

Calissi / Crane

A business concern in agriculture and food

Small-Scale Agri-Food

**Back to the Land:
Report 5 – Appendices
Information Sources & Financial
Assistance Programs**

*Community Futures Development Corporation of
Thompson Country*

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Important Notice

Crane Management Consultants Ltd. and Calissi Consulting, Inc. directed this project under contract to Community Futures Development Corporation of Thompson Country. Human Resources Development Canada funded the project through its Local Labour Market Partnerships Program.

This report was funded and written to produce information on small- and medium-scale agricultural issues and opportunities in the Thompson, Nicola Valley, Upper Fraser Canyon, and south Cariboo areas. The information is intended to be used in the planning processes of agricultural producers, prospective producers, Community Futures Development Corporation of Thompson Country, Community Futures Development Corporation of Sun Country, Community Futures Development Corporation of Nicola Valley, First Nations, BC Ministry of Agriculture, Food and Fisheries and other interested parties.

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1 Introduction

This report includes two appendices.

- ✓ A detailed listing of information sources for small-and medium-scale agri-food producers.
- ✓ Descriptions of government financial assistance programs that may be of interest to small-scale agri-food producers.

The information for the chapter on government financial assistance programs was largely drawn from Internet web sites of government departments. The listing of information sources draws mainly from Worldwide Web sites. There are still many print materials that can be sourced from government departments and American university extension offices but the Internet published information has the advantage of ease of access.

Community Futures Development Corporation of Thompson Country (CFDC-TC) has a mandate to facilitate the development of new, small businesses and support the growth of existing, small businesses. Agri-food businesses have comprised a small portion of its lending and other activities. It secured funding from Human Resources Development Canada to identify and promote agricultural opportunities for small agri-food operations in the Thompson-Nicola Regional District and part of the Squamish-Lillooet and Cariboo Regional Districts.

CFDC-TC hosted a meeting in September 1999 to explore new opportunities for further development of agriculture in its service area. Many interested organizations had representatives in attendance: provincial and federal agriculture ministries,

transportation concerns, agri-tourism businesses, market gardeners, organic and non-organic produce farmers, ranchers, retailers, First Nations, Interior Science and Innovation Council, University College of the Cariboo Department of Horticulture, and economic development agencies. The participants developed the idea of staging a regional forum for presenting information about opportunities, various marketing strategies and available resources for smaller agri-businesses.

Coming out of this meeting, a large ad hoc committee of stakeholders was formed. The committee identified a need for a coordinated review to assess the current state of micro agri-business in the area. It decided that a feasibility study would assist in the development of a strategy for supporting entrepreneurs who pursue small-scale agriculture business ventures. A number of priority areas were identified, such as value-added products, agri-tourism, identifying marketing mechanisms to access new and existing markets, and assessing the current flow of information and support (training and financing).

CFDC-TC has designed a three phase project. This assignment is the first phase, a study that identifies and analyzes agriculture opportunities and the means to support the development of these opportunities. The second and third phases will provide for dissemination of information from Phase 1 and implementation of some support mechanisms for further development of the region's small agri-food businesses.

1.1 Purpose

The purposes of this project are to:

- Explore the history of small acreage agriculture in the area and provide an overview of the changes that have occurred over time and the impact of these changes on the area.
- Review recent literature to identify new and existing agriculture related

- business opportunities that may be viable on land from one to one hundred acres within the area. Make recommendations for new and alternative opportunities.
- Assess land availability, soil quality, water sources, and climatic conditions used to grow or to process agricultural products within

- the area. Make recommendations for new and alternative opportunities.
- Assess/identify current marketing strategies that are successfully used by small acreage producers, processors and agri-tourism operators. Provide suggestions for future marketing strategies.
- Assess current financial and management skills of the operators of existing and future agriculture businesses. Make recommendations for new and alternative financial and management training opportunities.
- Identify sources of financing to assist individuals to establish new or expand existing operations. Make recommendations for new and alternative financing options.
- Review and describe existing information resources for agriculture business. Identify areas that are lacking within this information system. Investigate the viability of an information network that would be primarily used to link area producers, processors, buyers and the public. Provide recommendations to improve the access to existing information.

1.2 Study Area

The study area generally includes the Regional District of Thompson-Nicola as well as a small portion of Squamish-Lillooet Regional District in the Lillooet area and the southernmost portion of the Cariboo Regional District. More specifically the study is confined to valley and plateau areas where the favourable climate provides the most opportunities for the production of a wide range of agricultural commodities.

It includes the following areas:

- Fraser River valley from the vicinity of Pavilion downstream to Lytton;
- Thompson River valley from Clearwater southward to Kamloops and onward to Lytton including the tributary Bonaparte

and Nicola River valleys and Deadman Creek valley;

- South Thompson River valley eastward from Kamloops to Chase;
- that part of the Salmon River valley in the vicinity of Westwold;
- and the lower plateau areas in the vicinity of Merritt and south of Kamloops.

Nine GIS maps that show detailed agricultural capability for the study area were also produced for the project.

1.3 Farm Size

There is no widely-accepted definition for small-scale farming. Statistics Canada, in its publication entitled “Canadian Agriculture at a Glance”, defined them as having product sales of \$40,000 or less before expenses are deducted. Under this definition half of all Canadian farms are small farms. Almost 80% of BC farms (and in the study area) in the 1996 Census of Agriculture had incomes of less than \$40,000. Only a quarter of these BC small farms reported a positive net income. However, the number of BC small farms increased by 14% between the 1991 and 1996 Census years, bucking an overall national decline of 5.6% in farm numbers.

The US authorities set a higher bar for defining a small farm, gross income of \$250,000 (US) or less.

Size of farm is another way of classifying farm size but a small grain farm will have many more hectares than a large vegetable or tree fruit operation.

The number of in the study area of less than 10 acres increased by 29% between the two most recent Census years (1996 and 1991). Thirteen percent of farms were ten acres or less in the 1996 Census.

This project's steering committee chose not to construct an arbitrary definition because, in practise, farmers define themselves. Livestock production was not included in the project because

it has been the subject of previous reports and is dominated by ranchers who view themselves as having large or at least medium-scale ranches or farms.

1.4 Project Process

This project has been directed by CFDC-TC and a steering committee that includes agricultural producers and representatives from BC Ministry of Agriculture, Food and Fisheries, BC Ministry of Community Development and Cooperatives, CFDC of Sun Country, CFDC of Nicola Valley, First Nation Agricultural Lending Association and Interior Science and Innovation Council.

The consulting team was led by Calissi/Crane, a joint venture of Crane Management Consultants Ltd. and Calissi Consulting, Inc. Kelowna-based Herb Luttmerding and John Vielvoye worked on resource capability issues. Victoria-based Sa Su Services compiled the GIS maps. Gerry Hutchison of Kamloops and Pritchard consulted with members of First Nations. Jodi Houghton of Chase researched and drafted several profiles. Glen Lucas of Kelowna interviewed persons in the retail, wholesale and HRI segments. Jill Brown-John of

Horsefly and Kamloops prepared a piece on delivery of organic foods.

The consultants completed the following tasks.

- compilation of BCMAF and Statistics Canada data;
- agricultural resource capability analysis;
- GIS analysis and mapping;
- mail survey of small and medium-scale agricultural producers;
- interviews with members of First nations who are involved with agriculture;
- phone interviews with agricultural extension officers, farmers, food makers, retailers, wholesalers, and institutional food buyers in and outside the study area;
- identification and review of print and internet sources of information.

1.5 Project Reports

Five reports and nine GIS maps were prepared.

Report 1 - Resource Opportunities: study area agricultural statistics; resource capability for agricultural production; and agricultural production possibilities for small- and medium-scale producers in the study area.

Report 2 - Survey Results: presentation of results from a mail survey of small-scale agricultural producers and interviews with First Nations agriculturalists.

Report 3 – Marketing: local market; agri-food products; post-harvest management; marketing channels; collaboration; and branding.

Report 4 – Development Strategies: Organizational development, communications, marketing, and

financial strategies for furthering the growth of small-scale agriculture in the study area.

Report 5 – Appendices: information sources and financial programs

The GIS maps use the Canada Land Inventory system for identifying areas of better agricultural potential.

Several profiles of interesting agri-food producers from around BC are included in Report 3. Their business approaches and efforts illustrate the potential for smaller-scale agri-food production and some key operational points.

2 Information Sources

2.1 Contacts

The following table contains contact information for the Kamloops office of BCMAFF.

