

EXPERT ADVICE AT A MODERATE PRICE (FREE!)

STRAIGHT TALK FROM A ROUNDTABLE.

By GEOFF GEDDES

The only thing worse than knowing nothing is thinking you know it all.

Success in the pork business today requires a broad base of knowledge on a range of topics, from production to politics to pig health. Even for the savvy, well-rounded producer, it can be tough to keep up.

Given that challenge, when experts on risk management, succession and biosecurity sit down to talk, it might pay off to listen.

A rewarding look at risk

Whether it's production or market risks, guarding against trouble is good for your peace of mind and bottom line.

"Risk management is a huge part of managing a business," says Cam Dahl, general manager of Manitoba Pork. "Everyone does it directly in some manner, such as producers who choose to self-insure (putting some money aside in case of an unexpected loss),

but having access to various tools for mitigating risk is vital. This may be especially true for the pork industry, as the cycles tend to be shorter than for other livestock sectors."

Particularly on the production side, however, pork producers don't have access to the same caliber of risk management tools as farmers who grow grains, oilseeds and specialty crops. According to Dahl, the missing element is affordability.

"Whether it is livestock price insurance or failed attempts at risk management like the Hog Price Insurance Program (HPIP), the tool must be practical from a price standpoint," says Dahl. "For pork, we haven't hit that sweet spot yet. In part, it's a matter of government

support for other insurance programs and premiums that have never applied to the livestock sector. HPIP was ineffective because the risk mitigation wasn't enough to warrant the premiums, and that's something that must be addressed."

On the marketing side, producers can limit risk in a variety of ways, such as forward contracting. This involves a contract between a buyer (normally a meat packer or a marketing agent) and a seller (normally a producer), where the producer agrees to sell, at a future date, a number of hogs to a buyer for a certain price. Another option is hedging, where producers lock in a price for their pigs regardless of whether the market goes up or down.

Risk management for production, however, remains a challenge.

"Given the dearth of programs, it comes down to preventing loss through managing disease risk," says Dahl. "This is achieved largely through



Cam Dahl

biosecurity as a means of excluding disease from the barn.”

Even the most stringent measures can fail to stave off pathogens, as evidenced by the impact of Porcine epidemic diarrhea (PED) in Canada. In response, the federal government provided \$482,158 in funding in 2020 for a two-year risk management pilot project run by the Manitoba Pork Council. It was aimed at helping pork producers recover from the damage wreaked by disease outbreaks such as PED.

“We have gone through the development phase on this, which involved a lot of statistics and mathematics to assess risks and design a program in response,” says Dahl. “We now have a package that could be commercialized for producers, so it comes down to whether we can roll it out in an affordable manner. That question is still open at this point, but we’re hopeful.”

Addressing bio-insecurity

As Dahl noted, biosecurity is the ultimate means of reducing risk, and swine veterinarians would agree. “Biosecurity remains the most powerful vaccine we have,” says Dr. Egan Brockhoff, veterinary counselor for the Canadian Pork Council (CPC). “We have updated the national biosecurity standards in Canada to reflect new knowledge and understanding of pig disease. Science continues to evolve in its grasp of how pathogens emerge or reemerge. Viruses rarely sit still, as they are constantly changing, and those changes bring new insights into contamination and risk pathways.”

Today, ever-evolving technology is making biosecurity more effective than ever.

“The most advanced option we have today is probably Farm Health Guardian,” says Brockhoff. “It is a biosecurity software system – developed in Canada – that protects against diseases like PRRS (Porcine Respiratory and Reproductive Syndrome). The system allows farmers to monitor their transportation routes and movement of people on and off the premises in a precise



Farm & Food Care photo

Succession planning allows families to create clarity for the future.

manner.”

Then there is facial recognition software that controls entry to restricted access zones of pig barns. Especially at larger operations that employ hundreds of workers, it can minimize the risk of people breaching the wrong area by mistake.

3-D cameras are another innovation that help monitor pig behavior and help with early disease recognition.



Egan Brockhoff

“Some barns in Canada now deploy Sound-Talks as well,” says Brockhoff. “It uses micro-

phones hung throughout the barn to detect respiratory disease much earlier than traditional methods.”

In some ways, the approach to biosecurity in Canada is becoming more nuanced, with herd veterinarians counselling farms on specific measures to fight PRRS or PED, for example. At the same time, there are certain princi-

ples and ‘low hanging fruit’ that should always be top of mind.

“Direct movement of animals leads to direct movement of disease, and the same applies to semen and embryos,” says Brockhoff. “The next greatest risk comes from animal transports that are improperly disinfected.”

Other aspects that require vigilance include the movement of people and supplies in and out of barns, and the potential for pathogen transmission through feed and water.

In spite of all the tips, warnings and technology, even the most stringent biosecurity measures will be ineffective with anything less than full compliance on-farm. Consequently, industry is focused on understanding compliance and the roadblocks involved.

“The No. 1 challenge to proper biosecurity is being able to implement protocols and have everyone buy in and follow through on them,” says Brockhoff.

