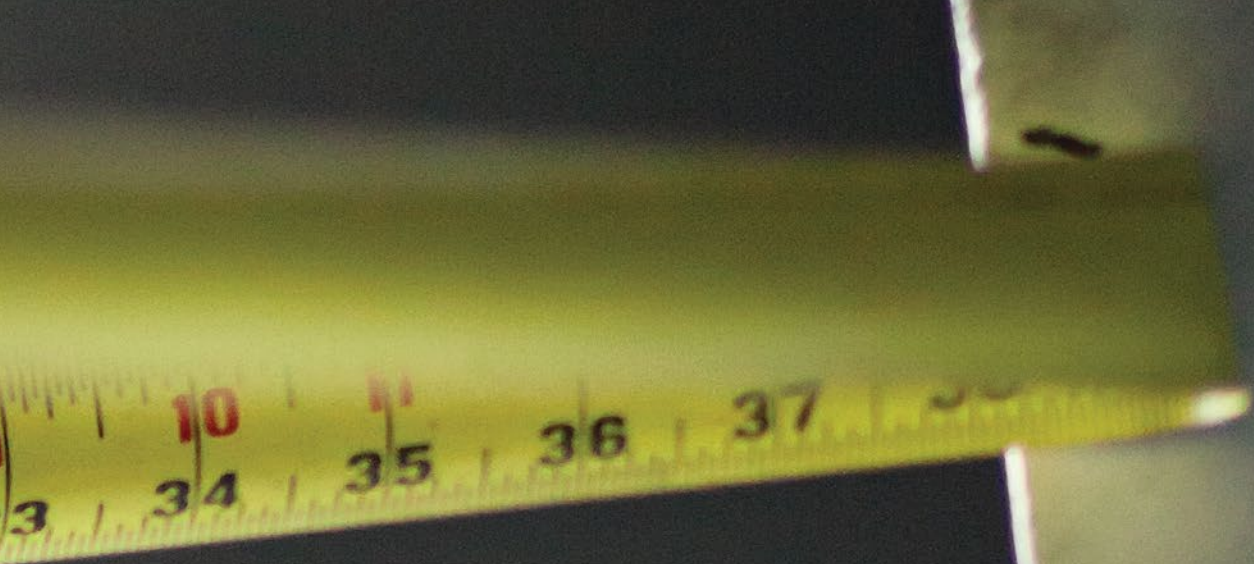
- Make a complete list of what you need. Consider excavation work, road entrance and driveway, septic bed, well, hydro service, backup generator, site survey, engineering, conservation authority approvals, and anything else you can think of.
- Design the building for your needs, detail every specification and prepare a final set of working drawings approved by the building department. This should include details about framing, foundations, insulation, type of concrete, interior finishes, drains, type of doors and windows, exterior cladding, cupboards, type of lighting and landscaping. Be very specific, even listing manufacturer model numbers where applicable.
- Make a list of the trades and miscellaneous expenses you will need to complete the project: electrician, concrete installer, excavator, plumber, engineer, painter, building contractor,

temporary waste bin rentals, portable washrooms for workers, project builders risk insurance, financing costs, etc.

- Check with local agencies for compliance for building permit approvals.
- Send out all the information to each trade to obtain prices based on the final specifications and engineer approved plans. Send the same details to everyone.
- Once the prices are received, decide who you want to hire and add up all the different trades, suppliers, fees, materials, etc., to get your total project costs. This quoted amount shouldn't change, unless you change the specifications during the construction phase.

This is a lot of work and requires a lot of expertise and knowledge. For significant building projects it would be wise to hire a professional general contractor who will sit down with you to design the project, with your involvement in the process.

 **DOWNLOAD:** Download a copy of our construction checklist. [fcc.ca/Build](http://fcc.ca/Build)



**GREG HUTCHINGS**  
 Manager, UFA Farm & Ranch Structures



**BRAD EDWARDS**  
 Saskatchewan Sales Division,  
 Goodon Industries Ltd.



Educating yourself and proper pre-planning are critical first steps. Most people do not know what to expect when taking on a construction project or how complicated or simple it may be.

