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Good Medicine

PHARMASAVE CEO **SUE PAISH** ON WHY BUSINESSWOMEN SHOULD BE DIFFERENT THAN MEN – NOT EQUAL

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Circle Farm Tour

GETTING A FIRST-HAND TASTE OF THE VALLEY'S FINEST **AGRICULTURAL OFFERINGS**

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Well Seasoned

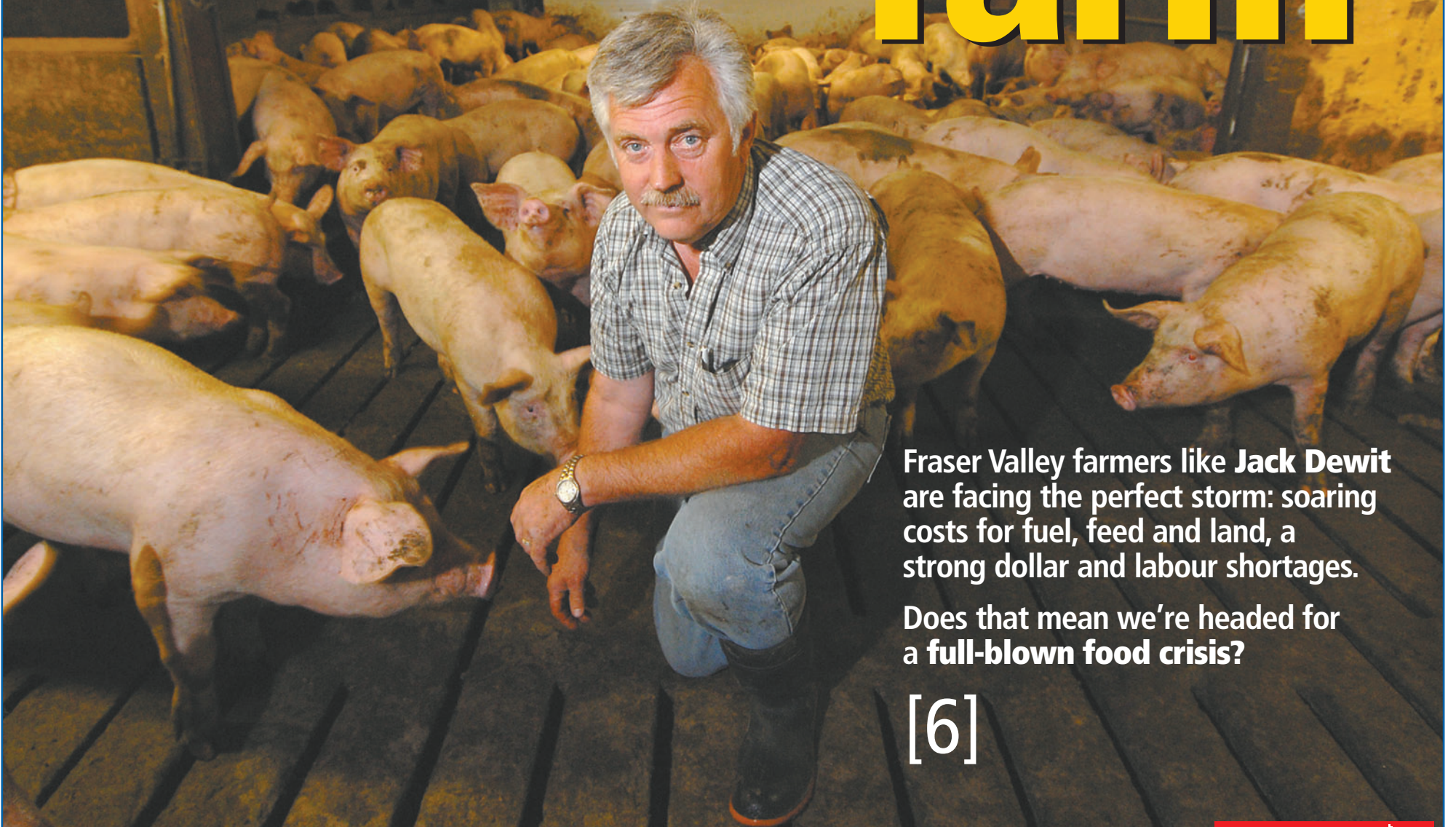
LANGLEY ENTREPRENEUR **ANGIE QUALE** FELL HARD – AND UNEXPECTEDLY – FOR BARBECUE

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AGRICULTURE SPECIAL REPORT

Fretful on the farm



Fraser Valley farmers like **Jack Dewit** are facing the perfect storm: soaring costs for fuel, feed and land, a strong dollar and labour shortages.

