

The Young Farmers Newsletter

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A Growing Opportunities Initiative

Trevor Atchison

Pipestone - It's well after sunset at the end of a hot, hectic summer's day, but you can still hear the enthusiasm in Trevor Atchison's voice when he starts talking cattle.

The 28-year-old Pipestone rancher is president of the Reston and Area Grazing Club, which just completed its annual tour earlier in the day. The afternoon saw Atchison putting up hay, which has been a feast this year, compared to last year's famine.

As he reflects on the past year, Atchison is the first to admit the ongoing BSE crisis forced his management focus to shift from long-term planning to short-term survival.

But now that "short-term" has come to mean "one year and counting," he realizes some of his short-term strategies will stand him on good stead over the long term, too. While some say this unexpected industry crisis has crippled young farmers like Atchison, this fourth-generation farmer hasn't lost sight of the future. He says with conviction that he's "optimistic the beef industry will be profitable again some day."

...relying on three timeless qualities – the wisdom of past generations, intensive management and raw courage

The young rancher had just taken on more land, expanded his cattle herd and taken over responsibility for the farm's mortgage payments from his parents when not one, but two disasters struck last year – BSE and drought. Understandably unhappy with the way his 10th year in farming unfolded, Atchison is relying on three timeless qualities – the wisdom of past generations, intensive management and raw courage – to see him through.


His parents, Joan and Lloyd, are still actively involved with the 3,500-acre ranch so their son can draw from a family memory bank filled with information and tough-times survival strategies to guide him. Atchison is also picking the brains of modern industry gurus, including successful cattle farmers in the region, researchers, and extension professionals on both sides of the Canada-U.S. border.

While he sometimes wishes he had had the patience for university after he graduated from high school in 1993, he also knows no book could have prepared him for the challenges of 2003. "Being in the industry first hand you learn from the guys that are doing it."

He knows there's more than one way to get an education. Instead of a classroom, Atchison prefers the pasture, where he focuses on developing the most consistent crop of calves he can from the family's 310-cow herd. He's also a regular participant in extension workshops focusing on farm financial planning and industry brainstorming sessions such as those provided by the Manitoba Grazing School.

Atchison took advantage of the Bridging Generations Initiative (BGI) offered through the Manitoba Agricultural Credit Corporation when he bought the family farm. He qualifies for the Manitoba BGI Management Training Credit if he takes farm management training, which means he receives a one per cent reduction in the principal of his loan for five years. Last winter he spent a week in Regina attending





a Ranching for Profit conference, which not only improved his bank of knowledge, but directly contributed thousands of dollars to his bottom line.

The double challenges of feeding alternative feed rations and juggling extra inventory last year led him to seek out his local agricultural representative as well as extension feed specialists and farm management specialists with Manitoba Agriculture, Food and Rural Initiatives.

“They helped me balance our winter feed rations,” he says, and were instrumental in helping develop feeding and financial strategies that made the best use of available resources.

Moving Calving Dates to Reduce Labour Costs and Increase Marketing Options

Atchison has been slowly moving calving dates on the Limousin purebred and commercial herd towards an April 1 goal over the past few years to reduce the labour associated with mid-winter calving. He hopes this will tighten up the calving season, so more of the annual calf crop lands on the ground within a shorter time frame.

“If we can keep the breeding season tightened up,” he explains, “we can go back to the first of April and still have roughly the same amount of pounds to wean in the fall.” This will also increase his ability to market his calves in consistent lots, making the farm’s production more appealing to buyers.

Another 150 calves were backgrounded on the farm, double the usual carryover. The strategy hedged his risk, giving him an option for cashing in if the border did re-open to live trade. But that didn’t happen and he ended up with extra work and cost, unable to realize a final price that would reward him for it.

The only good thing Atchison can say about BSE is that it “brought our attention to the expense side of the operation.” He’s already calculated his break-even cost for this year and if fall calf prices are in that ballpark, he’ll sell the whole lot.

Atchison took a hard look at his cow herd last year and assessed which of his cull cows had to go and which could stay in the herd another year. He had no trouble selling the older cows that wouldn’t deliver another calf, but the price wasn’t great.

He kept the cows that had potential for rebreeding and wintered them with bred heifers separate from the main herd so they could be fed a better ration. The extra attention paid off with more live calves on the ground this spring.

Because it could take years before the market for cull cows recovers, the rancher has been re-examining his management to reduce his need to cull, looking at what has to be done to make cows last as long as possible. He’s concluded it all comes back to how he selects for the herd’s breeding program.

The big-boned females will deliver larger calves, but fewer of them in their lifespan. Smaller-framed animals tend to have a longer productive life. It is a natural fit with the farm’s resources because these smaller-boned animals are easier to maintain with the type of feed Atchison has available.

