

YUKON ENERGY, MINES
& RESOURCES LIBRARY
P.O. BOX 2703
WHITEHORSE, YUKON Y1A 2C6

A Discussion of Agriculture Land Issues

Prepared by:
Agriculture Branch, Department of Renewable Resources

1.0: Land Availability and Utilization:

Tracking land quantum -- how much is enough? The land bottleneck in 1997.

1.1 Background:

The agriculture land disposal moratorium imposed by the Federal government on January 10, 1975 marked the beginning of the process of putting Yukon agriculture on a new ideological basis. Up to this date agriculture had either been a simple necessity, a way of getting things required to sustain life, or a lifestyle choice of individuals and families who placed a high value on self-sufficiency.

The Federal government shut down agricultural land disposals as a prelude to establishing both the climate and land potential of agriculture, and to rationalize the land disposal process. Specifically, the Federal government reasoned that:

- a) they should stop the spread of agriculture to non-productive lands; and
- b) time was required to enable the federal and territorial government to develop long term disposal policies,
- c) they must identify agricultural areas offering the most chance of success in accordance with federal and territorial land use plans;
- d) a moratorium would enable necessary soil and climatological surveys to be completed in order to identify suitable areas for agriculture development.

The technical studies into the land base and agroclimate were complete by 1977, but the policy context for an agriculture industry lagged behind. The public demand for land for agriculture increased steadily and in 1981, the Yukon Government brought out an agriculture land policy for Commissioner's Land. The Government of Yukon stated a commitment to pursuing with the federal government the issues of land availability and administration, research, technical support, and other measures to support agriculture.

Land disposals for agriculture were confined to Commissioner's land until March 1983, when the Hoyt report recommended that primary responsibility for agriculture development should lie with the Government of Yukon and that the federal government's role should be restricted to transfer of land to territorial jurisdiction. Since 1983 the Yukon Government has handled agriculture land applications on Federal crown land.

It is very important to realize that the land acquisition "bottleneck" created by the 1975 moratorium was a major impetus to a Government of Yukon Agriculture Policy. Land and the difficulty of acquiring it became a symbol of the problem of legitimating a Yukon Agriculture industry.

Questions about the ultimate structure of a made-in-the-Yukon agriculture industry awaited the arrival of an Agriculture Development Advisor (ADA) in 1983. The ADA acted as a consultant to the Agriculture Development Council, which was responsible for

the review of applications for agriculture land, and also worked on fleshing out the possibilities for Yukon agriculture development. The ADA developed the “import replacement model” for Yukon agriculture.

It is not surprising, given the link between the ADA and the Agriculture Development Council and the strong pressure for agriculture land, that the import replacement model focused on the land base required to meet different import replacement levels. This emphasis provides us with an opportunity to look at the predictions made in 1984 and 1985 about the use of agriculture land and compare forecasts with the performance of the industry eleven years later.

1.2 Analysis of Import Replacement Predictions as an Indication of Under Utilization of Agriculture Lands:

Table 1 lays out the predictions in 1984 and compares them with information on actual agriculture land use in 1991 when the Yukon Farm Survey was undertaken. Information on land disposals from 1991 to 1996 is also used to round out the picture of the land base in 1997. Unfortunately the farm survey information for Yukon agriculture is not available for 1996 to complete the comparison at three points in time.

The following points are based on Table 1 :

- The assumptions made in 1984 indicated that 10 to 15% import replacement (\$7-\$9 million) of selected food categories could be attained on 5909 ha of farmland.
- By 1990 a total of 7400 ha of agriculture land had been titled. Of this 6850 ha (92%) was either used or considered capable of being used for agriculture pursuits. Although the land in private hands for agriculture exceeds the 5909 ha identified as a reasonable target for 1990, the actual land in production is substantially less.
- At the time of the 1991 census 2863 ha (38%) of the titled land was in production With another 1665 ha (22.5%) under development.
- In all categories except pasture the 1991 figures show that the land in production to meet 10 - 15% import replacement is not reached or likely to be reached any time soon.

