Agricultural Renewal - Supporting a new generation of farmers in Canada.

We are facing a very real crisis of renewal in agriculture within the next 10 years. Farmers are getting older in Canada and fewer young people are entering farming. Just 2% of the Canadian population farms. With under 30,000 young farmers in Canada today and the fastest pace of decline in our history, fewer and fewer farmers will be producing our food in the future. This loss of farmers will severely impact our food security, the capacity of our farms to provide Canadians with most of the healthy foods we need to thrive in the 21st Century.

We need young farmers, we need new farmers, we need more farmers.

Fortunately, we have begun to witness a strong resurgence of interest in healthy food and farming. Increasing numbers of young people from farm and non-farm backgrounds, new immigrants and second-career farmers are interested in pursuing a future and livelihood in agriculture. They are striving to build entrepreneurial, economically viable and ecologically sustainable farm enterprises. There are many challenges facing these new entrants, yet there are also new opportunities. They bring skills, connections and passion that can lead to innovation and renewal.

The growth of consumer demand for certified organic and locally-grown foods has created a space for new entrants and smaller-scale farm businesses who can seize this opportunity by reconnecting with consumers, shortening the supply chain and selling more direct. Municipal and provincial governments are beginning to realize the potential, both in terms of food security and economic development, of supporting these new farmers who are interning on established farms, developing their plans, starting new farm businesses and re-orienting their farms to take advantage of the rising demand for fresh local produce and value-added artisanal products. These new consumer trends are here to stay. We have found encouraging stories of new farmers overcoming barriers and launching viable small farm businesses in every province.

As we begin to create a federal-provincial framework for *Growing Forward 2,* this is an opportune moment to leverage new consumer trends to renew our farm population by making a clear commitment to helping a new generation of farmers across Canada create successful family businesses.

We need a strong cross-ministry Renewal Strategy that will:

1. Refocus agriculture funding programs so that they directly address the obstacles facing, and provide supports for, a new generation of farmers. These programs will vary from province to province but they all require federal funding and direction under the Growing Forward 2 agreement now being negotiated.

2. Recognize that the supports needed by newcomers starting smaller farm businesses are very different from the needs of farm-raised youth taking over the management of family farms. One size does not fit all, and there need to be many roads to farming.

3. Address the policies, market forces and land speculation that is driving up the price of productive farmland and putting it out of reach for the next generation of food providers.

Key Considerations:

Farm policies must support smaller farms, because young farmers and new farmers usually start out on small farms. If our policies do not support viable small farms, we bar the door to new entrants.

Sustainability means long-term land tenure and stewardship. The long-term investments needed to care for our land, soil, ecosystems and local communities require secure land tenure for those who grow food, and access on affordable terms for those who want to begin. We cannot continue to let much of our best farmland be bought up by speculators and developers who are intent on converting it, permanently, to non-agricultural uses.

Farmland Trusts and public ownership can provide farmers with long-term leases and the security of tenure they need to take good care of land they don't own. Most farm families want to own their own land; we need policies to support family-farm ownership. But not all of Canada's farmland needs to be owned privately. Innovative arrangements of public ownership, at the provincial, regional and municipal levels can help young farmers enter agriculture; this is especially needed on the remaining quality farmland in and around the major cities.

New, debt-minimizing forms of land transfer will allow farm succession. Farmers cannot launch viable businesses if they are saddled with unmanageable debt. Over the past decade, farm debt has doubled to $64 billion. That staggering total will continue to rise in the next decade if we stick with our present model of debt-financed intergenerational transfer. We must reduce debt barriers to give a new generation of farmers a reasonable chance to succeed.

Patient capital is needed. New farmers want to do things differently and need the opportunity to learn by doing. They want to invest strategically over time, minimizing their debt. They need recognition for entrepreneurial, diversified business models. We need to foster venture and character-based lending, cost-shared savings programs, start-up and establishment grants, patient loans, and access to the appropriate scale of asset and equity financing.

