



Agriculture and
Agri-Food Canada

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2009 Dialogue Tour on **YOUNG FARMERS** And Farm Transfers

What We Heard: Report from November 2009 Roundtables

Canada 

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TABLE OF CONTENTS

| | |
|--|-----------|
| Executive Summary | 3 |
| Introduction | 4 |
| How Canada's Agriculture Sector Can Attract New Farmers | 6 |
| 1) Uncertainty in Agriculture | 6 |
| 2) Profitability in Farming | 6 |
| 3) Competitiveness of the Agriculture Sector | 7 |
| Challenges and Costs Associated with Getting Started in Agriculture | 8 |
| 1) Access to Capital | 8 |
| 2) Debt | 9 |
| 3) Land | 10 |
| 4) Labour | 10 |
| 5) Learning and Skills Development | 11 |
| 6) Information on Programs | 11 |
| 7) Different Challenges for Family and Non-Family Related Farm Transfers | 12 |
| 8) Transferring the Business or Selling Assets | 12 |
| 9) Quality of Life | 13 |
| Towards an Agricultural Policy Better Adapted to the Needs of Young Farmers | 14 |
| 1) How Young Farmers Want to Farm | 14 |
| 2) Agricultural Policy is not Inclusive of all Farming Models | 15 |
| 3) Where Government Intervention Could Be More Effective | 15 |
| Conclusion | 16 |

EXECUTIVE SUMMARY

In November 2009, the Honourable Jean-Pierre Blackburn, Minister of Veterans Affairs and Minister of State (Agriculture), hosted half-day roundtables on young farmers and farm transfer issues in five cities across Canada. Through these roundtables, he spoke with young farmers, agricultural students, agricultural academics and industry representatives. The goal was to better understand the challenges and opportunities facing young and aspiring farmers, and those who wish to transfer their farms. These dialogues highlighted considerations relevant to the future of agriculture and agri-food policy.

Young and beginning farmers are key to the revitalization of the sector. Like the Canadian population in general, the average age of farmers is increasing. The sector's capacity to attract and retain young farmers is, therefore, an important challenge. Beginning farmers face specific challenges such as access to capital, access to farm assets, and high debt levels. Nevertheless, young people continue to enter the sector with an energetic entrepreneurial spirit, respect for the environment, innovative ideas and new ways of doing business.

Participants identified a need for a more positive, balanced view of the sector, one which acknowledges its challenges but also recognizes its opportunities and rewards. While the challenges for new farmers are significant, Canadians are generally not aware of the many opportunities for success that Canadian agriculture offers to those entering the sector.

To attract new entrants, producers need to focus on their own strengths, opportunities, and successes, and actively communicate these accomplishments to all Canadians.

The roundtable discussions drew attention to the need for better access to information about tools, programs and services available for beginning farmers. Many federal and provincial programs aimed at beginning farmers and farm transfers were unknown to participants. Students and producers reported difficulty in finding information on farm programs in general, and more specifically, difficulty in finding out whether they are eligible for a program. The roundtables highlighted a need to improve access to information on programs and services.

The roundtable discussions highlighted the complexity of farm transfers. Roundtable participants also mentioned various tools that are, or could be, used to facilitate farm transfers. These include technical and professional advice, and modernization of the tax system in areas such as: increasing the lifetime capital gains exemption, broadening the definition of "family" for intergenerational farm transfers, and developing savings plans specifically designed to facilitate farm transfers and farm retirements.

Finally, the roundtable discussions underscored that agricultural policy must take into account a diversity of business models and foster opportunities emerging in Canadian agriculture.

INTRODUCTION

In November 2009, the Honourable Jean-Pierre Blackburn, Minister of Veterans Affairs and Minister of State (Agriculture), hosted half-day roundtable discussions with industry stakeholders in order to better understand the challenges and opportunities they face with respect to young farmers' establishments and farm transfers. This report aims to capture the main points which emerged from the discussions, and to highlight considerations relevant to future agriculture and agri-food policy.

