

New Farmer Policy Round-Up

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Collected by the New Farmers Initiative of Food Secure Canada, with support from FarmStart and the NFU Youth

Authors: Margaret Graves, Geneviève Grossenbacher, Christie Young and Abra Brynne

Contributors: Virginie Lavallée-Picard, Lucia Stephen, Sri Sethuratnam, Kim Rapati, Dana Penrice, participants in consultations prior to the 2014 New Farmer Roundtable, and attendees at the Roundtable itself

This Policy Round-Up summarizes our consultations in the fall of 2014 with new farmer stakeholders across Canada. During conversations with government representatives, farm and non-profit organisations and new farmers themselves, the following policy changes were recommended to support Canadian farmers during their pre-start up and start up years.

Overarching Recommendations

In the next iteration of Growing Forward/Agricultural Policy Framework, we recommend the inclusion of a **Farm Renewal pillar**, to support those making the exit and entry to farming, to protect farmland and to make it accessible. Without a specific focus on these issues, farmer and farm numbers will decline faster and faster over the next 15-20 years. This will significantly weaken Canada's ability to sustain food production and to depend on farmland for environmental goods and services in the face of climate change. Some broad re-evaluations are in order as part of a Farm Renewal pillar.

A Farm Renewal pillar would support the viability of rural communities including the agricultural workforce, dignified retirement for farmers, access to capital, land and the facilitation of training and career paths for new entrants, innovative farmland tenure, farm diversification and extension services. This pillar would also support ongoing collection of detailed statistics and a body of research on new/young farmers and farmland owners.

The current scattered approach to **teaching new farmers** requires a re-think. Agricultural colleges focus largely on research and underfunded non-profits try to bridge the gap, but no clear career path exists for "first generation" farmers - those who did not grow up on a farm.

With **rising land prices and speculation**, it is important to examine agricultural zoning policy to see if land access for new entrants can be facilitated by allowing smaller plots and supporting new farmers who rent land. Speculation can be curtailed in a number of ways,

but action must be taken to prevent farmland from being purchased for non-agricultural uses, particularly those that preclude its return to agricultural production.

Supply management adds another layer of start-up challenges for new entrants. For this reason, broader quota new entry programs, with lower minimum quota requirements, and increases to the below-quota production limits, should be considered.

An increased acknowledgement of the **ecological services** provided by agriculture, by implementing payments to producers, would benefit young farmers. They have been shown to put environmentally beneficial practices in place at a higher rate than the older generation¹.

Finally, a clear **lack of agricultural policy for some areas of the North (NT and NU)** became apparent in our consultations. We recommend that the next Agricultural Policy Framework include all three territories, making programs available and adapting them to the particular conditions, cultures, and demographics of the North.

Targeted Recommendations

KNOWLEDGE PROGRAMS

Support training programs (formal education, apprenticeship/internship programs) that prepare students to run their own farm business

- 1. Develop recommended standards for training farmers** of different backgrounds and sectors.
- 2. Subsidize training programs** Give accreditation to regional organisations for specific trainings/courses and attendees would have part of their registration costs subsidized.
- 3. Core funding for mentorship & farmer-led training programs** like [NOFA](#), [ACORN's Grow a Farmer](#), expanding upon existing programs like [EFAO's on-farm advisory service](#) or the [Organic Farming Institute of BC's training program](#).

Farm employment program similar to [AAFC's Career Focus](#) program but for *on-farm* employment/internships on accredited farms. This program would help incentivize farmers to pay a living wage and provide a rung in the learn-to-farm ladder with reliable on-farm employment

Support agricultural extension/ongoing training (production, business management)

- 1. Subsidize farm consulting services** Where up to 75% of ag consulting services would be reimbursed by the government, with special subsidies targeting new farmers (ex.: 100%

¹ AAFC, 2012a. An Overview of the Canadian Agriculture and Agri-Food System 2012. Research and Analysis Directorate, Strategic Policy Branch, Catalogue No. A38-1/1-2011E-PDF, 189 pp.

reimbursement for subsidies for the first 3-5 years of operation). Eligible advisors would be government or Crown corporation employees or accredited consultants (ex. members of [CAFA](#) or [AIC](#))

- 2. Support creation of professional learning opportunities** like [PEI's Agri-Skills Subprogram](#)

NEW FARMER FINANCE PROGRAMS

- could be designed to be sustained over time by RRSP contributions from Canadian citizens, like the NS's [CEDIF](#)
- to be delivered through designated lenders like community development corporations, provincial crown agricultural lenders (exist in all but BC, SK and ON), or Farm Credit Canada

Start-up capital with financial management coaching

- 1. Patient capital**, investments of up to \$50,000-60,000 similar to [FarmStart LLP](#)
- 2. Flexible financing**, similar to [Manitoba's Bridging Generations Initiative](#), offering products such as 5 year capital-free repayment periods

