BACKGROUND AND PURPOSE

The Holland Marsh[1] is one of two "Specialty Crop Areas"[2] in Ontario and a recognized producer of a significant percentage of the vegetables grown in the province. Despite the importance of the Marsh as a provincial agricultural resource, there is a lack of specific information about the agriculture that occurs there or the economic impact this activity has on the provincial economy. This report addresses this lack of information.

Funded by the Friends of the Greenbelt Foundation, this report commences with a description of the land base of the Marsh. This is followed by a profile of agriculture in the Marsh, which then forms the basis for an economic analysis to calculate the financial contribution that primary production in the Marsh makes to the provincial economy annually. Finally the report addresses the issues, challenges and opportunities associated with production in the Marsh.

ECONOMIC IMPACT

The Holland Marsh generates substantial economic activity in the form of industry output, labour income and value added operations; all of which have a significant impact on the Ontario economy. Based on a range of probable values, the significant stimulatory effect of primary production activities in the Holland Marsh generate annually in the range of $35 to $58 million in Gross Domestic Product[3]; and between $95 million and $169 million of economic activity in the provincial economy.

LAND BASE

The Holland Marsh as referred to in this study, is the area designated as a "Specialty Crop Area" by the Province. Covering approximately 18,200 acres, the Holland Marsh is comprised of the Bradford and Keswick Marshes. Sixty percent of the area is in agricultural production, the remaining 40% is wetland. The majority of the agricultural component was created in the 1920's with drainage operations commencing in 1925.

PROFILE OF THE HOLLAND MARSH

In contrast to trends in other parts of central Ontario, the area under production in the Marsh increased between 2001 and 2006. Average farm size also increased and both total gross farm receipts and average gross farm receipts per acre rose. Although the majority of production is focused on carrots and onions, the production profile in the Marsh is becoming more diverse. The breakdown of area for the main product types is illustrated in Figure 5. In excess of 34 products were reported as being grown in the Marsh in 2006.

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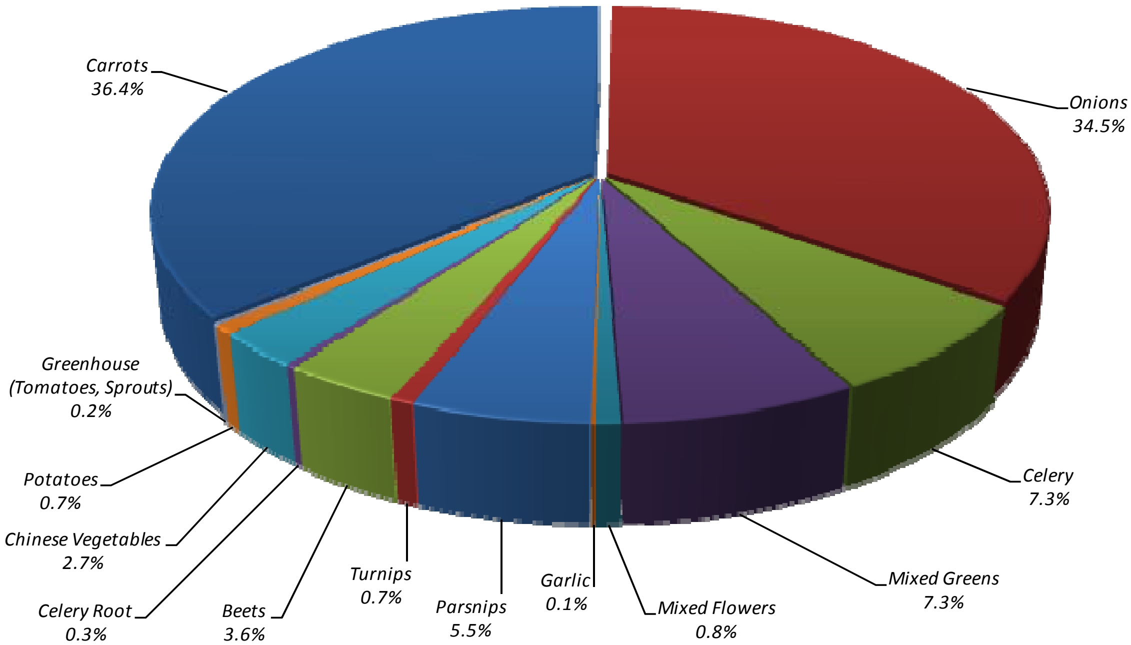
[1] For the purpose of this report, the Marsh is comprised of two components, the Bradford Marsh and the Keswick Marsh, both located along the course of the Holland River.

