



# WARC Presentation

Morley Ayars



# Topics

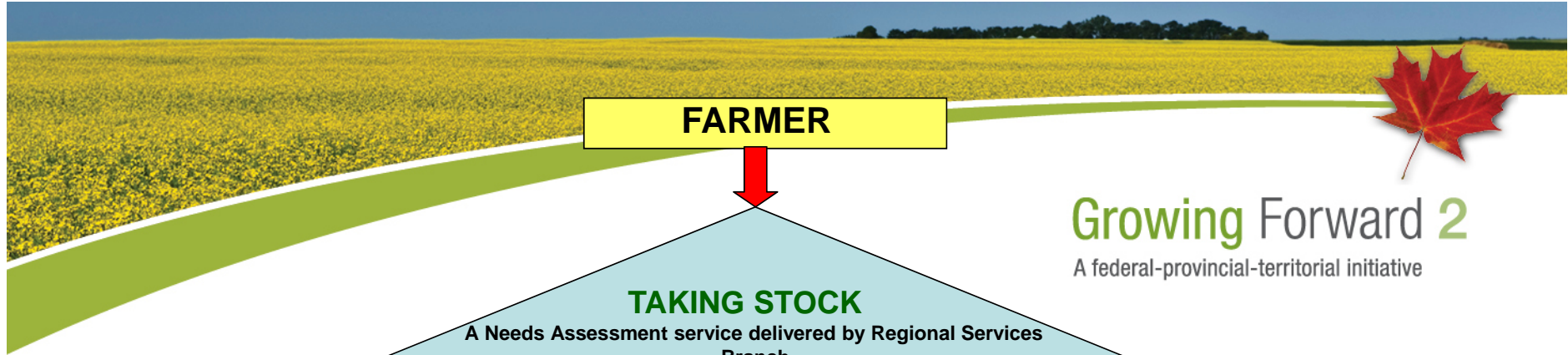
1. FBDI – GF2 Overview
2. Measuring Financial Risk
3. What is a Fair Land Rent?



Growing Forward 2  
A federal-provincial-territorial initiative

# Program Objective

**To help farmers obtain information, training and consulting services that will help them make sound business decisions, enhance profitability and achieve their goals.**



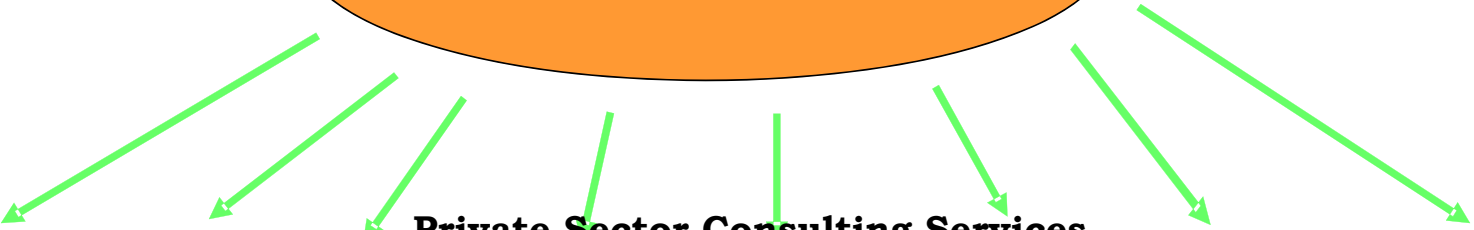
**FARMER**



**TAKING STOCK**  
A Needs Assessment service delivered by Regional Services Branch

**Growing Forward 2**  
A federal-provincial-territorial initiative

**FARM DEVELOPMENT PLAN**  
A summary of the Taking Stock assessment combined with a recommendation of actions/steps to address goals and priorities that were identified from Taking Stock.



**Private Sector Consulting Services**

- Business Strategy
- Marketing Strategy
- Production Economics
- Human Resources
- Financial Management
- Environmental Strategy
- Succession Planning
- Business Structure

**Training and Education Programs**

**RESOURCES - PROGRAMS - SERVICES**



## Growing Forward 2

A federal-provincial-territorial initiative

**The initiative focuses on adopting and/or improving progressive farm business management practices in the following eight (8) areas:**

- 1. Business Strategy**
- 2. Marketing Strategy**
- 3. Production Economics**
- 4. Human Resources**
- 5. Financial Management**
- 6. Environmental Plan**
- 7. Succession Planning**
- 8. Business Structures**



## **Eligibility Requirements**

**Saskatchewan resident who is at least 18 years of age**

**and;**

**Actively engaged in farming and have reported on your Canada Revenue Agency income tax return at least \$35,000 in annual gross farming income.**

**or**

**Are intending to farm and can demonstrate that the farming operation can generate annual gross farming income of \$35,000 or more within the next 36 months.**