Name	Specialty Area	Phone number	Location
General Enquiries		250-371-6050 / 1-888-823-3355	Kamloops
Graham Strachan	District Agrologist and Regional Coordinator	250-371-6054	Kamloops
Ted Moore	District Agrologist	250-371-6057	Kamloops

BCMAFF maintains a system of production specialists. The following table contains contact information for them (note that they can be reached toll free through Inquiry BC).

Name	Specialty Area	Phone number	Location
Dan Ireland	Specialized livestock	250-356-1672	Victoria
Mary-Margaret Gaye	Berries and nuts	604-556-3056	Abbotsford
Jennifer Curtis	Specialty crops	604-556-3070	Abbotsford
Christine Koch	Floriculture	604-556-3043	Abbotsford
James Portree	Greenhouse vegetables	604-556-3042	Abbotsford
Mark Sweeney	Field vegetables	604-556-3056	Abbotsford
Wayne Odermatt	Potato and fresh vegetables	604-556-3059	Abbotsford
Don Bates	Forage	604-556-3085	Abbotsford
Paul van Westendorp	Apiculturalist	604-556-3129	Abbotsford
Ron Barker / Annette Moore	Dairy	604-556-3087	Abbotsford
Basil Bactawar	Pork	604-556-3081	Abbotsford
Stewart Paulson	Poultry	604-556-3083	Abbotsford
Richard Hallman	Christmas trees and non-timber forest products	250-428-3255	Creston
Ken Nickel	Grains and oilseeds	250-787-3240	Fort St John
Don Blumenauer	Range	250-371-6058	Kamloops
Al Oliver	Specialty crops	250-371-6059	Kamloops
Jim Campbell	Tree fruits and grapes	250-498-5254	Oliver
Brent Warner	Direct farm marketing and specialty crops	250-655-5651	Sidney
Brian Harper	First Nations	250-260-3009	Vernon
Bob France	Beef	250-260-3007	Vernon

BCMAFF maintains a system of farm and food processing management specialists. The following table contains contact information for them (note that they can be reached toll free through Inquiry BC).

Name	Specialty Area	Phone number	Location
Linda Chase Wilde	Micro-processor marketing	250-356-0119	Victoria
George Geldart	Tree fruits and grapes	250-260-3000	Vernon
Lawrence Hurd	Dairy and poultry	604-556-3089	Abbotsford
Howard Joynt	Specialized livestock and specialty crops	250-260-3011	Vernon
Roger Keay	Beef and pork	250-371-6050	Kamloops
Lorne Owen	Floriculture and nursery	604-556-3091	Abbotsford

The Canada-BC Agri-Food Marketing Centre is a joint initiative of Agriculture and Agri-food Canada, BC Ministry of Agriculture, Food and Fisheries and the Vancouver International Trade Centre. It offers a one-window service for access to government agri-food marketing resources and is staffed by BCMAFF and Agriculture Canada marketing and trade officers.

Name	Specialty area	Phone number	Location
BCMAFF			
Donna Anaka	BUY BC	604-666-3921	Vancouver
Jim Alcock	Horticulture products	604-666-3850	Vancouver
Al Oliver	Floriculture and nursery products	604-666-9714	Vancouver
Agriculture Canada			
Margaret Bancroft	Meat and livestock / European Union	604-666-3054	Vancouver
Philip Bergen	Nursery, berries and tree fruits / US	604-666-7794	Vancouver
Shun Ishiguro	Fish and seafood / Japan	604-666-9803	Vancouver
Faye Wu	Bottled water, ethnic foods and beer / ASEAN nations, Australia and New Zealand	604-666-7798	Vancouver
Max Xiao	Ginseng, nutraceuticals, organics and hemp / China and Hong Kong	604-666-3818	Vancouver
Renee Umezuki	Vegetables / US and Japan	604-666-3818	Vancouver
James Hannah	Wine, feed, and fertilizer / Mexico, Central and South America, Africa, India and Eastern Europe	604-666-7797	Vancouver

In the following table is a list of BC agricultural associations and agencies. A more complete list resides on the Agriculture Awareness web site (<http://www.agaware.bc.ca/>).

Association	Phone number	Location	Web address
Agricultural Labour Pool	604-855-7189	Abbotsford	www.agri-labourpool.com
Agriculture Workforce Policy Board	250-752-5403	Qualicum Beach	http://qb.island.net/~awpb
BC Agriculture Council	250-762-2997	Kelowna	www.bcac.bc.ca
BC Horticultural Coalition	604-588-1010	Surrey	
BC Horticulture Centre (Kwantlen College)	604-599-3242	Surrey	www.kwantlen.bc.ca/horticulture/
BC Investment Agriculture Foundation	250-953-5162	Victoria	
Certified Organic Association of BC	250-260-4436	Vernon	www.CertifiedOrganic.bc.ca
Interior Vegetable Marketing Agency	250-545-6363	Vernon	
Island Farmers' Alliance	250-897-1653	Courtenay	http://www.islandfarmfresh.com
North Okanagan Organic Association	250-260-4436	Vernon	
Shuswap Thompson Organic Producers Association	250-373-0045	Savona	
Southern Vancouver Island Direct Farm Marketing Association	250-655-5657	Sidney	www.islandfarmfresh.com

2.2 Canada web sites

AgriWeb Canada

<http://www.agr.ca/agriweb/agriweb.htm>

AgriWeb Canada, an initiative of Agriculture Canada, is a national directory of Canadian agriculture and agri-food information resources available via the Internet and other electronic means.

FBMInet

<http://fbminet.ca/>

Various types of farm management information are available on FBMInet, including farm management software, commodity reports, weather forecasts, agricultural news and press releases, and online searchable databases. It was developed by the Canadian Farm Business Management Council as part of the National Farm Business Management Program, in co-operation with the various Canadian provincial agriculture departments.

Agri-Food Trade Service

<http://ats.agr.ca>

The Agri-Food Trade Service site provides information on market intelligence and leads, market information, access and statistics, trade rules, Canadian suppliers, export assistance, trade events, international buyers' database, and investing in Canada.

ICAR

<http://www.carc-crac.ca/english/>

Inventory of Canadian Agri-Food Research is a comprehensive and up-to-date database for agriculture and food research in Canada and is a product of the Canadian Agri-Food Research Council (CARC). ICAR contains detailed information on current research projects in agriculture, food, human nutrition, aquaculture and related areas of biotechnology.

Agri INFO

<http://131.104.112.18/>

Agri INFO is the largest Canadian collection of technical publications related to beef, dairy and maple production. It is searchable collection of technical information (fact sheets, publications and

other media) organized by species or special interest.

Canadian Rural Partnership

http://www.agr.ca/cris/index_e.html

The CRP is an initiative of the federal government to ensure that federal programs, policies and activities provide a coordinated network of support to rural communities. The Rural Secretariat, within Agriculture and Agri-Food Canada, provides leadership and coordination for this cross-government approach.

On this web site is the Canadian Rural Information Service (CRIS), a joint initiative of the Rural Secretariat and the Canadian Agriculture Library, a clearinghouse for information relevant to rural Canada.

Farm Credit Corporation

<http://www.fcc-sca.ca/>

Farm Credit Corporation offers a wide range of flexible financing products and services supporting farmer-controlled diversification initiatives and value-added operations beyond the farm gate. Primary producers heading small and medium sized operations form the majority of FCC's clientele. Its web site contains a wide variety of useful agricultural information.

Farms.com

<http://farms.com>

This portal is the result of a merger between two Internet pioneers, Farms.com and eHARVEST.com and provides the following.

- Content includes news, weather, markets, links and decision tools
- An on-line community for producers and agri-businesses with common interests to meet, share ideas, discuss strategies and make decisions.
- A platform for producers and the industry to conduct commerce on-line. Producers and agri-business can purchase their farm inputs, buy or sell cattle, hogs and poultry, or find employees.

FoodNet

<http://foodnet.fic.ca>

FoodNet is a joint project of Food Institute of Canada and Agriculture and Agri-Food Canada and is geared to the needs of food processors. It gives full text and links to information on food quality and safety, food business tools, and food industry issues.

Urban Agriculture Notes

<http://www.cityfarmer.org/>

An interesting Vancouver-based site that presents information on community gardens, international urban agriculture, and advice on funding an office of urban agriculture plus Internet links to related resources.

