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MEMORANDUM

TO: Jeremy Holm
Manager, Current Planning

DATE: February 28, 2012

FROM: Lainya Rowett
Senior Planner

FILE: 0360 20 AAC

SUBJECT: Agriculture Area Plan – Phase 1: Background Report

PURPOSE

To provide information to the Committee of the Whole about the completion of Phase 1 of the Regional District of Nanaimo (RDN) Agricultural Area Plan, the completion of a technical background report.

BACKGROUND

In January 2012, staff provided an update to the Board on the project activities and public engagement process for the RDN Agricultural Area Plan (AAP). Subsequently, the project Consultant, Upland Consulting, submitted Phase 1 of the AAP, a technical Background Report. The purpose of this report is to provide an objective historical profile and statistical analysis of agriculture and aquaculture in the RDN to inform the AAP. The report includes an overview of the following characteristics:

- history of local agriculture and aquaculture;
- biophysical resources (weather, hydrology, geology, soils);
- climate change impacts;
- socio-Economic trends in agriculture and aquaculture (employment, GDP contribution);
- agriculture and aquaculture profiles (Land Use Inventory; comparative analysis of Electoral Areas and member municipalities);
- competitive analysis of agriculture and aquaculture in the RDN (growing conditions; labour; costs; land use; supply management; marketing; farmers markets);
- explanation of the regulatory framework governing agriculture and aquaculture.

Phase 2 of the AAP, the Plan document, will build on this information and derive recommendations and implementation strategies to support viable local agriculture and aquaculture.

The following discussion highlights some key points identified in the "Regional District of Nanaimo Agricultural Area Plan Phase 1: Background Report" prepared by Upland Consulting and dated February 17, 2012, (as circulated).

DISCUSSION

The RDN is the second most populated regional district on Vancouver Island, after the Capital Region, accounting for 18% of the Island's population. Agriculture and aquaculture operations function as

important contributors to the local economy, yet they experience significant challenges, as expressed by individuals and stakeholders in the Public Consultation Summary Report, which was received by the Board in January. The Background Report (as circulated) examines numerous socio-economic and demographic trends between 1996 and 2006 for each of the RDN Electoral Areas, and concludes that there are opportunities to help improve the productivity and profitability of agriculture and aquaculture in the RDN.

The Background Report examines agriculture and aquaculture activities on lands located within the Agricultural Land Reserve (ALR) as well as lands outside of the ALR that have Farm Status through B.C. Assessment. The study area includes six electoral areas, which are directly governed by the RDN in terms of land use, but excludes areas governed by the member municipalities and the Islands Trust (Gabriola Island). Despite this exclusion, the information contained in this report is intended to inform local land use planning concerning agriculture and aquaculture within the RDN and its member municipalities.

In terms of its agricultural profile, farming in the RDN is best characterized as small-medium scale and non-intensive. The report notes that less than 30% of ALR land in the RDN is being used for farming purposes based on a recent Land use Inventory conducted by the project consultant in 2011. The most widespread crops grown include hay, forage, berries, and fruit trees. Beef cattle, small-scale poultry, and sheep are the most common livestock found in the region. A few dairy and pork operations also remain.

The report identifies that the most profitable farms (per hectare) in the RDN are located within Electoral Areas 'A' (Cedar) and 'E' (Nanoose Bay). In comparison to other regions on Vancouver Island, farms in the RDN are more profitable per hectare, than Port Alberni, but less profitable than farms in the Capital Region and Cowichan Valley. Farms in the Comox Valley reflect a similar revenue per hectare as those in the RDN. Despite the relative profitability of farms in the RDN as identified by key indicators, jobs on farms in the RDN decreased nearly 20% between 2001 and 2006, indicating a struggling industry and/or a lack of available farm labour.

While the region benefits from a moderate coastal climate and, in general, soils with high agricultural capability, the report concludes that agricultural production in the RDN has declined over the past twenty years. Farms are generally experiencing a near "break-even" point in profitability, though there is some variability throughout the region. Despite a low gross margin, the statistics reveal that as the total farm area under production has decreased in the RDN the revenue per hectare has increased over the past ten years, indicating that farms are intensifying their production as their land base under production decreases. Therefore, the level of agricultural production and the revenue generated from agricultural operations in the RDN has the potential for growth and diversification.

Aquaculture is highly productive along the RDN coast (e.g. Electoral Areas 'E' and 'H'); however, the report identifies that ocean-based shellfish operators face significant regulatory impediments to their expansion and development.

The Background Report (as circulated) further outlines these trends and identifies key barriers and opportunities for viable agriculture and aquaculture in the RDN, including:

- increasing transportation and fuel costs in shipping farm products to markets off the Island;
- increasing land prices jeopardize farm profitability and entry for new farmers;

- increasing operating expenses (e.g. machinery, fuel, fertilizer, feed, electricity, seed, etc.);
- labour shortages;
- increasing in age of farm operators (average 55 years old in the RDN in 2006) and farm succession issue;
- regulations limiting the ease of processing farm products locally;
- lack of venue(s) to encourage or facilitate a year-round market;
- under-utilization of agricultural lands indicates significant potential for production increases;
- multi-faceted regulatory framework for aquaculture restricts new and expanded operations.

ALTERNATIVES

This report is being presented for information only.

FINANCIAL IMPLICATIONS

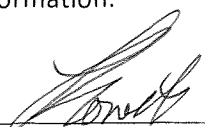
As discussed in this report, the Background Report comprises Phase 1 of the RDN Agricultural Area Plan. Phase 2 will consist of the Plan, including a variety of recommendations and implementation strategies for consideration by the Board. The financial implications of these recommendations will need to be reviewed by the Board as part of the Board's decision on implementation of the Plan. The draft Plan will be forwarded in the spring to the Board for its consideration

SUMMARY/CONCLUSIONS

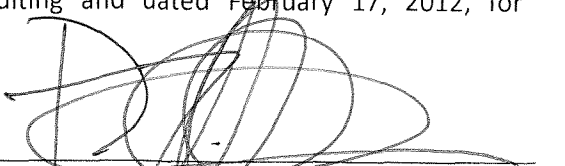
The project Consultant has completed Phase 1 of the RDN Agricultural Area Plan (AAP) with the completion of a technical Background Report. The report identifies key trends between 1996 and 2006 in the socio-economic and demographic characteristics and profiles of agriculture and aquaculture industries within RDN communities. The report concludes that there are significant challenges and opportunities to improve the productivity and profitability of local food production. These observations will be used to inform Phase 2 of the AAP, the Plan document, which will include recommendations and implementation strategies to support viable local agriculture and aquaculture in the RDN.

RECOMMENDATION


That the Committee of the Whole receive the "Regional District of Nanaimo Agricultural Area Plan Phase 1: Background Report" prepared by Upland Consulting and dated February 17, 2012, for information.



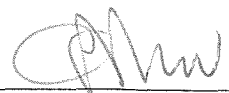
Report Writer



General Manager Concurrence



Manager Concurrence



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