The roundtables were held in five locations which were selected to ensure that the Minister had the opportunity to reach out broadly and hear diverse perspectives from the Atlantic to the Pacific. The scheduled locations and dates for the tour were:

November 9, 2009, Guelph (Ontario)

November 10, 2009, Truro (Nova Scotia)

November 12, 2009, Saskatoon (Saskatchewan)

November 13, 2009, Abbotsford (British Columbia)

November 17, 2009, Saint-Hyacinthe (Quebec).

In order to better understand the challenges and opportunities associated with young farmers and farm transfers from different perspectives¹, the Minister met with:

- agricultural students, including many who intend to become or who already are agricultural producers;
- producers (beginning and retiring) because they have first-hand experience with the challenges related to getting started in agriculture and farm transfers;
- representatives of industry associations² interested in young farmer issues;
- agriculture professors, to benefit from their expertise on the challenges and opportunities of becoming established in agriculture and their comprehensive knowledge of the sector; and
- representatives from co-operatives, because of their importance in rural/agricultural communities.

In total, more than 100 participants attended the roundtable sessions, with approximately 25 to 40 participants in each regional session. Several Members of Parliament attended the meetings as well.

Each half-day roundtable was divided into three sessions:

1. A dialogue with professors;
2. A dialogue with students; and
3. A dialogue with industry representatives, including young farmers, aspiring farmers, farmers who wish to transfer their farm, and representatives from the co-operatives sector and industry associations.

Sessions began with a brief overview of the federal government's understanding of the issues facing young farmers and those who wish to transfer their farms, as well as a description of federal programs that have been implemented to address these issues. Participants then provided their views on

the following questions:

- What are the main challenges to the renewal of the agriculture sector in your region or production sector?
- Do young people who wish to enter the sector have the tools needed?
- Do farmers who wish to transfer their farm have the tools needed?
- Are there opportunities to improve and to maximize the existing tool set?
- Are there gaps?

While this report tries to capture the essence of all the ideas that arose during the discussion, it is a summary, and therefore does not include every specific comment put forward. No attempt was made to evaluate the factual accuracy of any viewpoint expressed nor to reconcile opposing points-of-view.

We have also taken into consideration the views of other industry stakeholders who expressed an interest in sharing their views with Minister Blackburn on other occasions and in varying formats.

Participants spoke eloquently about the challenges that they and their families face in pursuing a career in agriculture. Concern was expressed about the future of agriculture in Canada, but participants also showed interest, enthusiasm and a strong entrepreneurial spirit – particularly the young producers actively engaged in farming.

While areas for government action were extensively discussed, there was also recognition by many participants of the need for producers to take responsibility for their own farm business, and to explore ways of co-operating with one another more effectively. At every session, we heard that some farm business models were no longer viable due to changing market and economic conditions. However, there is a willingness to experiment with new business models and an acknowledgement that different models can achieve viable farm operations.

¹ Agriculture and Agri-Food Canada (AAFC) identified participants in collaboration with agricultural colleges or faculties and industry associations. The following criteria served as guidelines for selecting young participants: young (under 35 years of age) farmers from various production sectors; young people interested in getting established on a farm from central and outlying regions, and from farm and non-farm families.

² These industry associations included: Agricultural Producers Association of Saskatchewan, BC Agriculture Council, British Columbia Young Farmers Association, Canadian Young Farmers Forum, Christian Farmers Federation of Ontario, The Centre for Rural Leadership, Fédération de la relève agricole du Québec, Nova Scotia Federation of Agriculture, Nova Scotia Young Farmers Forum, Ontario Federation of Agriculture, and Ontario Pork.

HOW CANADA'S AGRICULTURE SECTOR CAN ATTRACT NEW FARMERS

There are challenges as well as opportunities that come along with starting a business in any sector. While the challenges for new farmers are significant, Canadians are generally not aware of the many opportunities for success that Canadian agriculture offers to those entering the sector. To attract new entrants, producers need to focus on their own strengths, opportunities, and successes, and actively communicate these accomplishments to all Canadians.

1) Uncertainty in Agriculture

During the meetings, students indicated that it can be difficult for some prospective job seekers to select agriculture as a career and make the required long-term investment and commitment, with the perception of agriculture as sometimes synonymous with uncertainty and unpredictability. Some students would prefer the more constant and predictable wages available in other industries. They know that many farm families have off-farm jobs to ensure adequate and predictable cash flow. For many students who participated, this unpredictability in farm incomes also influenced their decisions of farm type and the nature of family farm takeover (whether in partnership with a family member or on their own).