It also means breeding to ensure heifers deliver a smaller first calf. That reduces the risk the animal will need help during delivery, which reduces labour costs and extends the cow’s productive life.

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"As soon as you have to pull a calf or help her," he says, "the risk is higher that she might not get back in calf." Atchison realizes he is going against conventional wisdom, pointing out that a lot of people push the limit of what a heifer can deliver in birth weight or size of calf, so they can maximize her production later on. But he's willing to sacrifice a few pounds in one year if it increases the number of calves he gets from the cow over her lifespan.

"If another BSE happens," he says, "I want a young herd that I can carry three or four years with no culls."

Long Term Planning – Key to the 'New' Cow-Calf Business

Atchison's management focus is shifting away from thinking in terms of annual goals which focus on breaking even or making a profit every year. He figures times have changed for good in the cow-calf business and long-term planning is necessary.

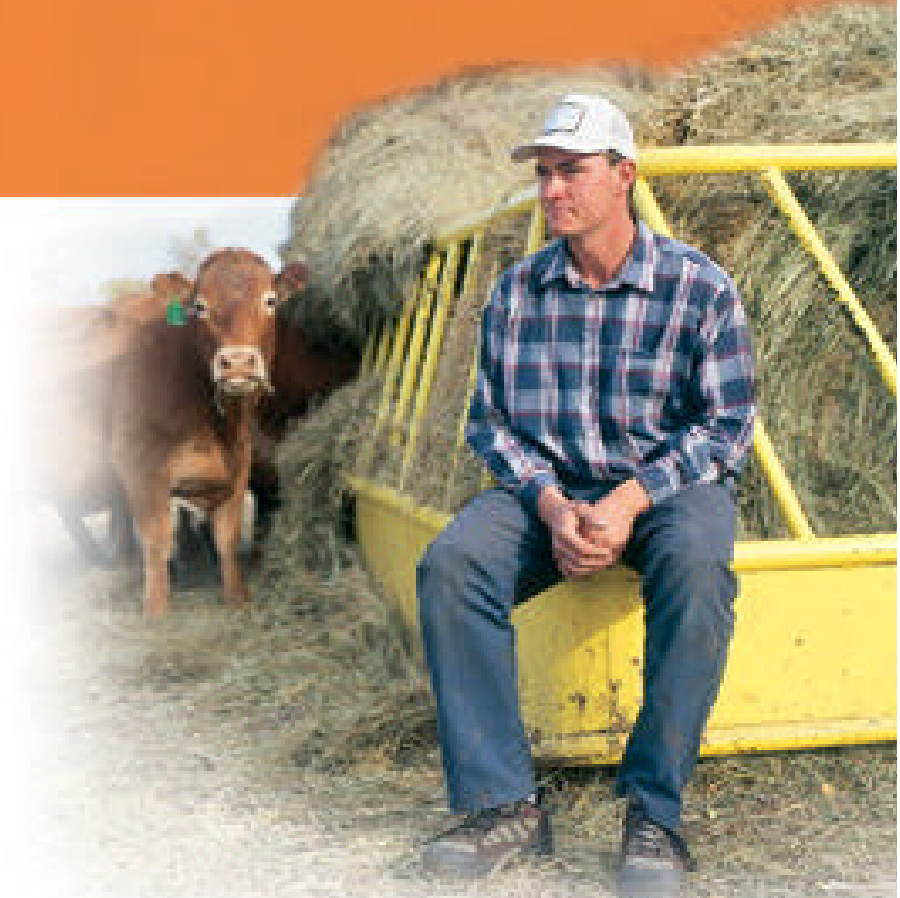
The erosion of the cull cow market, which has traditionally generated 20 to 30 per cent of a herd's returns, is just one of the factors putting a squeeze on margins. He thinks the cow-calf operation may turn into something like a feeder operation "where they base their profit on returns over three or four years because they know they're going to lose some and make some."

That means incorporating more risk management into his strategy and balancing it with what it takes to survive the immediate challenges.

Atchison and his father reluctantly took advantage of the low-interest loans of up to \$50,000 from the Manitoba Agricultural Credit Corporation. "I didn't want to go further into debt," he explains, "but that's what was available and if you want to stay in business you use what is available." Because of his age the young rancher also qualified for an extra percentage off the 3.25 per cent interest rate.

In January, he opted to delay one principal payment on the farm's mortgage to maintain the farm's working capital. It was a decision he wasn't happy about, but it allowed him to better manage the farm's inventory.

Atchison believes owning the cows that graze the farm's pastures is the most profitable option over time, but there's more risk involved too. He isn't opposed to reducing his own herd size and custom grazing if that's what it takes to maintain the farm's self-sufficiency over the short-term.



This century-old ranch, built from the dreams and sweat of his great-great-grandparents is in his blood.