In short, people need to focus on CRAFT, which stands for Compliance, Recommendations, Acceptance, and

EXPERT ROUNDTABLE

Follow-through. Among the chief barriers to compliance is cost, as starting and maintaining a biosecurity program is far from cheap.

"Cost has been an issue since Day 1," says Brockhoff. "If you want to wash, disinfect and dry your transports, that will add another dollar per pig to your expenses. To only wash and dry, it might be 70 cents per pig, or 20 cents to just flush the trailer. As your cost goes down, however, so does your protection."

Expense also varies widely when it comes to managing the flow of people at your barn. Do you just lock the door? Have a full Danish entry? Use a Danish entry and shower? What about adding facial recognition? As long as cost remains a barrier, so too will compliance.

Though dollars and cents are critical to optimal biosecurity, so too is attitude.

"We noticed some biosecurity fatigue during the PED crisis," says

Brockhoff. "Some workers got tired of following all the rules, and we know they are impacted greatly by social cues from barn managers, production managers and owners. If the owner only comes to the barn twice a week for 15 minutes and feels they don't need to go through the Danish entry process, it may cause others to let down their guard as well."

Sowing the seeds of succession

One reason to keep risk low and herd health high is to benefit the next generation on your farm. Forging a plan

for passing the business to new hands is crucial, complex and contentious, but it can be done.

"Succession planning

comes down to two aspects: Family and business," says Andrea De Groot,



Andrea De Groot

agricultural transition specialist at Farm Credit Canada in Perth, Ont. "The family part is about creating clarity for the future. The senior generation is wondering what the next phase of their life – we're not using the 'R' word here – will look like."

Meanwhile, the junior generation is wondering if they have a place in the operation and, if so, what exactly it will be. The plan gives them confidence to move the business forward.

On the business side, a plan allows for shared decision-making based on a solid knowledge of what's to come. Should we proceed with those bigger capital investments? Do we build that new barn for \$1 million?

Overall, De Groot sees four pillars as key to a solid plan.

"It starts with deciding where everyone will live – something that sounds easy but is pretty important," says De Groot. "We then look at business continuity and how to keep the operation profitable for the new own-

THE POWER OF KNOWLEDGE

FROM THE
CLOUD



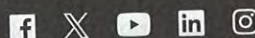
PigCHAMP
Online

PigCHAMP Online brings you all the features of PigCHAMP without the need for software installation or updates. Your entire database is securely stored and remains accessible via remote connection, allowing you the flexibility to manage your operation from anywhere you can connect to the internet.

1-866-774-4242 x 1

www.pigchamp.com

sales@pigchamp.com



ers. It's important here to drill down and put actual numbers in the plan."

Then, as one of the two certainties in life, it's time to talk about taxes. Since there are usually significant sums involved, the parties need a tax plan to efficiently move business assets from one generation to the next.

The fourth pillar is one that contributes in large part to the success of the other three: Communication.

"Here is our general idea ... this is what we know and don't know ... these are the people we want at the table," says De Groot. "You want to create a dialogue so that those who are directly impacted by the plan, as well as other family members, know exactly what is happening. Also, set aside specific times to talk so the subject doesn't always take a back seat to operational topics like pig flow and shipping dates."

In forging a plan, it can help to build a team of experts, which could include your accountant, lawyer and financial planner. Producers are also wise to set specific dates as deadlines to get things done, rather than just talking about timelines.

"I have families who have had a 'three-year' timeline in place for the last nine years," says De Groot. "Including concrete dates will motivate behaviour and keep you on track."

Experts often refer to succession plans as "living documents" that must evolve with the times, and the new rules around capital gains are a prime example.

As of June 25 this year, 66.7 per cent of capital gains realized on or after that date were to be included in income for tax purposes, up from the previous 50 per cent.

"The news is mixed, as there is an exemption for qualified farms and farm corporations on capital gains up to \$250,000," says De Groot.

"Specifically in succession, there are a few different tax policies that can work together to minimize tax impacts. This specific tax impact (the increase from 50 to 66.7 per cent) is felt more when selling assets outside of succession, though not always.

"At the end of the day, speaking with an accountant is key, as tax planning is more crucial now than ever."

In the wake of the announced changes, De Groot is seeing a flurry of activity and interest around succession planning, which, as she points out, is "not necessarily a bad thing."

Making those plans, and keeping them up to date, may be particularly needed in the pork sector, given the

pace of change in that industry. As De Groot points out, "you only make a succession plan once in your life, so you need to get it right." **BP**

GEOFF GEDDES



Geoff is a freelance writer and editor specializing in agriculture. He is based in Edmonton and has written for farm magazines, blogs, websites and social media.



Baby Pig Pellets

Specialty pellets designed with your pigs and bottom line in mind!

Available Sizes

- Mini
- Regular
- Crumbles

Quality

- Very Few Fines
- Piglets Love Them!

Price

- Very Competitive

Mini Pellets



Regular Pellets



CONTACT KENPAL TODAY!

Kenpal Farm Products Inc., 69819 London Rd, RR #1 Centralia, ON, N0M 1K0
Tel: 519-228-6444 • Toll Free: 1-800-265-2904 • Fax: 519-228-6560
kpalen@kenpal.on.ca • www.kenpal.on.ca