

Transferring a Family Farm in Quebec: More than just a business matter, it's the personal relationships that matter

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Presentation Outline

- Part 1: Brief overview of family farm succession in Quebec (Elizabeth Ouellet)
- Part 2: Preparation for transfer and delegation of responsibilities (Diane Parent)

Part 1:

Brief Overview of Farm Succession in Quebec

- Generally optimistic numbers
- Distinct policies, programs and resources
- Positive yet relatively fragile assessment
- Conclusion

Total Number of Farms in Quebec and Throughout Canada, 1996

Province	Number of Farms 1996	Variance 1991-1996
Quebec	35 716	- 2 360
Ontario	67 118	- 1 515
Manitoba	24 341	- 1 365
Saskatchewan	56 979	- 3 861
Alberta	58 990	+ 1 745
British Columbia	21 653	+ 2 428
Canada	274 955	- 5 088

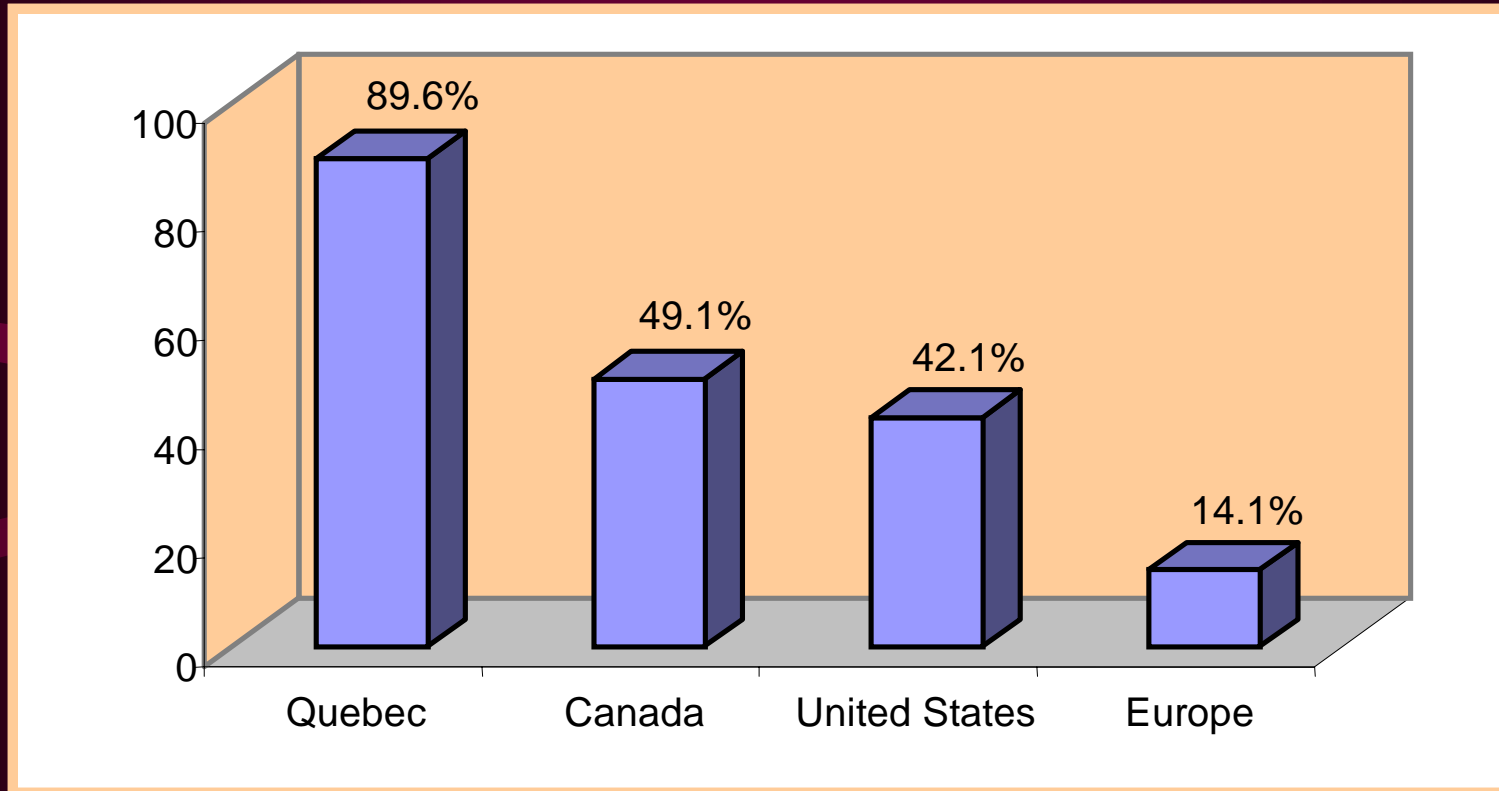
Farm Assets and Debts in Quebec and Canada