New farmers need training programs in rural and urban communities. We must encourage new farmers from all backgrounds, engaging them where they live, before expecting them to take the leap and 'buy the farm'. New farmers from non-farm backgrounds need affordable ways to explore a career in agriculture, or we risk losing prospective farmers at the outset.

Farmer-to-farmer mentoring and the transfer of knowledge and skills is critical for the next generation. Investment is required to increase the opportunities, standardization and quality of mentorship-based, hands-on farmer training needed to develop a professional cohort of new farmers.

Farmers need regionally-based extension services. Farmers need expert information about low-input agriculture, adaptation to climate change, integrated pest management, alternative fertility techniques, energy efficiency, and a range of innovative, cost-reducing practices that are not available from the companies that supply them with seeds and fertilizers.

Exiting farmers want to retire with dignity and security. We can make room for new farmers by implementing a retirement plan for farmers that enables existing farmers to leave and pass on the farm. Ensuring that farmers have adequate retirement funds means that families will not have to sell and refinance their land-base each generation.

Farm support and supply-managed sectors need to be more flexible. New farmers do not qualify for many support programs and supply-managed systems are often prohibitively expensive, effectively barring new entrants in these sectors. We must take measures to accommodate new entrants as well as supporting innovative business models, for the two go hand in hand.

Recommendations: *(see Appendices I-III for initiatives and examples)*

1. Training, mentorship and extension that encourages professional, resilient, and viable new farmers.

i. Practical farmer training programs focused on smaller farms, agroecology, diversified agriculture and farm viability.

ii. Funding streams for farmer-to-farmer training opportunities and mentorship programs

iii. Regional extension, new farmer coaching, service and support centers

iv. Grants and loans to help planning, start-up and re-strategizing farmers access opportunities.

WHO: Governments, technical colleges, universities, not-for-profit service organizations, farmer organizations, farmer mentors.

HOW MUCH: If 10% of our current farm-support spending was redirected toward preparing new and young farmers, we could train 5,000 to 10,000 per year.

2. Financing programs that help encourage new entrants, re-strategizing farmers and exiting farmers

i. Shared savings program for new farmers

ii. Exiting farmer pension plan

iii. Establishment and start up grants

iv. Small Loans and operating capital

v. Adjust Federal Business Risk Programs to make them more accessible to new farmers and to support more, smaller farmers

WHO: Governments, financial institutions, private community lending programs

HOW MUCH: 15% of current farm-support spending. Because it would decrease the need to refinance land each generation, interest-dollar outflows from communities would be reduced. Taxes on that economic activity may partially offset overall expenditures.

3. New forms of land ownership, tenure and stewardship

i. Limit non-farmer prime farmland ownership

ii. Facilitate new land tenure, transfer, and financing mechanisms

iii. Create mechanisms to stop farmland loss and conversion.

WHO: Governments, municipalities, land-sellers and buyers, farmland trusts and private landowners.

HOW MUCH: The $3 billion currently leaving farms and farming communities in the form of interest-payment outflows is approximately equal to government farm aid programs. Staunching interest outflows can lead to savings in tax-funded programs. Stopping food-land loss will have immeasurable benefits for future generations.

Appendix I – Training and Resources

If our goal is to have successful established farmers 10 years from now, we need to be reaching, supporting and investing in not only the children of our farmers, but also prospective, new to farming start-up farmers *today*!

Figure 1 represents the progression of new entrant farmers toward established farm businesses. The inverted pyramid indicates the proportional decrease of people and increase investment and commitment at each step.

An effective **Renewal Program** could include low-input programs that can engage many 'Explorers', a higher degree of support and direction for more invested 'Planners', and strategic and significant investment and support for prepared and committed start-ups and re-strategizers (including those from farm backgrounds).

