

YUKON DEVELOPMENT STRATEGY

AGRICULTURE AND FOOD

Y U K O N · 2 0 0 0

Building the Future

Agriculture, Food Processing, Food Distribution

Yukon 2000: Sectoral Review

86 10 02

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1.0 Historic and existing sector description

It is thought that Yukon agriculture had its beginnings in 1873 when the gold seekers arrived. During the gold rush of 1896 - 1899, several thousand acres of land was sown to vegetable and forages required to supply a population in excess of 30,000. As the gold rush subsided, the population declined and correspondingly so did acreage under production.

Formal research was established in Yukon at two intervals. The Dominion Department of Agriculture established an experimental substation at Swede Creek in 1917. It was finally closed in 1925. In 1944, an experimental station was opened at mile 1019 of the Alaska Highway. This station was closed in 1968. Research at both stations clearly resulted in the following conclusion: that a variety of crops could be grown successfully in Yukon with yields and quality of produce comparing favorably with those obtained in the agricultural areas of southern Canada.

Currently there are approximately 30 full time and 75 part time farmers in Yukon. Estimates of crop acreage and livestock numbers are included in Table 1.

An estimated 37,752 acres are being used under grazing leases. In 1986, approximately 4500 acres of land have been improved for other agricultural purposes. Nearly 380 land applications involving 79,000 acres have been applied for but acquisition of new land for agricultural purposes have been severely limited since 1975.

TABLE 1

Estimate of crops and livestock in Yukon (1985)

<u>Crop</u>	<u>Acreage</u>
oat (greenfeed)	900
wheat	20
barley (grain)	145
forage (brome)	3000
vegetable	14
potato	<u>32</u>
Total	4111

<u>Livestock</u>	<u>Number of head</u>
horse	2500
cattle	500
hog	500
dairy	40
hen	4000
turkey	500
fryer	2500

2.0 Significance to Yukon economy

The economic value of agricultural production was estimated to be 1.3 million in 1985. The report entitled "Assessment of import substitution opportunities, 1986" estimated that Yukon imported \$45 million of food in 1985. A significant portion of this could be Yukon growth. Food imports represent the second largest drain on the economy.

3.0 Factors Affecting Growth in the Agricultural Sector

In the workshop, the agricultural sector was divided into three segments:

- I) Production - producers
- II) Marketing - wholesalers and retailers
- III) Utilization - consumers, restaurants, bakeries & butcher shops

Each segment of the sector included discussion on four topics. They were:

- i) factors constraining growth
- ii) priority of each factor
- iii) opportunities to reduce constraints
- iv) identification of agency which should facilitate opportunities to overcome constraints

I) PRODUCTION

For production, factors were identified as either Priority #1 - critically important, or Priority #2 important.

a) Priority #1 - critically important factors

1. lack of a large animal veterinarian

A large animal veterinarian is desperately needed. Currently, there is no vet available for livestock or wildlife.

The Government is currently advertising for a vet to service the agricultural sector. An alternative option is to explore the requirements to enable a European trained vet, presently living in Whitehorse, to set up business in Yukon.

This issue was identified as a joint private sector-government sector initiative.

2. lack of available agricultural land

There is a lack of agricultural land available for production. The solution is making more land available.

This should be a government initiative.

The government should not be applying the same requirements for obtaining land for all forms of agriculture. The requirements should reflect intended uses. For example, it makes little sense for a game farm operator to clear his land.

3. lack of available capital

It is difficult for Yukon producers to access capital for several reasons. These include:

- i) bankers have limited knowledge on the potential of Yukon agriculture.
- ii) there is a tendency for bankers to apply British Columbia loan criteria to Yukon. Yukoners have a much better track record than B.C. with regards to repayment of loans. Banks should qualify loans on the basis of Yukon statistics.
- iii) redesign the EDA program to better reflect the needs of the whole industry as opposed to just a small section. One suggestion was to shift it from a grant program to a loan program.
- iv) establish a Farm Credit Corporation office, either part-time or full-time, in Whitehorse.
- v) provide better farm financial management services to the farmer.
- vi) change the federal income tax system to recognize part-time farmers as eligible for the same tax breaks received by full time farmers.
- vii) clarify Yukon property taxes.