**Growing Forward 2**  
A federal-provincial-territorial initiative

## **Financial Benefits**

**The initiative provides financial benefits, on a cost-shared basis for business management training and consulting services provided by a third party in one or more of the eight farm management areas.**

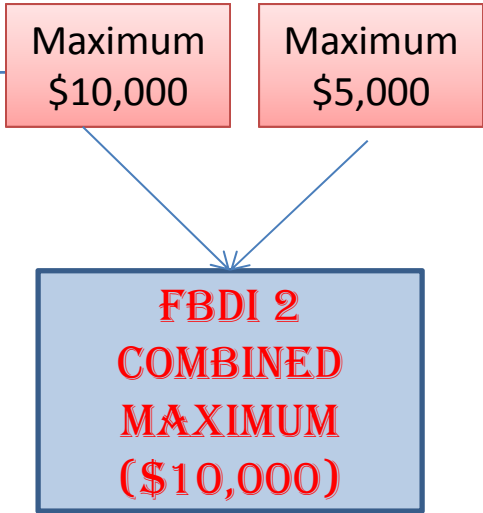
**Financial benefits, for qualified applicants, will reimburse up to 75% of the eligible costs of accessing training and 50% for consulting services. Maximum funding to \$10,000 per applicant for life of the program.**

**TRAINING**

- Business Strategy \$3,000
- Marketing \$8,000
- Prod. Economics \$5,000
- HR \$5,000
- Financial \$5,000
- Succession \$3,000
- Business Structure \$3,000
- Environment Strategy \$3,000