2.3 British Columbia web sites**BC Ministry of Agriculture, Food and Fisheries**

<http://www.gov.bc.ca/agf/>

BC Ministry of Agriculture, Food and Fisheries' web site has program information, reports, enterprise budgets and some links. The following web site, FBMinet-BC, a joint effort of BCMAFF and Ottawa-based Farm Business Management Council, was established to be the one-stop information source for BC producers.

FBMinet-BC

<http://fbminet.ca/bc/>

The FBMinet-BC web site was developed as part of the Canada/British Columbia Farm Business Management project. It provides a variety of information, including the following items.

- Range of Canadian and U.S. commodity, weather, and news reports
- BCMAF Business Planning Guides, Farm Employee Handbooks, and commodity opportunities factsheets
- Over 150 BCMAF Planning for Profit enterprise budgets
- Listing of BCMAFF commodity specialists
- Links to Internet published guides and reports on a wide variety of agricultural topics

It also offers an on-line Internet Directory for BC Producers.

BC Ministry of Community Development, Cooperatives and Volunteers

<http://www.gov.bc.ca/cdcv/>

Agricultural Workforce Policy Board (AWPB)

<http://www.island.net/~awpb/ats.html>

This site provides an inventory of agricultural training programs and courses in BC and is operated by the Agricultural Workforce Policy Board (AWPB), a partnership of public and private sector groups and organizations.

Pacific Agri-Food Research Centre

<http://res2.agr.ca/parc-crapac/index.htm>

PARC, has two facilities located at Summerland and Agassiz. It is one of 18 federal research centres, which comprise the Research Branch of Agriculture and Agri-Food Canada. PARC's staff conduct research on: horticultural and field crop production and protection, including tree fruits, small fruits, greenhouse vegetables, special crops, and forages; advanced processing, utilization, and quality of plant products; the cellular and molecular biology of plant pathogens of significance to agricultural crops; soil resource conservation and land evaluation; and, poultry production

Agricultural Awareness

<http://www.agaware.bc.ca/>

An initiative of BC Agriculture Council to enhance awareness of agriculture in the province. A useful site for seeking information on BC agricultural organizations, contacts and events.

British Columbia Agriculture Council

<http://www.bcac.bc.ca/>

Founded in 1997, the British Columbia Agriculture Council (BCAC) addresses cross-commodity issues in agriculture. The Council's purpose is to enhance, promote and assure the long-term economic viability of BC's agriculture industry.

2.4 Alberta web sites

Alberta Agriculture, Food and Rural Development

<http://www.agric.gov.ab.ca/>

Alberta Agriculture, Food and Rural Development maintains an extensive and information rich web site. Alberta Agriculture also has a crop research program that complements federal research (<http://www.agric.gov.ab.ca/navigation/toolbar/research/index.html>).

Agri-Ville

www.agri-ville.com

Agri-Ville is an on-line farm community that provides access to answers, resources and people. It is an interactive web site where farmers and ranchers come together with government and

industry specialists to solve problems and to discuss new opportunities for their farm businesses. In the Special Crop Discussion area, the moderators are two members of the AAFRD Special Crops Product Team.

Agri-Ville is a pilot project with funding provided by Farm Business Management Program (FBMP) and Agri- Web Services, a division of Canadian Rural Computer Services Inc.

Alberta Agfood Alliance

<http://www.agfood-alliance.ab.ca/>

Industry-government joint initiative. Strategy, searchable directory, on-line discussion groups for Alberta's value added agri-food businesses, links to other Alberta sites for business leads and market analysis.

2.5 Saskatchewan web sites

Saskatchewan Ministry of Agriculture and Food

<http://www.agr.gov.sk.ca/>

Although the predominant grain-based agriculture of Saskatchewan is not a factor in the study area, this site contains useful information about specialty crops, especially herbs.

Canada-Saskatchewan

Irrigation Diversification Centre

<http://www.agr.ca/pfra/sidcgen.htm>

CSIDC promotes crop diversification through market-driven research and demonstration projects. Its work on hardy berry and tree fruit propagation would be of interest to study area growers.

2.6 Ontario web sites

Ontario Ministry of Agriculture, Food and Rural Affairs

<http://www.gov.on.ca/OMAFRA/>

2.7 USA web sites

Small Farm Program

<http://www.reeusda.gov/agsys/smallfarm/>

The Small Farm Program at the Cooperative State Research, Education, and Extension Service (CSREES) is an agency within the U.S. Department of Agriculture (USDA). There is no comparable program in Canada. The web site has excellent links.

USDA Small Farm Program

<http://www.usda.gov/oce/smallfarm/sfhome.htm>

The USDA has a policy for further development of small farms and has initiated several programs in support of it.

Alternative Farming Information

Systems Centre (AFSIC)

<http://www.nal.usda.gov/afsic/index.html>

AFSIC has a web site that locates and presents information related to alternative cropping systems including sustainable, organic, low-input, biodynamic, and regenerative agriculture. AFSIC also focuses on alternative crops, new uses for traditional crops, and crops grown for industrial production.

USDA Economic Research Service

<http://www.ers.usda.gov/prodsrvs/rept-sag.htm>

USDA's Economic Research Service provides economic analysis on efficiency, efficacy, and equity issues related to agriculture, food, the environment, and rural development to improve public and private decisionmaking.

USDA

<http://www.usda.gov/>

Web site for the US Department of Agriculture

E-answers

<http://www.e-answers.org/>

E-answers is a searchable Web site that provides research-based information from US university agricultural extension offices on a wide range of agricultural subjects.

University Agricultural

Extension Offices

<http://www.reeusda.gov/1700/statepartners/usa.htm>

This web site provides access to over 100 Land-grant Universities and Colleges and 3,500 county offices providing research, education and extension services in community development, agriculture and natural resources, youth development, family science, consumer sciences, and other disciplines.

Centre for New Crops and Plant

Products

<http://www.hort.purdue.edu/newcrop/med-aro/default.html>

This is probably the leading web site for information on new crops.

AgNIC

<http://www.agnic.org>

AgNIC is a network of resources created by the USDA to provide access to agriculture-related information, subject area experts, conferences and other resources.

Yahoo Directory of Agriculture

<http://dir.yahoo.com/Science/Agriculture/>

International coverage of web sites and news on a wide range of agriculture topics.

2.8 California web sites

Small Farm Program

<http://www.sfc.ucdavis.edu/>

The Small Farm Program is a University of California Division of Agriculture and Natural Resources (DANR) statewide program.

2.9 Oregon web sites

Small Farms

<http://smallfarms.orst.edu/>

The Small Farms program site for the Extension Office of Oregon State University

2.10 Direct Farm Marketing web sites

Farmer Direct Marketing

<http://www.ams.usda.gov/directmarketing/>

The USDA has an information rich web site devoted to direct farm marketing.

BCMAFF

<http://fbminet.ca/bc/bpguide/market.htm>

Available on-line for downloading on the FBMinet site is a business planning guidebook on direct farm

marketing that BCMAFF commissioned. Other links to direct farm marketing resources are listed here as well.

University of Arizona

<http://ag.arizona.edu/arec/pubs/dmkt/dmkt.html>

Available on-line for downloading is a guidebook that thoroughly covers direct farm marketing and agri-tourism.

2.11 Food Processing and Marketing web sites

Supermarket Business

Progressive Grocer

<http://www.supermarketbusiness.com/>

<http://www.progressivegrocer.com>

At this site are on-line versions of Supermarket Business and Progressive Grocer, the largest retail grocery trade publications in the US.

Food In Canada

<http://www.foodincanada.com>

At this site is an on-line version of Canada's main food industry trade magazine. A well organized web site with a good archives section.

The Packer

<http://www.thepacker.com>

At this site is the on-line version of The Packer, the leading North American trade publication for fresh fruit and vegetable marketing.

Beverage World

<http://www.beverageworld.com>

Beverage World is the on-line version of the largest beverage industry trade publication in the US.

Natural Foods Merchandiser

http://exchange.healthwell.com/nfm-online/nfm_backs/

At this site can be found stories from Natural Foods Merchandiser, an informative trade publication about organic and natural foods marketing.

Food Marketing Institute

<http://www.fmi.org>

The Food Marketing Institute is a Washington, DC-based industry association that conducts programs in research, education, industry relations and public affairs on behalf of its food retailer members. The web site has little free information.

Today's Market Prices

<http://www.todaymarket.com>

This web site is a subscription service that provides wholesale prices for fruits, vegetables and herbs throughout the world.

Food Institute of Canada

<http://www.foodnet.com>

A web site operated by the main HRI food service industry association in Canada. Registration on the site is free.

