Towards a Farm Renewal, Business Development & Labour Pillar

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“Investment in the next generation of farmers is investment in our future.”
- USDA Deputy Secretary Krysta Harden upon announcing an 18 million investment for new farmers in 2015.

Introduction

Agriculture in Canada is at a crossroads. Since 1991, we have lost more than a quarter of the farms across Canada. Almost half of Canada’s farmers are over the age of 55 and will soon be looking to pass on their operations to a new farmers. Yet, seventy-five percent of farmers do not have someone lined up to take over their farm. As the number of farmers and farms drop and the levels of farm debt rise, the overall profitability of farming is threatened. The decreasing value of Canadian agricultural products, along with increasing inputs cost and increased land values, only further jeopardize the future of farming. The Canadian government needs to take proactive steps to encourage new entrants and viable farm succession, as well as to help new farmers succeed over the long term.

The good news is that there is a growing interest in agriculture as a career, and many new farmers are succeeding in developing successful farm businesses. Yet, as detailed by numerous reports, new farmers face significant challenges in terms of access to land, capital, training and labour—challenges that compromise their entry and success in farming.

WHO ARE “NEW FARMERS”?  

The face of new farmers is changing. This document defines new farmers as anyone entering or ready to enter the industry as a farmer—regardless of background, age, production practices or market channels. This not only includes youth who have grown up on farms who are ready to start their own enterprise, but also young people, second careerists who did not grow up on a farm, Indigenous Peoples, and New Canadians (many of whom come from agrarian backgrounds and want to farm in Canada). While most new farmers fall within a certain age category (18-40), this document also calls for consideration and support to new farmers of all ages. These farmers are establishing farms in both commodity and non-commodity sectors, domestic and export markets, and are innovators in emerging farming sectors. Of note, a good portion of these farmers are increasingly adopting more sustainable and climate-resilient practices.

The current Agricultural Policy Framework, Growing Forward 2, does not sufficiently address the unique needs of new farmers and, in some cases, excludes them from specific grants, insurance and cost share programs. Now, more than ever, we need more diversity in agriculture and we need more new farmers to assume existing farm assets and create new farm businesses in order to supply Canada with sustainable and local food.

The present moment offers a great opportunity for the government to harness this excitement to lift the barriers new farmers face and strengthen the future of Canadian agriculture. A comprehensive set of policies and priorities outlined at the federal level would tackle these key challenges and level the playing field for new entrants of all ages, backgrounds - regardless of their scale or production mode.

An investment in farm renewal will have ripple effects on the economic and environmental well-being of society as a whole. Supporting farm renewal will strengthen the viability of rural communities, and contribute to local and regional economic development. It is time for the Federal Government to provide leadership and support for the variety of initiatives across the next Policy Framework as well as across other ministries and jurisdictions that are necessary to support new farmers, to protect and steward our valuable farmlands and to encourage a thriving and resilient agri-food sector.

Ferme Aux petits oignons, a diversified organic vegetable farm, which won several awards and prizes for their excellent financial planning and land access models (Quebec).
We believe these issues would be best addressed through the creation of a **Farm Renewal, Business Development and Labour Pillar in the next Agricultural Policy Framework** to outline a national strategy that guides provincial programming. The key issues this pillar would address are:

1. **The Diversity of New Entrants to Farming**: Expand the definition of “beginning and young farmer” to encompass all new entrants, including those not from farming backgrounds, second careerists, Indigenous Peoples and New Canadians. This also includes recognizing a broader range of farm operations and production practices, variable in size, structure, scale and scope.

2. **Farmland Protection and Transfer**: Support programs that focus on protecting land for future generations and making farmland accessible to all farmers through secure, long-term, and affordable land tenure.

3. **Seed Capital and Financing**: Increase access to start-up capital and financing for new farmers using tools such as establishment grants, early stage loans, loan guarantees, cash flow programs and more flexible Business Risk Management programs.

4. **Training, Research and Knowledge Transfer**: Make training and knowledge transfer accessible to new farmers through direct subsidies for training costs as well as through core funding for organizations offering on-farm training, farm apprenticeships, and farmer-to-farmer exchanges.