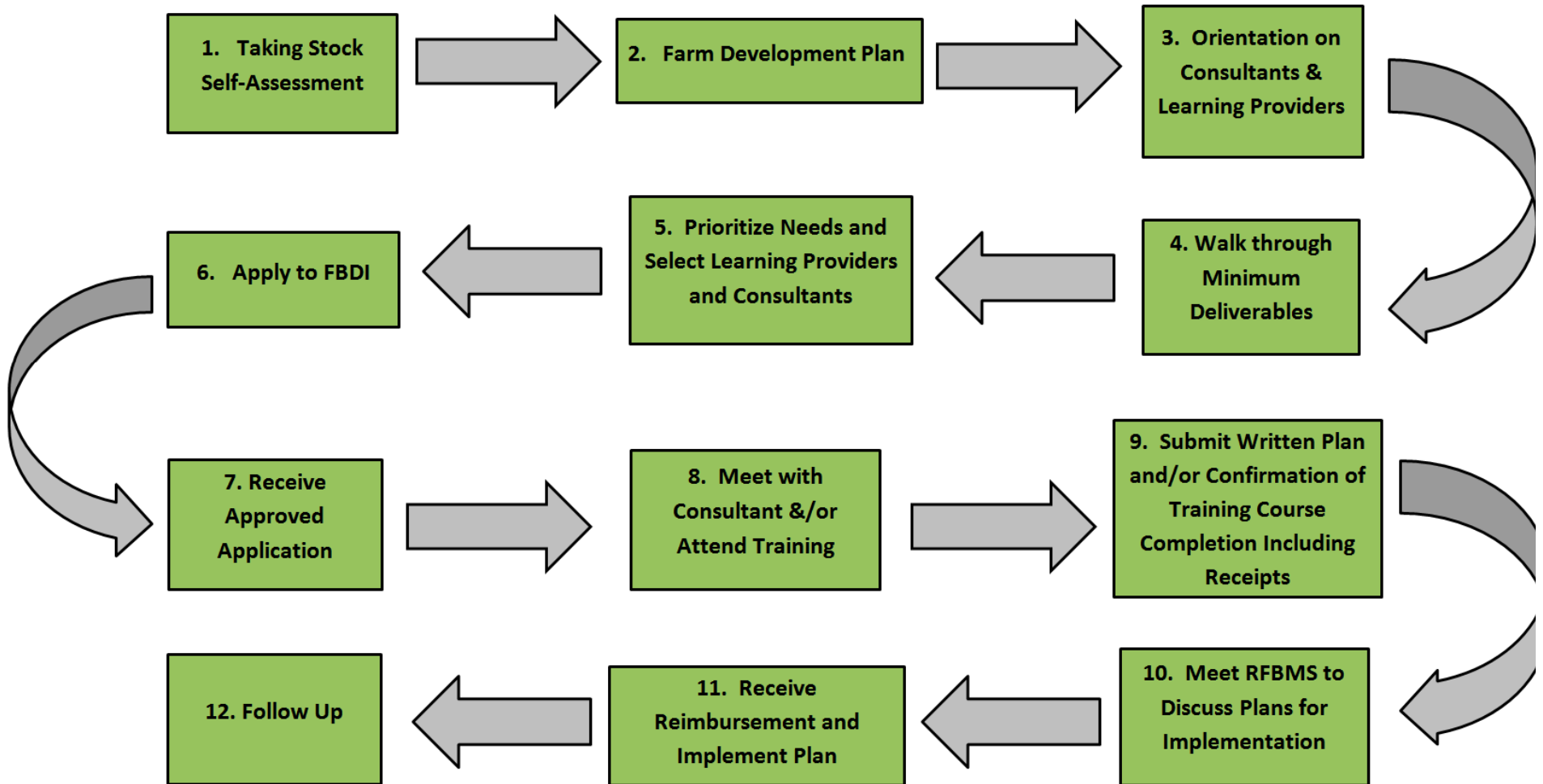
**CONSULTING**

- Business Strategy \$5,000
- Marketing \$2,000
- Prod. Economics \$2,000
- HR \$2,000
- Financial \$2,000
- Succession \$5,000
- Business Structure \$2,000
- Environment Strategy \$2,000