He's also exploring other options. "Having an off-farm sideline or a value-added line to your farm, I think is going to need to be investigated," he says, "whether it is organic cattle, or grass-finished beef. I don't know what the answer is." Yet.

He does know that working off the farm to bring in extra revenue is a last resort for him. He wants to continue the family tradition of farming full-time.

Atchison admits to having doubts about the future a time or two over the past year. But he always comes back to the same conclusion. This century-old ranch, built from the dreams and sweat of his great-great-grandparents is in his blood.

"I guess it's because it's what I've always known," he says. "I don't consider it a job, I consider it enjoyment. When the work gets to be a bit much, you wonder why you're doing it, but come springtime and the calves are born and the grass starts to grow...it makes you glad that you can see that."

He believes profitability will return to the cattle business, adding that "the key is to stay in business until then."

Provincial Initiative

Helps Farm Families with Transfer Options

The provincial government is highly aware of the challenges farm families face when making decisions to transfer farm operations and has responded with the successful Bridging Generations Initiative (BGI). Manitoba Agricultural Credit Corporation (MACC) can help farm families wanting to transfer assets from one generation to the next with several financial options and incentives through BGI.

Created in 2002, the Bridging Generations Initiative has already helped over 200 young Manitoba farmers with \$25 million in financing options for intergenerational farm transfers. It can provide young farmers, between the ages of 18 and 39, with low-cost mortgages, and retiring farmers with immediate payments or guaranteed incomes from the transfer, as well as loans for retirement.

Training credits help reduce mortgage payments

Young farmers can reduce their mortgage payments with BGI's Management Training Credit (MTC). The credit is earned when farmers take farm management courses in subjects such as business and financial planning, taxes, marketing, employee management and computers. Credit applicants can customize their own training plans based on a self-assessment questionnaire for farm management skills and abilities.

The credit is based on one per cent of the original principal amount of the client's Bridging Generations Loan, up to an annual maximum credit of \$2,500, and is available in each of the first five years of the loan. The lifetime maximum credit available is \$12,500. The Management Training Credit is applied as a credit toward the BGI Loan repayment requirements. The maximum BGI Loan available is \$400,000 for individuals, and \$800,000 for corporations and partnerships.

MACC's longstanding Young Farmer Rebate is also available on Bridging Generations Loans. The Young Farmer Rebate is based on two per cent of the original principal amount of the BGI Loan to an annual maximum of \$2,000, and is available in each of the first five years of the loan. There is a lifetime maximum of \$10,000. By combining the Young Farmer Rebate and the Management Training Credit, substantial loan payment savings are available to young farmers.

There are about 200 approved training courses that farmers can take to be eligible for the Management Training Credit. Applicants must complete a minimum of 25 hours of training in pre-approved courses each year. Applicants must also develop an annual farm business plan and complete an income and expense statement.

Approved courses are available through institutions such as Assiniboine Community College, Red River College and the University of Manitoba and include a variety of new home study courses. Participants are responsible for any training costs incurred. Manitoba Agriculture, Food and Rural Initiatives (MAFRI) also offers approved training courses in each of the four agricultural regions across Manitoba. MAFRI's training covers a variety of topics and is available at no cost to producers.

Trevor Atchison is the first MACC client to complete a year of approved training and receive the MTC. He completed Assiniboine Community College's 40-hour Farm Business Planning course last year. His customized plan incorporates well over 30 hours of MAFRI courses, including farm accounting software and farm record keeping, and training from other sources.

If your intergenerational farm transfer includes changing ownership of cattle breeding stock or supply management quotas, BGI's Livestock Herd Establishment loan offers loans up to \$200,000 with a repayment schedule spread out over 10 years. With 20 per cent of assets transferred annually for the first five years, taxes are reduced for the retiring farmer and payments are reduced for the beginning farmer. When the ownership transfer is completed, the individual loans can remain at the original interest rates. Or, loans can be rolled into one consolidated loan at MACC's prevailing rates. These loans also qualify for MACC's Young Farmer Rebate.

Program a win-win for both generations

The Bridging Generations Mortgage Guarantee allows a retiree to hold a farm's mortgage while the young borrower makes mortgage payments to MACC. The Corporation in turn makes guaranteed payments to the retiree to ensure retirement income. Loans can be guaranteed up to a maximum of \$250,000. While MACC establishes the maximum interest rate that can be charged, the eventual interest rate is subject to agreement between all parties involved. This provides another low-cost mortgage financing option for young farmers while providing a guaranteed income for the retiring farmer.

