



Native Agri Update

No. 362, October 2016

www.indianag.on.ca

IAPO'S IMPACT ASSESSMENT PROJECT

In the last issue of the Native Agri Update, we shared the initial results of IAPO's Impact Assessment Report. Based on the results of the survey and interviews, the collected data confirmed that IAPO is producing positive social impact for its members and communities, and is helping build assets that support sustainable agriculture livelihoods. The information, advice, and connections that IAPO provides creates valuable social outcomes that would not be produced by providing credit alone, and members greatly value the one-on-one support that IAPO provides.

SOCIAL RETURN ON INVESTMENT

Where Social Impact Assessment helps organizations understand *what outcomes are created by their services*, Social Return on Investment (SROI) is a methodology for articulating and understanding *the social and economic value of those outcomes*, revealing how much social value is created for every dollar invested. The SROI methodology goes beyond economic analysis by focusing on the value of *outcomes* or changes experienced by a variety of stakeholders, rather than focusing on solely investments and outputs. This means that social outcomes, like increased well-being, are represented in financial terms alongside more tangible economic value for individuals, communities, and other stakeholders.

IAPO's Social Return On Investment (SROI) analysis used information gathered from the member survey and from IAPO administrative data. It followed the internationally standardized SROI methodology to estimate the social and economic value created by IAPO services. The SROI helps to demonstrate how much social value and savings are created by providing First Nations farmers and other small businesses

with loans, and providing First Nations farmers with connections, information, and advice.

The IAPO SROI analysis revealed that just over four dollars in social and economic value are created for every dollar invested.

IAPO's SROI - 4:1

For more information on the Impact Assessment Project contact IAPO at info@indianag.on.ca

WELCOME SHAWN WILLIAMS

IAPO is pleased to announce that Shawn Williams has joined IAPO as Business Advisor for Eastern and North Eastern Ontario. Working with First Nations businesses and entrepreneurs across the region, Shawn is responsible for IAPO's financing and business advisory services.



entrepreneurs in administration, economic development and program delivery. He looks forward to getting to know and building relationships with IAPO's business and farm clients.

Shawn will be working closely with Mark Leahy in the coming weeks as Mark transitions to his new role as Agricultural Extension Coordinator on a part time basis.

Shawn can be reached at 1-800-363-0329 or shawn@indianag.on.ca

JH

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Agribusiness

KEYS TO BUSINESS

The recent **Dollar\$ and Sense – Measuring the Tangible Impacts of Beneficial Business Practice on Canadian Farms Study** found the top three practices that drive farm financial success are: Never Stop Learning, Making Business Decisions Based upon Accurate Financial Data, and Using a Trusted Business Advisor.

Never Stop Learning

“In order to adapt to changes and to compete, you have to embrace life-long learning,” says Rick Dehod, farm financial specialist, Alberta Agriculture and Forestry, Edmonton. “The more we learn, the more we realize what we don’t know. After our formal education ends, how does one find those nuggets of information and the management ideas that keep your farm competitive and profitable?”

Attending producer meetings, educational short-courses and seminars on a wide array of topics allows interaction with academics, specialists and other producers. Unfortunately in our busy lives, there is rarely enough time to do this. But successful farmers are innovative. They are engaging in social media such as Facebook and Twitter and sharing best practices or talking with farmers and industry professionals to help them gain the information required to make better management decisions on their farms. What is key, is just getting out and talking with people. Whether it’s in-person or through your smartphone. By gaining access to a greater network you get the knowledge you need to make your farm business more successful.

Producers must take some time away from the farm to attend field days sponsored by research organizations, producer groups or any other local agricultural event. Attend your local agricultural fair or just go for coffee with a neighbor and ask him what app he has downloaded and who he is following on Twitter. It’s amazing how much information is exchanged out of a pickup window on a country road or on your smartphone.

