

Stewardship – unvalued by the market, of real value to society.

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Scrawled on the walls of women's washrooms are often the most poignant of truths. Like an ancient drum, the cold metal walls of cubicles pass messages back and forth across communities. This month's draw from my pile of favourites (please pass along goodies from your own personal collections!) is the following:

When the farmer's leave this province, will we hear them go?

Good Question. The sad answer: Probably not.

Although CBC's Early Edition says everything's rosy down on the farm, BC's farmers have become more familiar with debt over the past ten years than in any decade since the dirty thirties. While it may be true that "average" farm incomes in this province have risen, this is very misleading: that figure is dramatically skewed by high returns to BC's rapidly growing greenhouse sector.

Like Cheese in a Press...

Like cheese in a press, profits that used to remain on the farm for reinvestment in the land and to better the quality of life of farm families and communities are being squeezed out of the sector like so much whey by new trading arrangements, increased competition from low-priced imports, reduced commitment to federal Anti-Dumping remedies, increased market concentration at the pre and post farmgate level, a dramatic reduction (in some cases, elimination) in local processing capacity, upheavals in structure (e.g. milk) with serious implications for BC industry conduct/performance, higher costs to remain in compliance with tough new sustainable farm management codes (habitat management, water management, waste management, integrated pest management, managing for the environment), new farm labour regulations and the higher cost of farming in the path of urban growth. Not to mention blight, weather disasters, ice storms, waterfowl, migratory birds and the like.

For the last decade, farmers have been told by government bureaucrats and their minions of consultants that all they needed was a business plan. To perfect their financial management skills. And so lots of farmers took computer courses. Put together business plans. And are still scratching their heads and wondering, if all this was so useful, why it hasn't seemed to really help much with putting profits back on the table?

The Real Culprit...

In fact, the real culprit is the market ("imperfect" in economist's parlance), not the farmers. All the "goodies" that farmers put on society's plate beyond the apple, the litre of milk, the bag of spuds — positive benefits such as clean air, a healthy environment, wetlands and wildlife stewardship, viewsapes, economic contributions to the community, food security and health — are unvalued by the market but of real value to society. The challenge becomes one of finding a way for farmers to get paid for the "value added" they contribute through good stewardship practices.

One solution is the construction of green subsidies, a task that has been set to by policymakers in all other nations serious about preserving the public interests in their foodlands.

Equity Financing (Give us an "E"... Give us a "Q"...)

Policy? say the Victoria bureaucrats. *We got rid of our policy branch years ago... Here's an better idea! Venture capital! You might not have policy respect, but you *do* have equity! Put up the farm if you're short of cash...* BCMAFF goes on to explain how their newly-structured industry branch is designed to "help BC farmers explore investment opportunities..." and to "encourage farmers to

take advantage of alternate sources of financing, such as equity financing, if they are planning to expand their operations..." In fact, this whole initiative "shows the provincial government's recognition of the many tough economic issues facing BC farmers..."

Equity financing is a fancy way of saying put a mortgage on the farm. Often through a very uneven partnership. It all works till suddenly it doesn't and when the venture capitalists' exit strategy kicks in, the shareholders of the venture capital corporation own the farm. But hey, the farmer can always rent it back..

A Sell-Out by Any Other Name

According to Western Producer (BC corporation buys farm shares, January 20, 2000) Blackstone Farm Financial Corp. — an Alberta corporation controlled by BC-based partnership called BCF Ventures — has invested hundreds of millions of dollars in the Canadian farm economy - buying up medium to large sized incorporated family farms located primarily in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

"Its a great deal, there's no question about it. It's a fantastic deal" burbles Alberta Agriculture farm tax specialist Merle Good. By selling shares of their operation rather than transferring title to their land, farmers shelter capital gains. (I wonder if Good is an Agrologist and hence professionally responsible for this opinion. But I digress...)

As to getting around some provinces' regulations concerning foreign ownership of farmland (yes, there are such things; Saskatchewan, for example does not allow a foreign investor to own more than 320 acres of land) its a snap: "[we] simply bankroll a Saskatchewan resident to make the purchase on [our] behalf; he fully qualifies and we end up just being a bank for the deal..." burbles the merchant bank.

Assets are leased to area farmers.

So in response to the question...

So in response to the question "When the farmer's leave the province, will we hear them go?" the answer is "probably not".

In Delta municipality, in 1992, two out of every three acres of farmland was leased. Once government completes its transfer of previously-held Roberts Bank Back Up Lands I wonder what Delta's current percentage of leased land will be? The Fraser Valley's? The Saanich Peninsula's? The Okanagan's? Can we even measure it anymore?

The frontispiece to the Report VENTURE CAPITAL: Agri-Policy Implications for B.C.'s Farmers (Holm, November 1998) contained the following advice:

"Canadian public policy has always been based on the premise that if you have smart farmers, good soils, a beneficial climate, good research and technology, strong farm extension programs and good market information, you will have good farm decision-making and sustainable farm management. And the collective effect of many independent farm decisions will result in a healthy agriculture sector and strong rural communities. From a public policy standpoint, it is important that any "venture" into equity capital financing support and sustain the uniqueness, independence and diversity of BC's farmers."

Because they are by nature a proud lot, some farmers will chose a short, quick dance with the devil (equity financing, sell the farm off as shares, it amounts to much the same) rather than going cap in hand saying there is no money to pay the bills anymore. Some bureaucrats — bereft of policy vision — count on this. Sadly, they may be right.

When asked how Blackstone makes it's money, the talk turns vague: "This is our business... We have specifically built this business based on long term growth ..."

So much farmland. So few farmers. So much farm debt. Like the cat, the merchant banker's high card is patience.

Businesses go down every day. But when a farmer collapses under a pile of debt and the farm is picked up by a board of directors somewhere, we all lose. When farming falters, we hobble our future...

Do the residents of this province care? Women in the washroom want to know...

psssst.....! Cuba is a nation that has a great deal of policy respect for farming. Cuban farmers are world leaders in organic agriculture. BC farmers are world leaders in sustainable agriculture and have particular expertise in processing, packaging, labeling and marketing. We both have a culture of cooperatives. Demand for organic processed products is the fastest growing segment of the food industry. Throw in non-GMO, fair-traded and ethically produced and you've got a market niche that's a gold mine. Forging international cooperative linkages with Cuban farmers only makes strategic sense for BC. Linkages sufficiently profitable to attract investment capital. Linkages well crafted enough to ensure that decision-making remains vested with the farmers. So that stewardship remains in tact and farmers get their sustainable fair share of the margin pie. It so simple...