The Food Institute

<http://www.foodinstitute.com/>

This longstanding US organization draws its membership from a cross-section of food industry

participants and publishes an extensive amount of information on the food industry.

IdeaBeat

<http://www.ideabeat.com>

IdeaBeat.com is a platform for the exchange of retailing and marketing ideas, concepts, strategy and philosophy for the retail food industry.

2.12 Software and CD-ROMs

FBMInet

<http://fbminet.ca/software.htm>

The Farm Business Management Council has identified many pieces of free software and spreadsheet templates for agriculture and has made them available on its web site.

Rural Business Planner

Canadian Farm Business Management Council
This is a CD-ROM from the Canadian Farm Business Management Council. It was developed to guide users through the business planning process by providing a step-by-step process that allows the user to create an organized, professional and attractive business plan that meets the needs of their specific rural business. The CD-ROM includes:

- A set of customized business plan outlines and examples for: Crops and/or Specialized Crops, Livestock and/or Specialized Livestock, Horticulture, Manufacturing, Food Processing, and Other Rural Opportunities.
- A flexible and easy-to-use software package consisting of a business plan outline, definitions, examples, and a series of checklists.
- A searchable 2,800 item resource library that contains abstracts, full documents, excel files, web sites and other information collected from across Canada.
- Two multimedia tutorials familiarizing the rural entrepreneur with the business planning process and instructions on using the CD-ROM.

Cost: \$53

Contact: 1-888-232-3262.

Herb and Spice Production and Planning Guide

Alberta Agriculture, Food and Rural Development
This CD-ROM contains text, video, sound and photographs to illustrate the practical points of herb and spice production and marketing. The video portions include operational segments on seeding, weeding, dryer technology and retailer concepts.

The CD is composed of five sections which incorporate: 1) a streaming video introduction by Dr. Stan Blade, who explains the potential of crop diversification, including both positive aspects and pitfalls associated with growing and marketing new crops, 2) local production information (seeding, fertility, harvesting, etc.), on thirty species divided into culinary, medicinal and aromatic groups (including excellent photographs), 3) an interactive business planning guide, which includes an "entrepreneur quiz", business plan principles and an interactive business planning section which readers can use to evaluate their own operation, 4) marketing aspects of herb and spice production, including streaming video of two Alberta retailers who deal in culinary and medicinal herbs and 5) an excellent bibliography with references.

The CD-ROM is available from:
Publication Office

Alberta Agriculture, Food & Rural Development
7000- 113 Street
Edmonton AB T6H 5T6
Ph: 1-800-292-5697

Cost: \$25.00 and shipping (\$2.00)

2.13 Taxation

Peat Marwick Thorne (1993) Taxation and the BC Farmer, BC Ministry of Agriculture and Food

Revenue Canada, Interpretive Bulletin IT-322R, Income Tax Act Farm Losses

Revenue Canada, Interpretive Bulletin IT-373R2, Woodlot Owners

Revenue Canada, Interpretive Bulletin IT-322R2, Income Tax Act, Non-Capital Losses, Net Capital Losses

2.14 Directories

FBNet regularly updates an **on-line directory of web sites** of interest to BC producers. It is a growing list, well worth downloading.

It can be accessed via the FBNet web site at <http://fbminet.ca/bc/>

British Columbia Agri-Digest Directory is the most complete hard copy listing of farm organizations, agriculture industry references, government contacts and calendar of events for the province.

BC Interior Agri Publications

RR#2

Chase, BC V0E 1M0

Ph. 1-800-555-7102

The Agri-Food Trade Service publishes a **BC Exporter's Guide to the Internet**.

Agriculture and Agri-Food Canada

204-620 Royal Avenue

New Westminster, BC V3M 1J2

Ph. 604-666-6344

BCMAFF has published a **Herb Sources Directory** and a **Food Processors Directory**.

BCMAFF – Food Industry Branch

2000 – 300 West Georgia St.

Vancouver, BC V6B 6E1

Ph. 604-666-5259

3 Government Financial Assistance Programs

3.1 BC Government Financial Assistance Programs for Agri-Food

Information on Crop Insurance, Whole Farm Insurance and Buy BC can be found at the following web address.
<http://www.agf.gov.bc.ca/finance/index.htm>

3.1.1 *Canada/British Columbia Crop Insurance*

BC Ministry of Agriculture, Food and Fisheries

Crop Insurance is available to most commercial producers in the province. Multi-peril loss for production and well as spot hail loss are available. Producers can purchase a basic program for a nominal filing fee (\$100 plus \$75 for each commodity covered) and purchase additional insurance based on the actuarial performance of their farm. Government contributions are shared equally between the provincial and federal governments. Premiums are actuarially sound. Government pays the entire portion of administration.

There are several components so farmers can increase coverage or “buy-up”. In the basic program, growers are given a production guarantee of 60 percent of their estimated full production. That is, if a farmer’s production drops below 60 percent of what they are normally expected to produce (based on historical production) then the insurance will trigger a payment. Growers are given the option to raise that to a 70 or 80 percent level and will pay the full premium to do so based on the actuary of their farm.

In the basic package, the farmer is given a price of 80 percent of their normal expected price (based on historical production). A farmer may raise this to a 100 percent level.

In addition to production insurance, farmers are given the option of purchasing additional hail spot loss insurance. The farmer must pay the entire premium, which is based on the actuary of their farm.

The buy-up of additional insurance can be costly for high risk producers and producers with a high indemnity to premiums ratio.

Insurance coverage is available for the following items.

- TREE FRUIT: apple, cherry, pear, plum, peach, apricot and the fruit trees
- GRAPE: wine grapes, table grapes, and vines
- BERRY: strawberry, raspberry, blueberry, cranberry and strawberry plants
- GRAIN: wheat, oats, barley, canola, field peas, rye and unseeded acreage protection.
- FORAGE: grass, cereals and legumes that are mechanically harvested and used for animal feed, and forage plants.
- VEGETABLE: peas, beans, potatoes, carrots, cabbage, cauliflower, broccoli, Brussels sprouts, corn and onions.

Contact: toll free 1-888-332-3352

3.1.2 *Whole Farm Insurance Program*

BC Ministry of Agriculture, Food and Fisheries

This program is a new safety net program for British Columbia farmers. The program is modeled after a similar one in Alberta. The program works on the premise of maintaining a gross margin for the farmer. Farmers apply to the program annually; there are no premiums but the farmer is required to pay a nominal filing fee.

If the farmer’s gross margin (not including off farm income) drops below a 70 percent of the past three years rolling average, the provincial government will make a cash payment. The payment is 70 percent of the drop in the gross margin for the first

\$50,000 and 50 percent there after to a maximum of \$100,000.

The criteria changes for a beginning farmer. The claimant must have reported farming income to Revenue Canada in the current year, but not in all of the three years immediately prior to the current year. The claimant must have carried on the business of farming for six months or more and substantially completed a crop production cycle in the claim year. If the claimant has not been farming for four consecutive years, WFIP will establish margins for the claimant's missing years for the farm based on the same farm structure that existed in the first year of farming as follows:

All claimants will be assumed to be enrolled in NISA. An amount equivalent to a calculated 1999 government NISA contribution for eligible commodities will be deducted from the claim whether or not the claimant is enrolled in NISA. The program does not work with negative gross margins (they are valued at zero) and does not allow the producer to top load with Crop Insurance and NISA.

The program is available to all producers who can purchase crop insurance. In fact, the purchase of the basic crop insurance program is an eligibility requirement for the WFIP. Farmers only need to purchase crop insurance for one crop and the entire farms crop and livestock sales become eligible.

Contact: 1-888-576-FARM (3276)

3.1.3 BC Investment Agriculture Foundation

BC Ministry of Agriculture, Food and Fisheries and Agriculture and Agri-Food Canada

The BC Investment Agriculture Foundation provides funding for innovative projects designed to facilitate change, in partnership with industry organizations, that fosters long-term growth, employment and competitiveness in the B.C. agri-food sector. Funding is provided to the Foundation, in part, from Agriculture and Agri-Food Canada's Canadian Adaptation and Rural Development (CARD) Fund. The Foundation also has received funding from other federal initiatives such as the Canada/British Columbia Framework Agreement on Agricultural Safety Nets.

The is a non-profit, agricultural organization, made up of six member organizations.