[2] Designated under the 2005 Ontario Provincial Policy Statement.

[3] The GDP figure reported in Table 4 measures only the value added by producers in satisfying the direct, indirect and induced requirements associated with the operation of the Fruit and Vegetable cluster in the Marsh.

% of Area by Product Type **(Figure 5)**



The importance of Marsh production on a provincial basis is emphasized by the percentage of vegetable production that occurs there. Total gross farm receipts for vegetables in Ontario in 2006, were estimated by Statistics Canada at $372 million. Vegetable production in the Marsh for 2006 was estimated at $29 million by Statistics Canada based on percentage of area within the Marsh and at $52 million by the Growers. These statistics confirm that vegetable production in the Marsh in 2006 represented between 8% and 14% of the total annual vegetable production in Ontario.

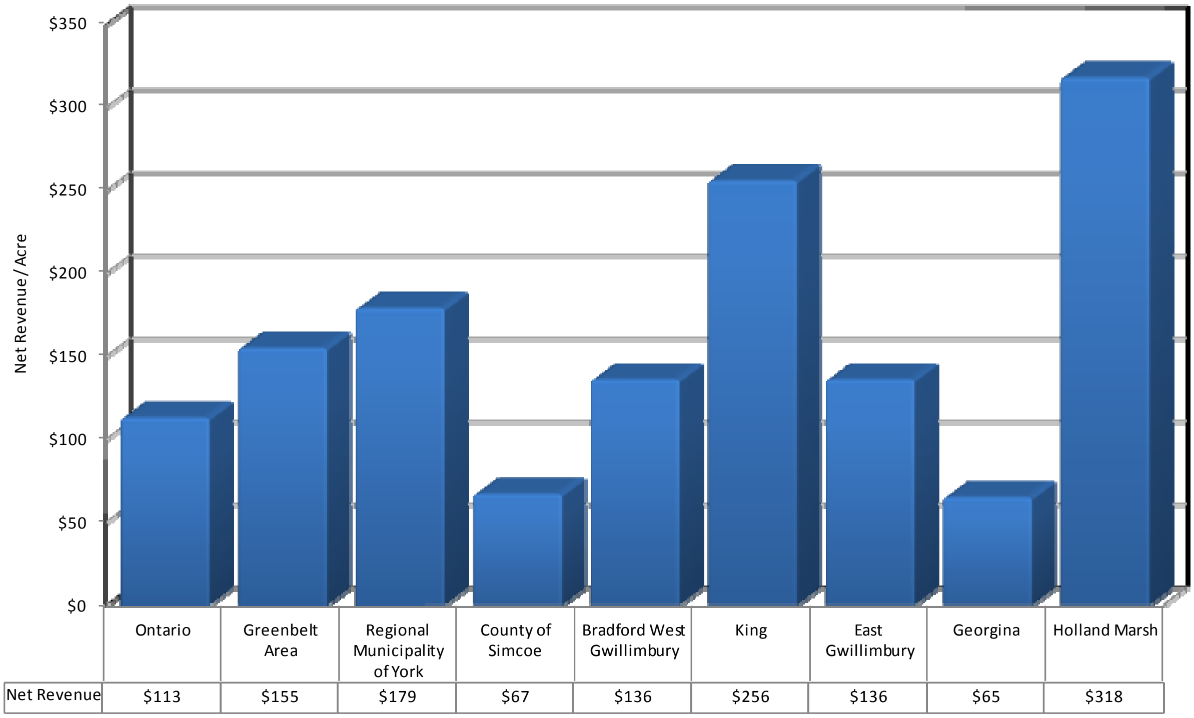
Production is dominated by family owned operations. The majority of operations are less than 70 acres in size but there is an ongoing decline in the number of small operations. Conversely, the number of operations in the larger size categories is growing.