Participants also spoke of the unpredictability of markets and commodity prices. A number of students felt that the future of supply management may be uncertain due to international trade negotiations and are hesitant to borrow money to invest

in supply-managed sectors. Some participants desired a 'guarantee' from government that supply management would remain in place over the long-term.

2) Profitability in Farming

A number of individuals in attendance expressed concern about the uncertainty of profitability in the sector and the negative effect this perception has on attracting new entrants.

Some pressures on the sector's profitability that the participants identified were: the cost of land, buildings, equipment, labour, inputs and transportation, and governments' desire to keep the price of agricultural products down in an effort to supply 'inexpensive' food to Canadians. However, not all segments of the sector were viewed as succumbing to these pressures. In fact, some in attendance viewed the supply-managed sector as more stable and profitable.

HOW CANADA'S AGRICULTURE SECTOR CAN ATTRACT NEW FARMERS

Those in attendance suggested that the government could help to improve the profitability of the sector by: securing markets for producers' products; assisting farmers to adapt to changing markets; investing in innovation; and examining whether or not government programs have helped farmers continue their business when they should have exited the sector. Some also suggested that producers need to focus on costs and profits and be active in marketing their products through mechanisms such as marketing clubs.

A lack of profitability was seen as an issue in attracting and retaining farmers of all ages. In Nova Scotia and Saskatchewan, several students related stories about their parents discouraging them from entering farming due to the lack of profitability in the sector. However, it was noted in one of the sessions in British Columbia that there is no problem in attracting new entrants to areas of farming which are profitable. It was felt that the key to attracting a new entrant to the sector was establishing a profitable business model, celebrating the successes of farms and farmers, and improving awareness of future opportunities in the agriculture industry.

3) Competitiveness of the Agriculture Sector

There were many dialogues on the competitiveness of the Canadian agriculture sector at the roundtable sessions. Many participants expressed concern about the competitive position of agriculture within Canada and relative to other countries.

Specifically, Canada's costs of production were viewed as higher than those in other countries such as China, the United States and Mexico, making it difficult for Canadian producers to compete. Participants stated that farmers in these countries can use certain chemicals (pesticides) that are illegal in Canada. Furthermore, participants felt that they were at a competitive disadvantage as producers in these countries may not be

subject to the same taxes, and are not required to meet the same health and safety, labour or environmental regulations.

A number of attendees stated that cheap imported foods have undermined local production. In one meeting, attendees identified a disparity between provinces in terms of financial support available to farmers. Some participants also stated that Canada's supply management system started out as a good idea, but has outlived its usefulness. It was argued that the supply-managed sector is not focused on market development and consequently misses many opportunities; it focuses on managing supply rather than stimulating demand.

Many solutions on how to improve the sector's competitiveness were proposed throughout the sessions. It was suggested that the government needs to open new markets and address trade barriers. Participants highlighted the importance of addressing regulatory barriers that put producers at a competitive disadvantage with foreign producers, and demanding reciprocity in terms of standards when trading with other countries.

In addition, participants provided many recommendations regarding the government's role in supporting local food production to create a domestic competitive advantage. They argued that governments should be involved in promoting and marketing local products; they should tax imports to raise prices to match local products; and should demand greater accountability from grocery stores for supplying local products.

Finally, more generally, attendees proposed: more support for processors; improvements to product labeling to respond to increasing consumer interest in knowing where their food comes from; leveling the playing field for Canadian producers inter-provincially within the sector; and supporting innovation in the sector (e.g., through bio-economy opportunities and functional foods).

CHALLENGES AND COSTS ASSOCIATED WITH GETTING STARTED IN AGRICULTURE

Generally, beginning farmers need to purchase land, equipment, inputs, quota, etc. to get started in agriculture. They may also encounter challenges in finding qualified labour and appropriate training for themselves when trying to start their business. Without proper access to these essentials, an aspiring or beginning farmer may find it difficult to pursue their profession. That having been said, some new farmers have found innovative ways to start their farm businesses without large initial capital investments. For example, some young farmers in Saskatchewan mentioned that renting, rather than buying their land and their equipment, enabled them to start their businesses.