A great first step is to define what a “want” is and what a “need” is. These are two items that should be considered when planning your project. Everyone has their own perception of what the final result will look like. It’s at the initial design and planning stage of the project where you need to determine all expectations. It is important to not only think about immediate needs, but also the future.

A lot of contractors can put a dollar value on a piece of paper. What is truly important is to educate yourself on what you need, so you’re better able to successfully plan the project. Planning may cost you funds up front, but the process allows you to potentially save costs in the future. For example, having drawings completed before you go to quote stage will reduce the inaccuracies of competitive quoting. Plans provide guidelines to keep cost overruns in check.

Other important considerations when planning your building project are site preparations, landscaping at the end, or required services to the building like electrical, water and gas.

A successful project starts with a plan and talking to the right people. In the end, this will contribute to a building that meets all your expectations.

Like many companies, we prepare contracts which include material, labour and freight so there is no reason for a cost overrun on one of our buildings. If the customer decides to add an extra overhead door or extra length to their building after the fact, then of course the price would increase.

The customer should start with a budget to know what they want to spend and then get prices on the building, and any other components they may want such as concrete and electrical. Once a building is decided on, be sure what is ordered and try not to make a bunch of changes during the build.

If it becomes essential to make some changes, find out what they are going to cost, to avoid any surprises. It’s also important to have all the contractors involved communicating and working together as much as possible. Otherwise, there can be mix-ups which might add to the cost.

It’s also important to consider all aspects of the project from site preparation all the way to adding eavestroughs. Sometimes important elements are overlooked.

However, the most salient point is that experienced companies and contractors can give accurate estimates, which should align with their final invoice. With written contracts and all aspects on the project planned out, the buyer knows what the price will be upon completion. ■

# 4 signs agriculture's financials are healthy

Canada's credit landscape is changing: four recent interest rate hikes, significant turbulence in agricultural markets and a decline in commodity prices. Still, Statistics Canada's Balance Sheet of Agriculture suggests an industry with the resilience to get through a bumpier-than-usual patch. In fact, ending 2018 and heading into 2019, agriculture seems in good shape.

# 1

## Leverage remains at safe levels

The industry's overall debt-to-asset ratio improved slightly in 2017, from a level that was already robust. It's one of agriculture's most-watched measures, and its strength bodes well for the future health of the industry.

The year-over-year story differs. The national ratio improved over the last 12 months, with Ontario, Alberta and B.C. each recording an increase from 2016. In these provinces, farm debt increased while asset values increased at a slower year-over-year pace.

# 2

## Pressures on liquidity trends building but manageable

Another key indicator of overall health is the current ratio, measuring liquidity. The strong current ratio of 2.27 in 2017 means Canadian agriculture had \$2.27 in current assets for every \$1 in current debt. Although lower than the 10-year average, it's still in the healthy range.

# 3

## Asset value growth outpaces net income

Simultaneous growth in asset values and weakening net income meant that agriculture's return-on-assets dropped below its 10-year average.

Saskatchewan recorded a 21% decline, the country's largest drop. Alberta also recorded a decline, while Quebec saw no change. Elsewhere, return on assets increased from 2016 and strengthening net income improved numbers in the Atlantic provinces, Ontario, Manitoba, Alberta, and B.C.

# 4

## Affordability of farmland continues to decline

In general, Canadian farmland has become less affordable. The pace of land value appreciation has exceeded appreciation in crop receipts since 2012. Land seems expensive from a historical standpoint, but other factors must be considered. The downward trend in interest rates for most of the last ten years, wealth effects and expectations of future growth in agriculture can explain why the ratios are higher than their average.

Overall, Canadian agriculture financials are strong despite some recent softening, and 2018 and 2019 revenues should approximate 2017 levels given the strength of global demand.

Understanding the industry's exposure to possible fluctuations in the environment, whether from farm income trends levelling out or further interest rate increases, can help to avert financial hardship. ■

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## FCC AG ECONOMICS

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[fcc.ca/AgEconomics](http://fcc.ca/AgEconomics)

# Wanted: Tech and ag-savvy employees

BY PETER GREDIG

There are many exciting technologies poised to dramatically change agriculture. To be a leader in agri-food technology, Canada needs young energetic free thinkers – and we need them now.

