



PRINCE EDWARD ISLAND  
**FEDERATION** OF  
**AGRICULTURE**

**LAND ADVISORY COMMITTEE**

**Presentation Remarks**

**FEBRUARY 23, 2021**

## **SLIDE 1**

Mister and Madame Chairs, Members of the Committee,

Good Evening.

My name is Ron Maynard, and I am President of the PEI Federation of Agriculture. I am also a dairy farmer from Port Hill where my family operation milks 140 Holsteins upon the same land my family has been farming since 1822.

With me today is Robert Godfrey, our Executive Director.

I want to thank this Committee for the invitation to share this presentation.

## **SLIDE 2**

The PEIFA is the largest general farm organization on the Island with 15 different commodity organizations and 550 direct farm operations representing over 85 percent of the farming community.

## **SLIDE 3**

We have come today after surveying the members, and reaching out to the commodity organizations to have an honest conversation about land. We have gone to our Membership as a whole to understand what is important to them.

The PEIFA supports the Lands Protection Act and much of the regulations that give it force. We need the LPA in order to have a viable land base for family farms in this province.

We are not here today to ask that it be struck down. We believe its foundations are strong but it needs improvement. We are here to lay forth our thoughts on how Government can improve and expand to the benefit of the farming community.

## **SLIDE 4**

### **HISTORY**

We know that much of this conversation stems from the mid to late 1700's and 1800's when many of the land owners were not Islanders themselves. The Absentee Landlord issue that plagued much of that time period is a stark reminder of why the LPA exists in the first place. A historical search of the origins of the LPA can be traced as far back as 1875 when the Compulsorily Land Purchase Act was first passed. That legislation, now 146 years old, limited land holdings at 500 acres.

Numerous Acts surrounding land were passed on land limits, Islanders rights versus non-Islanders rights while numerous changes happened both societal and otherwise between 1875 and 1982 when the LPA was finally enacted. But in all that time, the need to regulate property rights and protect Islanders right to own and control the land base of PEI was consistent. It is important to remember that when the Government of Canada patriated the Constitution and created the Charter of Rights and Freedoms in 1982, property rights were successfully removed from the final draft at the behest of the PEI Governments of the day. Land holdings and the restrictions therein have long been seen by successive Governments of PEI as an issue that needed Provincial control.

However, despite this, it's also important to note, as Horace Carver does in his final report in 2013 – enforcement has always been inconsistent and this continues.

## **SLIDE 5**

### **RESOURCE LAND**

Land is viewed by the PEIFA as the Islands most important resource. With no oil or other natural resources, land is by far the most valuable in terms of economic growth. Agriculture, the Province's number one industry, regularly brings in over \$520 million into the PEI economy, and much of that comes from the approximately 570,000 acres in production.

Drive down any back road on PEI today and you will find strings of homes – strip development. I should also note that according to the Government's folks in Municipal Affairs, that there are approximately 30,000 approved lots on the Island today where there is no dwelling but could be at anytime. The Government has little power today to stop it.

We believe the importance of land is such that we propose that the Government of PEI open up the Planning Act and deem farmland to be "Resource Land". This would carve out farmland and allow the Government to place specific regulations related to it that encouraged, if not enforced, the need to keep the land in production.

We propose that all land in the Province be classified – Residential/Municipal, Recreational/Conservation, Industrial/Commercial and Resource Land (agricultural/forestry). For property to be reclassified, it must go through a rigorous process that justifies to the Province why the reclassification is being requested and how it will benefit the Island as a whole. When this is applied to Resource Land for example, it gives the Government the power to ensure agriculture land stays in production in a far more effective way than today.

We also look at the Municipal Governance Act that was passed a few years ago. It mandates every municipality to develop a Land Use Plan by 2023. We had a consultant contact the PEIFA only two weeks ago out of Ontario, who has been contracted by Three Rivers to develop their plan. The Federation has long told Government that agricultural land use planning must remain at the Provincial level. 25 or more land use plans around agriculture, when farms often cross municipal boundaries, causes concern. This further highlights the need to classify agricultural land as Resource Land and ensure we do not have farmland being subject to growth areas in future land use plans by newly incorporated and rural municipalities.