Due to the difference between the total size of a disposal and the land development requirement (2/3 of 80%), approximately 11,200 ha would need to be titled to guarantee that a minimum of 5909 ha has been brought to a productive state. 8892 ha of land was titled for agriculture by 1993 (Table 2), but production falls far short of the import replacement target (which was estimated to generate \$7 to \$9 million at 5909 ha).

- Since 1993 a further 1248 ha of land has been titled under the agriculture land disposal program (Table 2). In 1996 the Yukon had 10, 476 ha of land titled under the Agriculture Land Disposal Program. If we assume that only 53% (this percent is required by policy) of this land has actually been brought into production, there is 5,552 ha of developed land in the Yukon. In 1996 total agriculture sales are only about half the \$7 million projected for 1990.

Table 1: Total Land in Crops in 1991 versus Import Replacement Targets for 1990

Land Use/Crop Type	1990 (estimated*)	1991 (actual, ha)	Degree of Replacement
Field Vegetables & berries	32	18	0.56
Potatoes	113	8	0.07
Pasture	1052	1340	1.2
Grain	1526	290	0.19
Seeded forage	3197	710	0.22
Game farming		388	
Seed Crops		39	
Other Agriculture Products		70	
Total(in production)	5909	2863	
*These figures represent estimated hectares to reach 10% import replacement.			

Table 2: Titled Land After 1991 by Year

Year	Titled (ha)	53% in Production
1991	390	206.7
1992	421	223.13
1993	1017	539.01
1994	400	212
1995	464	245.92
1996	384	203.52
Total	3076	1630

It is not surprising that the land use patterns of agriculture in 1996 were not anticipated in 1984. What is interesting, however, is that the yield per unit of area figures used in 1984

to generate value of production were quite conservative. No new information since then would contradict that the land base currently disposed of for agriculture use could generate \$7-\$9 million if used as described.

The question posed for this discussion is whether or not there is sufficient land presently available to remove the "land bottleneck" from consideration of the performance of the Yukon agriculture industry. The answer to this question is yes, when considered in a global sense. Furthermore, the figures point to a considerable underutilization of the land base currently disposed for agriculture purposes.

1.3 Implications of Under-Utilization of Agriculture Land

It is necessary to understand the reason for the apparent under-utilization of agriculture land before you can discern the implications for government involvement in the agriculture land disposal process. Unfortunately, there is no definitive explanation possible. One can, however, identify several ways of looking at under-utilization that may offer some insights into the problem.

1.3.1 Flaws in the import replacement model:

Although the assumptions of the import replacement model were realistic in terms of productivity goals and value of production, the model does not consider the difficulty of turning raw bush into productive farm land. Farm development in circumstances where the operation is under capitalized, but where there is a set time period for the development contract (5 years in this case), sets up a situation where development becomes, at best, minimal.

A great push is engineered by agreement holders to meet the title requirements in the initial five years. If there is little or no income derived in this period, resources are exhausted in the initial push and what follows is a dormant period while more resources are assembled. If more resources are assembled there may ensue one or two more attempts resulting in some cases in economically viable operations, but in business failures in other instances.

This pattern may mean that the under utilization problem may resolve itself in time. Nevertheless, the implications for the agriculture land disposal program are to go slow and see what happens in the next five years.

1.3.2 Lack of required infrastructure:

Some types of theoretically viable operations can not proceed until key infrastructure is in place. Two key pieces of infrastructure identified are an abattoir and a vegetable storage facility.

The abattoir has been a perennial project of the Yukon Agriculture Association and the Agriculture Branch. Without a killing facility commercial livestock production and marketing is limited to farm gate sales. This acts as a strong deterrent to the expansion of this sector.

All farmers will not necessarily pursue their economic self interest. Personal interest, expertise, and predilection plays a large part in the type of operations pursued and, based on the 1991 Yukon Farm Survey, livestock account for the majority of agriculture land use in the Yukon despite the problems of the no killing facility.