# Farm Business Development Initiative





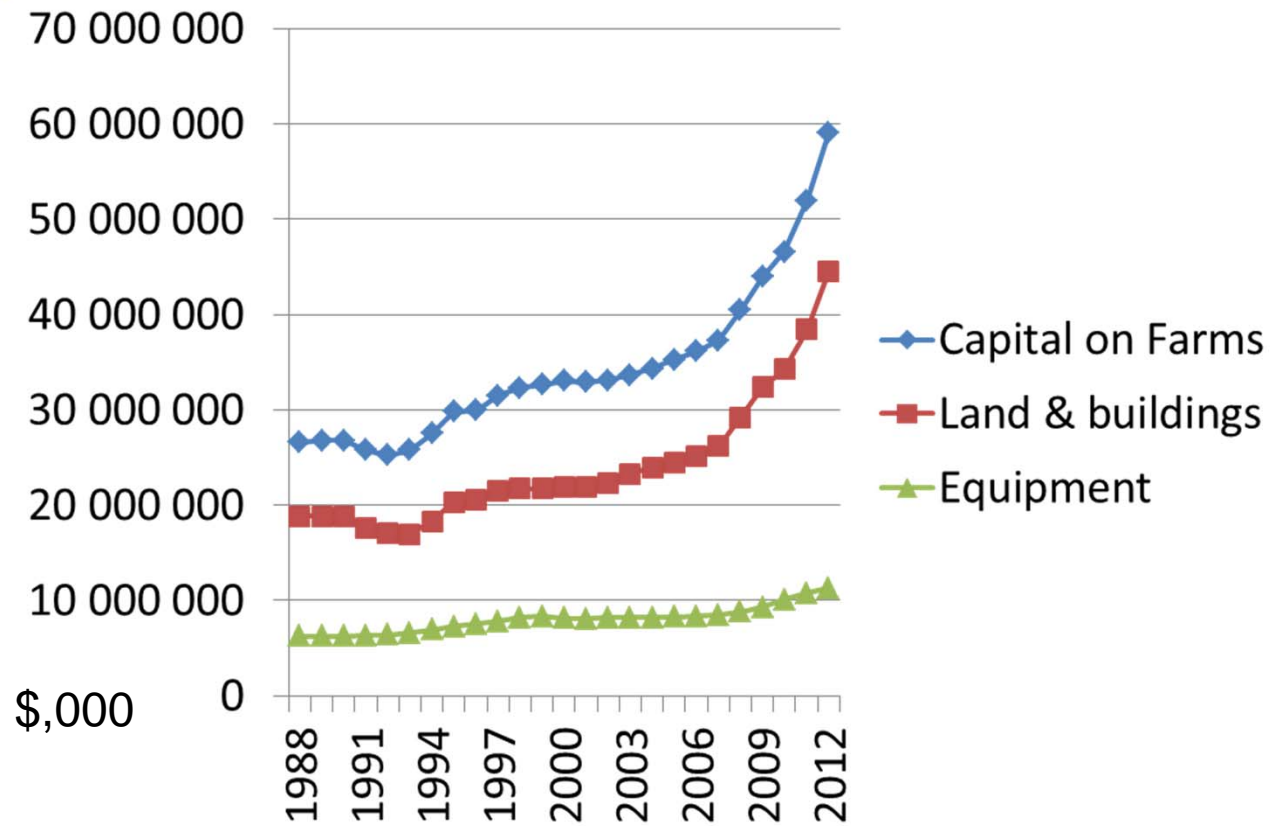
# Measuring Financial Risk

# Measuring Financial Risk



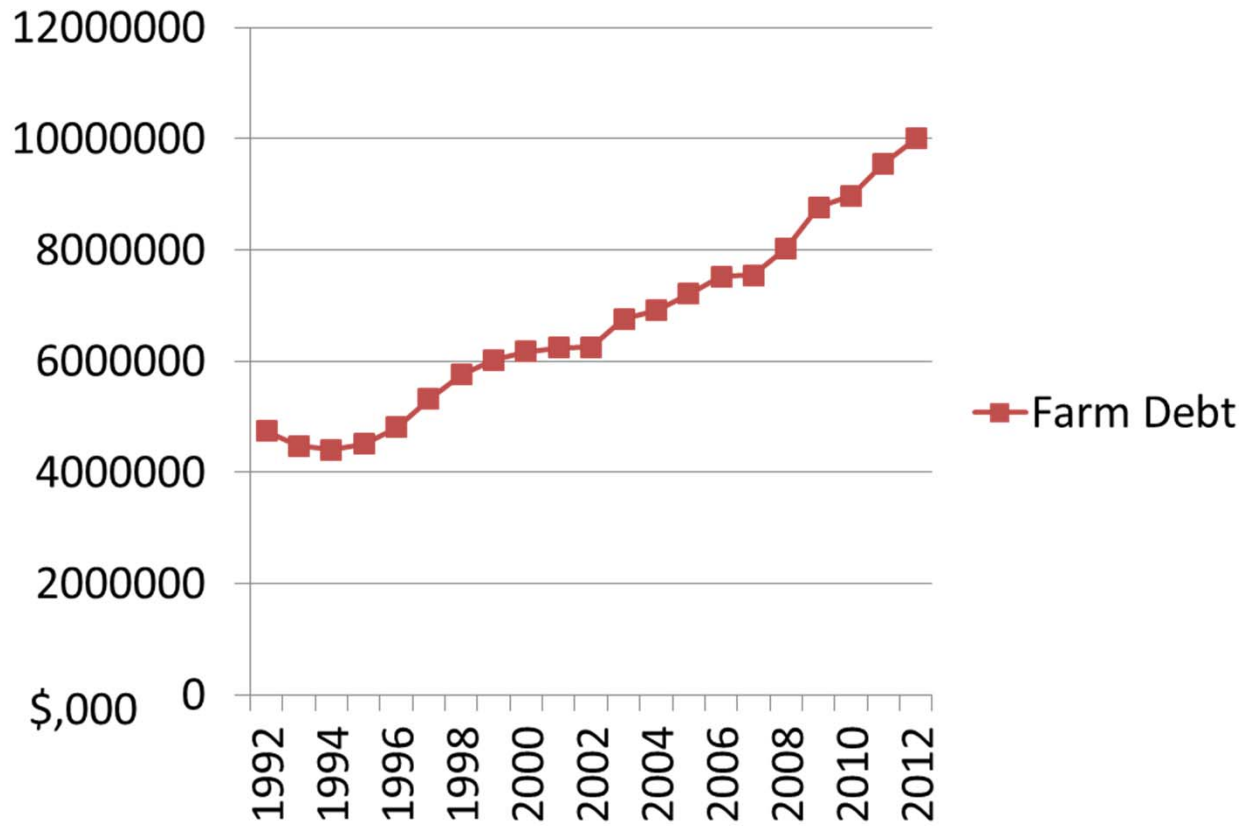
- Wealth

# Sask. Farms Capital

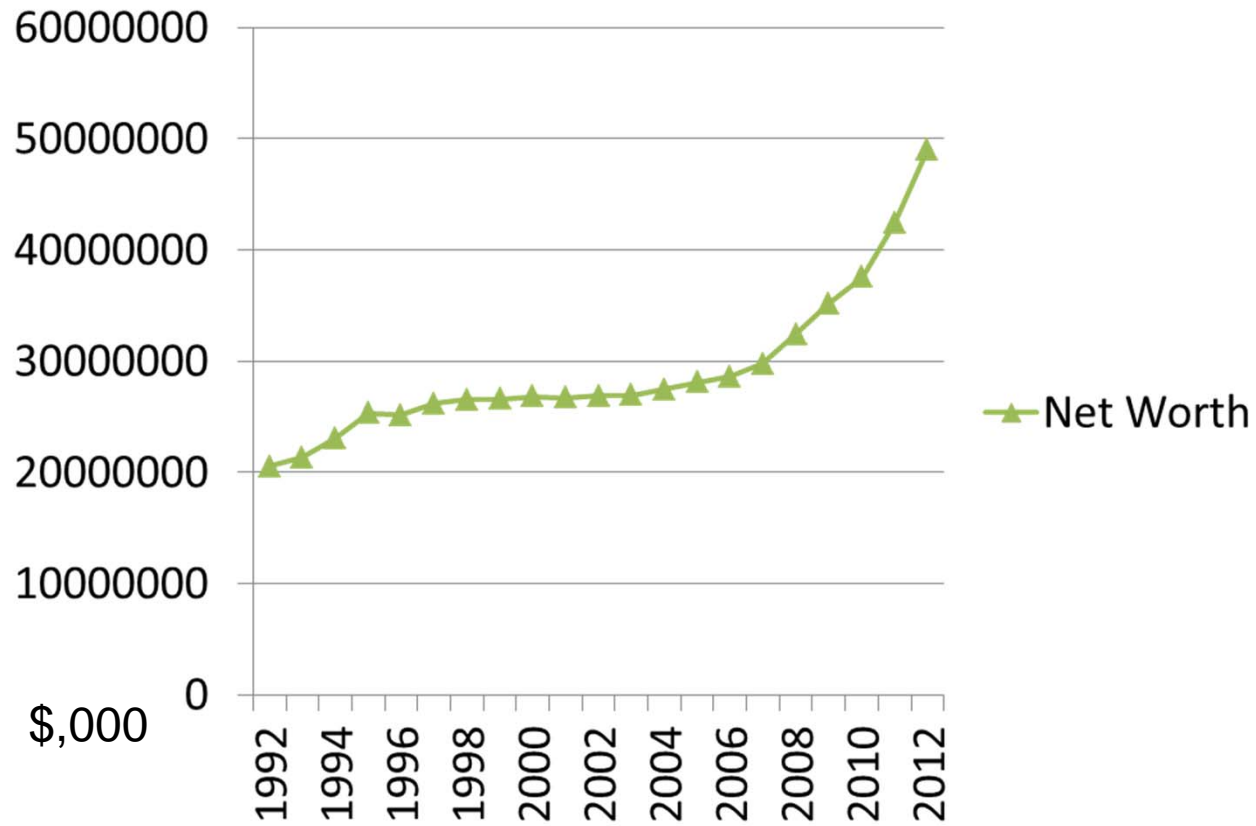