There is even the possibility within Resource Land classification that land use policies can be introduced to encourage soil health, and the use of modern best management practices for specific crops. We must remember in this land review that we should consider more than just ownership. Land protection includes the land itself.

## **SLIDE 6**

### **ISSUES**

With Resource Land in mind, we consulted our members and found a common set of themes or issues that we want to point out today:

1. Affordability
2. Ownership of farmland
3. Land limits
4. Enforcement of the Lands Protection Act

## **SLIDE 7**

### **ACCESS TO AFFORDABLE FARMLAND**

We know that land availability is scarce. Because it is scarce, we also know it is increasing in value. According to the Farm Credit Canada Farmland Values report released in September 2020, Prince Edward Island has seen land values increase every year since 2010 at an average of 8.2 percent a year. To put this in perspective of how serious of a problem this has become – in the previous eight years to 2010, land values actually decreased -2.1 percent. The affordability of farmland has never been more stark or more serious.

In terms of dollars – land in PEI that was once going for \$2500 - \$3500 an acre in various parts of the Island, is now going for as high as \$6000 an acre. To get that value out of a large parcel of land at that price, you need to mortgage the next generation on an existing operation. For a young farmer or a new entrant to farming, those prices are acting as barriers, and the problem is only growing.

## **SLIDE 8**

Classifying farmland as Resource Land will help with this issue. Keeping land in production takes a certain segment of bidders out of the equation. It does not solve the problem, but let's potential buyers and sellers understand that the value of this land is about its ability to be profitable from a farming lens only.

What is further needed is a mechanism that allows people to purchase affordable land while also ensuring the owner gets a fair return. We look at such things as “lease-to-own” models, or similarities along those lines. We understand that the Province is not prepared to go back to the days of the Land Development Agency – nor do we want the Government to necessarily own large swaths of farmland – but perhaps Finance PEI has a role to play here. Are they able to absorb the tax implications experienced by both the buyer and seller of resource land? Are there other tax incentives or interest free loans that can be utilized by younger farmers and new entrants that allows them to purchase land in a way to is attainable? We must do what is necessary to ensure farmland is affordable to the next generation of Island farmers.

## **SLIDE 9**

### **OWNERSHIP OF FARMLAND**

The LPA was designed as a way to ensure that land was accessible and available to Islanders first and foremost; to guard against foreign interests and the absentee landlord issues we experienced so many years ago. In the last 40 years, this has been challenged and continues to be even today.

We need to be more vigilant as a Province when it comes to purchases of large land holdings by large foreign entities and speculators. We see large corporations buying up land and circumventing the LPA and it gives us great worry.

In addition, there are common entities in certain areas of this province that appear to be using foreign dollars to purchase large swaths of farmland and place restrictions on how the land can be farmed. If you drive in this eastern part of PEI, outside of Montague, you will find fields growing up in weeds. This is being allowed at a time when land values in that part of PEI are skyrocketing up over 28 percent in one year?

## **SLIDE 10**

Classifying it a Resource Land, again will help this problem. If a stipulation requires that the land stay in production – you can't have it growing up in weeds or you need to divest for example. Our goal is to ultimately leave Agricultural Resource Land in the hands of primary producers – individual family farms. We look at the situation in New Brunswick where large hedge funds such as the Ontario Teachers' Pension Fund is purchasing farmland and leasing in back to farmers. This is exactly what we have been trying to avoid.

We also understand the Government is looking at bringing in the Land Ownership Transparency Act and this will help as well. Make those buying land to show the money trail and the main benefactors of the land purchase. We ask this Committee to recommend to Government that this legislation be tabled as soon as possible.

## **SLIDE 11**

### **LAND LIMITS**

The PEIFA does not have a consensus when it comes to the question of land limits. We believe land is our most valuable resource, and the priority is about keeping it available and in production.