Similarly, the amount of land in field vegetable crops has likely declined since the 1991 survey. The reasons for this decline are complicated and can not be explained solely by the lack of a vegetable storage facility. Dependable produce supply, a suitable venue to showcase Yukon grown produce, and some skill at marketing are requirements for success in vegetable production.

If the problem is low production levels relative to the total land alienated, and the solution is provision of key infrastructure, the implications of missing infrastructure for the agriculture land disposal program are unclear. This “chicken and egg” problem has haunted the abattoir debate from the beginning, and the only way of testing the hypothesis is to provide some costly infrastructure and see what happens to productivity.

1.3.3 Misrepresentation of intention by applicants:

A program such as Agriculture Land Disposal is not designed to deal very successfully with misrepresentation by applicants of their real reasons for the application. It is virtually certain that some applicants saw the program as a way to acquire land for speculative purposes although this is likely a small group. Another group, related to the speculators, are people who acquired land in good faith early in the program and now still have land under application although their interest in farming is declining. This group, typically with multiple parcels still to be disposed of, have entered a land development phase and are developing and selling 65 ha parcels.

A larger group, and one constantly cited as the primary users of the Agriculture Land Disposal program, are those wanting rural residential land. The size of this group is not easily determined, but it is definitely at least part of the under-producing portion of those acquiring agriculture land.

The non-soil based program under the 1991 policy lends itself as a vehicle for acquisition of rural residential land. The best solution to this problem is a functional rural residential stream for land acquisition. Barring that, the possibility that the non-soil based program should be curtailed until we can make some assessment of the productivity of the non-soil based parcels should be considered. For example, there are 60 ha of non-soil based operations (10-12) near Whitehorse. In theory this is sufficient land to increase greenhouse production several hundred percent.

1.3.4 Lifestyle option may be genuinely agricultural but maintain a low level of inputs:

The agriculture land disposal program has recognized lifestyle as a significant component from its inception. The lifestyle justification for release of agriculture land by the Government of Yukon dates from at least the Peake and Walker Report of 1975, and predates the import replacement model by half a decade or more. Valuing the lifestyle component of farming has, arguably, made it easier to confuse lifestyle applicants and those wishing to acquire rural residential land.

In so far as it is possible to clearly differentiate the lifestyle farmer from other types of farm operations, the key is an emphasis on subsistence rather than income crops. This category can sometimes include the hobby farmer. Lifestyle farmers are often located in the communities and agriculture is integrated into the household economy along with several other part time occupations.

The lifestyle agriculturalist is often dependent upon the Yukon Government land program to acquire a land base. Most of this type of farmer would not have the monetary resources to purchase a land base nor the collateral to access a loan. The 1991 Policy with its emphasis on appraised land values has all but eliminated this type of application from the Whitehorse region. However, land values outside of the critical 100 km radius of Whitehorse are still low enough that a parcel can be acquired for essentially the cost of development and survey.

1.4 Conclusion of Discussion of Import Replacement Model

If the import replacement model is accepted as reasonable, understanding the misalignment between predictions of agriculture production based on the model, and the reality of the industry's performance once the "land bottleneck" is removed, is the most pressing question for the agriculture sector in Yukon today. Almost regardless of the cause of the under-utilization, the recommendation for the agriculture land disposal program is to slow down and await developments.

Unfortunately, the type of generalized discussion used in this paper can obscure the fact that there is still room for specialized agriculture operations that fill specific niches. Whether or not the land required for these operations should originate with a government program or from the real estate market needs to be debated. It is clear, however, that the current land disposal process is unable to target or encourage the success of any particular class of agriculture enterprise.

2.0: Establishing an agriculture land disposal system responsive to industry needs.