Quebec	1997	1999	Canada 1999
Average assets	\$693 564	\$935 528	\$896 013
Average debt	\$162 370	\$220 798	\$163 112

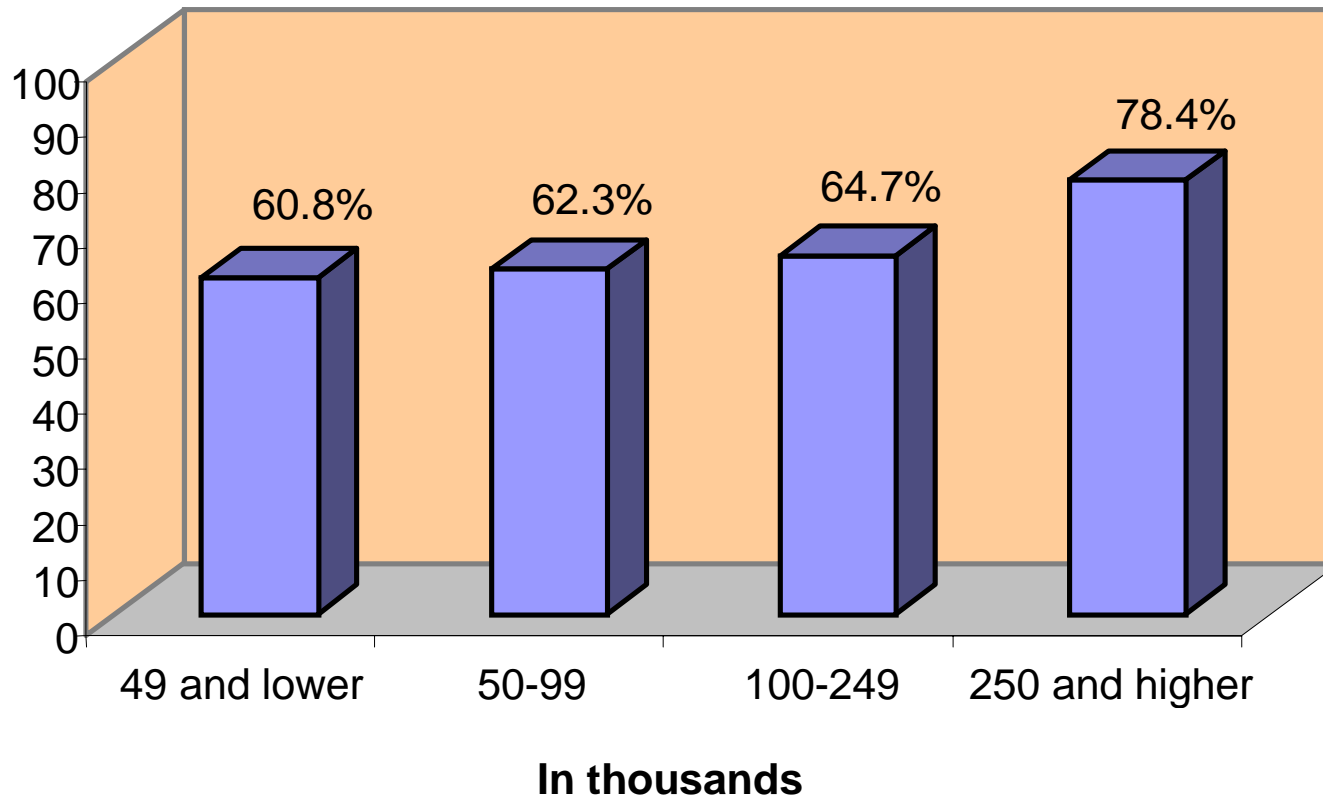
Replacement Rate in Quebec and Canada, 1996