Business Decisions are Made with Accurate Financial Data

Most farm managers understand the importance of good records. This is especially true in times of tight profit margins. Most farmers do a good job of keeping records of income and expenses. These records may, however, not contain sufficient information, which will allow for a complete business analysis. The weak link in the record-keeping chain often relates to the failure to record non-cash information such as inventories, physical information such as feed consumption, keeping track of payables, receivables and credit and loan balances.

Completing a year-end inventory is necessary for any meaningful business analysis. Farm business managers must get into the habit of taking inventories at the end of each year. A true financial snapshot of the business must include inventory adjustments. Inventory information is important for

business analysis and participation in agriculture programs such as AgriStability and AgriInvest. Good farm records are also of great value when it comes time to prepare a farm business plan. Historical records, both production and financial, provide a foundation for the business plan and give the projected plan credibility in that the past results are consistent with the present situation and future expectations. A business plan builds on the past experience and projects forward the planned business activity. Having the projected results consistent with the past experience gives the business plan a higher degree of certainty and a better chance of success.

Of course, bookkeeping does not boost yield or determine price; it can however give us early warning when the market place takes a negative turn. We cannot be immune to downturns, but we can give ourselves best chance to recover from them. The early recognition of a problem in conjunction with reasoned cash-flow projections demonstrating its resolution provide the springboard for recovery. Not surprisingly bankers will be more supportive of the borrower who has a realistic plan for future repayment than for the borrower whose figures are too good to be true. Projections should be based on fairly conservative budget estimates and/or industry standards.

Using a Trusted Business Advisor

Using a trusted farm business advisor or a team of advisors can help a farm reach greater financial success.

As a farm business owner, you may decide to use a trusted business advisor to help you with decision-making. An advisor can provide an objective, unbiased view of your business. Their recommendation may also improve the viability and profitability of your farm business or of an opportunity you are considering. Your farm is a complicated business and financially successful farms may have a team of advisors assisting them.

The business advisor may specialize in: production (field crops, livestock, soils); finance (economics, accounting and farm financial management); human resources (farm succession); legal or marketing. They can play a number of roles for the farm business manager such as:

- expert advisor in a technical area
- sounding board to help verify or challenge prior analysis
- creative source when difficult issues require fresh ideas to solve problems or to develop effective strategies and action plans
- provider of technical or economic analysis

Often farm managers work so hard ‘in the business,’ that they don’t take the time to work ‘on the business.’ A business advisor can help them focus and work on the business. A business advisor can bring the technical expertise required by the farm business manager to make good management decisions. Where do you find a trusted business advisor? It’s often through a referral. Talk to your neighbours.

DM

Market Information

BEEF MARKET WATCH

Prices are courtesy of the Beef Farmers of Ontario Weekly Market Information Report for the week ending October 6, 2016



Changes here reflect the difference in prices from the week of August 12, 2016 to the week of October 6, 2016. Weekly reports provide average prices for the week but do not include Friday sale results.

Rail grade and fed cattle prices continue to slide. Stockers are steady to stronger.

Rail grade steers are down \$28 and fed steers and heifers are off \$24 to \$27.

Cull cows are off \$10. Bulls are steady. Stocker steers are up \$4 to \$20 and heifers are steady to \$5 higher.

Cattle supplies are building in the U.S. and not so much to date in Canada. However the U.S. volume dictates prices in Canada and has the largest impact on the drop in price for fed cattle and rail grade. Canadian beef production is about 11% over last year, however it is believed that much of the increase is due to heavier carcass weights and not as much an increase in animals slaughtered. Corn prices in general are such that feeders are encouraged to fill lots this fall.

Bred Cow Perspective

At a Sept. 24 sale at Denfield, good quality bred cows for both exotic cross and British cross brought \$1,500 to \$2,000. This is an indication cow prices are more affordable for beef farmers looking for replacements or herd expansion.