5. **Business Planning and Management**: Support the adoption of best farm business management practices to secure the long-term financial viability of farms. This should include the transition between retiring farmers and new entrants, and support for new enterprises as they undertake initial farm business planning in order to increase success rates.

6. **On-Farm Labour Development**: Provide increased support and incentives to enable farmers to create more meaningful on-farm employment opportunities and improve the retention rate of skilled labour.

Ensuring there will be a “new generation” of beginning farmers and ranchers— regardless of age, background, scale, production practices or market channels—is especially important to the continuation of agricultural production in Canada. However, it is important to highlight that the success of new entrants within both new and established farm businesses rests on a broader framework that supports both rural and urban farm communities across Canada. This includes an emphasis on value-chain creation, scale-appropriate regulations for farm and food processing businesses, fair international trade agreements, and healthy market competition as opposed to competitiveness. The best motivation to develop a sector is reliable profitability. Prospective farm business owners need to know that both export and domestic markets (national and regional) are functioning with farm sustainability as a central principle.
Overview of Key Recommendations:
Farm Renewal, Business Development & Labour Pillar

1. The Diversity of New Entrants to Farming: The definitions of beginning and young farmers tend to be limited to the children of existing farmers or to a particular age category (usually under 40 years old). However, the face of new farmers is changing; many are not from farming backgrounds, and come to agriculture after having a career in another field or having recently immigrated to Canada. Given the labour shortage facing the primary production sector, agriculture must look to expand its definition of “beginning and young farmer” to include anyone entering or ready to enter the industry as a farmer. New Canadians, second-careerists and specific demographics including Indigenous people should be explicitly included in the definition, and programming designed to meet the specific needs of these demographics. Similarly, acknowledgment is needed of the diversity of farming models and practices employed by these new farmers, including the role of local and regional markets in the success of new farmers.

RECOMMENDATIONS:
● Expand the definition of “beginning and young farmer” to encompass all new entrants, including those not from farming backgrounds, second careerist, Indigenous Peoples and recent immigrants. Recognize and provide support to a broader range of farm operations, variable in size, structure, scale, scope and market.
● Support ongoing collection of detailed statistics and a body of research on new entrants and attendant issues, including farmland succession, to better understand and support their needs.
● Review existing programs to ensure that they are inclusive of all new entrants and take into consideration needs to properly support start-up. While many programs may be targeted to support younger farmers (with proposed expanded definition being 18-40), viable and long-standing farm businesses can and are being started by people 40+, and this must be taken into consideration when designing some forms of support. They can contribute to employment, succession opportunities and lead to more youth growing up on farms and taking over the family farm in the future.
2. Farmland Protection and Transfer: The most consistent gap in supporting new farmers at both the provincial and federal level is access to land and control over production resources. The price of farmland has skyrocketed to levels that are no longer justifiable for farming alone. Recent statistics show that farmland values in Canada have steadily increased since 1993 and have remained in the double digits each year from 2011 through 2015⁵. This has made the purchase of farmland as a farming asset inaccessible for most new farmers, leaving many in precarious and/or short term rental arrangements. This trend significantly hinders proper investments for growth, especially for new farmers that do not come from farming backgrounds, new immigrants, as well as for new farmers in sectors with extensive land and infrastructure requirements. Moreover, foreign and/or speculative ownership of land is quickly growing and further threatening both food security and farmland accessibility, and limiting the control that farmers have over their production resources in Canada. The federal government can take action to bring these trends in line, and recognize farmland as the national strategic asset that it is.

RECOMMENDATIONS:
- Support programs that focus on protecting land for future generations and making land accessible to farmers through secure, long-term, and affordable land tenure (ex.: farm land trusts, land banks, etc.)
- Offer tax incentives to foster land transfer, gift or sale to farm land trusts.
- Support appropriately designed tax incentives to encourage non-family and extended family intergenerational transfer of farmland, including expanding access to tax incentives currently available within family succession, and encouraging current farmers to be proactive in their succession planning.
- Support ongoing collection of detailed statistics and research on farmland access and succession.
- Develop mechanisms for farm family intergenerational land transfers that do not rely on loans and interest payments.