# Sask. Farms Debt



# Sask. Farms Net Worth

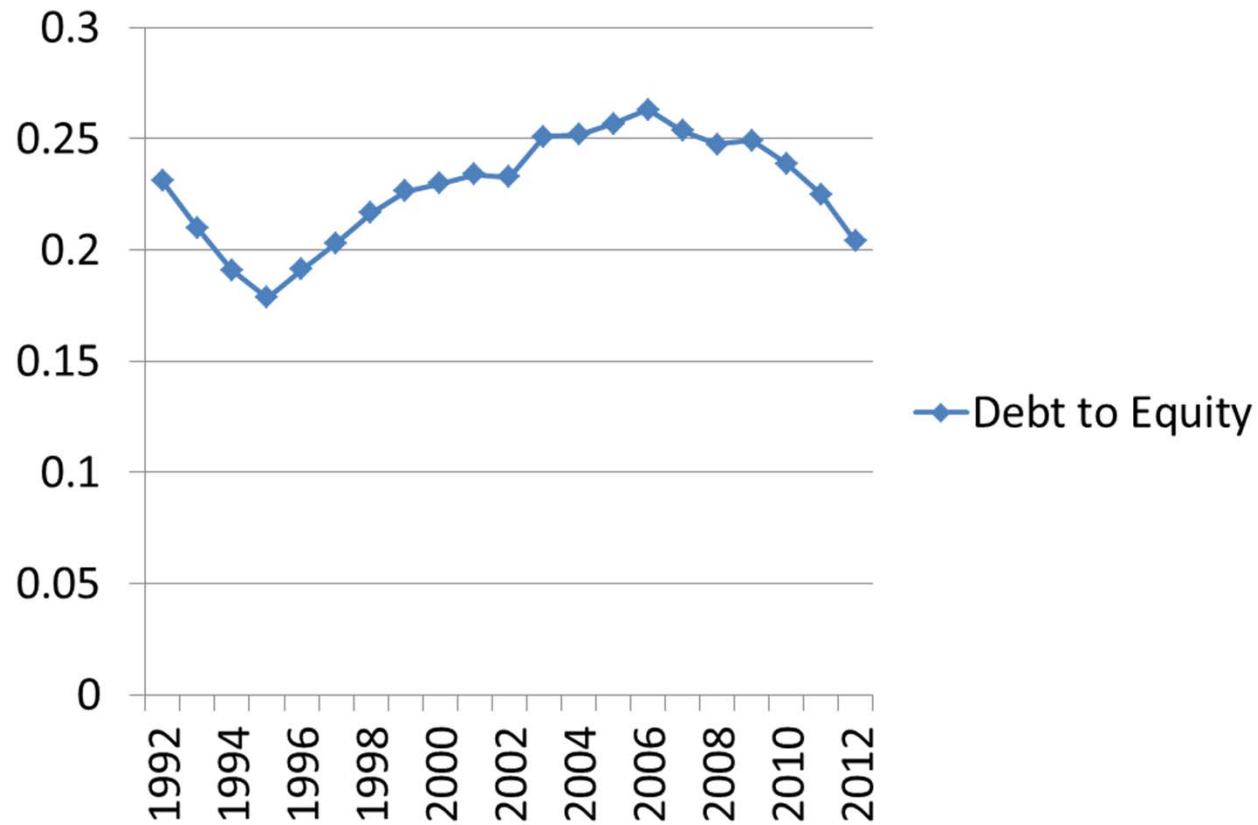


# Measuring Financial Risk



- Wealth
  - Cash and Equity are king in tough times
- Look at Leverage = Debt/Equity