Category	Price Range \$	Ave Price	Top Price	Change
Rail Steers	202-224			-28
Fed steers	121-127	124	142	-24
Fed heifers	111-124	118	130	-27
Cows	60-87	73	113	-10
Bulls	89-115	101	175	steady
Stocker steers				
700 – 799	156-192	180	210	+4
600 – 699	150-207	187	222	+15
500 – 599	154-224	204	240	+20
Stocker heifers				
700 – 799	146-166	159	178	+1
600 – 699	142-173	161	195	steady
500 – 599	14-198	172	231	+5

All prices are on a hundred pound basis (cwt)

ML

CROP MARKET

Excerpts from Monthly Market Trends Sept. Oct by Phillip Shaw GFO www.gfo.ca

CORN It is hard to imagine corn being anything but bearish with a crop of 174.4 bushels per acre USDA estimated in their September 12th report. However, because it is a reduction from 175.1 bushels/acre, there can be an argument made that it is bullish. However, it is a record corn yield with futures months in a carry situation.

The December 2016 March 2017 corn futures spread is currently at -.1025 cents, which is considered neutral. The December contracts remain priced in the lower 3% of the five-year price distribution range. Seasonally, corn futures tend to trend down through the first week of October.

Soybeans Strong export activity in the US are benefiting soybeans, especially at a time when we see a seasonal harvest low usually in October. The September low of \$9.37 is now serving as a fairly significant benchmark. On

September 16th, soybeans actually rallied \$.15 bouncing off the mark. Soybean demand remains insatiable, and this is partly why soybean prices have not totally bottomed out even with a 4.2 billion US crop estimate. Seasonally, the soybean futures market tends to trend down through the first week of October.

Wheat The situation with wheat remains bearish, as burdensome supplies are seemingly everywhere. In Ontario, it's that time of year again when producers will be planting wheat. For producers with drought-ravaged soybean it's likely that Ontario's wheat acreage

will be reduced from 2015 levels depending on planting conditions this fall. Those low prices do have their impact.

In Ontario and in Canada as a whole, the Canadian dollar valued at 75 and \$.76 US remains the whole story with regard to cash grain pricing. It is a bit of a mirage as the world's commodities are priced in American dollars, including our farm inputs like fertilizer and fuel. However, in Canadian funds, while we see \$12.30 soybeans and \$4.30 corn is so different than our American friends. The loonie is not the story, which it was last year, but it is still a key factor in keeping our cash grain prices buoyant.

Coming Events

Oct 27

IAPO Information Session

12-2pm Chippewas of Nawash Economic Dev Training Room, Neyaashiinigmiing, ON

Nov 1

IAPO Information Session—Maple Syrup, Farm Financing

6– 8pm Employment & Training Centre, Saugeen First Nation

Nov 30-Dec 2

Ecological Farmers of Ontario Conference Kingston, ON

Livestock Information

EARLY BORN HEIFERS HAVE BIG-TIME ADVANTAGE AS REPLACEMENTS



Cow-calf producers have tough decisions to make in deciding which heifers to keep as replacements or for herd expansion. Is it the heaviest heifers at weaning, heifers out of favourite cows, or those out of a particular sire etc.?

Keep in mind getting heifers bred the first year and rebred early each year following is critical to profitability. Some of IAPO's experienced beef farmers are aware of this fact!

Research at the University of Nebraska sheds light on the subject. Data was taken from a spring calving herd over a 12 year period representing 1,019 heifer calves. These calves were followed from birth to 8 years of age.

Heifers born during the first 21 days of the calving period were heavier at weaning and breeding and had a higher proportion cycling at the start of the breeding season than those born in the second or third calving periods. Each calving period is 21 days. Fewer heifers born in the third calving period were pregnant at the end of the breeding season compared to the first or second calving period. The advantage of being born early continued with the birth of their first calves which were 5 days older than the average of those born to dams from the second calving period.

The yearling replacement heifers that were bred in 2002 and 2003 averaged 58 percent born in the first calving period, 31 percent in the second and 11 percent in the third. Of the females that were 8 years or older in 2009 and 2010, 72 percent were born in the first calving period.