	Average Age	34 years and under	55 years and	Rate
Quebec	45.2	10 755	12 000	89.6%
Canada	48.3	61 060	124 375	49.1%

Compared Replacement Rate



Succession Identification According to Economic Returns



Provincial Integration Policies

The *Politique d'intégration des jeunes en agriculture* (PIJA) of the ministère de l'Agriculture, des Pêcheries et de l'Alimentation

Unique Programs

Settlement grant from the ministère de l'Agriculture, des Pêcheries et de l'Alimentation

- Between \$20 000 and \$30 000
- Payment over a period of 4 years
- Terms:
 - Hold 20% of shares
 - Have one year's experience
- No less than a high school diploma

Innovative Resources

- CRÉA (or CMÉA): Intervention on the human aspects of transfer
- SGA (agricultural management pools): Intervention on technical, economical and financial management capability. There are more than 30 offices in Quebec, representing 20 to 100 members from various agricultural productions.

An Envable yet Fragile Situation

Strong points:

- High replacement rate
- Access to unique programs and resources

Weak points:

- Strong rise in assets and debts
- Unfunded policy and lack of resource coordination
- Reaches a limited number of farmers

Conclusion to Part 1

- Need to develop research programs
- Need to explore aspects other than cost

Part 2:

Preparation for Transfer and Delegation of Responsibilities

- Survey and respondents
- General preparation: a few findings
- Land preparation for settlement
- Preparation for transfer
- Transfer of power and responsibilities
- Conclusion

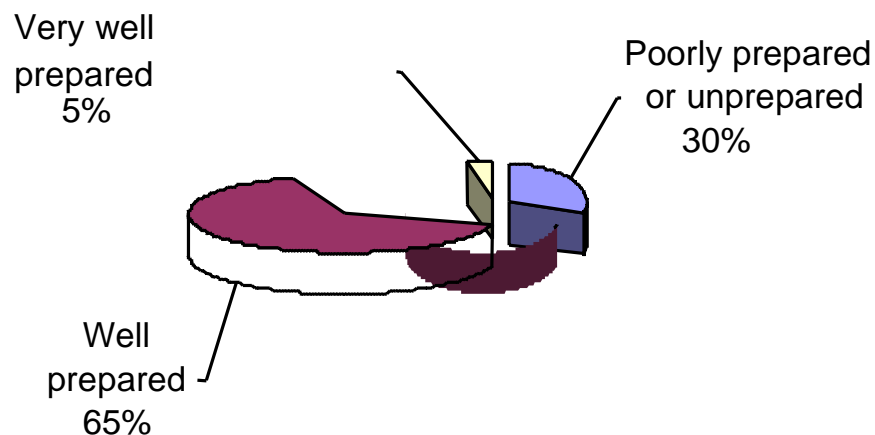
Survey and Respondents

- 114 pairs (successor – owner)
- Successor: holds at least 20% of shares
is involved in the company
- Owner: is between 45 and 65 years old
intends to transfer in the next 10 years

General Preparation...