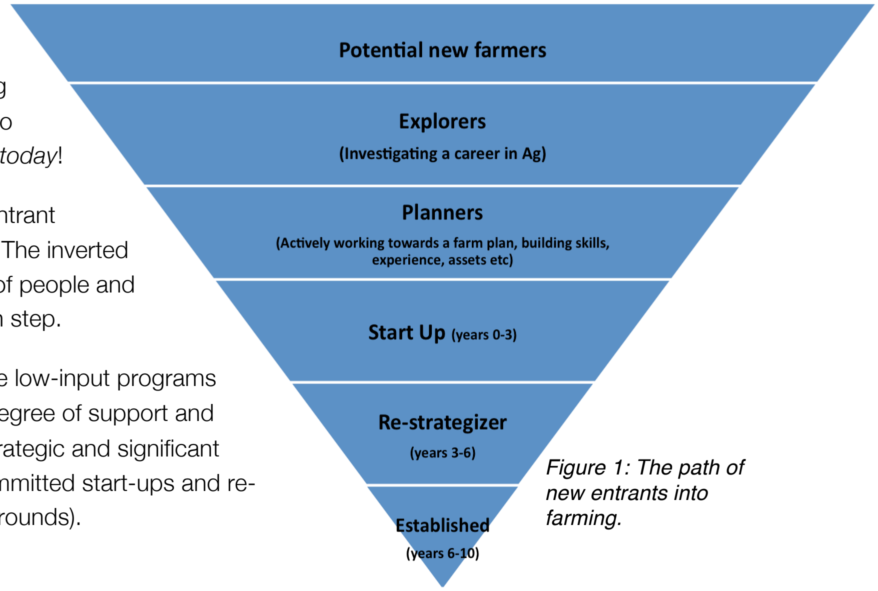

Figure 1: The path of new entrants into farming.

EXAMPLES:

INCUBATOR FARMS

> FarmStart – Incubator farms, start up grants, New farmer training and resources, regional coaching (www.farmstart.ca)

> **La Platforme Agricole de L'Ange Gardien** - (http://www.demarretafermebio.com/en/home.html)

> Incubateur d'entreprises agroalimentaires de Mirabel at Centre de formation Agricole de Mirabel (http://www7.cssmi.qc.ca/ieam/rubriques/rubriques.htm)

ON – FARM TRAINING

> Manitoba Farm Mentorship Program - Manitoba Farm Mentorship (MFM) facilitates farm mentorship, farmer training, networking and partnerships for new and aspiring producers. (http://organicfoodcouncil.org/manitoba-farm-mentorship/55-manitoba-farm-mentorship.html)

> The UBC Farm - a 24 hectare learning and research farm located on the University of British Columbia's Campus in Vancouver, Canada. (http://www.landfood.ubc.ca/ubcfarm)

> Everdale - Organic Farm Certificate – curriculum based on farm training (http://everdale.org/farmer-training/organic-farming-certificate/)

INSTITUTIONAL TRAINING

> Flemming College Sustainable Agriculture program - The three-semester Sustainable Agriculture program is designed for new and beginner farmers seeking an intensive, applied learning experience in sustainable, ecological or natural farming methods. (http://www.flemingc.on.ca/index.cfm/go/programs/sub/display/code/SAG.cfm)

Appendix II

EXAMPLES OF POTENTIAL FINANCE INITIATIVES

2.1 A Shared savings program for new farmers

Prospective farmers make deposits; governments match savings up to a limit (similar to RESP) - the new farmer can then use the saving to make a farm or assets purchase for a new farm business.

2.2 Exiting Farmer Pension Program-

2.3 Establishment / Start Up Grants

i. *Small venture grants* - in planning and start up stage – supporting passion and initiative rather than the business plan

ii. *Establishment grants* - with prerequisite training and business plan (eg. Quebec $20,000- 40,000)

iii. Affiliated with face-to-face coaching, business planning/ development support

2.4 Small Loans and Operating Capital

“Start up” stage loans with patient repayment terms (eg. OSAP)

A federally funded small loans program specifically for new farmers which is implemented by local lending institutions and/ or rural municipalities. (Perhaps an adapted version of CALA)

Higher-risk, low interest loans for working capital to small beginning farmers and small farm-related businesses and cooperatives with little equity. (eg. Farm Start LLP in the NE New York State - loans up to $50,000 for working capital)

2.5 Loan Guarantees

Extend and improve the CALA program to recognize new business models

Facilitate Community Capital lending programs - character based, small loans backed by lenders (eg Foundations, individuals, businesses)

2.6 Federal Business Risk Programs

Move towards smaller sums of support funds directed over more farms; make them more accessible to new farmers.