4. high cost of inputs

Inputs are available but at higher cost, reflecting the distance between supplier and buyer and limited buying power of Yukon farmers. One suggestion to overcome this constraint was the formation of a purchasing Co-op to bring in supplies.

Another barrier which adds to input cost is the fact that Yukon is not party to an interprovincial agreement exempting the transport of personal farm equipment from weigh scale fees (tariffs and duties). Special mention was made of the excessive British Columbia tariff and duty. It was recommended that the Yukon Government request that it becomes party to this agreement.

5. lack and high cost of farm equipment parts and services

The need for support services was discussed. Lengthy delays in obtaining machinery parts can be costly for farmers. However, the development of a service industry will reflect the development of our agricultural industry.

A suggestion was made that the formation of a buyers Co-op may be one way to expedite the process.

6. lack of storage facilities

The lack of storage facilities for produce is a constraint for certain segments of the

agricultural sector, namely the market garden component.

To address this constraint, most felt the government and private sector would have to co-operate. A suggestion made was that it should be privately owned but receive government financial assistance.

7. lack of profit

It is hoped that overcoming the various constraints to agriculture would enhance the profitability of this sector.

8. high cost of transportation within Yukon

The constraints of transportation reflect a producer's location in the Territory. With Whitehorse being the major market, the closer a producer to Whitehorse, the lower the transportation costs. A general concern is the limited expertise in Yukon for handling produce.

9. lack of co-operation from Government agencies

There is a need for open government which utilizes a "one window" approach for dealing with the public. For the industry, legislation is required to facilitate the industry while protecting the consumer.

The one window concept was identified as a Government handled constraint. The legislation concept was identified as a joint government-private sector initiative.

10. lack of meat inspection legislation and inspection services

There is a desperate need for a meat inspection legislation and inspection services especially for game ranchers. For example, there is a large potential export market for elk which cannot be accessed due to this constraint.

This was identified as a joint government-private industry initiative.

11. lack of legislation for wildlife farming

Legislation is required to facilitate the development of wildlife (more than game) farming. The legislation should reflect Yukon's need and essentially classify wildlife farming as a form of domestic farming.

This task was identified as a Government sector initiative.

12. small market size

The local market size is a given. In order for local producers to increase their share of the market they must overcome constraints listed in this section.

13. lack of processing of meat products

14. lack of acceptability of meat products by the market

This is due to lack of meat inspection regulations and services.

15. lack of a cheap source of protein for animals

There is a need for a cheap source of protein to sustain a potential meat industry.

b) **Priority #2 - important factors**

1. availability of technology and technology transfer

The Yukon has marginal agricultural capability with the exceptions of some crops. This fact underlines the need to stay informed of advancement in technology and to undertake research into northern agriculture.

The north must be innovative and take advantage of advancements in technology if it is to move ahead in the field of agriculture. Traditionally, Yukon has had limited access to information on the latest technology.

Several suggestions were made to facilitate the flow of information to producers;

i) better extension services

ii) ongoing research in Yukon

- iii) establish an agricultural research library
- iv) establish agricultural courses at Yukon College as well as with other formats such as seminars and extension courses
- v) extend Agriculture Canada's mandate into Yukon
- vi) make P.F.R.A. services available to Yukon
- vii) establish better links with Alaska and in the long term, link up with other northern nations
- viii) do not re-invent the wheel

Most of these suggestions were identified as Government initiatives with private sector input.

2. freer trade with Alaska

A potential export market is Alaska. "Freer Trade" may allow us to access this market. Current trade restrictions limit the availability of food wholesalers to sell into the Alaska market.