3. Seed Capital and Financing: Accessing start-up capital, as well as managing cash-flow throughout the season is a key challenge for new farmers, especially during their first five years of operation. Too often, new farmers scrape their savings together so they can afford a farm purchase and then have nothing left to run their operation. Accessing capital is particularly difficult in the context of farm relocation, something that is increasingly common among new farmers, given the rise of short-term and precarious land access arrangements. The provision of cash flow programs and patient capital, to finance large-scale purchases such as land as well as key machinery and equipment would go a long way to strengthen the sustainability and viability of new farm enterprises, as would modest start-up grants for new farmers, tied to reasonable business plans. While access to both capital and financing need to be improved, programs need to be designed in a way that fosters viable growth and responsible business development. At present, too many programs encourage large debts which can have a crippling effect on the long term sustainability of farm enterprises. Existing Business Risk Management tools and credit mechanisms, could also be adapted and made more flexible to better suit the needs of new farmers- especially the ones entering emerging sectors or producing on a small and mid-sized scale.

RECOMMENDATIONS:

● Provide modest start-up establishment grants, saving and debt forgiveness programs and early stage loan guarantees for new farmers as well as cash flow support programs. Ensure that these programs are accessible to a range of business models, including co-operatives and collective models of farming, and that these programs are available to farmers in all provinces and territories, and on-reserve.

● Develop patient capital programs to encourage investment in land, infrastructure and key machinery in a way that protects against increasing debt load of farmers.

● Improve credit mechanisms for new farmers within Farm Credit Canada and Canadian Agricultural Loans Act based on a series of readiness tests as part of an overall assessment of creditworthiness instead of on past experience. Invite new farmer organizations in establishing suitable criteria.

● Ensure that the cost of accessing professional financial advisors is not a barrier to accessing federal programs for new entrants.

● Review current and new Business Risk Management (BRM) programs to:
  ○ Ensure that program eligibility does not hinge on “size”- recognizing that size is not always an indication of profitability, and may also be at a stage of development that requires additional support. Also ensure that programs are suited to the needs of all production systems and markets- including diversified operations.
  ○ Ensure that BRM payouts are capped so as to avoid incentivizing excessive expansion and risk-taking.
  ○ Ease investment requirements in federal programs such as AgriStability and Agrilnvest over the first 5-8 years after start-up.

6 Statistics Canada data shows an increase in the percentage of lease-based land tenure, with only 59.7% of land tenure ownership-based in 2011, down from 70% in 1976. (2011 Farm and Farm Operator Data: Snapshot of Canadian Agriculture, 95-640-XWE)
4. Training, Research and Knowledge Transfer: New entrants lack a clear pathway to translate their interest in agriculture into a viable career. Formal, post-secondary education may play a role, but does not usually address the extensive need for hands-on experience and knowledge transfer, often best learned from experienced farmers. It is essential to provide a wide range of training opportunities that ensure new farmers have the right skills to be successful. Over the past 10 years, several non-profit organizations and farmer-led co-ops have developed successful strategies and expertise in offering training in production skills; filling the gap left by shrinking public institutions and government extension services. However, these organizations need funding to continue this vital work, yet resources have been significantly reduced in the past 10 years, and are often unavailable to organizations and farmer co-ops doing this work. In addition, under the existing framework, organizations and co-ops are often prevented from using funding to support core staff and administrative functions, despite the crucial role these activities and positions play in the delivery of high-quality training and advisory services. Furthermore, there is very little innovation, R&D and business management programs for new farmers, especially in new and emerging sectors. The current policy framework needs to strengthen support for training for new farmers, both directly with training subsidies, and indirectly through funding for the organizations developing and implementing training programming and services. Both of these are possible within the current funding delivery model.

RECOMMENDATIONS:

- Increase the accessibility of existing funding, and establish new funding mechanisms for farmer organizations and co-ops that deliver new farmer training. Eligible training and knowledge transfer should include coordination for on-farm training, farm apprenticeships, mentorships, farmer-to-farmer training and exchanges, as well as networking events.
- Support innovation, R&D and business management programs for new farmers, including the development of consulting services, especially in new and emerging sectors with a focus on the implementation of new practices.
- Support for R&D in sustainable and climate resilient practices, with a priority on collaborative, multi-stakeholder, participatory on-farm innovation.