- 51% of successors have a correct assessment before they take over the farm
- 59% of successors have a settlement file
- 36% of owners have a transfer file
- 51% of owners seek advice from their accountant
- 37% of successors seek advice from a financial advisor

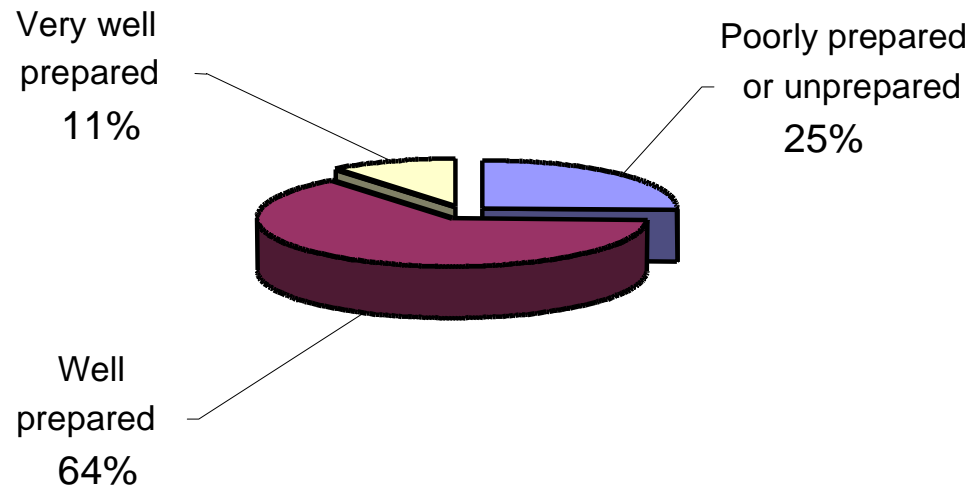
Land Preparation for Settlement



65%

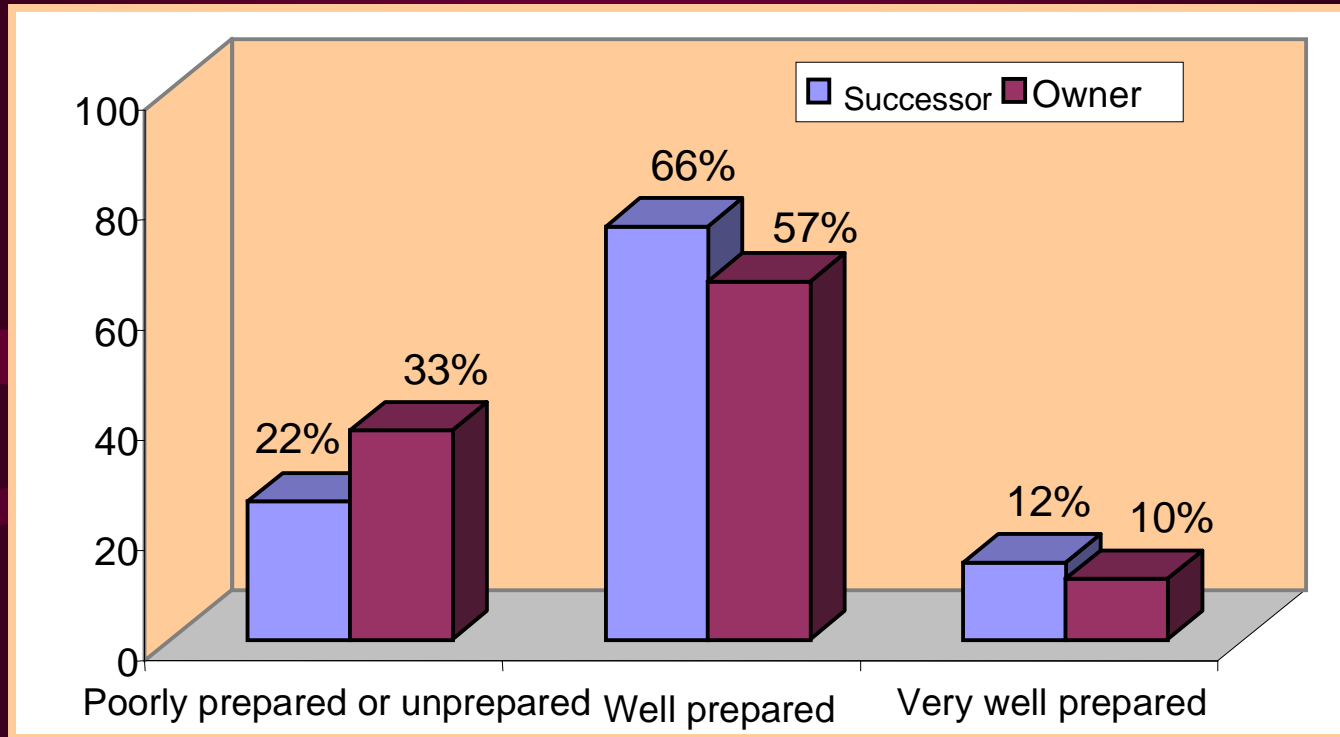
In 70% of cases, young successors are well or very well prepared for their land establishment.