- British Columbia Cattlemen's Association
- British Columbia Milk Producers' Association
- British Columbia Fruit Growers' Association
- British Columbia Horticulture Coalition
- British Columbia Council of Marketing Boards
- Farmers' Institute Food and Agriculture Responsibility Member (F.A.R.M.)
- Community Council of British Columbia.

Foundation policy decisions and project approvals are determined by a thirteen member Board of Directors (11 elected by member organizations and 2 ex-officio (non-voting) directors designated from the BC Ministry of Agriculture and Food and Agriculture and Agri-Food Canada.

The Foundation's strategic priorities for funding are as follows.

- Business Environment - facilitate industry adaptation to a changing economy
- Domestic and International Marketing - assist in building the capacity of industry to respond to emerging opportunities.
- Science and Technology - to foster innovation and to develop new tools in response to market demand for the B.C. agri-food sector.
- Value-Added Processing - to sustain existing value-added businesses in B.C. and to facilitate investment in new value-added and post-farm gate activities in B.C.
- Natural Resource Management - to facilitate the continued improvement in the environmental sustainability of the agriculture and agri-food industry in B.C.
- Planning and Communications - to assist industry organizations with governance and communication in response to changing operating environments.
- Human Resource Development - to assist in building the human resource capacity of the agri-food industry in B.C. that is able to quickly respond and adapt to a changing economy.

How to Apply

Interested parties should first obtain an application form and a Guide To Applicants from the Foundation. A project proposal is required, complete with information such as a detailed project plan, cash flow projections and measures of performance. Where project eligibility is uncertain,

a Letter of Intent to the Foundation will allow the Board of Directors to provide feedback prior to the development of a detailed proposal.

Eligibility Criteria

Legally recognized, commercial and non-profit organizations are eligible, including corporations, cooperatives, marketing boards, partnerships, sole proprietorships, and industry associations. Universities and federal and provincial government organizations are not eligible to apply.

Funding is not available for projects already in progress. Ineligible costs include land, capital items, and administrative costs associated with normal business practises. Funds can not be used for export subsidies, normal or planned commercial expansion and core funding of non-profit organizations. The Foundation has not set any funding limits but applicants are encouraged to utilize the fund to lever financial assistance from other sources.

Contact: BC Investment Agriculture Foundation
P.O. Box 8248
Victoria, B C V8W 3R9
Ph. 250-356-1830

3.1.4 Buy BC

BC Ministry of Agriculture, Food and Fisheries

This program is aimed at boosting in-province sales of BC produced and made agri-food products. Eligible marketing activities may include the following.

- products identification
- contests
- product demonstrations
- free-standing inserts
- advertising
- public relations
- point of sale promotions
- co-op advertising

Market planning and research may be considered if applied to the above activities.

Eligible applicants include industry organizations registered in British Columbia that are engaged in producing, processing or marketing BC food, fish,

beverage or agricultural products which are grown or substantially processed in the province. These may include: commodity groups, councils, institutes, commissions, marketing boards, and associations.

Eligible products must be grown, raised, caught or processed in BC where 51 per cent or more of the direct cost of producing the product in its final form originates within the province.

Financial assistance is in the form of a conditional grant ranging from 10 per cent to a maximum of 35 per cent of approved eligible costs will be available for specific projects. Eligible costs must be directly related to the proposed market development activities. Funding is intended to support incremental marketing activities and cannot substitute for ongoing or regular promotions. Expenditures incurred prior to the project approval date are not eligible. Programs funded by other government agencies for which there is less than 25 per cent private sector investment are ineligible.

Fresh From the Fields

A pilot Buy BC program that promotes the buy local message and lets farmers' markets order materials (bags, price cards, posters and banners) free of charge.

Eligible Farmers Markets must have at least six vendors and be open a minimum of 16 market days a year.

Contact: Manager, Promotions, BCMAFF, 604-666-3921

3.1.5 Community and Cooperative Business Development

BC Ministry of Community Development, Co-Operatives and Volunteers

This program makes matching contributions to community-based agencies that develop projects to diversify local economies. The Cooperative Business Development component provides planning and implementation assistance to local groups interested in establishing a business cooperative.

Support under this program component includes:

- Assisting groups to organize and establish a business cooperative
- Assisting newly-formed cooperatives with business plan implementation
- Specialized legal and financial advice on the formation of a cooperative

Proposals must include a viable rationale for forming the cooperative. This rationale should fit within the broader-based Community and Cooperative Business Development program parameters.

The sponsoring group for the proposed cooperative must have in place an interim board of directors that represents the interests of the future cooperative organization. This group must set job creation or small business development objectives.

Eligible support is as follows:

- Up to \$50,000 is available for each cooperative society
- Up to 50% of the project funding

Contact: 1-877-777-1533

<http://www.gov.bc.ca/cdcv/>

3.2 Federal Government Financial Assistance Programs that Support Agri-Food Production

Listings of the federal programs can be found at the following web addresses.

<http://strategis.ic.gc.ca/SSG/so02362e.html>

<http://atn-riae.agr.ca/public/finance-e.htm#Canadian Government Sources>

http://www.agr.ca/progser/index_e.phtml

3.2.1 Farm Consultation Service (FCS)

Agriculture and Agri-Food Canada

FCS is a program to provide financial management counselling/advice to farmers and is composed of two related services:

1. Pathfinding/referral service

This service is available to all producers, free of charge. A referral will be given to a provincial, federal or private sector service or program. Clients will be given a program or service name (and brief description), telephone number and contact name.

Examples of the types of services that could be included in this referral directory are mediation, farm business planning, financial management training, information services, credit, stress counselling, and rural extension services. Farmers need not be in financial difficulty to use this pathfinding service.

2. Financial Management Counselling

The objective is to prevent more serious financial problems from occurring in the future.

A farmer that needs the full range of services will be provided with the following:

- Past income and expense information (for past 2 yrs. - with emphasis on accrual method if possible).
- Current Balance sheet and 1-2 year projections based on existing situation.
- Identification of problems/alternatives (ratio analysis/bench marking).
- Consultant will discuss alternatives and farmer will select course of action.
- Consultant will develop 2-3 year operational plan(s), including cash flow/income and expense projections.

The counselling will either be provided by an expert on the government standing offer list of consultants for the FCS or by a financial counsellor of the farmer's choice provided that certain conditions apply.

The farmers fee is \$100, payable to the consultant assigned the farmer's file, for the use of the service.

In order to be eligible a farmer must have:

- the basic farm bookkeeping in order, and
- One or more of the following must be occurring in the farming business:
 - (1) They are incurring losses (expenses higher than income)
 - (2) Margins decreasing
 - (3) Difficulty paying bills as they come due
 - (4) Operating loan not revolving
 - (5) Debt terms incongruent
 - (6) They can demonstrate that any of the above will happen in the future.

The Farm Consultation Service (FCS) is a complementary program to the Farm Debt Mediation Act (FDMA).

Contact: 1-888-495-3212

3.2.2 Farm Debt Mediation Service

Agriculture and Agri-Food Canada

Fram Debt Mediation Service provides insolvent farmers and their creditors with mediation services pursuant to the federal Farm Debt Mediation Act (FDMA) and Regulations to help them arrive at a mutually satisfactory arrangement. The service is a private, confidential and economical alternative to the often costly, public and drawn-out process of resolving insolvency disputes in the courts. Where this is not successful, the parties still have recourse to the courts.

Those eligible for debt mediation include insolvent individuals, corporations, partnerships, co-operatives or other associations of persons "engaged in farming for commercial purposes." To be eligible, an insolvent farmer must be producing crops, livestock or other eligible commodities intended for commercial sale rather than for the personal use of the applicant. To be considered insolvent, applicants must meet one of the following criteria:

- unable to meet their obligations as they generally come due,
- ceased paying their current obligations in the ordinary course of business as they

- generally become due, or
- the value of their property, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all their obligations, due and accruing due.

Farmers who have not received a formal demand for payment from a creditor may still want to apply early to head off problems. If the farmer has been served with legal papers or received a Notice of Intent to Realize on Security under the FDMA, there is a limited time of 15 business days to respond before legal action may be taken. However, even after the 15 business days has expired, the farmer may still apply. Experience shows that getting the mediation process going before communication breaks down makes it easier to discuss issues in an atmosphere of trust.

Under the FDMA, farmers can apply for either of two application processes:

- Stay of Proceedings, Review and Mediation (Section 5(1)(a)), or
- Review and Mediation without a Stay (Section 5(1)(b)).