2.1 Introduction:

The facts that there are valid concerns regarding agriculture land utilization levels and, at the same time, there are readily identified economic opportunities in agriculture play a variety of ways into the question of what the role of Government should be in agriculture land disposal. The same pressures that resulted in preservation of the spot land application stream, and the preservation of the life style aspect of agriculture land development in the 1991 Policy, while at the same time announcing that “the emphasis in development and disposition of agriculture land will be on designated and planned agricultural areas” still exist in 1997.

What follows are some possible departures of the Agriculture Land Disposal Program that may chart a more productive direction. The premise of this section is that the Government of Yukon has “got the land out” to the public and that there is an established Agriculture land base that is currently under-producing. Underlying some proposed changes is the perspective that the land program need not only to change, but also to **be seen to be changed** in order to overcome some negative preconceptions of how the program functions.

2.2 Possible Changes/Improvements to the Agriculture Land Disposal Process

2.2.1 Agriculture Land Disposal in the Greater Whitehorse area

(Note: 85% of all agriculture properties are in the Greater Whitehorse Area)

1. Spot land applications in the Greater Whitehorse area are both very difficult to find sites for and, if they encompass more than 6 ha, virtually impossible to obtain approval for in the review process. Theoretically the applicant is supposed to propose the site for spot applications, but actually fully 50% of land inquiry conversations at the Agriculture Branch are explanations of the possibilities and potential of spot land applications in the Whitehorse area. In other words, spot land applications in the Whitehorse area are one of the clearest sources of inefficiency in the system.
2. Second, as identified in Section 1 (*Misrepresentation of intentions by applicants*) the success of the non-soil based stream in getting land into private hands has raised questions about the wisdom of pursuing an open ended program of “more is better,” especially in light of the agriculture industry’s identified problem with under production/utilization. The potential for horticulture production increased by about 400% with land disposals for intensive agriculture in the Whitehorse area. Current agreements-for-sale run until approximately 2003 and by that time 10 new properties will come on stream. We will not be able to evaluate the success of the non-soil based initiative until at least that date.

Comment:

Point one and two are related. As the availability of land in larger parcels for soil based agriculture declined in the Whitehorse area at the end of the 1980's the "new" 1991 Policy created an opportunity to acquire agriculture land in six hectare parcels on land virtually indistinguishable from rural residential land. Since 1991 all but one successful new application in the Whitehorse area has been non-soil based.

Recommendations:

- No spot land applications should be taken in the greater Whitehorse Area. Exact size of area of closure to be determined by the Agriculture Branch and submitted to Cabinet for approval.
 - A moratorium on non-soil based applications in the greater Whitehorse Area until some of the current agreements-for-sale come on stream. It is essential that overall productivity of non-soil based farms be ascertained before we allow the creation of numerous new titles.
3. The price of land in the Greater Whitehorse Area is extraordinarily high relative to the rest of the Yukon. The 1991 Policy requires that a minimum investment of two times the appraised market value of the land in approved agriculture infrastructure be attained. The high investment requirement in the Whitehorse area is another factor that tips the balance toward smaller parcels and more intensive operations.

Comment

The cost recovery provisions of the Agriculture Land Development Regulations require up-front payment of any costs incurred by the Government of Yukon in making parcels available for public sale. As the development costs are deducted from the appraised market value of the parcel prior to formulating the Farm Development Agreement (which outlines the expenditures the applicant must make to acquire title to the land), the total expenditure the applicant is required to make is somewhat smaller for planned agriculture parcels. This cost reduction constitutes a planned development bonus to the applicant.

Recommendation:

- Planned areas are the most appropriate vehicle for agriculture disposal in the Greater Whitehorse area.

2.2.2 Agriculture Land Disposal Outside the Greater Whitehorse area and within Communities

Outside the Greater Whitehorse area and outside municipalities, the 1991 policy functions fairly well for spot land applications. The agriculture land disposal process is modified

by existing land use plans and official community plans (OCPs), which have precedence over the Agriculture Policy regarding general recommendations for agriculture disposal.