There is good evidence that heifers born early in the calving season maintain an advantage that helps them to get bred early in their first breeding season and remain in the herd longer. Selection for good feet and legs, adequate milk production, desired mature weight and other traits are still important. Actual birthdates or at least an idea of which 21 day period calves are born is essential to take advantage of early born heifer selection. Selecting based on size alone may result in a larger framed cowherd but less profitable down the road.

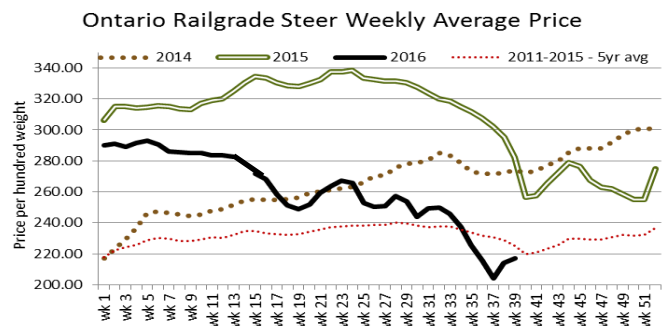
UNDERSTANDING BEEF MARKETS

Cattle markets can be a challenge to understand. For example, I often hear the question, why are cattle prices falling so quickly while beef herds have just started to expand and it takes 3 years to have a significant impact on supply?

Answers hinge on the old story of supply and demand. Higher end beef cuts are purchased by consumers with average or above average incomes. Non supply managed commodity prices are volatile in that they can change quickly depending on

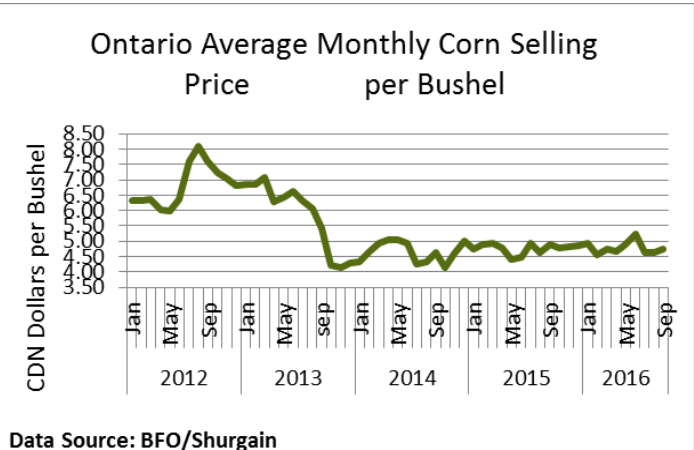
many factors. Activities in the much larger U.S. market have a ripple affect in Canada. Also chicken is not supply managed in the U.S. This means when the price of chicken and pork is more attractive in the U.S. many consumers will switch some grocery dollars to chicken and pork reducing the demand for beef. Beef is slower to react in comparison because of a longer birth to finish time lag.

Where does the futures price come in? The futures market anticipates a change in demand over the long term. The Chicago Mercantile Exchange for example has Feb/17 live fed cattle at \$100.60 per cwt. (U.S.) or about \$1/lb. For Aug/17 the price has dropped to \$93 per cwt. or \$.93/lb. If the live fed cattle supply is projected to be larger in a year's time, futures prices act accordingly and buyers today back off on the price for calves this fall. What can be confusing to a cow-calf farmer is the lower price today while the supply of beef is still reduced. Feedlot operators trying to lock in a profit for August/17 at \$.93/lb will have to cut back on expenses including the price paid for calves or maybe not bid at all if calves are too expensive.



(Courtesy Beef Farmers of Ontario)

The chart above shows current rail grade prices in range of 5 year average.



(Courtesy of Beef Farmers of Ontario)

The chart above shows the monthly corn price from January 2012 to September 2016. Current corn prices will encourage feedlot managers to fill feedlots this fall.

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Crop Information

SOIL TESTING

Source: adapted from Pioneer.com:

Fall is the ideal time to take soil samples after harvesting your crops.

