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# Final Report

## Strategies and Recommendations for New Entrant and Intergenerational Transfer Program Needs

Prepared for:



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## Executive Summary

This report is an investigation of effective ways to attract new entrants to farming based on a resolution from the December 2008 annual meeting of the Agricultural Producers Association of Saskatchewan [APAS].

### ***RESOLUTION: New Entrant and Intergenerational Transfer Program Needs***

At the December, 2008 Annual General Meeting of the Agricultural Producers Association of Saskatchewan and the February, 2009 Annual General Meeting of the Canadian Federation of Agriculture, the following resolution was adopted by both organizations:

*"Whereas the average age of farmers continues to increase and new entrants to the agricultural industry are needed throughout Canada; and*

*Whereas APAS has endorsed the concept of forgivable and/or interest free loans to attract young farmers; and*

*Whereas this is a national issue;*

*Be It resolved that CFA lobby for improved intergenerational transfer programs to attract young people to agriculture."*

The objective of this study was to provide an overview of the intergenerational transfer, new entrant attraction and immigration programs currently offered across Canada with recommendations for Saskatchewan. It became obvious, early in the study, that there are no quick answers or solutions evident in the existing new entrants programs across Canada or internationally. Improving the atmosphere and climate to attract new entrants to primary farm production is a complex and long-term process.

There are different funding support models across Canada for new entrants to farming. Alberta, Manitoba and Nova Scotia have Crown Financial/Credit Agencies attached to the Ministry's of Agriculture that lend to farmers at reduced rates. Ontario and Quebec provide reduced interest rate funding through a subsidized lending function provided by industry-based farm financial agencies. The supply-managed sectors are internally financing pilot projects with financial assistance for new entrants to obtain quota. Programs in Australia and the USA are moving away from subsidized interest rates and loan guarantees towards investing in management training, business skills development and succession planning.

The summary of provincial programs is a snap-shot of new entrants and inter-generational transfer programs currently offered - and not an indication of future trends in a rapidly changing industry [See Appendix A]. The search for future trends was done by personal interviews with a broad range of agriculture and farm industry stakeholders [See Appendix B].

Evidence from previous program evaluations indicate that the more successful programs provide incentives and support for business training and succession planning - which pays long-term dividends over a life time, rather than using direct financial grants, which can distort the marketplace. Beginning farmer programs with financial assistance have had mixed results - low interest financial support for land and equipment tends to be a one-shot approach and is usually capitalized into land or other assets with little long-term impact.

The magnitude of the need for new entrants to replace retiring farmers is illusive – some farm leaders believe it is an urgent need and others feel the situation will resolve on its own. Nevertheless, the average age of farmers is increasing and the number of new entrants is declining, as clearly illustrated in the following table.

Number and Distribution of Farmers by Age - Census Years 1991 to 2006

Saskatchewan	1991	1996	2001	2006	1991	1996	2001	2006
Age of farmers	Number of farm operators				Percentage distribution			
Under 35 years	15,635	11,400	8,135	5,910	20.0%	15.6%	12.3%	10.0%
35-54 years	34,800	35,785	33,850	28,360	44.6%	49.1%	51.1%	47.9%
65 years and over	27,590	25,740	24,290	24,915	35.4%	35.3%	36.7%	42.1%
Total	78,025	72,925	66,275	59,185	100%	100.0%	100.0%	100.0%
Average age	48.2	49.2	50.5	52.6				

Source: Statistics Canada (2006) <http://www.statcan.gc.ca/pub/95-632-x/2007000/t/4185586-eng.htm>

Saskatchewan is one of the few provinces in Canada that does not currently have a specific program aimed at supporting beginning farmers within the Ministry of Agriculture. This is an opportunity to start with fresh ideas and programs. There are opportunities for APAS, as the provinces general farm organization, to work with the Saskatchewan Ministry of Agriculture to develop new entrant programs – the right kind of programs - that are cost-efficient and effective – and that make a positive difference.

While the need for action is apparent to the agricultural industry – other groups are lobbying for governments to be good stewards of the public purse and support the economy only where necessary – plus there are concerns about a growing provincial deficit – and pressure to reduce spending in the current and upcoming budgets.

The agriculture and food sector is also changing quickly, driven by: new global competitors, trade restrictions, climate change and consumer demands for (local) foods that are safe, healthy and nutritious. It will be important for new entrants to have the business skills and marketing abilities to adapt to continuous change in order to be successful in the future.

In the past, there was a general belief that farming was the best option for those who couldn't finish high school or do anything else, whereas today, the skill sets and competencies required of a successful farmer are astounding – and surpass the capabilities of many professionals. The entry skill sets required of a beginning farmer are much higher today. Government and industry support programs must help attain the required business skill sets as the first priority.

Recommendations to Governments for policy changes and programs must be forward looking and anticipate the needs of the industry five years or ten from now. If new inter-generational or new entrant attraction programs were planned and initiated in April 2010, it will take several years for tangible results to flow out of the pipeline. Therefore, the needs five or ten years forward must be anticipated – rather than developing programs on the needs of today that are based on the past five years experience.