1) Access to Capital

Participants discussed the 'huge' start-up costs associated with getting started in farming and their inability to gain access to necessary capital. A number of students were especially concerned about the high costs of entering the supply-managed sector (e.g., the cost of quota, land, buildings and animals) and

the high market value of agriculture enterprises. Many students felt that if their parents did not own quota, they might not be able to enter the supply-managed sector. Also, new entrants may not have the same access to programs as existing farmers because they do not meet the minimum farm income test required to access this assistance.

With respect to capital and the supply-managed sectors, a number of participants felt that new entrants should be able to start up a supply-managed enterprise without having to acquire quota or by being allowed to purchase quota at a reduced cost. Another participant proposed making the entry-level requirements smaller in terms of the minimum number of animals, as well as allowing on-farm value-added processing, without having to buy processor quota. It was also noted that loans under the *Canadian Agricultural Loans Act* (CALA) program should be available to purchase quota.

On a broader scale, attendees put forward a number of financing options to improve access to capital. These included: providing risk capital, capital grants, patient capital³, a savings fund modeled after the Home Buyers' Plan and interest-free loans to new and beginning farmers. It was also suggested that the government should consider increasing the \$500,000 CALA loan limit, as it was argued that it is not enough for the outright purchase of a farming enterprise. It was also suggested to examine ways to set a reasonable price for a farm and to encourage the creation of farm machinery co-operatives, such as "Coopérative d'utilisation de matériel agricole (CUMA)⁴" in Quebec.

During the sessions in Quebec, the Government of Quebec's "Establishment Grant⁵" (the Grant) was discussed. Some in attendance argued that the Grant is insufficient for someone starting out with nothing. Concern was also expressed about the lack of flexibility in the Grant. For example, it was noted that, under the terms of the Grant, a young person cannot work full-time at another occupation while being in the process of establishing a farm. It was also argued that the Grant itself should not be taxable.

Another financing option mentioned in the Quebec roundtable discussion, was a fund established by La Coop fédérée and Caisses Desjardins to help beginning farmers. The fund is

aimed at producers, between 18 and 40 years of age, who are members of the Fédération de la relève agricole du Québec (FRAQ) and members of a co-op affiliated with La Coop fédérée. Successful applicants can benefit from (among others): an Establishment Grant, partial reimbursement of their loan (capital only), mentoring services and various training services to help producers get established.

2) Debt

While it was acknowledged that, at the moment, credit may be more accessible and that interest rates are low, participants throughout the country expressed concern about incurring debt in order to farm because of the risks associated with the sector, the possibility of rising interest rates and debt servicing issues. The debt issue was less pressing for young producers already engaged in the business. Those in attendance felt that debt experienced by farmers could be addressed by: lowering interest rates for loans, giving young farmers a break on the repayment schedule for their loans and providing follow-up services when a producer borrows a large sum of money.

Students, in particular, were worried about taking on more debt in order to pursue a career in farming. As experienced in many areas of higher learning, agriculture students graduate with a high debt load as they pursue their career ambitions. Students in Truro, for example, noted that they are leaving school \$30,000 to \$40,000 in debt before they begin farming. They expressed concern about being able to manage more debt. A number of students stated that they would like to get a job for a couple of years to gain experience, pay down their student debt and build up savings before undertaking a farming operation. One student suggested that the government could waive student debt, or provide lower interest rates for students taking on agricultural-related debt.

³ Patient capital is a long-term debt or financial instrument with terms and conditions that permit, for example, beginning farmers to make minimal or no payments on their loan (or its interest) during start-up years.

⁴ Comprising at least five farms, the main objective of forming a CUMA is to provide its producer members with an organization from which they can obtain services, primarily the renting of agricultural machinery, inputs, tools and equipment at the lowest possible cost.

⁵ The aim of the grant is to facilitate the establishment of young farmers and provide financial aid to encourage adequate training. The amount of the grant awarded to a new business may vary from \$20,000 to \$40,000, depending on the recipient's level of training. A similar grant is available for new business owners.