Does that mean we're headed for a **full-blown food crisis**?

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Cover Story

Fretful on the farm



COLLEEN FLANAGAN

Rhonda Driediger, owner of Driediger Farms Ltd. in Langley, is concerned about labour shortages, a stronger Canadian dollar and the rising cost of farmland.

With farmers being pressed by the soaring costs of fuel and feed, labour shortages and increasing urban pressures on agricultural land, are we headed for a **full-blown food crisis?**

By Ryan Starr

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For three days in early June, world leaders gathered in Rome for a United Nations summit on agriculture and food security.

In all, more than 60 high-level government officials attended, underscoring the extent of concern surrounding the growing global food crisis. Indeed, as one UN official quipped: When was the last time heads of state convened “to talk about seeds and fertilizer?”

Developing countries took the opportunity to chastise wealthier nations – Canada and the U.S. in particular – for subsidizing the production of biofuels like ethanol, which is made from corn and wheat. Amid concerns over oil prices and climate change, richer countries are in hot pursuit of renewable energy alternatives.

But the stampede toward biofuels has had disastrous consequences, critics note, curbing the production of food while driving up the cost of it. According to the World Bank, global food prices have risen 75 per cent since 2000. Wheat has increased a whopping 200 per cent in that time, and corn is the most expensive it’s been in 12 years.

In some of the world’s poorest countries, the dire situation has led to protests, rioting and, in certain cases, outright starvation. “Use crops as food for human beings,” Egyptian president Hosni Mubarak urged the summit, “not as fuel for engines.”

Here in the Fraser Valley, one of B.C.’s most fertile agricultural regions, farmers and consumers have yet to witness a full-blown food crisis. The local agriculture industry still faces its share of considerable challenges, though.

Prairie farmers are reaping the benefits of the biofuel boom. But the resultant run on corn and wheat, coupled with the continuing rise in the price of oil, has sent operating costs for B.C. farmers sky high. At the same time, a stronger Canadian dollar has cut deep into the revenues of a sector that relies heavily on export markets.

Factor in an acute labour shortage, the exorbitant cost of Metro Vancouver land and intense urban pressures on the Agricultural Land Reserve, and things couldn’t get much worse for farmers at the moment. We haven’t seen a food crisis yet, but there’s reason to believe one might not be far in the offing.

“Everything has come together at once,” says Jack Dewit, a Langley pig farmer and president of the B.C. Pork Producers Association. “I’ve been farming for 32 years and this is probably the worst I’ve seen it.”

Cover Story



COLLEEN FLANAGAN

B.C.'s pork industry is an unfortunate case study in everything that could go wrong, going wrong.

For Fraser Valley pig farmers, who provide 80 per cent of the total market hogs in the province, these are the worst of times. Rampant demand for cereal crops like corn for use in biofuels has driven up the cost of grain which, in turn, has created a crippling hike in feed prices.

Dewit says it cost him \$60 to feed a single hog last year; these days, that price is approaching \$90. (Dairy and poultry producers are also coping with this.)

The rise of the loonie has brought added woes. Pork producers deal in U.S. dollars, and Dewit estimates he's lost close to \$25 on each hog since the Canadian dollar began its ascent toward par last year. "The change in the dollar has severely impacted margins," says Stephen Thomson, executive director of the B.C. Agriculture Council. "Pork producers are caught in the bottom of a market cycle at a time when exchange rates have gone negative for them amid rising input costs. They've got the perfect storm."

B.C.'s cattle producers are facing a similar predicament, not helped by last month's announcement of a third case of mad cow disease in the province in as many years.

Meanwhile, the price of oil continues its dizzying climb, jacking up the cost of crop fertilizers and making shipping by truck more expensive than ever.

It's not just livestock producers feeling the squeeze, though. Out in the fields, things are also getting difficult.

The rising cost of land is causing pain all over. According to Farm Credit Canada, the value of B.C. farmland has increased 76 per cent since 2001, albeit not equally across all types of farmland.

