

Provincial Ag Scene



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Farm Transition Plans – Sell the Land or Rent it Out?

by Jim Robinson, Business Development

By now you may know our primary focus - managing farmland for absentee owners, the majority of whom have inherited land from their farmer parents. When we explain what we do, virtually everyone has the same response: “I had no idea that service even existed”. When we tell them about the increasing average age of farmers and their kids who won’t be farming the land they inherit, the next response is: “I can see the need for your service. It makes total sense.”

Farmland management is not a new idea, but hasn’t been widely offered in Canada. In the US and in parts of Europe, it has been going on for generations, and it works well for both landowners and renters.

With farming in western Canada being generally profitable for a number of years, not all farmers need to sell their land to fund their retirement. As a result, more land is being passed along to heirs, and partly due to the substantial rise in land values, things are a bit more complicated now. Ideally, good transition plans are in place to provide a smooth transfer of the asset, but that’s unfortunately not common. According to the 2016 Census of Agriculture, only 8% of farmers have a written succession plan, so farmland inheritances often introduce issues such as tax consequences and family dynamics. This situation can change if more farm families engage professionals to help them plan a smooth transition, but that’s a discussion for another newsletter. For heirs receiving farmland, a key decision arises: Do I keep it as an revenue-generating investment, or sell it?

People inheriting their family farms are often not involved in the ag industry. They have limited knowledge of what constitutes fair rent and good land stewardship, so they rent out the land and hope for the best. Few farmers rent land with the intent of abusing it, yet you do hear stories about absentee landowners who lose sleep over their farmland. Possibly that’s because they feel they are not in control of an extremely valuable asset, even if they have great renters. A growing number of absentee landowners are turning to professional farm managers to look after their land for them. Their objective is to keep this hard-to-replace asset as an investment they can feel good about.

After considering the pros and cons, there can also be good reasons for farmers or their heirs to sell their land. It’s common for buyers and sellers to agree to land transactions over the kitchen table. But some sellers need help to ensure they get the best price for their farm, for the benefit of themselves and their families in the longer term. In those cases, it makes sense to involve a real estate professional. Benefits include comprehensive knowledge of prices in the area, the ability to negotiate without letting emotions get in the way, and sound advice on important components of any deal.

Seeking advice from farm transition planning professionals makes a lot of sense. In similar fashion, it’s worthwhile considering help from farm real estate professionals, whether selling land or renting it out. Please pass this newsletter along to anyone that it may help, or point them towards a digital copy in Landowner News on our website, www.fncserecon.ca. If you’d rather have a conversation about farmland management or land sales, please call Jim Robinson at 780-448-7440.



Prime Time for Land Rental Agreements

by Trevor Birchall, Farm Manager

After a largely successful harvest across western Canada, many farmers and landlords turn their attention to land rental arrangements. That can include a number of different situations.

Some folks will be renegotiating leases to bring them up to date with the current market, while others will be extending leases without change. In some cases, arrangements are restructured – for example, changing from cash rent to crop share, or to a production joint venture. For farmers who have decided to downsize or retire completely, the land they had been renting comes available for others to have a turn at farming it.

For retired farmers living close by and renting out their land, this is a familiar process. For non-farmer landowners who live away from their property, updating lease arrangements may not be so easy. When landlords aren't closely connected to the ag industry, it can be challenging to know the most current rental rates or agronomic practices. An option for them is to engage a farm management company to negotiate and collect fair market rent, and keep them informed about what's happening on their land.

Having a professional look after any valuable asset provides peace of mind and a greater ability to hold onto your property for as long as you choose. If you'd like to know more about how farm management works, give Trevor Birchall a call at 403-216-2113 for an informal conversation.



The Increasing Pulse Rate of Prairie Ag

by Jim Robinson, Business Development

From time to time, you'll hear someone in the agriculture business talk about pulse crops or pulses. If you're not closely connected to the business of farming or agri-food production, you may wonder what that means. Pulses are part of the legume family, the most common varieties being dried peas, edible beans, lentils, and chickpeas - the word pulse actually refers to the dried seed of the plant. As part of the legume family, they fix nitrogen in the soil, reducing the need for chemical fertilizers.

From a consumer standpoint, pulses can be a tasty and nutritious part of any diet. They are low in fat and high in protein and fibre, and have high levels of other nutrients such as phosphorous, iron and zinc, plus B-vitamins such as folate, niacin, and thiamin. In addition to their nutritional qualities and association with improved health, pulses can reduce the environmental footprint of the food we buy. It's easily defined as a sustainable crop, contributing to the well-being of the consumer, the environment, and the producer.



The worldwide demand for pulses as food is large and constantly growing. Many countries depend on pulses for a large part of their nutrition every day, and along with their rapidly growing populations grows the demand for pulses. For example, India, at roughly a billion people, adds about 37 million people every year, roughly equivalent to the population of Canada. With such market growth there and in the more than 120 countries that buy pulses from Canada, the future of this crop and the profitability it brings to prairie farmers is promising.

For additional information about our land management and real estate sales services, or to discuss how our services could benefit you or your clients, call Jim Robinson or Trevor Birchall at (780) 448-7440 or visit FNCserecon.ca.



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