Mortgage assistance

- 1. Rent-to-own program** similar to [FIRA](#): a fund is established that purchases land for the purpose of renting to new farmers with the goal of transferring the title completely to the new farmer within 15 years
- 2. Reduce down payments on farmland**
 - a. Subordinated loans or loan guarantee**
 - b. Establishing a farm mortgage insurance program** like [CMHC](#), allowing farm properties to be purchased with minimum 10% down payment, while reducing risk to the lender. Would require designated lenders to be a) proficient in underwriting loans based on character b) responsible to ensure that only farmers were able to access the mortgage insurance

Operating capital support in first 5-10 years

- 1. Minimum wage salary grant** (similar to [Quebec's support for self-employment](#)): Minimum wage salary grant for first year in business, with business plan development coaching
- 2. Establishment grants** (similar to [Quebec's program](#)). The amount awarded may vary from \$20,000 to \$50,000 depending on the recipient's level of training. The grants would ask for a combination of 6 years of post-secondary education and work experience on a farming operation (to encourage both education and hands-on experience).
- 3. Income-stabilization grant** (like in [EU](#) through the [CEJA](#) - who successfully campaigned for these changes in 2013) New farmers could get different grants based on the environmental, animal welfare and food safety standards they fulfill and young farmers under 40 receive an additional 25% top-up for the first five years of their business
- 4. Decrease restrictions on farm losses** [allow full deduction of farm losses for new farmers](#) whose farm business is not their primary source of income. Many new farmers depend on off-farm income to fund their fledgling operations and should be given the freedom to deduct a farm loss from their overall income.
- 5. Debt forgiveness** on government student loans to those who become a farmer, like [New York's Young Farmers Loan Forgiveness Incentive Program](#).

Registered farm savings program for new farmers and for transfers (similar to [Quebec's Desjardins Savings Plan](#), [US Individual Development Accounts](#), [Practical Farmers of Iowa - Savings Incentive Program](#)): Designed like a Registered Education Savings Plan to be a tax free savings account and paid into monthly for aspiring farmers to put money into to help them save for start-up investment. Government would match funds (at a given rate) when the money is withdrawn for a farm purchase. Checks and balances would be built in, ex.: those who change their mind about farming (money taxed when withdrawn and no access to the governmental matching portion).

LAND ACCESS PROGRAMS FOR NEW FARMERS

- delivered directly by government or existing non-governmental organisations

Government-owned farmland made available for long-term lease or purchase by new/young farmers, on forgiving terms, similar to [Terrevive](#) in Italy

Support for farm succession

- 1. Subsidize access to farm business/succession planning advisors, tax specialists, lawyers**, at higher rates than GF2 - ex. 75% instead of 50%
- 2. Core funding for farm linking programs** like [Banque de Terres](#), [Land for Good](#) - they offer succession coaching for non-family transfers, match-making between farmers and landowners (can be for lease, sale or farm business transfer), land listings, resource development/sharing
- 3. Exempt capital gains tax on farm property in farm transfers to new farmers** (whether the buyer is a child or not) OR **extend rollover eligibility to young farmers who are not children of the transferor**. Checks and balances would be put in place to ensure the recipient of the farm assets is operating a farm business on a continuous and regular basis after the transfer
- 4. Retirement savings program for farmers**. Ex. funded by taking un-used EI contributions over the lifetime of a farm business and converting it to RRSP. Would discourage crisis sales and increase probability of farm transfers to undercapitalized new farmers.

FARMLAND PROTECTION PROGRAMS

- delivered by government, existing non-governmental organisations, or new community-based organisations

Support nation-wide farmland trust(s) similar to American Farmland Trust, see [Farmland Information Centre](#)

- 1. Core funds for farmland trust organisations**
- 2. Agricultural Gift Program** (similar to the [Ecological Gifts Program](#)): A program that provides for the cost of putting a covenant or easement on agricultural land by providing a charitable tax receipt for that cost. Right now, it costs \$60,000 to put an easement on a farm, and the process is complex. The [Ag Gifts proposal](#) would simplify the process and decrease its cost while providing a charitable receipt for the farm owner for the difference between the speculative and farm value of the property. The easement and gift would cover the entirety of a farm property with Class 1-3 farmland. Note: income is needed for a charitable tax receipt to be useful, so for farmers a capital gains tax break would be needed.
- 3. Create agricultural land reserve** like [SAFERs](#) in France

Put a cap on the price land can sell above agricultural value and improve farmland protection against non-farm uses to stop speculation on farmland. Eliminate non-ag development of Class 4 farmland as well as Classes 1-3, not only in peri-urban green belts, but across the country.