Consider precision soil sampling methods in conjunction with variable rate technology to improve P and K management and maximize returns on fertilizer investment. Soil test results can be interpreted based on management style, market conditions and risk position to maximize short-term returns following a "nutrient sufficiency" philosophy or to ensure consistent returns over the long-term following a "build and maintain" philosophy.

Nutrient sufficiency recommendations are designed to provide 90 to 95% of maximum yield and a high rate of return per unit of fertilizer applied. Build and maintain recommendations are designed to provide 100% of maximum yield with low risk of yield loss due to insufficient fertility. No matter which philosophy is used to determine P and K rates, return to fertilizer investment is greatest for low-testing soils. Avoiding unnecessary fertilization of high-testing soils increases profitability and reduces the possibility of nutrient leaching. Nutrient removal due to crop residue harvest should be considered when determining fertilizer rate recommendation. Given unstable market conditions, careful management of fertilizer inputs is more important than ever to maximize net returns.

Regular soil testing is the foundation of sound P and K fertility. Compared to the cost of fertilizers, soil testing is inexpensive and offers a good return on investment. To provide the best diagnostic information, soil samples should be collected from a given field every two to four years.

Whether using precision or standard sampling methods, soil test results ultimately serve as the basis for making P and K rate recommendations. Always fertilize when soil test levels fall below the optimal range. Risk of yield loss is high and return to fertilizer investment is greatest for very low- and low-testing soils.

It is often most convenient to apply P and K in the fall after other field operations are complete and when weather and soil conditions make compaction less of a concern. In some years, however, late harvest and/or unfavorable weather prevent fall applications. In such cases, application prior to planting in the spring is just as effective, as long as soil test levels are above the very low range.

Harvest of crop residues for livestock feed, bedding or as industrial feedstocks will result in additional nutrient removal that should be considered when determining fertilizer rate recommendations. Rates of K removal with residue harvest can be moderate to significant.

In an era of volatile commodity markets, careful management of P and K fertilizers is more important than ever. Soil test results can be used in conjunction with information regarding P and K removal rates to develop fertilizer rate rec-

ommendations that best fit market conditions, management style and risk position. Rate recommendations can be developed to maximize short-term returns following a nutrient sufficiency approach. Consult with your FMA or local Certified Crop Advisor for specific rate recommendations. Take samples immediately after harvest, the results will be back in plenty of time for planning the fertilizer program for the 2016 crop.

Soil Sample Tips :

- Sample every two to four years
- Sample at the same time of the year
- Sample after harvest for 2017 crop planning
- Soil sample to a depth of 15 cm or 6 inches



GF2 FUNDING FOR COVER CROPS

If you're thinking of trying some cover crops this fall to prevent soil erosion and enhance organic matter, you may be eligible for some cost share funding through Growing Forward 2 (GF2). Act quick, as GF2 applications must be submitted by November 3.

To be eligible you must have completed a third or fourth edition EFP Workshop and Action Plan Review1 within the last five years with the cover crops identified as an action plan.

Seed and establishment costs for non-harvested, non-grazed cover crops to a maximum of 100 acres on a farm operation where cover crops of any kind have not been grown in last five years are eligible. Winter cover crops seeded across an entire field to provide undisturbed cover over winter months (e.g., winter orspring cereals, oilseed radish, etc.) are eligible.

Ineligible activities and expenditures

- Red clover or alfalfa cover crops
- Mechanical or chemical termination of the cover crop
- Equipment purchase or modification costs
- Fertilizer and crop protection costs

Cost-share per cent

- Up to 35 per cent

Maximum available cost-share per project

- \$3000

For more info on GF2 : www.ontariosoilcrop.org

GE

Other News

NEWS FROM OUR APIARY

Long time LAPO employee and former General Manager, Doug Macpherson enjoys making honey at his family's Courfarm Apiary.