On a number of occasions, participants expressed support for Farm Credit Canada (FCC). FCC is widely perceived as responsive to producer needs - providing financial services as well as business and management training programs that are tied into their loan programs. However, a few participants suggested that the federal government is contributing to producer debt load problems through its programs, including FCC's lending practices. This was also raised by a private lender in a written submission.

3) Land

During the sessions, the lack of availability and the high cost of land (and the debt required to finance the purchase of land) were identified as key obstacles in getting started in agriculture.

Several young farmers in Truro stated that under provincial/municipal tax rules, owners of farmland do not pay property taxes; however, they are not required to actually farm the land. It was suggested that these tax laws encourage large farms to buy 'prime' farmland and let it sit idle – unfarmed, unrented and untaxed. Participants argued that this affects the ability of new entrants to purchase land.

Another criticism of government policy was expressed in an e-mail submitted to the Minister. The writer argues that British Columbia's land policy, which treats agricultural land the same as any other land, is resulting in escalating land prices that make it prohibitively expensive for most would-be farmers to begin a career in farming. The writer goes on to suggest that both the provincial and federal governments need to formulate policies that would (in key regions) remove agricultural land from speculative buying and selling, and promote new models of joint land tenure.

Two other major themes that were discussed with respect to land were urban development and the increasing presence of hobby farms on 'prime' agricultural land. In particular, participants felt that these two trends were placing pressures on

land availability in some areas of the country – notably Southern Ontario and in parts of British Columbia.

Some young producers attending the sessions entered the sector successfully by renting with an option to buy land through a 'land bank company' (e.g., groups of investors who buy farmland and lease it to farmers), rather than purchasing the land outright. There was a perception among some participants that land bank companies are contributing to the increase in land prices. Some believe that rented land is unprofitable and only available in 'fragmented' sections, while others refuted this perception. Many participants saw promise in programs that could help match current landowners with those interested in farming.

Finally, some Saskatchewan participants pointed out that Aboriginals own a substantial amount of land through treaty and treaty land entitlement processes. This land base can provide significant economic opportunities for the large Aboriginal youth population. Amendments to legislation and regulations, which would serve to recognize individual Aboriginal property rights, may facilitate Aboriginal farming.

4) Labour

Many in attendance spoke of the challenges they face in attracting and/or having access to a skilled agricultural labour force. For instance, attendees shared their concerns about having to compete with other industries for skilled labour, their ability to afford to pay competitive wages and their ability to attract people to agriculture due to its current 'negative' image.

According to participants, the Temporary Foreign Worker Program has proven to be an important source of experienced labour. Aboriginal youth are also an emerging source of labour. It was suggested that the industry's labour issues could be additionally addressed by encouraging the creation of Farm Labour Co-operatives (Coopérative d'utilisation de la main-d'œuvre (CUMO))⁶; improving agriculture's public image and

⁶ The CUMO is a co-operative association whose exclusive purpose is to make available to member farms one or more employees. Through the sharing of manpower, the CUMO gives greater flexibility to member farms, while balancing the demands of stability in agricultural employment.



CHALLENGES AND COSTS ASSOCIATED WITH GETTING STARTED IN AGRICULTURE

introducing high school students across Canada to agriculture as a career option.

5) Learning and Skills Development

On a number of occasions, attendees stated that new and existing farmers need greater access to practical training. This includes apprenticeships, internships, mentorship programs and training in financial and business planning. Training in human resource management was also identified as a key tool, as farmers need to be able to retain their employees once they are hired.

Some educational needs, which were region-specific, were also discussed. For example, a number of Quebec participants noted that it was difficult for young people to attend post-secondary schools because their parents needed them on the farm in September and October. Qualified replacement workers are difficult to find during this period. To address these issues, participants suggested the creation of a program that would provide farm families with financial assistance to hire help, while a son or daughter is obtaining post-secondary agricultural education outside the community.

Additionally, students in Abbotsford conveyed that there are difficulties in getting into veterinary schools (there are a limited number of veterinary colleges in Canada, and the University of Saskatchewan, for example, only opens 12 places to British Columbian residents each year) and that there is no enology program in British Columbia. Participants, therefore, suggested opening veterinary and enology schools in this province.