Preparation for Transfer



In 75% of cases, young successors are well or very well prepared for the transfer.

Preparation for Land Settlement and Transfer



Transfer of Power...

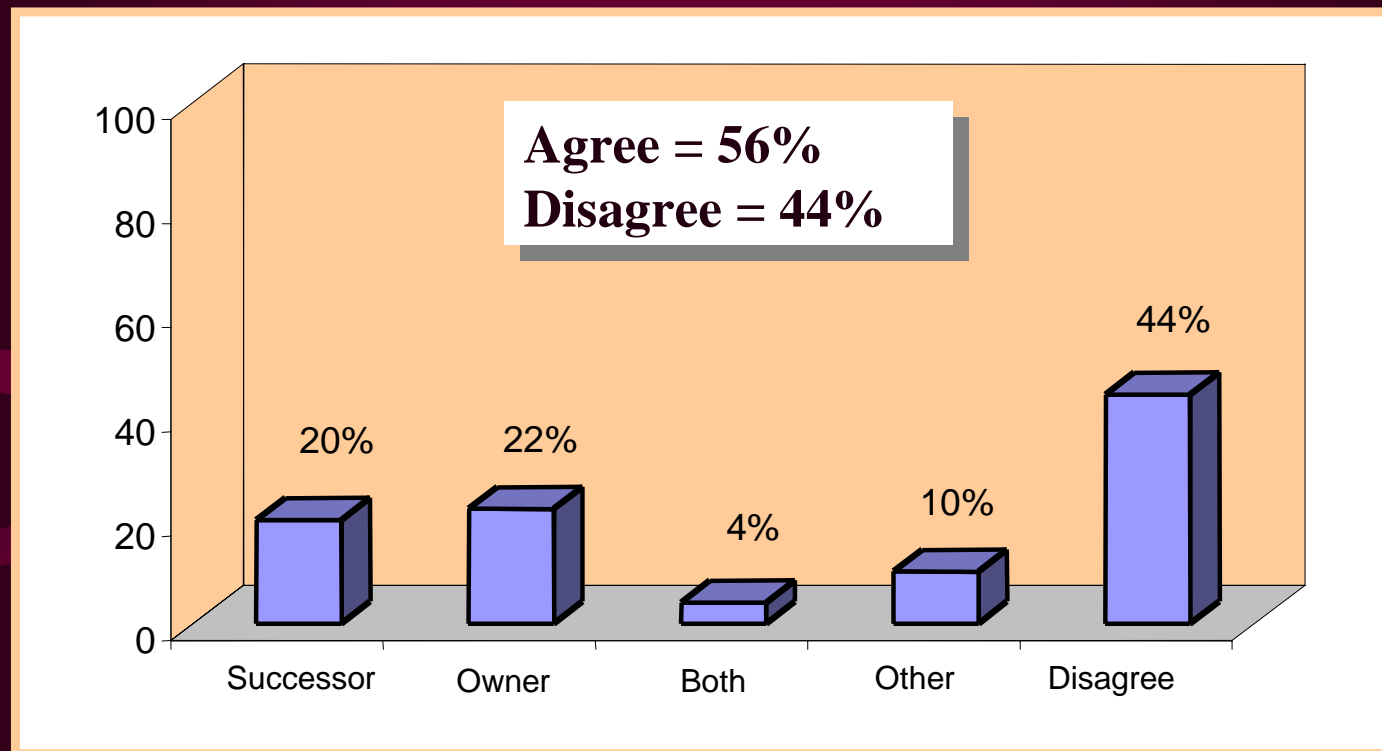
Successor integration in the management of
daily tasks

