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Friends help finance dairy dream

Turned down by lenders | MPs hear suggestions to help farmers buy or expand

QUEBEC CITY

Laetitia Létourneau searched for financing from the usual sources when she set out to pursue her dream of becoming a young Quebec dairy farmer.

The traditional lenders turned her down, so she found private “angels” to help finance her dream. Now in her fourth year of production, the 26-year-old has acquired quota for 33 kilograms of butterfat production.

She and her husband still work off the farm to pay the bills, “but things are going well,” she told MPs on the House of Commons agriculture committee May 10 when they visited Quebec on their national tour to study young farmer issues.

“It worked for me but only because I had three angels. Many young producers haven’t been that lucky to have angels like me.”

The difficulty aspiring farmers face when looking for financing was a theme MPs heard at hearings across the country.

Létourneau’s tale was one of the most vivid.

She is the daughter of a forestry worker with no background in agriculture, but she studied agriculture and decided she wanted into the business.

She took a job on a dairy farm in the Quebec City area to get experience and became the farm manager.

Without family backing or connections to help bankroll her, she found her first angel, a sympathetic friend willing to loan \$300,000 at two percent interest for 10 years.

She and her husband found a dairy operation for sale for \$400,000. A second private angel helped finance the difference.

Létourneau then applied for loans from private and public lenders to buy the stock and quota necessary to get started, but was turned down.

Enter private angel number three with another \$100,000 loan.

She started with quota for five kg and then added 10 kg so she could take advantage of the Quebec milk board’s new farmer program that lends up to 10 kg worth of quota for a fixed period if farmers match it with privately purchased quota.

Now, after six years, the farm has built its quota base up to 33 kg.

“It is good,” she said in an interview. “It is what I want to do.”

She hopes she and her husband will eventually be able to afford to give up their off-farm jobs to farm fulltime.

“But I had help from Good Samaritans many others would not be able to find,” she said. “I was lucky.”

Various proposals were made during hearings across the country for programs to help those not so lucky.

There were calls for a better low-interest loan program targeted at new farmers.

Several witnesses called for a revised capital gains tax program that would allow transfer of property to siblings, nephews or nieces using the tax exemption now available to children and grandchildren.

Some called for a capital gains tax based on productive value of the land rather than its market value.

Frédéric Marcoux, president of the federation for the renewal of Quebec agriculture, told MPs in Quebec City that governments should consider creating a fund into which farmers could invest money for future farm purchases or expansion.

They would receive a tax break on the money invested, which would be supplemented by matching contributions from both levels of government.

Marcoux said the contributions would create a fund that could allow farmers to enter the business without crushing debt.

To avoid it becoming a retirement fund, federation director general Magali Delomier said governments could take back their contributions if the money was not used within a decade to buy into the industry or expand a small beginning farm.

MPs were intrigued enough to ask questions, but they were troubled by the vagueness of detail on how it would work and the effect it would have.

“I’m not sure how it would work and if it would simply be capitalized into the land value,” Ontario Conservative MP Bev Shipley said in an interview.

“I’m willing to consider the idea, but would someone with access to this type of fund be able to bid more for land than someone who didn’t? I’m not sure that would be fair.”