

PUBLIC AND PRIVATE PARTNERSHIPS FOR INFORMATION DELIVERY TO CANADIAN FARMERS- HOW WE ARE NOW DOING THINGS DIFFERENTLY IN ORDER TO CATCH UP TO THE AUSTRALIANS.

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Abstract:

In 2001, Farm Credit Canada, a Canadian Crown Corporation, completed a benchmark study that compared farm business practices in Canada, the United States of America and Australia. The study concluded that Canada and the U. S. are similar in their practices, but fall significantly behind Australia.

Canada and its provinces have recently signed on to a new Agricultural Policy Framework. This accord has put a renewed focus on business management skills.

The Canadian Farm Business Management Council's mandate is to coordinate and contribute to the development of business management skills of farmers - in partnership with the federal government, provinces, university and the private sector. The Council is a small organization, and can only achieve its mandate through active partnerships.

One partnership model that has been recently developed is called AgriSuccess. Farm Credit Canada spearheaded the formation of a group of organizations working together to enhance management skills. Individually, they bring different resources and skills to the table but collectively they have an objective of reaching over 2,000 farm businesses through targeted seminars and workshops.

AgriSuccess is but one example of collaborative efforts that the Council will facilitate ensuring the objectives of Agricultural Policy Framework are met and that Canada continues as a world leader in agriculture. This is a new approach and one that the Council would like to share with international colleagues.

Introduction

As a Confederation, the responsibility for agriculture in Canada was divided between the provincial and federal governments when Canada was formed in 1867. With many governments facing increasing fiscal pressures to reduce debts and operate with balanced budgets many farm extension services have been reduced or eliminated over the past

decade. Governments at all levels have been working more closely with the private sector to deliver programs and services.

The Farm Credit Canada Study

In 2001, Farm Credit Canada, a Canadian Crown Corporation, completed a benchmark study that compared farm business practices in Canada, The United States of America and Australia. The study concluded that Canada and the U. S. are similar in their practices, but fall significantly behind Australia.

Survey Methodology:

- Telephone interviews were held with 750 commercial farmers in Canada, USA, and Australia.
- Respondents were representative of the farm population.
- Accuracy was within +/- 3.6% total and +/-6.2% at the country level.

Areas of Focus:

- lifecycle status of farm operation
- business/succession planning
- human resources
- production management
- financial and risk management
- adoption of new technology
- future outlook

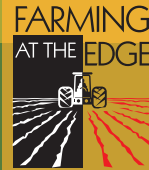
General Observations

- Canada and the U.S. similar with respect to many farm management practices, but both fall behind Australia
- Demanding business structure in Canada and the U.S. (sole proprietorship)
- Business planning in Canada and U.S. tends to focus on tactical initiatives
- Technology adoption relatively high across countries
- Canadian producers use electronic technology more broadly than Australian and American counterparts

Specifically the study concluded that:

- 29% of Australian farmers have a written business plan while only 16% of Canadian farmers have a written business plan.

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- 69% of Canadian farmers have no agriculture degree or diploma compared with 54% in the United States and 55% in Australia.
- Only 34% of Canadian farmers prepared a detailed budget at the beginning of the year and stick to it compared with 49% in Australia.

Canada lags Australia and/or U.S. in key farm business management practices:

- Business & succession planning
- Human Resource Management

Need for more aggressive approach:

- Canada needs to take advantage of global opportunities
- Australia has aggressive plans for expansion and diversification.
- Canadian producers need to find ways to adapt business management practices for their own use
- Need to provide producers with greater access to management training opportunities

Business & Succession planning

- One quarter of all producers have completed a written business plan in the last two years
- Only one in six producers has a formal written succession plan
- Larger and more complex operations require detailed long-term and succession planning

Human Resources

Three quarters of producers have paid staff

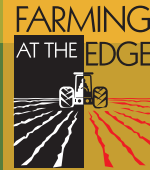
Australian producers most likely to have:

- full-time paid staff
- business manager
- production manager
- About half of all producers conduct performance reviews and hold staff meetings
- Staff evaluation a key ingredient to business management
- Need for more farm management training

Financials

- Producers in Australia and the U.S. most likely to complete a detailed annual budget

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- Only one third of producers set a profit target each season
- Almost all producers keep financial records
- Critical need for better monitoring of operational performance

Risk Management

- Eight in ten believe managing market place risk is own responsibility
- Two thirds believe reinvesting in their farm operation makes more sense than non-farm investments
- Use of commodity marketing tools most prevalent in the U.S. and Canada

Computers and information technology

- Eight in ten producers own a computer
- Most producers use computer for:
 - keeping financial records
 - conducting financial analysis
 - completing production/farm analysis

Internet

- Seven in ten producers have Internet access (85% of computer owners)
- More American producers make farm-related purchases over the Internet
- Australian producers most likely to do their banking over the Internet
- Financial institutions and industry stakeholders must be up to the challenge

Attitudes towards the future

- Australian producers more likely to be positive about their farm's economic future
- More than twice as likely as Canadian or American producers to be planning diversification (26%) or growth (53%)
- More likely to encourage their children to go into farming

The Challenge Ahead: A Long Term Agriculture Policy for Canadian Agriculture

Since 2001, federal, provincial and territorial governments have been working with the agriculture and agri-food industry to help strengthen and revitalize the sector through a new Agricultural Policy Framework (APF) for Canada.