Professors identified farm family attitudes as key determinants of their children's educational choices. Many parents want

off-farm opportunities for their children in careers such as agricultural financial services, research, or jobs in the food value chain. In Guelph, for example, farm families are still sending their children to the Ontario Agricultural College in a steady stream, but to pursue non-traditional programs.

While the government's support for training was acknowledged, it was seen as 'ad-hoc' and, therefore, insufficient to fulfill ongoing training needs. Participants suggested that the government should fund, develop, support, promote and expand training programs in the areas of financial management, marketing and managing small-scale farming operations, and provide more programs to teach practical skills, such as internships, mentorships, and apprenticeships.

Current initiatives such as the Canadian Farm Business Management Council (CFBMC)'s "Step up"⁷ Program, the Collaborative Regional Alliance for Farmer Training (CRAFT)⁸ and "Réseaux Agri-Conseils"⁹ were cited as positive directions to pursue.

6) Information on Programs

Many of the federal and provincial programs aimed at young farmers and farm transfers, were unknown to participants and, consequently, may be underutilized. Students and producers revealed that they had difficulties in discovering the government programs available to assist them.

Improving access to such information for young and aspiring producers should be a priority. Information should be available in primary and secondary schools and to those outside of commercial farming. A "one-stop shop" for available government programs would allow them to spend less time searching for programs that meet their needs.

⁷ CFBMC's "Step up" Program is an on-farm paid work placement that matches experienced farm managers with young people just starting their careers in agriculture.

⁸ CRAFT Ontario is an informal, member-driven network of farmers that offer internships on their organic and ecological farms.

⁹ Réseaux Agri-Conseils' primary mandate is to facilitate access to consulting services in the areas of farm management, financial management, farm transfer, etc. It serves all agricultural enterprises in all regions of Quebec.

Setting up training on the available aid programs dedicated to agricultural renewal should also be included in future program implementation plans. An attendee in Quebec proposed having an AAFC representative speak at, for example, a Caisse Desjardins regional meeting, to publicize the CALA program to those who interact with clients in the agriculture industry.

7) Different Challenges for Family and Non-Family Related Farm Transfers

Broad challenges related to farm transfers were highlighted in discussions. This included the pros and cons of passing on the farm to the next generation, a lack of support for and information on farm transfers across all regions, and the significant costs, (e.g., legal and accounting), that accompany succession planning. For example, in Truro it was stated that the total transactional costs involved in transferring a farm make the investment unprofitable if the returns on the farm business are too low to attract investors, such as venture capitalists.

Further, participants identified other challenges that were particular to family and non-family related successions/transfers.

a) Family-Related Succession or Farm Transfer

With respect to family-related successions, it was noted that the problem may not be with financing programs, but in having a pension fund for parents. Those in attendance recognized that parents need the equity in their businesses for their retirement as many farmers have reinvested in farm operations rather than saving their money for retirement. Further, some students felt that they needed to have a large farm to support two generations of farmers. Ultimately, participants want a way to facilitate intergenerational transfers that provides retiring farmers with enough money, without overburdening new farmers with unmanageable debt.

To that end, a participant recommended creating a savings program dedicated to farm transfers, which would allow producers to accumulate savings while they are actively farming. In this scheme, the government could provide a financial contribution that would be accessed by the retiree only when he or she is transferring their farm. However, should the producer decide to dismantle their enterprise, they would only have access to their financial contribution. Additionally, participants recommended creating a pension fund for parents and offering grants to offset the legal and accounting costs associated with intergenerational transfers.

b) Non-Family Related Succession or Farm Transfer

A number of participants indicated that new farmers are not necessarily from farm families and thus may be at a disadvantage in comparison to entrants from farm families. Participants provided the example of a family farm transfer whereby the farm may be sold at only a portion of the value (e.g., 40%) to a relative, but in non-family transfer situations, the purchaser must buy the business at full price. Tax measures were also identified as not being as favourable when the transfer does not involve a relative.