Another honey season is drawing to a close and 2016 has been a very interesting year for us. The year started well with all of our hives surviving the winter. Spring populations were the highest that I have ever witnessed and the bees seemed ready to swing into production. About the first part of June I found a swarm near the bee yard. By the end of June, all of the hives swarmed which resulted in two queenless colonies that never recovered sufficiently to produce honey. The remaining hives went to work and produced an average of 135 pounds of honey per hive.

Disease and pesticide related deaths did not surface in my area this season. The dry weather did reduce nectar flow at times during the summer but the August rains stimulated a bountiful fall nectar flow especially in terms of Golden Rod leading to a good mid-September harvest.

By now the 2016 honey crop should be harvested and it's time to reduce entrances to limit robbing as much as possible. Yellow Jacket populations are very significant in our area. At this time, I have pulled out my autumn to do list:

- Determine whether the bees have enough honey. Most recommend that the hive will require 60 to 80 pounds of stored capped honey to survive a normal winter. In Northern areas this may not be enough. Make certain that the upper deep hive body is full of honey. Honey is essential for your bees' survival, because it's the fuel that stokes their stoves to keep the winter cluster alive. Without it they're certain to perish.
- Feed and medicate your colony. They'll accept a 2-to-1 sugar-syrup feeding until colder weather contracts them into a tight cluster. At that point, temperatures are too cold for them to leave the cluster so feeding them is useless. There are many methods of feeding the colony. Larger producers place a large sugar syrup container close to the hive in the bee yard. For just a few hives I prefer to use an entrance feeder so that the syrup uptake of each hive can be monitored. Entrance feeders do not attract robbing bees that may threaten the weaker hives.
- Provide adequate ventilation. During winter, the temperature at the center of the cluster is maintained at 90 to 93 degrees F. Without adequate ventilation, the warm air from the cluster rises, hits the cold inner cover and condensation drips down onto the bees as ice-cold water. That's a big problem! The bees will become chilled and die. During winter the bottom entrance can be reduced to between a quarter and one half inch. Also ensure that a top vent is open at all times. Insulated tops promote hive warmth and reduce the threat of moisture build up in the hive. These tops also have a notch cut in them for ventilation.
- Most beekeepers provide some sort of weather break around the hive in the form of tar paper or some other cov-

ering material. Plastic wraps filled with insulation that slide over the hive body can be purchased. Cardboard co-zies covered with weather retardant are also good and very affordable. The preferred colour is black in order the heat of the winter sun is more readily absorbed. Make sure that you don't cover the entrance or any upper ventilation holes. Placing a rock on top ensures that cold winds don't lift the winter cover off the hive.



Hives with black insulated tarps around each hive. Ready for winter. Courtesy of Manitoba Beekeeping www.mbbekkeeping.com

- Provide a windbreak if your winter weather is harsh. It is hoped that you originally were able to locate your hives with a natural windbreak of shrubbery. If not, you can erect a temporary windbreak of fence posts and burlap. Position it to block prevailing winter winds.
- Add a mouse guard to the front entrance of the hive .

From our apiary to yours, have a good winter.

For more info on beekeeping:

DM

www.ontariobee.com

Ontario Beekeepers' Association
8560 Tremaine Rd., Box 476,
Milton, ON L9T 4Z1



ADDING MAPLE PRODUCTION TO FARM PROFITS

Source: Eastern Ontario AgriNews Sept 2016

According to Statistics Canada, Ontario maple syrup producers produced approximately 2.2 million litres of maple syrup in 2011, valued at \$32,559-million. Ontario is the province that produces the second largest volume of maple syrup in Canada, following vastly behind Quebec and ahead of New Brunswick.

In a study conducted in 2010 for the Fédération des Producteurs Agricoles du Québec (FPAQ), the maple sugar industry in Ontario has a strong development potential, especially on Crown land. The Ontario sector is characterized by a tendency towards adding value through specialty products such as maple butter, candies, taffy and gourmet products. Furthermore, it has a competitive advantage in its proximity to important urban centers and the United States market. Currently, Ontario maple producers can only supply 60 per cent of the Ontario market with the balance being imported from Quebec without factoring in exports.