Municipalities in the Yukon do not have zoning for agriculture, but only the City of Whitehorse has, to date, rejected the idea of accommodating agriculture except as a non-conforming use. This means that no new agriculture land has been created within Whitehorse boundaries. Watson Lake and Carmacks have accepted agriculture land applications within their boundaries on a case by case basis, and Dawson City has accepted agriculture as a valid use within city limits.

There is some question about whether rezoning under OCP's can set aside the agriculture zoning and open the door to subdivision of agriculture parcels. Subdivision of agriculture land is impossible under Agriculture Development Regulations and the Subdivision Act. Identifying the circumstances under which amendments to OCP's will open the way for agriculture parcel subdivision is critical to ensuring that subdivision of agriculture land remains impossible.

The Dawson City area is the other region in the Yukon due for comprehensive planning of agriculture parcels. The Klondike Valley is unique in having a district land use plan to direct development. The plan is due for review in the near future and substantial changes will occur at that time.

Outside the Greater Whitehorse region, non-soil based applications are located just beyond municipal boundaries or focus on remote locations. Remote locations where the applicant has some other land interest (a residence, a trapline base camp) are virtually impossible to reject in the absence of land claims or wildlife conflicts. In the case of first time applicants it is virtually impossible to distinguish a genuine farmer from a person looking for a recreation site. Spot applications just outside municipal limits are liable to provoke pressure for extension of municipal services and create or augment nodes of development.

Recommendations:

- Spot land applications accepted outside the Greater Whitehorse Area be subject to recommendations of land use plans.
- Non-soil based agriculture to take place in planned areas within or adjacent to communities (location decision based on municipal consultation). No spot land applications for non-soil based agriculture.
- A planned agriculture sub-division is required in the Dawson City Area and should be provided as part of the review of the Klondike Valley District Land Use Plan which is scheduled for 1998-1999.
- The exact process by which OCP's can set aside agriculture zoning needs to be thoroughly understood before applications within communities can be assessed.

2.3 Planned Agriculture as a component of planned land disposal

The agriculture land disposal process made its first designated land offering in 1996 when seven lots were made available on the Takhini Hotsprings Road. The parcels in this case illustrate perfectly the problem identified above regarding the confusion between rural residential land and small scale intensive agriculture. The agriculture land disposal program will inevitably be used to satisfy a number of different needs if it is the only rural land program available. There must be complimentary rural residential, and even a cottage or recreation lot program in order for the agriculture land program to free itself of being perceived as the only way to obtain land.

The agriculture land disposal program is committed to moving towards a planned agriculture disposal process. It is clear, however, that without other land programs to clarify the land availability situation the agriculture land disposal program will not be able to deliver land confidently to people wanting to farm. Further, even with the addition of other options for people attempting to acquire rural land, there needs to be some way for the agriculture land program to target those individuals or companies that show a promising business plan, a strong operational need and even strong perseverance in their quest for agriculture land.

Recommendation:

- Investigate options for targeting government initiated land offerings to optimal proposals rather than those meeting minimum requirements.

Footnote:

D. W. Carr, 1968

- While there may be some role for part-time farming, neither it nor “ordinary” farming, were likely to be profitable. No real contribution to economy.

By 1968 the amount of agriculture in the Yukon had dwindled.

The interest, however, was there.

1970's saw an attempt to define agriculture in meaningful terms for the Yukon.

Themes:

1. Peake and Walker endorsed lifestyle.
2. Orderly development emphasized.
P&W proposed ADC as way of promoting orderly development. Ad hoc development discouraged, land use planning advocated.
3. Quest for an economic justification began in the late 1970's. Recognition that lifestyle was too weak a reed upon which to hang an industry. Although the lifestyle component to agriculture land disposal has never been abandoned - witness the 1991 policy - an agriculture food policy tried to rough out a course for the industry to follow. Import replacement became the approved model for an agriculture industry in the Yukon by the early eighties.