Secured creditors are required by the Act to serve the farmer with a Notice of Intent to Realize on Security before undertaking any action to recover debts. In this case, the farmer would usually choose to apply for the Stay of Proceedings to prevent further action by the creditor during mediation. The farmer would also apply for a Stay when being sued for a debt by an unsecured creditor. Though unsecured creditors are not required to provide the Notice, the Stay still protects the farmer's assets during mediation. If a Notice hasn't been served and legal action hasn't been taken, the farmer may prefer to apply for review and mediation only, without applying for a Stay.

Contact: 1-800-642-3890

3.2.3 Farm Credit Corporation (FCC)

Federal Crown Corporation

Variable-Rate Loan

FCC offers a unique variable rate loan for any agricultural or farm-related purpose, such as land,

buildings, quota, equipment or livestock, secured by real or personal property.

One-Year Convertible Loan

FCC's One-Year Convertible loan offers the best of both worlds. It provides the flexibility of short-term lending when rates are dropping, while allowing the borrower to switch to a longer term rate at any time should rates begin to rise. There's no charge for switching the one-year term loan to a longer term loan at any time.

Fixed Rate Loan

FCC's fixed-interest rate loans offer peace of mind during periods of interest rate volatility. Fixed payments and flexible repayment schedules can help to plan farm cash flow.

AgriStart

This innovative line of loans is designed to help families transfer farming operations from one generation to another, as well as assisting developing farmers in starting or expanding their operations. The AgriStart Plan encompasses the following three products:

The Family Farm Loan enables the developing farmer to finance the purchase of farm assets or transfer shares in a family farm business. Successfully launched in 1993, it has been updated and streamlined to increase flexibility and serve a wider market;

The 1-2-3 Grow Loan provides financing with deferred payment options to farmers starting or expanding an enterprise that will have a reduced income stream for one to three years; and, the Payday Loan is designed for individuals with off-farm employment who are interested in starting or expanding a farm business.

Plant Now - Pay Later

The Plant Now - Pay Later loan has been developed to help you through this period. The FCC Plant Now - Pay Later loan is available to producers of grapes, apples, pears, tender fruit trees (including peaches, nectarines, apricots, cherries and plums), and all berries (including raspberries, blueberries, saskatoon berries and cranberries).

Farm Builder Construction Loan

Farm Builder Construction Loan provides interim financing for construction. It applies to any type of construction project eligible for FCC financing. No payments are required until the building project is completed and funds are disbursed as needed during the project.

Shared-Risk Mortgage

This mortgage cushions the impact of rising interest rates and provides stability by minimizing exposure to fluctuating interest rates. This product also allows FCC and the borrower to split equally any interest rate fluctuations.

Aquaculture

Financing options are available for salmon, fresh water fish or shellfish operations.

Forestry

This program offers various loan products for buying forestry equipment, expanding existing forestry operation, buying land, or transacting a mega-merger.

Investments:

FCC Medium and Long-Term Notes

FCC's medium and long-term notes are issued daily at competitive market interest rates, for maturities ranging from one to 29 years. The notes are sold by investment dealers who act as agents for FCC and give investors the opportunity to invest in Canadian agriculture.

Other Services:

Land Sales and Leasing

FCC'S property division, Agri-Land Sales and Leasing, manages and markets most of FCC's land holdings and provides farmland management services for the owners and tenants.

Feeder Finance Program

FCC finances feeder livestock through several livestock business alliances, as well as numerous feeder finance co-operatives across the country.

National Dealer Equipment Financing Program

The program assists dealers who do not have finance programs available or who wish to give their customers an alternative to their current program, by allowing them to provide financing to their clients and the opportunity to finalize the purchase.

Agriculture Value-Added Program

In cooperation with CIBC and Western Economic Diversification, FCC assists Western Canadian agricultural value-added firms in accessing debt capital.

FCC can lend money for any farm-related purpose - land, buildings, equipment, land improvements, quota, livestock, agribusiness or value-added enterprises and diversification initiatives. It can lend to new and established farmers with or without off-farm income, for any size of operation, provided the borrower is of legal age and a Canadian citizen (or permanent resident).

British Columbia Contact(s):
(403) 495-4488
<http://www.fcc-sca.ca/>

3.2.4 Loans for Value-Added Agricultural Processors

Western Economic Diversification Canada

The Agricultural Value-Added Loan Programs is targeted at small and medium-sized agricultural processors. It is delivered by CIBC, TD Bank, Royal bank and FCC. While actual terms may vary slightly between the banks, companies should fit the following basic criteria:

- operating, or about to operate and be involved in agricultural processing in Western Canada
- fewer than 250 employees
- less than \$20 million in annual sales
- a good business case with a commercially-viable project

Eligible companies must be involved in the processing of primary agricultural products in either food or non-food areas to add further value to the product. Primary products include grains and oil seeds, livestock, aquaculture, seafood, specialty and forage crops, fruits and vegetables, and livestock products such as milk, eggs and wool. The CIBC/FCC program has been expanded its definition to include companies and projects involving agricultural biotechnology.

The programs provide funding for a range of projects not normally financed by traditional lenders:

- final stage research and development leading to product commercialization
- pre-commercial and commercial product development
- development of international markets
- increased processing capacity, upgrading or expansion
- working capital

Loan terms are designed to be patient and flexible to help you maintain adequate cash flow throughout the year. Terms may vary slightly between the banks and are as follows:

- loans range from a minimum of \$50,000 to a maximum of \$1 million
- up to 10 years for repayment
- interest may be capitalized for up to 2 years, depending upon the bank involved
- principal payments may be postponed for up to two-thirds through the term of the loan
- the lender (CIBC/FCC) to make the final decision on all loan approvals

Interest rates (depending upon the loan) may vary from 3-6% above the lender's borrowing rate depending upon individual circumstances, a fee of up to 0.75% of the total loan may apply (e.g. \$375 for a \$50,000 loan) and an annual management fee of up to 0.75% of the total loan may also apply.

Contact 1-888-338-WEST (9378)

3.2.5 CFDC Loan Program

Community Futures organizations

The locally run, non-profit Community Futures Development Corporations (CFDCs) throughout Western Canada offer a wide range of services and financing opportunities for small businesses and entrepreneurs.

In general, businesses seeking financing must:

- be operating, or about to operate, in a designated CFDC area contribute to local economic growth
- be seeking financing of up to \$125,000

Loans on commercial terms, equity financing, and loan guarantees are available through the CFDCs.. Applications are assessed by the CFDC's local volunteer Board of Directors. Training and assistance preparing business plans are also available at the CFDC offices.

As each CFDC community is different, specific financing activities undertaken by each individual CFDC varies from community to community.

Contacts:

CFDC of Thompson Country
301 - 304 Victoria Street
Kamloops, BC V2C 6G4
phone: (250) 828-8772 fax: (250) 828-6861
<http://www.cfdctc.bc.ca>

CFDC of Central Interior First Nations
#215 - 345 Yellowhead Highway
Kamloops, BC V2H 1H1
phone: (250) 828-9833 fax: (250)828-9839

CFDC of Nicola Valley
2185B Voght Street
Merritt, BC V1K 1B8
phone: (250) 378-3923 fax: (250) 378-3924
<http://www.nicolavalley.com/~cfdc/>

CFDC of Sun Country
310 Railway Avenue
Ashcroft, BC V0K 1A0
phone: (604) 453-9165 fax: (604) 453-9500

3.2.6 Farm Improvement and Marketing Cooperatives Loans Act

Agriculture and Agri-Food Canada

The FIMCLA is a loan guarantee program which facilitates the availability of credit to producers to a maximum of \$250,000 and farmer-owned marketing cooperatives to a maximum of \$3 million to improve farm assets, strengthen production and/or improve financial viability.

The Farm Improvement and Marketing Cooperatives Loans Act - FIMCLA provides government guaranteed loans through banks and other lending institutions.

The program assists producers with up to \$250,000 and producer owned cooperatives with up to \$3 million to access intermediate term credit in order to finance the acquisition of farm assets, improve production technology and improve credit worthiness. It guarantees loans for a variety of farm improvement projects; offers loans for the consolidation or refinancing of debts incurred for eligible loan purposes; supports farmer-owned cooperatives (up to \$3 million) involved in the marketing, processing or distributing of farm products which can then be marketed in a value-added form.

Applicants must be individuals, partnerships, corporations or cooperative associations actively engaged in farming and operating the farm as a business with the intent of making a profit.

