

Executive Summary

Background and Purpose

Agriculture has traditionally been a dominant land use and economic force in both the City of Kawartha Lakes and the Greater Peterborough Area. Agriculture and agriculturally related businesses generate significant economic activity through direct and indirect employment and through the buying and selling of products, goods and services.

To better understand the industry, and plan for its future, the Economic Impact and Development Study Steering Committee commissioned this study of agriculture within the geographical boundaries of the City of Kawartha Lakes and the County of Peterborough. In recognition of their common interests, the two regions agreed to work together on this important initiative and so the steering committee was comprised of representatives from both the City of Kawartha Lakes and the Greater Peterborough Area.

The study objective was to assess the importance of agriculture to the area economy. In doing so, a profile of the agriculture and agriculturally related businesses was prepared and issues including the societal value of agriculture, labour market trends, human resource issues and economic opportunities were examined.

The Land Base

The physiography, soil capability/suitability and climate that characterize Kawartha Lakes and Peterborough combine to create a valuable agricultural area. Specifically, the southern parts of Kawartha Lakes and Peterborough contain areas extremely well suited to supporting traditional agricultural commodities such as cash crops, livestock and dairy. The northern sections of the study area contain predominantly Class 6 and 7 soils associated with the Canadian Shield and tend to be dominated by cattle, livestock, nursery and maple syrup operations.

There is an existing policy framework in place in the study region that addresses the preservation of agricultural land. As in other areas of the province, some of these policies are dated and not always effective in the face of development pressure. Currently, there is a unique opportunity to create a set of policies that will be effective in protecting agricultural land. The coincidence of a new Provincial Policy Statement, the Greenbelt Plan, the Places to Grow Act, a new County Official Plan, a new City Official Plan, and an ongoing political commitment to the agricultural community, creates an environment where new directions are possible.

As the process to update the policy framework for Kawartha Lakes and the Greater Peterborough Area unfolds, agriculture needs to be a major factor in decision making. Hopefully, by providing this snapshot of the industry at a point in time, and quantifying its contribution to the area's economy, this report will be an helpful tool in establishing policy that will support agriculture.

Agricultural Profile

The Kawartha Lakes / Peterborough area contributed approximately 2% of the gross farm receipts generated in Ontario in 2001. According to Statistics Canada, in 2001 there were 2,718 farms in the

study region, occupying 620,000 acres and generating approximately \$156 million in gross farm receipts. In terms of productivity in 2001, the region generated average gross farm receipts of \$251 per acre. These ranged from a high of approximately \$450 per acre in Asphodel-Norwood to a low of less than \$50 per acre in the most northerly parts of the region.

The major commodity groups in the study region, based on percentage of total gross farm receipts, include cattle (beef) (32%), dairy (28%), poultry and egg (8%) and wheat/grain and oilseed (7.6%). This commodity mix is fairly consistent across the region with the one anomaly being Manvers in Kawartha Lakes, where hog and miscellaneous specialty are prevalent and dairy is not a factor.

Over the past fifteen years, the face of agriculture in the region has not shifted dramatically. A review of the percentage distribution of gross farm receipts confirms that dairy and cattle have always dominated the agricultural profile. Over time, poultry has increased slightly, cash crop has remained fairly constant and hog has declined.

Overall, the face of agriculture in Kawartha Lakes / Peterborough is reflective of the nature of the resource on which it is based. The physical characteristics of the area lend themselves to livestock operations, the dairy sector benefits from access to a strongly established agricultural service network and the terrain dictates smaller field sizes which support mixed operations.

There was a consistent decline in the number of farms across Ontario during the period from 1971 to 2001. This decline was slightly less pronounced in Kawartha Lakes and Peterborough, where between 1971 and 2001, 931 farms disappeared (479 farms in Kawartha Lakes and 452 farms in Peterborough). This represents a 25.5% decline, as compared to a 37% decline at the provincial level. Historically, in Kawartha Lakes and Peterborough, the number of farms fluctuates up and down in small increments indicating that these areas are predominately stable farming communities. Between the census years of 1996 and 2001, the data showed a decline of 361 farms. This represented an 11.7% decline, somewhat higher than in Ontario as a whole where the number of farms declined by 11.5% during the same period, and somewhat lower than in the Central Ontario Region where the decline was 14.1%.

A review of the change in the number of farms from 1971 to 2001 does not necessarily provide a true indication of changes in the scale of the industry. Rather it provides an indication of the shift that is taking place in the size of farm operations. Overall there is a trend in agriculture toward larger farms and rationalization of operations. In the combined area of Kawartha Lakes / Peterborough between 1971 and 2001, the number of acres classified as farmland declined by 121,418 acres. This represents a 16.4% decline as compared to the provincial decline of 15.4% and a 24.0% decline in the Central Ontario Region.