# Sask. Farms Leverage Ratio





# Measuring Financial Risk



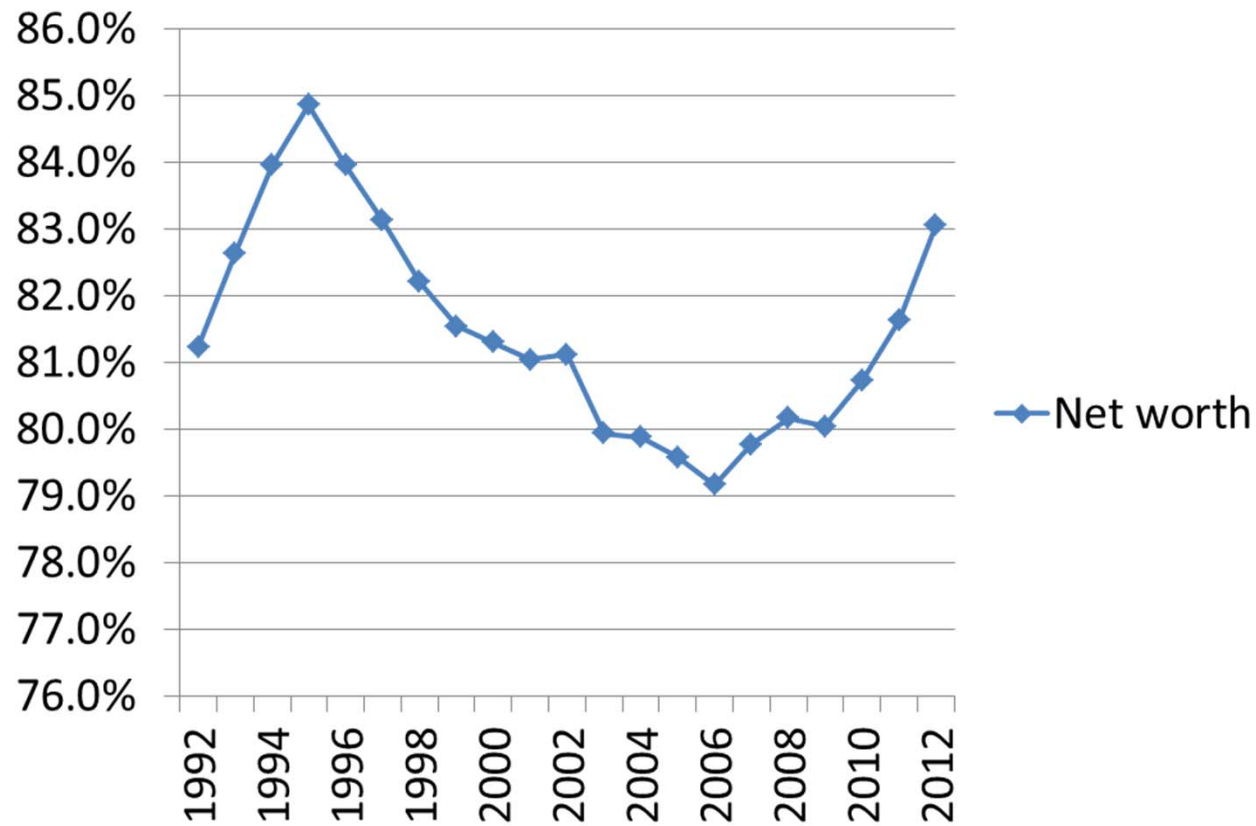
- Wealth
- Look at Leverage = Debt/Equity
  - Less than .33 is good for grain producers
  - Greater than .5 is not good
  - Greater than 1 is bad

# Measuring Financial Risk



- Wealth
- Look at Leverage = Debt/Equity
  - Less than .33 is good for grain producers
  - Greater than .5 is not good
  - Greater than 1 is bad
- Another way to state it is by Net Worth in percentage terms – Equity/Total Assets

# Sask. Farms Percent Net Worth



# Measuring Financial Risk



- Wealth
- Look at Leverage = Debt/Equity
- Another way to state it is by Net Worth in percentage terms – Equity/Total Assets
  - 75% and higher means generally no cash flow problems for grain farmers
  - Between 60% and 75% can mean real cash flow problems especially in years of lower returns
  - Less than 50% - Help!!!