It can be argued that land limits create land quotas and this distorts the market. No other jurisdiction in Canada faces this similar disadvantage, and in some cases it puts farmers at a competitive disadvantage. It is known that there are many farms on the Island who are close to the limits and are seeking scalability in a World where "bigger" is not necessarily "better" – but necessary when it comes to tight margins and the need for economies of scale.

At the same time, there is a fear that raising these limits will inevitably drive the price of land up as producers compete for additional acres and the problems of affordability already outlined earlier – will only worsen. It is a fine line in today's market.

Having said that – times change and there will come a day when these limits will need to rise.

The PEIFA conducted a Business Risk Management Study in 2018. The number one risk identified by producers was scalability. Farms will need to grow. The average size now hovers around 425 acres a farm and this has been increasing. In the grand scheme of our competitors regionally, nationally and internationally our Island farms are small.

The PEIFA encourages this Committee to recommend the LPA's land limits be reviewed every 5 years.

## **SLIDE 12**

### **ENFORCEMENT**

According to the Carver Report, despite the multiple Acts on land over time, there have always been compliance problems and little to any evidence of it them being enforced. This needs to change.

Since its enactment, there has been various changes around the definition of land holdings as well as the powers of the Islands Regulatory and Appeals Commission (IRAC) which was established in 1991 to enforce the LPA. In 1992, IRAC's enforcement powers were curtailed. They were to recommend and provide advice to Executive Council who now has the final say.

The sale of Brendel Farms is the latest in a long list of times when the Act was circumvented for the betterment of a large land holder. There is a longer list of times when the Act was not enforced at all.

When we surveyed enforcement of our members, it was viewed as poor. When we asked what level of enforcement they themselves were willing to accept, they answered well enforced.

### **SLIDE 13**

The letter of the law has been viewed as a set of guidelines over the years instead of actual laws that must be followed. I do not like to drive the speed limit, but I sure know that if I don't, I'm going to face consequences because society demands it be so. Why are the same principles not applied when it comes to the LPA? Society is demanding it be so, yet consecutive Governments and their Cabinets, have ignored or allowed questionable sales to go through despite the existence of the LPA.

Classifying farmland as Resource Land allows the Government to place stricter limits on how the land is sold, who is able to own it and how much of it. It puts a specific lens on farmland in particular and ensures those rules are enforced. Given its importance in economic production for PEI, placing specific farmland rules in the LPA through a classification system makes a great deal of sense.

This classification system could also make any resource land sales subject to approval by an oversight body that ensures it meet the rules and regulations therein.

The Federation will go so far as to suggest that Executive Council no longer be the decider of land deals pertaining to Resource Land. We propose the creation of a quasi-judicial body that is made up of IRAC, the Supreme Court of PEI and Government take on this role. The issue, to the Federation, is that significant. We need to be mindful of our history or we will simply repeat it....

To this end, we want to ensure future land transactions are regulated by the following main principles:

- The heart of the matter is a clear balance between transparency and privacy.
- A rigorous and well defined process to ensure Agricultural Resource Land stays in place for production – or is permitted for release and reclassified.
- Transparency. Our current model that relies on cabinet alone is not working.

We believe clear, unbiased administration and enforcement of the LPA will determine the legislation's future success.

### **SLIDE 14**

#### **CONCLUSION**

There is perhaps no greater issue facing the Federation this year than that of land. The PEIFA looks at the total acres of production, and the numbers that show it decreasing every time there is a census, and wonders at what point there will not be enough available farmland left to make the industry viable on PEI. It is why we keep going back to Resource Land. It needs to be a top priority.

The slide before you illustrates this point. It shows the steady decline of agriculture land under production. Since 1985, we have lost over 100,000 acres of productive land and this downward trend continues.

### **SLIDE 15**

The PEIFA and the farming industry need the LPA and need for all of us to get it right - because without it, we risk losing agriculture as an industry in this province in the future. The Federation thanks you again for your time and welcomes your questions.