- 13 questions
- Who does what?
- Level of agreement
- Conflict resolution
- Distribution of power

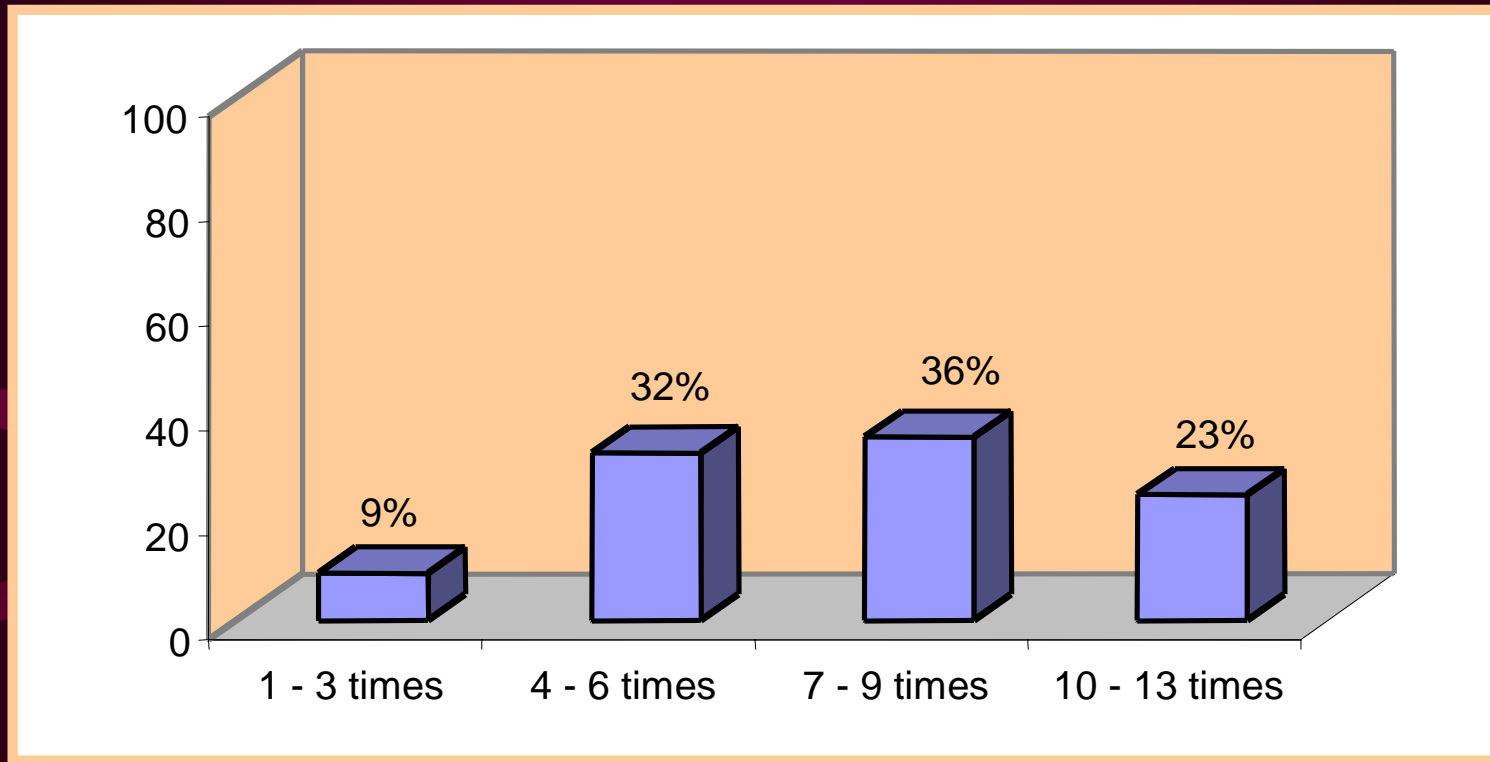
Who does what? (Examples)