# Measuring Financial Risk



- Wealth
- Look at Leverage = Debt/Equity
- Another way to state it is by Net Worth in percentage terms – Equity/Total Assets
- How long does it take to pay off your operating loan – over a year not good
- Can inventories and cash in bank pay off current liabilities (i.e. annual loan payments)
- Banker calls and asks how things are going – not a good sign



# What is a Fair Rent?

# How much Rent to Pay?



- Tell landlords 5% of land value plus taxes – likely too high this year
- Ask farmers how much they can afford – not likely what landlords want this year
- Suggest to some to use Crop Insurance to help determine rent – especially between family members



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CropConnect Login

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WHAT'S NEW

New Price Insurance Product for Livestock Producers

An innovative, new livestock price insurance program will be available this spring to help cattle and hog producers in western provinces manage price risks faced by the industry. Federal Agriculture Minister Gerry Ritz, Saskatchewan Agriculture Minister Lyle Stewart, Alberta Agriculture Minister Verlyn Olson and MLA Donna Barnett (Cariboo-Chilcotin) on behalf of British Columbia Agriculture Minister Pat Primm unveiled the new price insurance program today at the Canadian Bull Congress in Camrose.

[Learn more...](#)

Important AgriStability Deadline for Program Participation

The Saskatchewan Crop Insurance Corporation (SCIC) is reminding producers December 31, 2013, is the final deadline to submit 2012 AgriStability forms and pay 2013 program fees.

[Learn more...](#)

November 15 is the deadline for Crop Insurance claims

The deadline for Crop Insurance customers to register a claim is November 15. Producers are also reminded to submit all 2013 production information to the Saskatchewan Crop Insurance Corporation (SCIC) for insured and uninsured crops, even if they do not have a claim.

DEADLINES

March | AgriStability

March 31 is the deadline to submit an interim application.

[View all AgriStability deadlines](#)

March | Crop Insurance

March 31 is the deadline to apply, reinstate, cancel or make changes to your Crop Insurance contract.

[View all Crop Insurance deadlines](#)

[NEW! Calendar Deadline Tool for Smartphones and Outlook Calendars](#)

TOP PAGES

- [Direct Deposit Request](#)
- [Release of Information](#)
- [Current Career Openings](#)
- [Last Spring Frost Map](#)
- [AgriStability](#)
- [Crop Prices \(Multi-Peril Insurance\)](#)
- [Contact Us](#)



- Crop Insurance**
- Programs
  - Multi-Peril
  - Organic
  - Forage
  - Weather Derivative
- How to Apply
- Deadlines
- Forms
- Claims
- Customer Responsibilities
- Appeals
- Compliance
- CropConnect
- Calculators**
- Maps
- Publications
- Sask Management Plus
- Statistics

MULTI-PERIL

Home / Crop Insurance / Programs / Multi-Peril / Insured Prices

Print page Email page



2014 Insured Prices

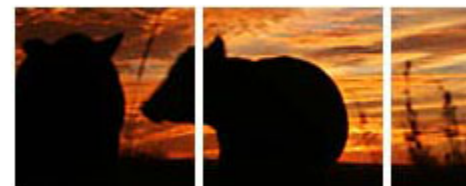
The base prices for grains crops are established on the basis of price forecasts provided by the Market Analysis Group of Agriculture and Agri-Food Canada. These prices represent the expected farm gate market price for the coming crop year. Producers also have the option of selecting the Low Price Option for each crop, which is set at 85 per cent of the base price for the crop. Also available are the [Variable, Contract and In-Season Price Options](#). A select group of crops are also eligible for the Contract Price Option.

Alternative sources are used to determine prices for some smaller acreage crops.

2014 Commercial Prices

Crop	Base Grade	Base Price (\$/T)	Low Price (\$/T)	Base Price (\$/Bu)	Low Price (/Bu)
Alfalfa Seed	Common	3,860	3,281	1.75#	1.49#
Barley	1 CW	130	111	2.83	2.41
Camelina		295	251	7.49	6.37
Canary Seed	Sound & Dry	540	459	0.24#	0.21#
Canola	1 Canada	420	357	9.53	8.10
Caraway	Average	1,450	1,233	0.66#	0.56#
Chickpea (Desi)	2 CW	485	412	0.22#	0.19#
Chickpea (Lg Sd Kabuli)	Average	595	506	0.27#	0.23#
Chickpea (Sm Sd Kabuli)	2 CW	485	412	0.22#	0.19#
Coriander	Average	1,000	850	0.45#	0.39#
Corn	2 CW	160	136	4.06	3.45
Dry Beans (Black)	1 Canada	700	595	0.32#	0.27#
Dry Beans (Navy)	1 Canada	755	642	0.34#	0.29#
Dry Beans (Other)	1 Canada	850	723	0.39#	0.33#
Dry Beans (Pinto)	1 Canada	700	595	0.32#	0.27#





Crop Insurance

- Programs
- How to Apply
- Deadlines
- Forms
- Claims
- Customer Responsibilities
- Appeals
- Compliance
- CropConnect
- Calculators**
- Maps
- Publications
- Sask Management Plus
- Statistics

Home / Crop Insurance / Calculators



CALCULATORS

Coverage Cost Calculators

[2014 Generic "What-If" Insurance Cost Calculator](#)

Complete generic coverage and premium calculations using the current year's price information.