This can pose a serious threat to growth. The blueberry industry, for example, is expanding at a rate of 600 hectares per year. But an acre of land in the valley can run as high as \$70,000. And blueberry producers, who export 80 per cent of their haul, are not able to pass those rising costs on to consumers.

"We're in a global market where there's a universal price for whatever is available," says Will van Baalen, executive director of the B.C. Blueberry Council. "So your cost of production is much higher here on expensive land."

How bad is it? The numbers tell the tale. B.C. farmers lost \$117 million in net income in 2007. That's nearly three times the loss recorded the year before.

(By comparison, nationwide, Canadian farmers recorded a \$1.68 billion profit in 2007, more than double the previous year's net income.)

Despite how bad things get though, British Columbians have largely been spared significant food-price increases at the grocery store. A recent Statistics Canada report showed that the rate of food cost inflation is not as extreme in Canada as in other industrialized countries. (Eggs cost 5.8 per cent more in 2007 than the year before; bread products were up 7.1 per cent; chicken rose 7.2 per cent.)

Still, pig farmer Jack Dewit thinks it's only a matter of time before soaring operating costs on the farm trickle down to the check-out aisle.

"Eventually the consumer will have to pay more for their food," he says. "There's no way we can afford to keep feeding animals at these kinds of losses."

The federal government has sought to ease the livestock producers' pain, having announced a \$50 million sow culling program to reduce over-supply and "bring the industry in line with market realities."

Ottawa has also offered emergency loans for cattle and hog producers of up to \$400,000, with the first \$100,000 interest-free. "Some have taken advantage of it," says Dewit. "But at the end of the day, you have to pay it back. It's not free money."

A growing number in the industry have simply decided to cut their losses and call it quits altogether.

"We've lost about four or five producers who have shut down and said enough is enough," says Dewit. "A lot of farmers here have had to go back to the bank and borrow money. They're farming on their equity right now, and you can't do that forever. Eventually you've got nothing left."

"Everything has come together at once. I've been farming for 32 years and this is probably the worst I've seen it."

Jack Dewit
Pork Producers Association

ter or nephew who can take over from you, you're really struggling with farm management," she says. "Ultimately that will affect your ability to grow, diversify and expand your operation."

All of this is playing out against the backdrop of an Agricultural Land Reserve (ALR) that is increasingly under siege.

As Fraser Valley cities push outward, many municipalities are applying to take land out of the ALR to accommodate new industrial parks or sprawling housing developments. In worst-case scenarios, investors are buying up farms and plopping down estate homes on viable agricultural land.

More than 52 hectares were excluded from the ALR last year in the Fraser Valley Regional District. In the past three years, over 275 hectares have been taken out of the reserve across the Lower Mainland.

To Dave Sands, it's a worrying trend. A former regional director for the Ministry of Agriculture, Sands believes the province has been lax in protecting its valuable farmland, a situation that was exacerbated when provincial exclusion review panels were replaced by regional systems in 2000.

This is problematic, he says, because local panels are naturally inclined to focus on local needs, not necessarily what's best for the province as a whole.

Such concern prompted Sands to launch the ALR Protection and Enhancement Committee in 2005.

"We're losing some of the best farmland in North America because the government is opening it to urban uses," he says. "It should be a policy of any government to

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At a glance

B.C. agriculture

Total agriculture sales: \$2.4 billion ('05)
Total agriculture jobs: 36,400 ('05)
Food processing sales: \$6.7 billion ('05)
Food processing jobs: 31,500 ('05)
Farm & food imports: \$3.3 billion ('05)
Farm & food exports: \$2.4 billion ('05)

Top 5 agricultural commodities (2005):
1. Dairy products, 2. Floriculture, 3. Hens & chickens, 4. Tomatoes (greenhouse), 5. Nursery products

Top 5 agriculture exports (2005):
Vegetables: \$300 million; Fruits & nuts: \$259 million; Cereal preparations: \$131 million; Plants, flowers: \$92 million; Pork: \$62 million

Source: Ministry of Agriculture / Statscan

On farms of a more labour-intensive sort, worker shortages have become a growing concern. The problem here exists on two fronts. Firstly, seasonal workers are getting tougher to find. Farms that rely on an army of fruit-pickers have found themselves in fierce competition with other sectors – service, hospitality, manufacturing – for a shallow pool of labourers.