Over the next five years, Canadian farmers will have new tools, services and options to strengthen their businesses, increase prosperity and meet the demands of consumers at home and abroad.

This new Agricultural Policy Framework is composed of five elements:

- Food Safety and Food Quality
- Environment
- Science and Innovation
- Renewal
- Business Risk Management

Renewal is about providing farmers with:

- the skills, knowledge and tools to help them succeed in farming;
- access to advice on increasing profitability through new business opportunities and value added activities; and
- opportunities to help them improve farm family incomes and/or make informed choices about sources of income.

As part of the Renewal component of the agreement, the current Federal Farm Consultation Services- once only available to farmers in financial difficulty- is now being morphed into a new Canadian Farm Advisory Services. Eligible farmers -- those with at least \$10,000 in annual gross farm sales -- will be given access to financial consultants who will help them develop business plans.

At the Program Entry stage, a program officer will discuss with the farmer the various options available.

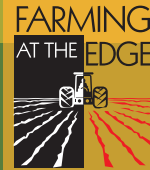
At the next stage eligible farmers will be provided with up to five days' worth of consultative services. A financial consultant chosen by the farmer will undertake this work. Valued at over \$2,000, this service will be paid by governments- the farmer would only pay a fee of \$100 to the consultant. The consultant will spend at least one full day on the farm and will prepare a full written report for the farmer including cash flow, income and expense statements, ratio analysis, financial statements, marketing information and a review of risk management options.

Beginning in September 2003 farmers will be offered financial assistance to purchase specialized consulting services based on need- planning for succession, expansion, marketing, diversification, etc. Governments will provide matching dollars to a maximum of \$8,000 per farmer to pay for this service.

The Ontario Story

Ontario is Canada's most populated province, with a total population of 12.1 million and 59,728 Census farms out of Canada's total of 246,000 Census farms.

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Ontario has a strong private sector farm business advisory service sector. The Ontario Ministry of Agriculture and Food (OMAF) sees one of its key roles as ensuring that private sector advisors – lenders, accountants, lawyers and financial planners – have access to the most current information available. For instance, OMAF has put on an annual series of Farm Tax and Business Seminars for the private sectors financial and legal advisors for over 30 years. These seminars, aimed at helping the private sector provide the best possible services and information to their farm clients, are attended by 700 advisors each year.

In 1991, Agriculture and Agri-Food Canada, OMAF, and the Ontario Federation of Agriculture, and other industry partners co-founded the Ontario Agricultural Training Institute (OATI). OATI had a mandate to develop and deliver small group participative training sessions on farm business management to farm managers across Ontario. It was formed with the objective of bringing together various industry partners who were delivering training programs for farmers under one co-ordinated effort, and to ensure that the training needs and the adult education methods employed responded to industry needs. An extensive network of farmer lead local Needs Committees were set up across Ontario to direct the training program agenda within each County or Region. This model worked well as long as there was significant direct financial and in-kind staff support from both the federal and provincial governments. However as direct funding and staff support was reduced, OATI was unable to make up the shortfall from training fees to participants.

Starting in 1996, OMAF began to reduce the number of staff involved in direct one-on-one farm business management extension with farm managers. The focus was instead put on developing print information, web based information, and in providing information to the private sector. With less staff across the province, OMAF quickly identified the need to develop information delivery partnership with the private sector. The development of this type of partnership requires recognition on all sides of different motivations and measures of success for government organizations and private sector organizations. However by being open to the needs of each other these partnerships can work well.

In 2000, OMAF, Farm Mutual Financial Services Inc., and Durward Jones Barkwell & Company LLP Chartered Accountants, jointly developed training materials and held a series of one day Succession Planning Workshops across Ontario. Both OMAF and Farm Mutual Financial Services Inc. have offices and staff across the province. This partnership was a very successful marriage of private and public sector needs. In 2001, these Ontario Partners became aware of AgriSuccess, a similar national initiative spearheaded by Farm Credit Canada and the Canadian Farm Business Management Council. The three Ontario partners became provincial partners in AgriSuccess and worked with the other national partners to develop the AgriSuccess workshop series on succession planning in 2001, and business planning in 2002. The development of the national partnership has been a challenge for partners who only have a presence in one province. Both public and private sector partners only realize a benefit when they are reaching their current or

prospective target clients. It appears that the AgriSuccess partnership will evolve to only having national partners with reach across Canada. Ontario is likely to return to provincial and regional industry partnerships, in keeping with the mandate of OMAF and many of the prospective private sector delivery partners in Ontario. As with businesses, partnerships work as long as all the partners perceive an individual benefit. To be effective, they must stay within the reach of all the partners.