Some attendees felt that creating a system which would match up retirees with new entrants who want to enter the farming sector could help in facilitating non-family transfers. To aid in both family and non-family related farm transfers, the government could facilitate some training for retirees during the transfer of their agricultural enterprises.

8) Transferring the Business or Selling Assets

In addition to farm transfers, producers have the option of dismantling their businesses when they are ready to retire.

A number of attendees felt that farms are more valuable to the farmer when the quota, equipment and land are sold in pieces, rather than selling the whole working farm. From a tax perspective, there is no incentive to keep the family farm as a whole enterprise. These attendees recommended that the tax system distinguish between transferring a whole farm enterprise and selling farm assets separately. Some suggested that tax credits could be used as incentives to encourage exiting farmers to keep the farm together.

Tax provisions, such as the capital gains provisions governing farm transfers, were viewed by some participants as insufficient and out-of-date. For example, the \$750,000 capital gains exemption was not seen as 'significant' in comparison to the increasing size and value of farms. A dairy producer also expressed concern about an 'anti-avoidance' provision in the *Income Tax Act*. According to the producer, the transfer of a farm, through the sale of shares of a family-owned corporation could trigger anti-avoidance rules in the *Income Tax Act* because the farm transfer is not considered to be arms-length and the earnings from the sale could be deemed as dividends rather than capital gains. Changing the 'anti-avoidance' rules would, he argued, permit parents to sell their farms to their children at a lower price and improve affordability. Other attendees suggested that the definition of "family" needs to be revised to include extended family members such as nieces and nephews. Also, they argued that non-family related transfers or donations of farm property should be exempt from taxes.

9) Quality of Life

As in any other profession, quality of life issues play a role in attracting and keeping young farmers in the sector.

Some participants felt that the farming sector is still dealing with expectations that people entering the farm business should be willing to accept less profit in exchange for the opportunity to become farmers. However, farm life seems less desirable to many potential new entrants due to their expectations concerning financial compensation and leisure time.

Rural quality of life issues were also discussed. Participants want to live in vibrant rural communities with sustainable economies. As farms increase in size, there are fewer neighbours and thus fewer services, such as daycare, offered nearby.

Support is needed for the development of transportation infrastructure, such as roads and waterways. There is a need to provide services so that the benefits of urban living, such as high speed internet, are brought to rural areas. Stronger links between agriculture and tourism could foster rural growth. Grants could assist with the establishment of restaurants, arts promotion, etc. Some participants recommended that the government continue to promote co-operatives.

TOWARDS AN AGRICULTURAL POLICY BETTER ADAPTED TO THE NEEDS OF YOUNG FARMERS

There are a number of ways to run a successful and profitable farming operation. Aspiring producers have the ability to choose the farming model that best suits their needs, whether it is in the form of a large or small-scale farming operation, in an urban or rural setting or through a co-operative.

1) How Young Farmers Want to Farm

A greater diversity of farming models is emerging within the sector as producers explore different approaches to viable farm operations.

A number of participants consider large-scale, industrial production to be an ongoing trend. However, some participants questioned the sustainability of the large-scale model and expressed concern that economies of scale and greater efficiency of production are achieved at the cost of greater environmental impact.

A number of attendees were interested in exploring different, non-traditional farming models. Some new farmers have departed from the traditional, capital intensive model of buying land and equipment in order to start a farm business, and have successfully entered the sector by renting both the land and farm equipment they require.

Various attendees felt that there are opportunities for small-scale farming to be profitable, by developing niche markets, and by emphasizing local food, organic/biodynamic

production, and environmental sustainability. Many professors, students and young farmers believe that producers need to focus more on marketing, and differentiating their products in the marketplace through information about how they are produced (e.g., carbon footprint).

Urban agriculture was another new model which was discussed. A young, beginning farmer in British Columbia, for example, sent an e-mail to the Minister informing him of the concept of Small Plot Intensive (SPIN) farming, which entails densely planting crops in available urban spaces, such as backyards, abandoned lots, and rooftops.

A number of participants noted that producers need to consider co-operatives, joint-ventures and other beneficial business structures and operating agreements. For example, four producers working together may well be more economically efficient than four independent operators. In Quebec, various co-operative models were discussed, which included small niche farming and marketing of local and organic produce.