Lower caps on federal support programs to $500,000 to ensure more support gets to the most vulnerable farmers

Simplify federal support programs for young and new farmers to make them more accessible.

Regionally-administer programs to support new entrants, advertise effectively in local rural areas

Appendix III

EXAMPLES OF EXISTING AND POTENTIAL FARMLAND INITIATIVES:

3.1 **Create incentives for existing farmer to have succession plans** (10 years before the succession - could be similar to the Options they sell to developers)

3.2 **Ensure prime farmland is protected**: Agricultural Reserves, clear Urban Growth Boundaries, Farmland trusts, Buyout of Farmland Conservation Agreements. Incentives for landowners who place easements on farm properties.

3.3 **Capital Gains Exemptions in sales to new farmers** – An increase in the capital gain exemption when a property is sold to a prospective farmer would create an incentive for farmland to be sold to farmers instead of the highest bidding developer.

3.4 **Registered Family Farm Trust Fund (RFFTF)**, which would operate much as a Registered Education Savings Plan. Farm families and governments would contribute to a tax-sheltered fund. It could provide retirement funds for exiting producers, allowing them to roll farm operations over to family members or to new farmers.

3.5 **Land Transfer Tax** – The land transfer tax exemption to within family and corporation members should also be expanded to anyone selling farmland to a qualified unrelated beginning farmer. Moreover, our taxation system could give preferential treatment to farmer owner-operators (and retired farm families who retain land) vs. non-farmer owners.

3.6 **FarmLINK** programs – There are both producers willing to sell/rent their farm to new producers and new producers willing to buy/rent existing farms that aren't able to connect. FarmLINK programs can help these people connect. FarmLINK can also help facilitate creative access to land arrangements or business partnerships that can help new entrants get their businesses off the ground (eg. Access to institutional lands for farm start-ups).

3.7 **New forms of secure land tenure** - Incentives to the owners of farmland to encourage them to forge long-term leases with tenant farmers, lease-to-own programs, more flexible land-use regulations that facilitate small-plot farming within large farm properties,

3.8 **Prohibitions on foreign, corporate, investor, and absentee ownership**. Canadian food land must be owned and controlled, as much as possible, by the citizens who live on and work that soil.

3.9 **New ways of getting land into the hands of those who want to farm,** including:

- i. Community-owned Land Trusts and land banks to ensure local food production and to enable the entry of new farmers and other producers.
- ii. Farmland trusts with the capital to purchase properties via mortgages held by the retiring farmers who would be paid regular installments while the trust would be responsible for leasing the farm to tenant farmers at affordable rents.
- ii. Exploration of secure land tenure rooted in collective or social ownership—a re-appraisal of "the commons".
- iii. Debt-free or interest-free land transfer mechanisms, including community-based financing options

iv. Government agencies that support seller-finance options. (Sellers and buyers could self-finance, and the role of the government agency would be to step in in rare instances when transactions go bad and there is a need to return the land to the seller.)

3.10 **Incubator farms** - farm facilities where new farmers have access to land, equipment, infrastructure, support and training for the start up phase of their farm business development (eg. Incubators such as FarmStart in Ontario and Le Platforme d'Agricole in Quebec)

3.11 **Controls on the conversion of food-land to other uses -** eg. to subdivisions, quarries, golf courses, etc.

3.12 **Recognize that land has multiple functions**: farm fields are also habitat and watersheds. Land use planning and budget calculations must take rational and integrated account of all costs and savings. And farmers should be compensated for ecosystem goods and services