[2014 Contract Price Option "What-If" Calculator](#)

Complete generic coverage and premium calculations on selected organic and commercial crops. You contracts.

[2014 Crop Averaging Program "What-If" Calculator](#)

Complete generic coverage and premium calculations to determine coverage options greater than 80 p per cent.

**Note:** Please have your long-term individual yields to complete a more personalized calculation. Your in available on your current Coverage Detail, through CropConnect or from your customer service office. If



eService Subscriptions  
Click for details



**Crop Insurance**

- Programs
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Home / Crop Insurance / Calculators / Generic Calculator

# Generic "What-If" Ca



Rural Municipality:   
 Quarter:   
 Section:   
 Township:   
 Range:   
 Meridan:

**2014 Area Information Yields**

	Bushels	Risk Zone: 22
Summerfallow	38.4	Soil Class: G
Stubble	38.4	
Irrigated	46.5	

Based on area yields and 0% discount. Premium/coverage estimates only.

Crop:

Base Price: 5.0346 per: bu

Coverage Option	Coverage per Acre	Premium	\$ Coverage per Acre	Premium \ Coverage
80% Summerfallow	30.7	9.08	154.66	5.9%

# Assumptions



- Crop Rotation
  - 40% Canola
  - 40% Wheat
  - 10% Barley
  - 10% Peas

# Average Harvested Acres for Crop District 9



- Crop Rotation
  - 42% Canola
  - 37% Wheat
  - 10% Barley
  - 4% Peas
  - 8% Oats

# Crop Insurance Base Price 2014



- Canola - \$9.53
- Wheat - \$5.04
- Peas - \$6.16
- Barley - \$2.83

# Area Average Yield for G soil in Risk



## Area 22 - 2014

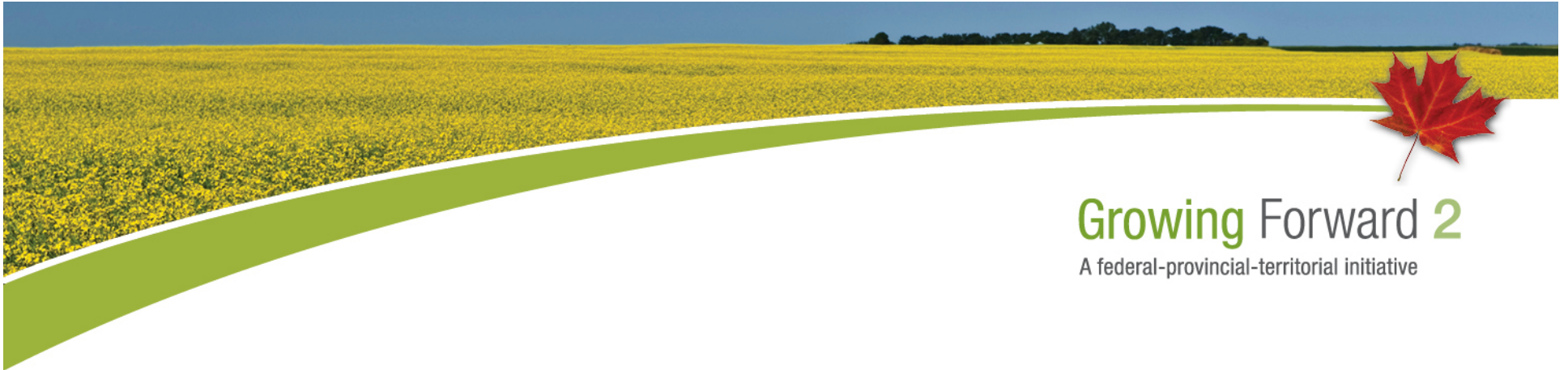
- Canola 31.7 bushels per acre
- Wheat 38.4 bushels per acre
- Peas 31.9 bushels per acre
- Barley 52.5 bushels per acre

# Rent calculation



- Yield X Price X % in rotation/100
  - Canola  $31.7 \times \$9.53 \times .40 = \$120.84$
  - Wheat  $38.4 \times \$5.04 \times .40 = \$ 77.42$
  - Peas  $31.9 \times \$6.16 \times .10 = \$ 19.65$
  - Barley  $52.5 \times \$2.83 \times .10 = \underline{\$ 14.86}$
- \$232.76**
- Rent at 25%  $(.25 \times 232.96) = \$58.19/\text{acre}$
  - Last Year - \$76.86





**Growing Forward 2**  
A federal-provincial-territorial initiative

[www.agriculture.gov.sk.ca](http://www.agriculture.gov.sk.ca)

**QUESTIONS?**



**Growing Forward 2**  
A federal-provincial-territorial initiative

## **Contact Information**

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