When I started building mobile apps for agriculture in 2009, there were almost no mobile developers. There were no schools or courses. The experts were very young and mostly self-taught. Finding developers who understood both mobile coding and agriculture was nearly impossible.

There are more people available today and they are much more skilled and educated, but usually employers are left to choose between a very adept developer with little ag knowledge and an ag-savvy person who needs training on the tech side.

I think this is a common scenario in many of the emerging agricultural technologies, including big data and artificial intelligence, robotics and autonomous machinery, as well as the Internet of things.

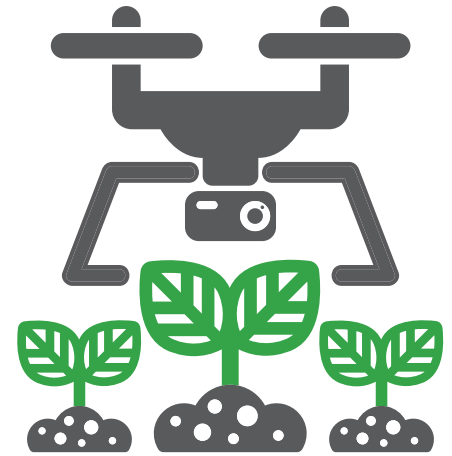
Traditionally, new technology is introduced via early adopters, researchers or entrepreneurs and if it finds traction, academic programs pop up. This model takes years and is simply too slow to address the technologies moving quickly from prototype to field trials. There are

schools reacting as quickly as possible, but the range of skills required is diverse and moving fast.

Worldwide, assessing and implementing new technologies in agriculture will be at least as important as agronomy and business management, and Canada can be a global leader. It starts at your kitchen table. We need rural young people fascinated by artificial intelligence and machine learning to develop ag applications. We need researchers with farming backgrounds to build algorithms that fully take advantage of all the data we're creating. Gene editing will be crucial to the industry, but we need scientists and product developers who are passionate about agriculture.

Where courses specializing in agriculture do not exist, the path is to learn the generic science but bring it back to agriculture. What excites me most about encouraging young people to dive into agricultural technology is the fresh perspective they'll bring. We need that. Too many innovations get shoehorned into established thinking.

Having the brain power and people to lead Canadian agriculture into a new technological era is a huge challenge and an incredible opportunity. We need to start talking tech to our children and grandchildren. Our future depends on it. ■



# BUILDING RESILIENCE FOR LIFE ON THE FARM

## Mental wellness takes priority

Agriculture is an amazing business. It's fun, adventurous, often profitable, always forward-thinking, technologically advanced – and best of all, it's where many of us have found our passion.

And it can be solitary work, which means we have plenty of time to take in the beauty around us and make plans for the future – but also means we have time to think deep thoughts. And those deep thoughts may not always be positive ones.

Many of the challenges unique to farming, such as weather patterns and market trends, are out of our control and being isolated can compound that. Sometimes people who are feeling stressed and burned out need a little help figuring out where to turn.

### **Partners for mental health first aid**

In June 2018, FCC entered into a partnership with the Do More Agriculture Foundation to create a network of mental health first-aiders. During their training, participants are equipped with basic skills to identify and support producers coping with difficult or unfortunate circumstances and provide assistance when help is not immediately available.

### **Communities rooted in strength**

Hard work, resilience and a sense of community have always been the hallmarks of life on the farm. We host suppers, organize sports days, perform volunteer activities for our kids.

But there are also times we feel frustrated and anxious, and those are the times we need to come together. Lean on each other for support. Know there's someone nearby who has been through the same highs and lows.

FCC is working toward ending the stigma of speaking out and asking for help. We assembled the best advice from a number of mental wellness experts – as well as some real-life accounts of producers who have faced mental health issues – into a publication titled *Rooted in Strength: Taking Care of Our Families and Ourselves*. Watch for it starting mid-November in mailboxes across the country.

### **Take time to talk**

You may notice there's a lot going on in this area right now, because this is an important topic to talk about. Erasing the stigma and encouraging people to speak up and get help is the right thing to do. We are all – producers, operators, entrepreneurs, and especially our loved ones – important to our industry.

## Let's take care of each other.

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