While attracting new entrants to farming has been identified as a near crisis situation, there is a leadership gap in addressing the challenge. Who takes the lead? Another way to ask the question is "Who has the most to gain or lose in farm ownership transfer?" Government has a role in policy and legislation but it is only one of several key stakeholders. The agriculture

Industry itself must also take the leadership responsibility to meet the challenge and to seek solutions.

There is no silver bullet to attracting new entrants [of all ages] to agriculture. Unfortunately, the findings did not identify one solution – or even two solutions. It will take an integrated approach by all stakeholders to develop a thoughtful and effective long-term strategy to attract new people to become the farmers of the future.

The report recommendations address the key elements of a multi-faceted approach to making a difference. While an effective solution will be a multi-year initiative, there are things that can be started immediately by APAS, the government and industry.

### **Recommendations**

The recommendations are strategic action plans based on the key findings from existing programs and anticipated future needs:

#### **1. Succession planning**

RECOMMENDATION: That APAS make succession planning an internal program priority and encourage government to do the same because it is identified as being the single largest barrier to intergenerational transfer and to successfully attracting and retaining new entrants and pays dividends for a lifetime.

RECOMMENDATION: That APAS create a Youth Advisory Group of people who have successfully transitioned to independent farm business management, with a proven track record of success in business acumen, ingenuity and innovation.

#### **2 Business Training**

RECOMMENDATION: That APAS urge government to create a program specifically for new entrants in business and management training because it is the core requirement for long-term success.

RECOMMENDATION: That APAS urge government to broaden the eligibility criteria of the Farm Business Development Initiatives to include people who will be employed by farmers as business managers.

RECOMMENDATION: That APAS secure funding and work with the Ministry of Education to revise the Agriculture 30 curriculum and provide professional resource materials to assist the promotion and teaching of this farm business course.

#### **3 Mentoring and Apprenticeships**

RECOMMENDATION: That APAS promote the existing mentoring and apprenticeship programs to members and their families. Further, to take action to encourage other farm and agricultural organizations to actively support the existing "new entrant" programs available in Saskatchewan.

#### **4 Messaging and Image**

RECOMMENDATION: That APAS encourage industry stakeholders to recognize success and achievement among farmers on a regular basis, to create an environment

for a strategic proactive image of farmers that resonates positively with the public and youth – and is a credible message to government.

RECOMMENDATION: That the Federal Government take the lead role and responsibility for developing a positive image of agriculture as a core industry where support is viewed as a strategic investment in stimulating the national economy.

## 5 Financial tools

RECOMMENDATION: That APAS work closely with the Federal and Provincial Ministry's of Agriculture to strategically look at the financial areas of need and, if necessary, develop programs specifically for beginning farmers that fills any gaps in existing financial products or service offerings.

### 3.6 First Nations and Immigration

RECOMMENDATION: That APAS encourage government and the private sector to include and encourage First Nations in current training and leadership development programs to build a base for future development of their agricultural lands.

#### Immigrants and Immigration

RECOMMENDATION: That APAS take the leadership to involve the industry in working closely with and support and assist the Provincial Nominee programs, and private immigration consultants, who attract and bring in the majority of new farm families to Saskatchewan.

### 3.7 Coordination

RECOMMENDATION: That APAS work with the Federal and Provincial Ministry's of Agriculture on a strategy to quickly improve Inter-agency communication and coordination among all the stakeholders directly supporting programs in attracting new entrants to agriculture, facilitating intergenerational transfers, and image and messaging.

## Action Steps

The recommendations outline clear tasks, some are more appropriately managed by the Federal government, others by the Province, others by APAS as the general farm organization and yet others by industry. Below is a list of action priorities that can be started in the current fiscal year.

### Action Tasks for Federal and Provincial Governments to lead

1. The Province to commence development of "new entrant and intergenerational transfer" support programs in close consultation with the farm community and industry.
2. The Federal and Provincial governments to make succession planning a high priority with strategic funding for programs, incentives that facilitate tangible and meaningful results.
3. The Federal Government to provide strategic leadership, along with general farm organizations, in creating a much more positive image of farmers and the agricultural industry as a key driver and economic stimulator of the national economy.
4. The Province to assemble/coordinate existing new entrant programs to fill the gaps and avoid duplication among government, industry and associations.

One practical option is for the Ministry of Agriculture to second an official to work with APAS for a two-year period with the objective of improving the coordination of existing programs and take the new entrant's attraction program to a new level of excellence. There are successful precedents for the Ministry of Agriculture in seconding officials to the private sector.

### Action Tasks for APAS to lead

1. Mobilize a Youth Advisory Committee of leaders who have made the succession transition to independent farm operators.
2. Take one action step towards improving the messaging and image of farmers and farming, which must come from the industry directly.
3. Meet with the Deputy Minister of Agriculture at least quarterly, if not monthly, as the industry partner in developing an effective new entrant support program.