Between 1971 and 2001, the number of acres classified as farmland declined by 60,239 acres in Kawartha Lakes and 61,179 acres in Peterborough. The loss in terms of actual area for Kawartha Lakes is similar to the provincial average and lower than the Central Ontario average; whereas in Peterborough the loss is greater than the provincial average but lower than in the Central Ontario region. The numbers reflect the fact that neither area experienced extraordinary changes in comparison to other parts of the province.



In 2001, 33% of the land being farmed in Kawartha Lakes and Peterborough was rented. This percentage is on par with the provincial average of 31% and the Central Ontario Region average of 33%.

Economic Impact

Agriculture in the Peterborough / Kawartha Lakes generated more than \$155 Million in gross farm receipts in 2001. Assuming this to be a benchmark for current activity in the region, it can be concluded that agricultural activities will generate the following impacts on an annual basis:

- a total impact in excess of \$353 Million (\$85 Million in direct impacts, \$207 Million in indirect impacts and \$62 Million in induced impacts); and,
- a labour income impact in excess of \$56 Million.

The importance of agriculture in Peterborough / Kawartha Lakes is clearly illustrated by the fact that for each one dollar reduction in the output of any of the top five commodity groups there will be, at minimum, a two dollar reduction in total regional economic output. Any industry with a multiplier in the neighbourhood of 2.0 should qualify for significant policy attention. Agriculture and its various components in the study region all possess such multipliers. This confirms that the industry represents a key sector in the regional economy, and one which should be monitored, nurtured and protected.

The agricultural economy in Peterborough / Kawartha Lakes is made up not only of farms (primary producers) but also of businesses associated with agriculture. These businesses are providers of agriculturally related goods and services or processors of agricultural product. Broadly defined, these include manufacturers, wholesalers and retailers of agricultural products. Although not involved in primary production, these businesses are an integral part of the agricultural economy.

Peterborough and Kawartha Lakes contain numerous businesses that service the agricultural sector, many of which have been in business for considerable time. Included in these businesses are some very large corporations with either head offices or national head offices located in the study area. When asked why this was the case, the responses noted the attractiveness of the area as a place to live and work, and the well established nature of the agricultural industry. Also cited as an important factor, was the acceptance of agriculture and agricultural practices as part of the environment.

The Peterborough / Kawartha Lakes area is well serviced by farm service industries such as feed and farm supply, large animal veterinarians, farm equipment and services. In fact, the comprehensive nature of the service sector is striking. Relationships with the agricultural sector and other agriculturally related businesses are important within each of Peterborough and Kawartha Lakes but there is also surprising strength in relationships outside of the area, provincially, nationally and internationally. This bodes well for expansion of businesses and attraction of new businesses to the area.

The surveys and analysis conducted for this study confirm that the agricultural economy is a critical part of the economic structure of the area. In fact, agriculture and tourism are the leading economic sectors and ones that have potential to grow. Interconnections between tourism and agriculture are well developed in the study area, to the benefit of both sectors.

Social, Cultural and Environmental Benefits

The benefits of maintaining a strong agricultural community include:

- Control over food security, quality and safety;
- Ability to respond to changing cultural demands for variety in food;
- Enhancement of the environment through careful agricultural management techniques;
- Preservation of biodiversity;
- Preservation of our history and traditions;
- Opportunities for alternative lifestyle and employment choices that are land based;
- Provision of recreational opportunities for non-rural residents; and
- Support for a strong agri business economy.

These benefits are not easily quantifiable and are often ignored in economic analysis. However these are benefits that improve quality of life and make an area a desirable place to live. The presence of a healthy, vibrant agricultural community in Peterborough / Kawartha Lakes enhances its attractiveness for all residents. Recognition of the multifaceted value of the agricultural land base and implementation of policies to allow agriculture to flourish, is of benefit to all residents of the area.

Human Resources

In 2001 there were 3,795 farm operators in Kawartha Lakes / Peterborough, and 4,780 people¹ employed in the agricultural sector. The average age of farm operators was 52.2 years.

Training needs for agriculture are multifaceted and are catered to by a number of institutions. Interviews with farmers confirmed that there is potential for apprenticeship and cooperative programs. In addition to primary training needs, there are numerous ongoing training requirements for farmers to ensure that they remain current with ongoing development associated with pesticides, nutrient management, veterinary medicine and equipment operation.