For details on these and other BGI programs, including the Land Lease Guarantee and the Lifestyle Transition Loan, please contact your nearest MACC Field Representative or visit our website at : www.gov.mb.ca/agriculture/macc

The **2004 Manitoba Grazing School** will take place November 29 and 30 and December 1 at the Brandon Keystone Centre. For program information, visit <http://www.gov.mb.ca/agriculture/news/grazingschool2004.pdf>

Plan to attend the Young & Beginning Farmer Conference

October 23, 2004 ■ Victoria Inn, Brandon

What are the challenges you face as a young farmer? Find out what other young farmers have to say at the Young and Beginning Farmer Conference on October 23 in Brandon. Justin Griffiths, featured in the Winter 2004 issue of this newsletter, joins a panel discussion on the challenges and successes he and others have faced as young farmers. Speakers from Manitoba and the U.S. will also talk about farm transitions, whole-farm planning, low-cost farm entry systems, mentoring, effective communication techniques, and other topics.

The feature speaker will be Dr. George Conneman of Cornell University, Ithaca, New York. Through the Dr. George Show, Dr. Conneman brings an educational and entertaining perspective on the many attitudes and expectations of young and old generations in farming today. Dr. Conneman's topic is "The challenges of family farm transition."

Registration cost is \$20 and includes lunch and coffee breaks.

For further information about the conference, visit http://www.umanitoba.ca/faculties/afs/plant_science/agrenewal/renewal.html or contact Gary Martens at the University of Manitoba, 1-800-432-1960, extension 8227.

An event organized by the Agriculture Renewal Alliance.

The Agriculture Renewal Alliance is comprised of representatives from:

University of Manitoba; Keystone Agriculture Producers and its Young Farmer Committee; Farmers Independent Weekly; Manitoba Agriculture, Food and Rural Initiatives; Manitoba Habitat and Heritage Corporation; and Manitoba Rural Adaptation Council.

The group first met in January 2000 around a common commitment to serve as a facilitation group, creating opportunities for individuals and groups concerned about the future of agriculture and rural prairie communities.



Manitoba's Outstanding Young Farmers for 2004 challenge for national title

Manitoba is excited to be hosting this year's National Outstanding Young Farmers competition, which will be held at Winnipeg's Fairmont Hotel from November 18-21. This competition, open to participants between the ages of 18 and 39, recognizes young farmers across Canada who have demonstrated excellence in farming while contributing to the well-being of their community, province and nation. A farming couple is selected from each of the seven participating regions to represent their region at the national competition. Manitoba will be represented by Julie and Todd Racher, who were profiled in the Winter 2004 issue of this newsletter (*check out the Young Farmers website at www.gov.mb.ca/agriculture/financial/youngfarmers/index.html for the complete profile*). A highlight of the competition is the presentations made by each farm couple on their operation to the distinguished judging panel. Two couples are chosen as Canada's Outstanding Young Farmers for 2004, and their achievements celebrated at the awards banquet.

The program includes farm and processing plant tours, and other special activities that showcase Manitoba's diverse culture and agricultural sector. Program and registration information is available at www.oyfcanada.com or by contacting Joan Cranston, Program Manager, at 905-648-0176 or at cranstonclydes@yahoo.com

Good luck in the competition,
Julie and Todd!

New Website

a valuable resource for Young Farmers

We are interested in learning more about our readers and what they would like to see in the Young Farmers newsletter and on our website. Share your views by visiting the Young Farmers website and completing a brief survey. You'll also find more information on the topics featured in the newsletter, as well as links to valuable resources such as Manitoba Agriculture, Food and Rural Initiatives' programs and services, and other public and private sector sites.

Visit the Young Farmers website today!
Logon to www.gov.mb.ca/agriculture and follow the links.

Introducing a new look and name...

Manitoba Agriculture, Food and Rural Initiatives (MAFRI) is pleased to introduce a new name and design for its publication for young and beginning farmers.

Formerly called *Growing Opportunities – the Young Farmers Newsletter*, the name has been changed to ***The Young Farmers Newsletter***. *Growing Opportunities* is now MAFRI's theme and will appear on all of the department's communications materials.

MAFRI has also launched a vibrant new design for its communications materials. ***The Young Farmers Newsletter*** has adopted the look – characterized by fresh, bold colour and photos representing rural Manitobans.

What has not changed is the focus on stories for and about young farmers. You'll continue to read in-depth profiles of promising young Manitoba farmers, supported by articles on programs, services and resources of interest to young farmers.

Enjoy!

Prepared by Manitoba Agriculture, Food and Rural Initiatives.

GROWING Opportunities



DID WE MISS ANYONE?

If you know any young farmer who did not receive a copy of *The Young Farmers Newsletter* have them contact us at youngfarmers@gov.mb.ca
We will gladly send a copy to them.

SHARE YOUR THOUGHTS

We'd like to know what you think of *The Young Farmers Newsletter*, and what you'd like to read about in future issues. Email your thoughts to us at youngfarmers@gov.mb.ca

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Building for the Future