The Canadian Farm Business Management Council

The Canadian Farm Business Management Council is a not-for-profit, national organization, formed in 1992 to advance farm business management so that farm managers have the skills and tools for success. Funded through Agriculture and Agri-Food Canada, all of the products and services are offered in both of Canada's official languages. Since 1992 the Council has worked with a number of partners to develop a broad range of books, CD ROMS, videos and web sites that help farm managers access information on business planning, marketing, human resources management, risk management and more. The catalogue, mailed across Canada to all Canadian farmers via farm magazines, contains over 45 top-rated products that farmers and farm advisors spent over \$110,000 to acquire last year.

Since its inception, the Council has representation from all of Canada's provincial and territorial governments. Many projects have been successfully developed over the years with representatives of these many governments. Avoiding duplication of resources, has been the major goal and many resource tools for farmers are now available to all Canadian farmers.

Council's vision is to be a world leader in the development of excellence in farm business management. A member of the International Farm Management Association since 1997, Council has participated in congresses in Calgary, South Africa and the Netherlands. It has a membership base of over 120 individuals, associations, corporations and provincial, territorial and federal agriculture departments. Corporate members include RBC Royal Bank, BDO Dunwoody, Farm Business Consultants Inc., Farm Credit Canada, Monsanto Canada and Myers Norris Penny. The board of 10 directors consists of 4 farmers, 4 provincial/territorial government representatives, 1 private member and one ex-officio from Agriculture and Agri-Food Canada.

To further disseminate resources we partnered with RBC Royal Bank, Farm Credit Canada, Ontario Federation of Agriculture, UPA, Syngentia, Dow AgroSciences, Canadian Pork Council, Cooperators, COOP and others to distribute over 66,000 copies of our Planning for and Responding for Disasters in Canada to Canadian Farmers. These books alone, with a retail value of \$19 each, represented a total value of products distributed to Canadian farmers of over \$1.2 million.

The Council has been very successful over the years in offering farm management tools and information to Canadian farmers with the joint resources of the public and private sectors.

Changing technology has revolutionized the type, quantity and quality of information that is available to farmers over the Internet. Real time commodity and markets information along with information that was previously available only to those close to a public library are now available to all and at great speeds using satellite and computer technology. The Council's website at www.farmcentre.com is visited by over 50,000 users each month.

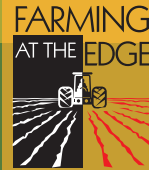
The AgriSuccess Partnership

AgriSuccess was a program designed and lead by Farm Credit Canada beginning back in the year 2000. The Partners, who were specifically invited to join as founding members of the AgriSuccess initiative, included the Canadian Farm Business Management Council, and several accounting firms from across various regions of Canada: KPMG, Myers Norris Penny, Robinson and Company, Union des Producteurs Agricoles, Pro-Agri Consulting and Grant Thornton. Together, the partners took a major role in developing and delivering, materials and programs in a seminar format to enhance farm management expertise across Canada. The seminars were planned to focus on seven areas of life cycle planning (Business, Strategic, Succession, Environment, Retirement, Estate and Contingency).

In most provinces the accounting firm partners provided most of the seminar delivery to farmers. However, in Ontario and Prince Edward Island, the provincial governments joined the initiative as "provincial partners" and were instrumental in the programs' success.

In the year 2001 the seminars focused on succession planning for farmers. In 2002 the focus of the AgriSuccess workshops was on business and strategic planning. In total, 36 workshops were held with 687 participants, representing 375 farm families. On average, there were approximately 10 families per workshop. Because of the hands-on nature of the workshops, it was recommended that the number of registrants be approximately 10-15 families per workshop. In addition to the scheduled workshops, there were mini-workshops held at Farmer's Day in Estevan, Saskatchewan and at the Western Canadian Dairy Symposium in Red Deer, Alberta. In total, these workshops reached another 150 individuals. Including workshops from 2001-02, the AgriSuccess initiative has reached over 2,200 individuals across the country.

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In order to provide consistently high quality seminars delivered across the country the number of partners is being reduced to those who can provide a national scope and presence. The actual delivery of the seminars across Canada will likely be contracted out to a limited number of qualified professionals who will deliver most of the seminars.

The program has been a great success but there is still a lot of room for improvement.

Conclusion

Public and Private sectors are working collaboratively in Canada to improve the farm management skills of Canadian farmers. The methods of delivery continue to change and farmers' needs as well as technology and government budget priorities are driving those changes.

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1. Farm Management Practices Benchmark 2001, Farm Credit Canada
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