Patrick Steiner and Colleen O’Brien from Stellar teach new farmers methods of organic seed production adapted to our climate through FarmFolks/CityFolks’ BC Seed; The Coopérative pour une agriculture de proximité écologique, a farmer-run coop, at their popular annual conference featuring primarily farmer-farmers workshops; and the Black Creek Community Farm Youth and Education Program where unemployed youth learn to grow vegetables.
5. Business Planning and Management: While the world calls upon farmers for increased productivity, new and established farmers face intensifying volatility from the marketplace, weather and consumer trends, among other factors, and must manage the social, economic and environmental impacts of farming like never before. In a recent KPMG study, compared to all other sectors, the food and beverage sector ranked not only the highest in risk, but disappointingly, the lowest in readiness (or preparedness to manage risk). Until business management is prioritized alongside production, farmers will continue to struggle. For new farm entrepreneurs, these business planning and management skills are just as essential as knowing which varieties to plant and when to harvest their crops. Strong business management provides a solid foothold for farmers to not only confront change and manage risk, but seize opportunities with confidence. Just as new farmers benefit from business planning and management as they develop their business, so too can retiring farmers benefit from support in planning and establishing succession and farm transfer processes. The next Agricultural Policy Framework provides a significant opportunity to position farm business management in its rightful place as a fundamental contributor to the continued success and long-term viability of Canadian farmers and the agricultural sector in its entirety.

RECOMMENDATION:
- Work with key national organizations, such as Farm Management Canada, as well as provincial and local organizations to facilitate knowledge transfer of best farm business management practices to secure the long term financial viability of new farm enterprises, functioning from small-to-large scales of production.
- Provide financial support for new enterprises as they undertake initial farm business planning in order to increase success rates.

Eric Williams, Megan Joslin and Ian Stutt, Patchwork Gardens (ON. Spray Creek Ranch who participated in Young Agrarian Business Mentorship Network in 2015.

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6. On-Farm Labour Development: Access to skilled, reliable labour is a priority for both new and established farms. As farmers expand and grow their operations, improving retention rate of skilled labour through the provision of meaningful employment becomes a key factor in their success and sustainability. Numerous farm organizations have highlighted the challenges their members face in finding and retaining skilled farm workers. There is a groundswell of interest amongst young Canadians to gain hands-on farming experience and see what our food systems look like up-close. However, farmers are not always in the position to offer competitive employment relationships to attract the labour that they need or retain it. Meanwhile, unemployment and underemployment for youth is at an all-time high in many provinces. The government should incentivize on-farm employment programs that support the hiring of both aspiring farmers and experienced farm workers and improve temporary foreign worker programs by increasing worker mobility, access to collective bargaining rights and pathways to permanent status.

RECOMMENDATION:

● Provide increased support and incentives to enable farmers to create more competitive on-farm employment opportunities and improve the retention rate of skilled labour, including funding for wage top-ups to returning farm workers.

● Adapt Canada Summer jobs (eg. quicker response time, removal of age and training criteria) to help farms hire the best candidates and broaden the pool of eligible applicants. The government should also make sure that agriculture is prioritized in all provincial and territorial program mandates.

● Renew and expand the Green Youth Agricultural Jobs and Career in Focus programs for agriculture.

● Adopt the recommendations of the MoVE Campaign (Mobility, Voice and Equality for Migrant Workers), specifically the removal of time limits on work permits and restrictions on Labour Market Impact Assessments (LMIA), as well as the removal of the 4-year time-limit on workers ability to stay and permanent resident immigration status upon arrival for migrant workers.\(^8\)

\(^8\) For more information, see the MoVE Campaign [http://migrantrights.ca/en/demands/](http://migrantrights.ca/en/demands/)
Appendix: Additional Readings


- Summary and list of projects funded through the USDA’s Beginning Farmers and Ranchers program.

More resources that provide context and background on the challenges new farmers face can be found here.