- **Level 1**
- Who is in charge of managing the fields on the farm?
- **Level 2**
- Who votes on behalf of the company in business activities?
- **Level 3**
- Who is in charge of recruiting and screening casual employees?
- **Level 4**
- Who negotiates the credit and funding?

13 Questions (Summary)

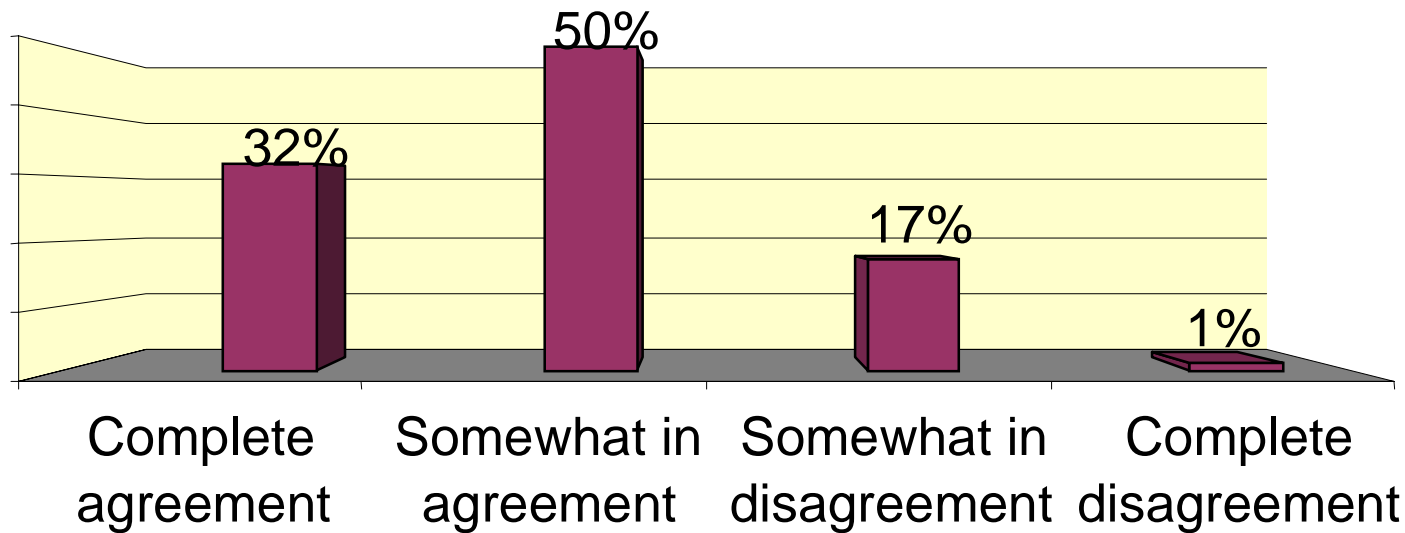


Level of Agreement



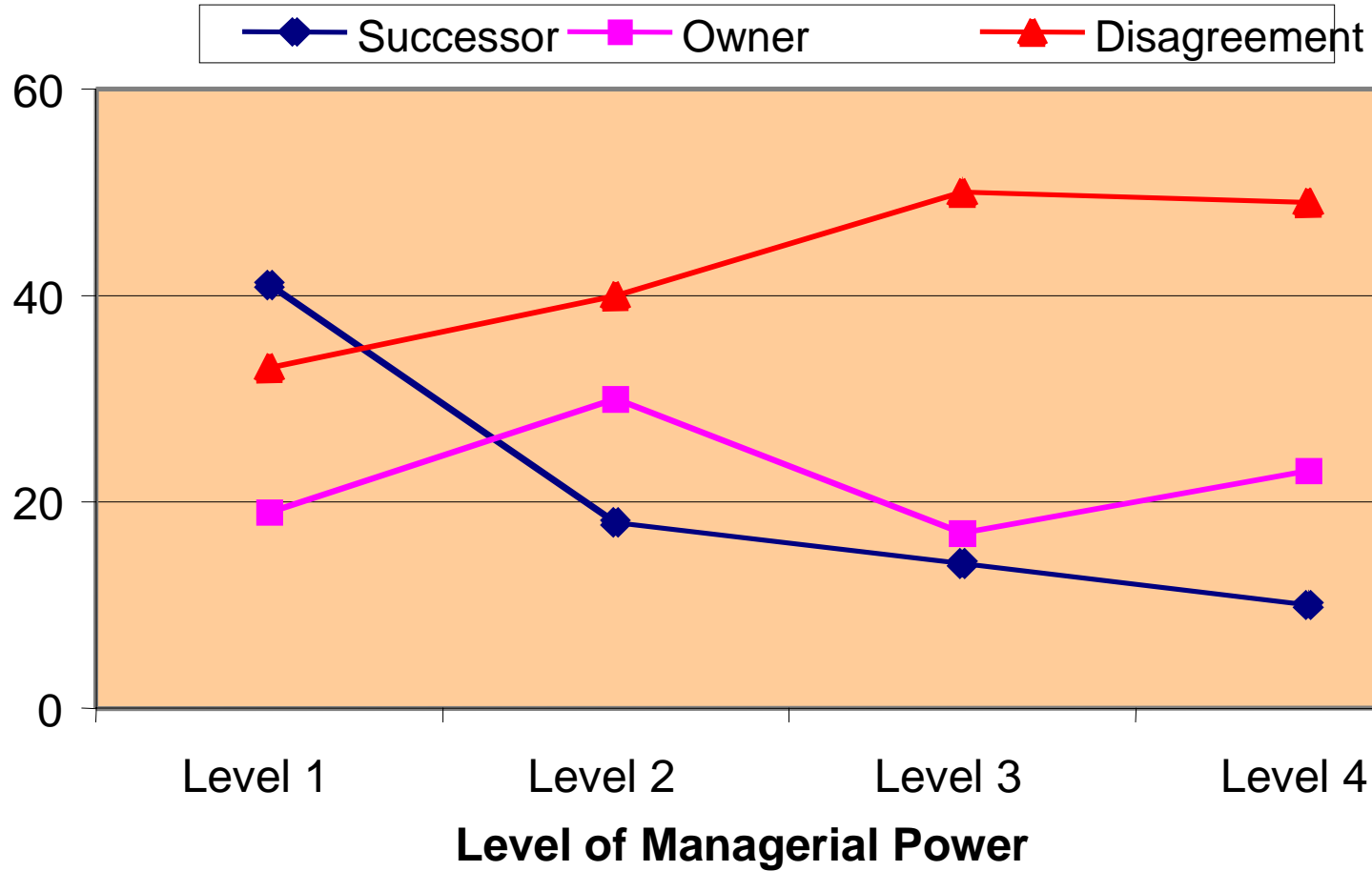
High level of disagreement at 41% !

And the Disputes!



Can we find common ground in a conflict situation?

Delegation of Powers



Conclusion Part 2

- Study limits
- Transferring a farm means transferring assets, knowledge and power
- Farm transferability... important
- Communicating is as important as the process of becoming oriented (expanded family) and sharing the principle of “agreeing to disagree.”

Thank you for your attention.