3. insurance

Only the Co-operators Insurance Co. provides farm insurance. The other insurance companies should be lobbied to provide similar insurance.

Crop insurance would minimize risk of production. Crop insurance should be explored by the Government sector.

II. MARKETING

In general, wholesalers and retailers stated that a merchant requires four factors to stay in business; quality, quantity, price and demand.

a) Priority #1 - critically important factors

1. continuity of supply and delivery on deadlines

This is the number one constraint facing marketers of Yukon produce. It takes 12 days for a grocer to receive delivery after placing an order to California. If a local grower agrees to deliver a product and then does not, the store loses favor with customers as there is a lag till southern product can be available.

Summer is most critical. Large volumes of produce are handled and demand very difficult to predict. For example, three tour buses can roll through Whitehorse on a Saturday morning and buy out Super Value produce.

Co-operative marketing strategy was identified as a method to overcome this constraint. Growers, marketers and Government could form a committee to keep lines of communication open between growers and marketers.

2. lack of storage facilities

Cold storage is required for year round supply of select produce. Potatoes, carrots, turnip, cabbage could be involved.

The suggestion that the structure should be built by the private sector received some support. Others supported the view that Government money would be required if it was to be built.

With greenhouses, there is potential for year round supply of select produce. An example is northern Alberta where high density hydroponic greenhouses are doing well.

The Yukon producer has only one outlet for his produce . . . Yukon. If he misjudges and over supplies, then he is in trouble. The problem will magnify as producers begin to supply a larger share of the market.

3. lack of grading

There appears to be a need for Yukon grading standards or at least clarification of grading requirements for the producer and buyer. This refers to both animal and plant products.

Grading was viewed as a Government responsibility with industry input in establishing the grades.

4. quantity of supply

Quantity is linked to the issue of continuity of supply. To have continuity of supply requires a certain volume of produce.

b) **Priority #2 - important factors**

While the following factors are critically important to Yukon marketers, it was felt that they posed less of a constraint, presently, than the previously mentioned Priority 1 items.

1. quality of supply

So far, the quality of Yukon produce has been good. It was generally agreed that if Yukon produce is identified as "Yukon grown" it will sell. It was agreed that promotion of "Yukon Grown" should be a joint private-Government initiative.

2. price of produce

Price was currently not a major constraint for marketing Yukon produce. Price is somewhat flexible given good quality.

3. transportation

Not a major constraint for the marketing representatives.

III. UTILIZATION

For utilization, factors were identified as either: Priority #1 - critically important: or Priority #2 - important.

a) Priority #1 - critically important

1. lack of quantity and promotion of "Yukon Grown"

This appeared to be the major constraint regarding the purchase of Yukon produce.

It was felt that the private sector be involved with increasing levels of production.

Better promotion of "Yukon Grown" was also recommended. It was suggested that this could be a joint private-Government initiative.

2. lack of continuity of supply

Lack of year round supply of Yukon produce is another major constraint.

One suggestion was that a co-operative marketing board may help maintain continuity of supply.

3. lack of marketing information by producers

A number of factors were outlined under this general heading.

i) Farmer's markets have enjoyed only limited success for various reasons: poor timing,

poor weather, lack of a roofed facility and lack of producer interest.

There was a suggestion that there is a role for Government to assist in the establishment of a Farmer's market.

- ii) Much more needs to be done to educate the producer on marketing his product. Produce appearance, packaging and market focusing were factors discussed.

Seminars involving Government and private sectors was recommended to overcome this constraint.

4. lack of marketing information by retailers

A better informed retailer would help sell Yukon produce. Increased attention to display and care for fresh produce were major factors identified.

This was identified as a private sector initiative.

b) Priority #2 - important

1. price

Price was not considered a major constraint for purchasing Yukon produce. A consumer is interested in availability, quality and then price. However, consumer resistance will be reached if prices are too far out of line.