One of the largest challenges for the agricultural community is to ensure that there is informed understanding of modern agriculture in society generally. As Canada has moved from a rural to an urban-based society the understanding of the rural lifestyle and the opportunities it has to offer have also declined. This acts as a natural barrier to the involvement of non-rural residents in the agricultural industry.

Conclusions

Agriculture in Peterborough / Kawartha Lakes is a major component of the economy and is consistently acknowledged in municipal plans and strategies as one of the areas leading economic sectors. There is a strong well-established agricultural tradition that has evolved from, and reflects the historic development of the area. The agri business network that supports the industry is strong and comprehensive and serves a market much larger than the study area.

¹ Standard Industrial Code

Although the traditional agricultural sectors, dairy and cattle (beef), continue to dominate, their percentage share of the area's total gross farm receipts declined from 69% in 1986 and to 60% in 2001. Growth in the percentage of gross farm receipts generated by other sectors, including "other livestock" and "horse and pony", sectors that the economic impact assessment identified as particularly "propulsive" in stimulating the area economy, accounted for the shift. There is also evidence of increased activity in catering to newly evolving and niche markets. This is a healthy sign of the entrepreneurship that characterizes agriculture.

The Greater Peterborough Area and the City of Kawartha Lakes are areas with strong agricultural tradition. Management of the resource coupled with progressive economic development policies should allow this resource to adapt and flourish.

The Greater Peterborough Area and the City of Kawartha Lakes are blessed with an outstanding agricultural resource that is worth protecting and promoting. Currently agriculture generates in excess of \$409 million in annual economic activity in the study region and is associated with a broad range of related businesses. Although not without its issues, the agriculture sector in Peterborough / Kawartha Lakes is a critical component of the area's economy. Both the agricultural sector and the agriculturally related economy have potential to grow and diversify.

The face of agriculture is changing. Innovative practices are leading to new products and improvements in traditional sectors. Increasing interest in innovative food and natural products is opening new markets and opportunities. The study region, with its established agricultural base and strong support infrastructure, is well positioned to take advantage of these opportunities. Continued support and promotion of this world class, naturally based industry as part of the regional economic development strategy for the 21st century would be both appropriate and progressive.

Recommendations

To capture the potential and prevent decline in the agricultural sector in Peterborough / Kawartha Lakes, the following actions are recommended.

Economic Development

- Strengthen the economic development function that is specific to agriculture.
- Compile a comprehensive inventory of available farm services to be used as the basis for a campaign to promote Peterborough / Kawartha Lakes as a farm service area for farmers outside of the region. Monitor this inventory on an ongoing basis to ensure that the service sector continues to meet the needs of area farmers. Where problems or weaknesses are noted; take immediate steps to address them.
- Encourage partnerships between local producers and local processors.
- Identify alternative and niche markets and assist local producers in catering to and accessing them.



- Co-ordinate the various agri tourism programs in the area to prevent confusion and duplication. Make efforts to promote agri tourism as a priority.

Land Use Planning

- Implement strong land use policies to support the agricultural industry and respond to growth pressures from the Greater Toronto area.
- Co-ordinate planning and economic development initiatives so they are mutually supportive of the agricultural sector.
- Do not permit non farm uses and residential development in predominantly agricultural areas. Rigorously uphold both the right to farm and to follow standard agricultural practises in rural areas where there are existing non farm uses or lots.
- Designate large contiguous agriculture areas in planning policy to prevent fragmentation of the land base. Where non prime land is located in proximity to prime land include it in the agricultural designation to protect the integrity of the agricultural area.
- Permit agriculturally related, value added operations on farms subject to controls to ensure the agricultural use dominates.
- Vet land use and other decisions affecting agriculture through agricultural advisory committees to ensure that the needs of the agricultural sector are addressed.
- Strengthen the role of agricultural advisory committees where they currently exist; and create them where they do not.

Extension

- Encourage senior levels of government to implement programs to improve financial stability for farmers and provide access to affordable investment capital, retirement funds and entry level support for new operators.
- Maintain an up-to-date inventory of farm oriented programs, workshops, seminars and information sessions. Work together with Provincial farm agencies and government to co-ordinate programming.
- Establish mentoring programs linking experienced farmers with new farmers.

Education

- Encourage educational institutions at the elementary, secondary and post secondary levels to offer programs related to agriculture in their curriculum both to inform their students and to promote careers in agriculture.
- Work with post secondary institutions to identify and implement research and training programs that draw on and support the local agricultural sector.

Awareness and Promotion

- The information contained in this study should be widely disseminated so it becomes the base for programs and policies to support agriculture.
- This report and the recommendations contained within it should be endorsed by the Councils of Kawartha Lakes and Peterborough as the basis for a strategic plan to support agriculture in the area.



Source: John Field, 2004.