Contact: (613) 759-1000 or leave a message at 1-888-346-2511
<http://www.agr.ca/misb/nmp/fimcla/>

3.2.7 Net Income Stabilization Agreement (NISA)

Agriculture Canada and Agri-Food Canada

NISA is a saving program for farmers where contributions are matched by government. Matching contributions are capped based on a formula of eligible sales minus purchases. The amount of contribution varies depending on the type of commodity produced. NISA uses a whole farm approach, whereby the total sales of agricultural goods are used in calculating matching contributions.

Farmers are able to withdraw funds from their NISA savings in years when their gross margin is lower than their 5-year rolling gross margin average or if their family income (including off farm

income) is below a certain threshold. Farmers in a withdrawal position may take withdrawn funds as cash payment or may use the funds to re-invest and make a matched deposit. Farmers can not withdraw more funds than have accumulated in their account.

At any time, farmers may request to close their NISA account and withdraw the funds (including matched government funds). A grower deciding to “opt-out” can not participate in NISA for three years or else must refund the entire balance if the grower wishes to re-enter the program.

Funds invested in NISA receive an additional 3 percent add-on to interest accruing. Funds deposited by the farmer are held in NISA accounts in the financial institutions in their own community. Interest accrued by the financial institution is forwarded to NISA. When funds are withdrawn, the original balance held in the financial institution are non taxable since deposits are non-tax deductible. Only matched money and interest are taxable upon withdrawal.

NISA accounts can increase quickly. For example, a small farm grossing \$50,000 per year would be able to contribute \$1,500 per year. With matching funds, and compounding interest, after 5 years of contributing, the farmer would have \$20,000. There are caps of \$7,500 per farmer per year (gross sales of \$250,000). That is a farmer can deposit \$7,500 per year and have it matched by the government. As well, a husband and wife filing as a partnership can contribute \$7,500 each, maintaining separate accounts. Growers can over contribute. Over contributions do not receive matched funding but do receive the interest bonus. Accounts become capped at \$250,000.

NISA is specifically designed to provide individual-level financial assistance with the objective of stabilizing the income of agricultural producers, irrespective of the commodities they produce. Generally, all primary agricultural commodities except those covered by supply management (dairy, poultry and eggs) are covered by NISA.

To participate in NISA, a producer must annually submit a completed application before the deadline and open a NISA account at a participating financial institution by the deposit/withdrawal deadline.

Contact: 1-800-665-6472

3.2.8 CARCI

Secretary of State (Rural Development)

CARCI's objective is to enhance the viability of agricultural rural communities, particularly those communities undergoing change as a result of adjustment in the agricultural sector.

Eligible recipients are the following.

- rural groups, associations and corporations;
- municipal governments or their agencies;
- women's and youth groups;
- aboriginal and Metis groups;
- farm, agri-food and rural organizations; and
- educational institutions.

Eligible activities include the following.

- Rural Coordination Organizations;
- Partnership Projects;
- Workshops, Conferences and Seminars; and
- Research.

Support for Rural Coordination Organizations

Support will be provided to further the work of existing and new provincial and territorial rural coordinating organizations which contribute to building a community of non-government organizations, focused on agricultural community development.

This support will help coordinating organizations develop the capacity to advise all levels of government on agricultural and rural development policies in their respective regions.

Support will be provided based on the degree to which the applicant represents the agricultural community sector within the province or region, the capability of the organization to implement the proposed project and the reach of the project. The normal maximum level of support is 50% of the eligible costs, to a maximum of \$80,000.

Partnership Projects

These projects will implement partnerships that test community-based solutions to the adaptation issues

faced by agricultural communities in transition. This component assists in the funding of projects in such areas as: empowering agricultural rural communities through networking, business alliances and community coaching; and, the development of new approaches to doing business such as cooperatives or new models of business practices.

CARCI partnership projects provide an opportunity for applicants to work with other federal departments and agencies, as well as other levels of government and stakeholders. Partnership funding can provide financial assistance to organizations and groups in agricultural rural communities who wish to develop an "action plan" for community development and sustainability.

These projects must be time-limited and results-based. They cannot lead to on-going commitment by the federal government.

Funding or resources leveraged from other sources will ensure that AAFC is only one of the partners and that other sectors and rural stakeholders play a significant role. Normal maximum level of support is 50% of eligible costs to a maximum of \$60,000.

Projects should demonstrate that they are innovative and will result in local impact. Preference will be given to projects which promote networks with more than one partner. Benefits should be in the public domain, i.e., not accrue to individuals or private businesses.

Workshops, Conferences and Seminars

Support is provided for workshops, conferences and seminars in which participants can share and exchange ideas, experiences and solutions for addressing common agricultural community issues, at the national, regional, provincial and local level. Support is provided to examine policy and community level issues which involve other partners, including other levels of government, the private sector and rural stakeholders.

Funding can be used for seminars and workshops that help agricultural communities in developing solutions/alternatives to their issues. The seminars and workshops can be stand-alone or parts of a larger event, such as a conference. The support

should contribute to the longer-term viability of communities.

CARCI will not normally be the major source of funding for workshops, conferences, or seminars. Normal maximum level of support is 50% of eligible costs to a maximum of \$20,000.

Research Related to Agricultural Rural Communities

CARCI assists in funding socio-economic research on the issues faced by agricultural communities. Research could be on such issues as:

- the identification of new economic activities for agricultural communities resulting in new niche markets for value-added products;
- innovative ways of providing government services to small communities;
- the constraints facing rural people in their ability to access and use new information technology;
- growth and adaptation to change within rural communities to help determine the significant characteristics of dynamic communities.

This greater understanding of the process of change in communities provides valuable insights for other communities and all levels of government, and can assist the federal government in determining what role it can play in socio-economic community development.

The focus of projects can be local, regional or national. In addition, projects can be "stand-alone", or components of larger partnership research projects being lead by other federal departments, other levels of government, universities and academic institutions or non-government organizations. Emphasis must be placed on sharing the outcomes of the research. The normal maximum level of support is 50% of eligible costs, to a maximum of \$50,000.

Contact: (403) 292-5644

3.2.9 Matching Investment Initiative Program

Agriculture and Agri-Food Canada

Under the Matching Investment Initiative, Agriculture Canada matches up to one-for-one

industry R&D contributions to collaborative research projects.

Projects submitted under the plan are evaluated by the same criteria used for all research studies undertaken by Agriculture and Agri-Food Canada. Each research centre negotiates collaborative research projects directly with industry. The program's focus is on industry, but third-party participation and contributions from universities and other governments are welcome, provided industry still matches the federal contribution.

As well, the National Research Council's Industrial Research Assistance Program (IRAP) and Revenue Canada's Science and Technology Tax Credit provide federal financial assistance for R&D.

Contact: Pacific Agri-Food Research Centre,
Commercialization Officer: 250-494-6355

3.2.10 Agri-Food Industry Market Strategies

AIMS is an interdepartmental initiative to encourage Canadian agri-food industries to increase exports by the development and implementation of market responsive strategies.

The AIMS process is guided by a Steering Committee of departmental representatives co-chaired by DFAIT and Agriculture and Agri-Food Canada. The Steering Committee also approves a federal government response to industry plans including funding to cost share implementation of export market strategies.

The program provides support for long-term strategic planning. Associations are provided with funds to identify priority markets for new and existing value-added products.

The following are eligible recipients.

- **National Association:** An organization which represents a significant proportion of an industry's export sales and acts national with a "Canadian" market development emphasis.
- **Regional/Provincial Associations** where national associations do not exist or want to participate: Regionally-based groups

which act in the Canadian interest under the same criteria as national associations.

- Non-profit organization with membership open to all participants within a Canadian agri-food industry or product group.

Contact: Richard Philippe
Agri-Food Trade 2000/AIMS Secretariat
Ottawa Ontario
(613) 759-7543
philipper@em.agr.ca

3.2.11 Agri-Food Trade 2000

Agriculture Canada and Agri-Food Canada

Agri-Food Trade 2000 (AFT 2000) is a cost-shared contribution program designed to support Canadian agri-food industry activities in areas of market readiness, market access and market development. The objective of the AFT 2000 program is to increase sales of agriculture, food, and beverage products in domestic and foreign

The program targets agriculture and food producers, processors, and exporters working collectively through their non profit associations or by organizing into alliances, and institutions working with the agri-food industry.

AFT 2000 is a flexible program designed to assist the Canadian agri-food industry in undertaking a wide range of markets development and trade-related activities. The program will support activities in areas of Market Access, Market Development and limited activities in the area of Market Readiness.