In Saskatchewan, participants discussed the plans of the One Earth Farms Corporation to lease land at market value from First

Nations, to focus on sustainable, environmentally responsible land use, to hire and train Aboriginal farm workers, and to provide First Nations with an equity stake in the company.

Some participants also suggested that Canada should examine the European model of local area brands which support small-scale and high-value production.

2) Agricultural Policy is not Inclusive of all Farming Models

On several occasions, it was stated that Canadian agricultural policy favours one model of agriculture disproportionately to other models. A number of participants felt that the majority of government support was geared towards large industrial farms and stated that there is a lack of programming for new models of production. Some participants stressed that government policy should support all types of production models.

3) Where Government Intervention Could Be More Effective

Throughout the sessions, the Minister heard where current government programs and policies were working well and received suggestions on ways to improve their effectiveness in the sector.

Some participants expressed concern about the way in which current programs are being delivered. A number of participants want governments to rationalize policies that they feel contradict each other (e.g., promoting both the red meat and ethanol industries). They would also like governments to break down the silos between different departments and among governments. Some found financial support programs to be too complex and not applicable to all parts of the sector. They also see a need for greater transparency for program payments.

There were numerous and varied opinions as to which direction agriculture policy should go in the future. Some participants wanted government to expand supply management to the beef, lamb and pork sectors; while others wanted the government

to abolish quotas and price controls. Some attendees felt that government policies should support and help to improve or establish farm value-added foods, especially those that can enhance farm sales through the winter months. A number of attendees also suggested that governments should provide financial support to help establish year-round farmers' markets. Others would like to see an agricultural policy that better fosters export-oriented producers.

Certain attendees wanted government policies and programs directed at the promotion of energy self-sufficiency and support of alternative fuel sources. It was also mentioned that governments should invest in innovation and research. An Australian research program, through which producers direct research and own intellectual property rights, was suggested as a way to proceed in Canada.

In addition, a few participants proposed creating a national agriculture and food policy with predictable targets and benchmarks. This policy would include food security goals and the resources to achieve them, as well as support for both domestic and export production. Generally, participants would like to see policy leaders publicly declare their support for agriculture. They would also like the government to direct more funds towards increasing the profile of agriculture across Canada.

A number in attendance would also like a national policy on young and beginning farmers in Canada. The Fédération de la relève agricole du Québec (FRAQ) suggested a study on young farmers in Canada similar to the study "Diagnostic sur l'établissement des jeunes en agriculture" completed by the Ministry for Agriculture, Fisheries and Food (Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec (MAPAQ)) in 2006 and updated in 2008. They suggested adding questions to the upcoming census to determine the intentions of older farmers contemplating retirement in the next 5 to 10 years. The census results could inform a national young farmers' policy. Participants also want Canadian policymakers to examine foreign programs, such as the New Zealand 'sharemilking'¹⁰ program which allows young farmers to get their start.

¹⁰ Sharemilking is a type of farming arrangement whereby one party 'the farm owner' provides the infrastructure required for dairy production, while the other party 'the sharemilker' provides the physical labour, management skill and various types of machinery and livestock.

CONCLUSION

Over the course of his tour, Minister Blackburn had an opportunity to meet with industry stakeholders to hear their views on the challenges and opportunities facing young farmers and farm transfers, as well as ways that governments can facilitate farmers' transition into and out of the sector. A number of the issues discussed, such as profitability, debt and labour availability, are common challenges for the sector as a whole.

While the challenges for new farmers are significant, Canadian agriculture offers many opportunities for success to those entering the sector. The Minister believes strongly that the Canadian public needs to be presented with a more balanced picture of the Canadian agricultural sector. This starts with producers themselves focusing on their own strengths and opportunities, taking pride in the successes of the Canadian agricultural sector and communicating these accomplishments to all Canadians.

Minister Blackburn met with successful young producers across the country. As a group, new farmers are better educated today than ever before, and understand the importance of innovation, knowledge and skills development to their business success. They are open to explore new ways of doing business, and continue to enter the sector with energy, enthusiasm and an entrepreneurial spirit. This, too, is the reality of Canadian agriculture, and represents the future of the industry.