In 2006, 44% of the land being farmed was rented, slightly higher than the 2001 rate of 43%. This rate is consistent with farm land rental rates in the GTA, lower than the rate in York but considerably higher than the provincial rate of 26%.

Greenhouses have a significant presence in the Marsh. In 2006, 457,805 square feet of production was under cover, a slight increase from 2001. The most significant change in greenhouse production between 2001 and 2006, was a shift in production from floriculture to vegetables.

Both gross farm receipts per acre and operating costs per acre are much higher in the Marsh than in Ontario or in surrounding areas. When the two values are balanced against each other for 2006 the average net revenue for the Marsh was $318 per acre; 2.8 times higher than the provincial average of $113 per acre. Average gross farm receipts per acre in 2006 were $2888 or 3.7 times the provincial average.

Net Revenue Per Acre ($), 2006 **(Figure 22)**



The average age of Marsh operators in 2006 was 53.5 years, as compared to the Ontario average of 52.6 years. The majority of farms reported more than one operator and the number of female operators is increasing. Although the average age of operator is high, the majority of operators are still in the age range from 35 to 54 years. As the value of operations rises the average age of the operators, drops.

TRENDS AND ISSUES

The value of production in the Marsh is rising and the range of products is increasing. Gross farm receipts per acre are more than double the provincial average and continue to increase. Operations are increasing in size, allowing operators to capitalize on economies of scale. Total farm capital is increasing. Net revenue per acre in the Marsh is higher than in surrounding areas but lower than in the other provincial Specialty Crop Area in Niagara.

Many of the trends in the Holland Marsh are consistent with what is happening generally in Ontario agriculture. Farms are getting larger but continue to be family run businesses with personal involvement in all aspects of the operation. Multiple family members are involved in the farm operations. Corporate farming of large acreages with absentee ownership is not a factor in Ontario nor is it a factor in the Marsh.

The average age of operators is rising and succession planning is not a priority. On a positive note, however, the statistics confirm that there are multiple operators on individual farms, many of whom are younger. There is also a decrease in the average age profile of growers for operations generating higher returns.

EXECUTIVE SUMMARY

The Muck Crops Research Station, dedicated to research to support muck farming, has been a significant resource for producers over time. The work done by scientists at the Station led to the introduction of integrated pest management systems to decrease the use of nutrients in the Marsh. Research at the Station focuses on the development of improved farming techniques and has significantly expanded the life expectancy of the Marsh. This facility continues to be of great benefit to growers.

Financial viability is an ongoing challenge for farmers and this is no different in the Marsh. The price paid for agricultural products has not kept pace with the increase in the price of inputs over the past 20 years. There is a trend of stagnant or declining prices which is apparent across the production profile for the Marsh. At a time of rapid increases in costs of fuel, fertilizer, machinery, instability in the value of the Canadian dollar, an increase in minimum wage, fierce competition from abroad and an increasingly concentrated grocery market, this is creating difficulties for farmers.

Although the rate of rental land is lower in the Marsh than in surrounding municipalities, at 42% it is relatively high. This could be symptomatic of the capital cost of acquiring land which is an impediment to expanding operations; or simply a disinclination on the part of current land owners to sell. Regardless of the reason, constraints on the supply of land restrict the ability of growers to expand. This is difficult when commodity prices are stagnant and a grower must expand or increase productivity to maintain their income. This problem is exacerbated in the Marsh as the area available for production is finite and environmental regulations are such that obtaining permission to bring additional land into production is extremely challenging.

Assigning a Specialty Crop Area designation to the Holland Marsh has added an additional layer of protection to the agricultural land use within its boundaries and has addressed some of the land use issues associated with the Marsh. However, although the “Specialty Crop Area” designation is helpful, there are still issues associated with both neighbouring uses and the extent of the area that can be farmed, which are impacting operators.