The program will support projects which are part of a long-term industry strategy, implemented through agri-food industry associations or alliances, as well as through industry associations and alliances participating in the Agri-food Industry Market Strategies (AIMS) process.

AFT 2000 is one of the programs available to provide funding for implementation of export market strategies.

Support will be given to projects with the following objectives:

- **Market Readiness:**

- Formation and development of alliances and new industry
- associations
- Development of strategic plans
- Benchmarking

Market Access:

- Developing international standards and regulations which impact on Canadian Trade
- Increasing industry awareness of issues related to WTO negotiations

Market Development:

- Identifying market opportunities
- Support for pursuing market opportunities
- Markets information
- Showcasing and promoting Canadian sector and Canadian products

Contributions are made towards reasonable costs directly related to the project. Allowable rates for travel and accommodation are based on Treasury Board guidelines. Funding from AFT 2000 will not normally exceed 50% of eligible project costs. The maximum support will not exceed 75% of eligible costs when AFT 2000 is combined with assistance from other provincial government programs.

Expenditures for the rental or purchase of capital items such as computers, office equipment and furnishings, and vehicles are not normally eligible for reimbursement. Occasionally, such equipment essential to conduct the project may be considered eligible.

Industry groups participating in the AIMS process do not require an application, as the AIMS Steering Committee will decide which elements of a market strategy will be supported under AFT 2000.

Other participants may make a proposal or complete an AFT 2000 application form and forward it to any of the contacts below. Following initial screening, additional information required for a detailed assessment of the project may be required, including a projected results measurement and next steps in the business/marketing plan.

Contact:

Agriculture and Agri-Food Canada
 Market and Industry Services Branch
 620 Royal Avenue, Suite 204
 Box 2522
 New Westminster, B.C. V3L 5A8
 Tel: (604) 666-6344

3.3 Taxation¹

Several taxation-based initiatives are available to agri-food producers. An overview is as follows:

- full deductibility of eligible losses against all income
- low property tax rate
- capital gains exemption of \$500,000
- ability to pass the farm to family members without serious tax consequences (capital gains roll-over)
- choice of accounting methods, cash or accrual
- special capital cost allowances
- choice of filing as a corporation, sole proprietorship, or partnership

Property Taxes

Gross farm revenue is the key to qualifying for farm class property assessment.

From the point of view of paying property taxes, farm class is the most desirable assessment classification. The primary requirements for classification as a farm class property are as follows.

- If your land is smaller than 8,000 m² (2 acres), you must earn \$10,000 per year from the sale of primary agricultural products.
- If your land is between 8,000 m² (2 acres) and 4 ha (10 acres), \$2,500 must be earned.

¹ We would like to say otherwise but taxation of farmers and ranchers is a complex subject. There are several different types of taxes and each has special circumstances. This chapter describes some of the main taxation issues that are relevant to farmers and ranchers. You should not use this chapter to replace the advice of an accountant or taxation lawyer. It is not intended or written to do so. If you are not sure of your position, seek out the advice of a professional who is familiar with farming, ranching and food processing taxation matters.

- If your land is larger than 4 ha (10 acres), \$2,500 plus 5 per cent of the actual value of any farm land in excess of 4 ha (10 acres) must be earned from farming activity on the land.

This income may be calculated for either of the last two years ending October 31. Some primary agricultural products must be sold each year. Crops grown for home consumption cannot be included as part of your minimum income.

BC Assessment Authority maintains an informative web site where further information on farm property assessment can be obtained (<http://bcassessment.gov.bc.ca/>). The list of farming activities, that qualify a property for farm classification, includes the following: aquaculture, apiculture, Christmas tree culture (plantation and cultured native stand), dairying, floriculture, forage production, forest seedling and seed production, fruit and vegetable production, grain and oilseed production, herb production, horse rearing, horticulture, hybrid cottonwood/poplar plantations, insects raised for biological pest control, livestock raising, medicinal plant culture, poultry and egg production, seed production, turf production, and wool, hide, feather or fur production. For land to be classed as farm for the next taxation year, you must apply on a prescribed form on or before October 31. Application forms are available at local BC Assessment Authority (BCAA) offices.

The developing farm rules provide an exemption from the rule that requires annual sales for farm class assessment qualification. You will be required to file a development plan with BCAA, which must be approved by the land assessor.

Deductibility of Expenses

You can deduct the business expenses of a farm operation against other income sources. The qualifier to the preceding statement is that the farming operation must have a reasonable expectation of making a profit. It is desirable to have the ability to deduct business expenses or losses against current non-agriculture revenue. Otherwise, one must wait to deduct these expenses against future (and intermittent) revenue.

A simple business plan, annually updated, is the critical element to help you avoid the trap of having your agricultural categorized as a hobby. Revenue Canada assesses a standard of "reasonable expectation of profit" for taxpayers looking to deduct business losses against other sources of income. Agricultural operation owners must demonstrate that their business is conducted in a systematic business-like manner to be able to deduct expenses or losses. Obtain and read Revenue Canada Interpretative Bulletin IT373R2 for more information.

Following is a table that lays out some criteria for differentiating between a business and a hobby.

The Business Litmus Test – Pleasure or Profit?

Reasonable Expectation of Profit	Grey Area	No Expectation of Profit
Business – previously profitable	Business / hobby – new business	Hobby – losses in previous year
Proprietor has relevant training	Proprietor has no direct training or expertise	Proprietor has no direct training or expertise
Business plan shows profit potential	Future is uncertain or business plan shows losses in first few years	There is no business plan or intended course of action
Plan is logical and structured	Plan shows some organization	Plan is disorganized
Research and experimentation in business preparation	Preparation was limited	Business was not thought out

Reasonable Expectation of Profit	Grey Area	No Expectation of Profit
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Proprietor is prepared to commit time and effort	Proprietor's commitment is limited	Proprietor's commitment is limited
Significant time and capital invested	Some time and capital invested	Minimum time or capital investment
Actual and expected profit	Unsure profit	Actual and expected loss

Income tax advantages

The advantages include the following:

- Full use of eligible losses against all income
- Large capital gains exemption of \$500,000²
- Ability to sell their farm or ranch to a relative without serious tax consequences
- Choice of cash or accrual accounting methods
- Capital cost allowances
- Choice of filing as a corporation, sole proprietor, or partnership
- Filing a T1163 income and expense form automatically files the farmer for benefits under the Net Income Stabilization Agreement (NISA)
- Ability to pay a spouse a salary

A disadvantage is that Revenue Canada classifies taxpayers who carry on farming and ranching into three categories. These categories apply when farmers are showing losses and wishing to deduct those losses from other sources of income.

- If the principal business is farming, then a taxpayer can deduct the full amount of farming losses, including those from woodland operations, in the year of the loss. Any unused losses can be carried forward into future years.
- If farming is a sideline but there is a reasonable expectation of a profit, then a taxpayer can deduct up to \$8,750 annually. Unused losses can be carried forward into future years.
- If a taxpayer carries on some farming and woodlands activities with no reasonable expectation of profit, then no deduction against other income is allowed.

A legitimate farm operator is eligible for rebates on most of the provincial fuel tax that is incorporated into the price of gasoline and diesel fuel. In addition, the farm operator is exempted from paying BC sales tax on purchases of inputs that can solely be used on a farm or ranch. For example, PST on a tractor tire is exempted whereas PST on a desktop computer is not.

A producer obtains a Farmer Identity Card or a Certificate of Exemption to establish a right to provincial sales tax exemptions. The latter can be obtained from the BC Ministry of Finance. A request must be sent along with a copy of the property tax assessment notice. The folio number on the notice will indicate farm class status. The former can be obtained from the BC Agricultural Council (ph. 250-763-9790).

GST

Food is exempt from GST, and farmers do not need to collect GST on the sales of food. GST paid on inputs is reimbursed to farmers on a quarterly basis. Farmers must apply for a GST number to receive GST rebates on inputs.

Fuel Taxes

Farmer using gasoline or diesel fuel for farming purposes may purchase fuel which is exempt from various add-on taxes. Farmers need only pay for the cost of the fuel, excise tax, and GST (which is refundable). The fuel is marked with a purple dye to indicate that it is not fully taxed. The "marked" fuel may be used in a motor vehicle for farming purposes, provided the vehicle has a permit. Applications for permits are available at any government agent's office or call 1-800-559-9688.

PST

² Amounts above \$500,000 are subject to regular capital gains transaction rules. Attention should be directed to the value of a transaction to avoid overlooking tax liabilities.