Berry producers have been hit particularly hard. "Contractors are struggling to get hand-pickers," says Rhonda Driediger, president of the B.C. Raspberry Growers Association and owner of Driediger Farms Ltd., a 160-acre operation that is one of the valley's largest. "Normally this time of year my phone would be ringing off the hook with people coming out of the nurseries or coming off employment insurance looking for work.

"We still get people, but now they have more options," she adds. "So we have to pay more and make it a better job so they come here."

The provincial and federal governments have been working to ease some of the more cumbersome regulations that have kept short-term immigrant labourers from entering the country.

In the long term, though, the problem will run deeper. Older farmers are retiring, while younger generations are gravitating toward cushier office jobs or careers in the trades or service industry.

"There's a massive wave of boomers, with all their experience, leaving the workforce, and we're not seeing a transfer of those skills to the next generation," says Driediger.

The province has taken steps to pique the interest of younger generations in farming. (See sidebar, P8)

But Driediger says the problem also comes down to succession planning; or a lack of it. "If you don't have a son, daugh-

Cover Story

Trying times for farmers

protect food lands for future generations.”

The way Sands sees it, the fate of the ALR hinges on the attitude the province and industry leaders adopt toward it. We don't entertain the notion of removing land from our parks and waterways, he says, so why should we consider prime farmland any less sacred?

“Perhaps with the chaotic food situation in the world, the public are looking now and saying we need to make sure we keep our food,” Sands says. “Hopefully it will create enough pressure to get the government to say we have to save our farmland.”

In February, the province released its Agriculture Plan, vowing to “set a new direction for the agriculture and food industry in B.C.”

Acknowledging the agricultural sector is at a crossroads, the plan, which the government declared a “visionary view for the future,” lays out a series of initiatives to see the industry through its current turmoil.

Its overarching aim is to reconnect British Columbians with locally-grown food, partly through a promotional branding campaign and through an increase in support services for farmers.

This comes at a time when books like *The 100 Mile Diet* have spawned a growing movement that has embraced the “buy local” philosophy.

As the global food crisis leads to shortages and higher prices, consumers, particularly those in farming-rich regions like the Fraser Valley, have come to appreciate they may soon have little choice but to move to a diet that includes more seasonal, indigenous vegetables.

In its Agriculture Plan, the province has said it will introduce a “food miles” program that will offer consumers information about the distance food products have been transported and the effect this has on greenhouse gas emissions. The increased awareness of the virtues of locally produced food explains the popularity of the Circle Farm Tour. (See related story, P5)

The province's plan also touches on concerns over diminishing farmland. Pledging to bridge the “urban/agriculture divide,” the document calls for a review of zoning and farm-use bylaws to: “ensure the regulatory structure supports the sustainable growth of farming in B.C.”

It seems to say the right things, but will it actually help farmers? That's not entirely clear at this point. “It's foundational,” says Stephen Thomson at the B.C. Agriculture Council. “The elements and policies are good. The real

challenge will be to find the commitment and resources to deliver on the components of the plan.”

In other words: the province needs to put its money where its mouth is.

Times might be tough for farmers, but there are still opportunities out there. One is waste-to-energy technology, which can create renewable energy through the conversion of agricultural residues like plant material as well as animal and organic waste.

Given that commodities used for biofuels – corn, grains, oil seeds and flax – are not available in any great quantities in B.C., waste-to-fuel technology seems a natural fit here.

The process, known as anaerobic digestion, could have practical applications on dairy farms, for example. Manure or food processing waste is placed into a digester, which uses anaerobic bacteria to break it down and convert it into methane. This biogas can then be used to run an engine or to produce electricity for use on the farm or by a surrounding community. The manure left-overs can be spread across fields as wet fertilizer.

The benefit of waste-to-fuel technology is two-fold: methane, a harmful greenhouse gas, is removed from the environment, and clean energy is created in the process. What's more, this technology can help eliminate manure odours – which counts for something in highly-populated regions like the Fraser Valley.

“For a farmer, this could be a secondary revenue stream that can be closely tied to an existing operation,” says Paris Thomas, director of communication and planning with the B.C. Milk Producers Association. “It's not changing your practices; the only thing you're doing is taking your manure, removing the methane and using it to produce electricity. It couldn't be any more beautiful than that.”