Due to the nature of the products that dominate Marsh production, the retail market for the produce tends to be concentrated in the hands of large retailers who sell in volume. In Ontario this means that the market is limited to three large retail conglomerates. This contributes to low prices for product, requirements to provide product continuously 12 months a year that are difficult to meet, and delays between shipping product and obtaining payment. Lack of a supply management system means growers are vulnerable to stiff international competition.

Agriculture and horticulture in particular, benefit greatly from certain types of infrastructure. Agricultural infrastructure including irrigation, three phase power and natural gas, support enhanced growing seasons and the use of advanced technology. Roads designed to facilitate the movement of farm equipment and manage traffic conflicts improve safety and ease of operation. At the current time there is an ongoing issue in the Marsh with commuter traffic using the local roads. Municipal support in addressing problems and providing agriculturally supportive infrastructure would help sustain this important area.

The horticulture sector is much more labour intensive than other types of agriculture. Therefore increases in minimum wage levels not offset by increases in the price of produce, have a much greater impact on what is already a challenging bottom line. Safety net programs which are meant to provide insurance for producers in difficult times are designed in response to the characteristics of agriculture in general and do not factor in the unique characteristics of the fruit and vegetable sector, such as higher costs for labour. This creates additional vulnerability for growers.

The current public interest in local food may provide an opportunity to diversify and develop alternative markets for the produce. However to take advantage of the demand for local food, growers must be able to access a mass market on a regular and reliable basis. While recent initiatives, including funding of more farmers' markets, are helpful; the effectiveness of such initiatives is limited.

OPPORTUNITIES

Despite the issues outlined above, the Marsh is an area of tremendous possibility. Although the Marsh is facing some challenges, it is a unique agricultural resource. As emphasized in this report, it is one of the largest concentrations of horticultural production in North America. As such, if the identified challenges are met, there are tremendous opportunities for growth and prosperity. At this time when the public is awakening to the importance of local food, the Marsh is the "salad bowl" for Ontario. With its outstanding growing conditions, skilled operators and proximity to market, it is taking advantage of the opportunity to raise its profile and increase its market. Although carrots and onions continue to dominate, currently there are in excess of 34 different vegetables grown in the Marsh. With the large, growing, ethnically diverse market in the GTA there may be an opportunity to further diversify and develop new markets.

Once a product is grown, it must be washed, packed, processed and moved before it can be sold. These activities are intrinsic to agricultural production and yet are uses which are often prohibited in agricultural areas by planning regulations. Regulations dealing with value added and retention operations in the Marsh should be reviewed and updated to allow facilities that respond to today's market and allow farmers the facilities to produce a table ready product to consume.

The Holland Marsh is fortunate to have an internationally recognized Research Station dedicated to its interests located within it. The establishment of the Growers' Association provides an opportunity to strengthen the relationship with the Research Station to the benefit of both parties. Growers will benefit from having relevant research to support new opportunities and the researchers will benefit from having support for research proposals to attract funding. In addition to the Research Station, individual growers have shown considerable ingenuity in developing equipment that supports the type of production that occurs in the Marsh. There may be opportunities to build on these successes and using this unique technology, manufacture equipment for a broader market.

CONCLUSION

The Holland Marsh is a unique and prosperous component of Ontario agriculture, "the crown jewel of horticulture", and the source of a significant percentage of the produce consumed in the province. In addition to making an annual, multimillion dollar contribution to the economy, this highly concentrated area, farmed by a skilled, specialized group of growers, has all of the attributes required to support food security in Ontario.

Despite its successes, the Marsh is experiencing pressures. As markets change, growers must adapt to new demands. With increasing pressure from escalating costs, stagnant prices, consumer issues and trade barriers, growers require informed and responsive support.

This study, by profiling the Holland Marsh, documenting its contribution to the provincial economy and highlighting opportunities and issues associated with it, is intended to provide a base for informed support. It is hoped the information and analysis contained herein will assist in securing a long and prosperous future for the Holland Marsh.