While AD technology has been in widespread use in Europe for years, it has been slower to catch on in North America. Thomas is working on a feasibility study looking into how such technology might work on the average B.C. farm. There is potential: Sweden's bus system, for example, runs entirely on so-called “moothane,” he notes.

Yet the implementation of waste-to-fuel operations faces hurdles in B.C. To begin with, the process is cost prohibitive. And Thomas says provincial legislation has yet to catch up with the need for such technology. (Digesters are not allowed on ALR land, nor can outside food waste be brought onto farms.)

Still, Thomas indicates a number of Fraser Valley farmers are interested in the technology, and there has been talk of creating a centralized digester where local farms can band together to make the venture more feasible and less costly. “There are lots of opportunities,” he says. “And we're not just pulling them out of a hat – we've seen them work in other places.”

For pig farmers like Jack Dewit, however, challenges far outweigh opportunities at the moment.

That's not to say there aren't options, though. The development of niche markets, such as organically farmed pigs, is one possible way to increase revenues for some. Putting more emphasis on buy local marketing initiatives is another.

But Dewit acknowledges his industry is due for a major restructuring and ultimately must become more efficient if it hopes to survive the new market realities.

“At the end of the day, how efficient you are affects your bottom line,” he says, adding “our industry will take a substantial pruning” in the coming years.

“There will be fewer hog producers in the future than there is today. There will be changes – there has to be.” **BE**

Noteworthy

Agriculture appeal

The province's 2008 Summer Extension Assistance Program aims to give students a hands-on experience in agriculture and, by doing so, enhance the attraction of farming for younger generations.

This year, the program's third, 16 students are working alongside regional agrologists across the province, with duties that range from collecting data on farmland values in the Lower Mainland to assessing wildlife damage to crops in the Peace River region.

One of the goals of B.C.'s Agriculture Plan was to increase funding for classroom programs in order to “reconnect children with the source of their food.”

The Fraser Valley is currently hosting four of the 16 students, who have all been placed in Abbotsford. The program runs for four months, and kicked off in May with a three-day orientation session in Kamloops.

-Kolby Solinsky

In Brief



Retail roiled

Retail sales in B.C. fell \$35 million (0.7 per cent) to \$4.77 billion from March to April, according to figures from Statistics Canada.

After adjusting for price inflation, the real quantity of retail sales declined by an estimated 1.2 per cent in April. But Metro Vancouver's sales rebounded in April following a sharp decline in March, totalling \$2.14 billion, up \$45 million (or 2.2 per cent.)

Credit Union Central of B.C. forecasts the province's multi-year retail sales growth will slow this year, in light of a sharp drop in U.S. GDP, the buoyant Canadian dollar and “less expansionary monetary policy.”

Catching a lift

The Jack Bell Ride-Share program is signing up 150 commuter registrations each week, five times as many as it did last spring, according to Translink.

New members are citing the high price of gas as the primary reason for changing how they commute. Last year, when there were 30 registrations per week, gas prices were 40 cents per litre lower.

Transit ridership is also on the rise, Translink reports, with 3.7 per cent more people opting for public transit in the first four months of 2008 compared to the same period last year.

For information about the rideshare program, visit: www.ride-share.com

Auto sales slip

Sales of new motor vehicles in B.C. declined by 11 per cent in April compared to the same period in 2007, the largest drop in Canada and part of a trend of lower sales across Western Canada.

According to seasonally adjusted data from Statistics Canada, consumers in the B.C. region purchased 15,862 new vehicles in April, down seven per cent from a month earlier.

Dealers in Alberta saw an 8.7 per cent drop in sales between March and April, the lowest number of new motor vehicle sales since December 2005.

Nationwide, the average drop in sales was 2.9 per cent in April compared to the same period last year, with sales of passenger cars falling by five per cent to 75,020 units but the number of new trucks sold edging up 0.2 per cent to 68,280 units.

Slick

The province's June sale of oil and gas rights totalled \$213 million in bonus bids, bringing the fiscal year-to-date total to \$693.9 million.

All told, 89 parcels were sold in northeast B.C., covering 58,835 hectares at an average price of \$3,623 per hectare. Key parcels included 22 within the Horn River Basin. The strong June sale follows a record number of sales in May.