

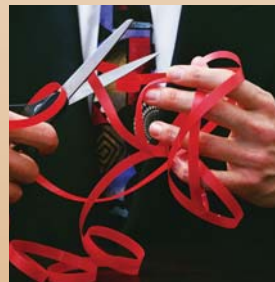
# Studies in Risk & Regulation



October 2009

## The BC Agricultural Land Reserve: A Critical Assessment

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## Executive summary

British Columbians have grappled with land use restrictions that rank among Canada's most severe since the Agricultural Land Reserve (ALR) was established in 1973. The rationale for denying citizens the full use of 4.7 million hectares of property has shifted over time, from rescuing the "family farm" to preserving "green space" and, most recently, protecting the "local" food supply. The costs of this social engineering, which include soaring housing prices resulting from a scarcity of land for development and the incalculable loss of property owners' economic freedom, are substantial. This paper examines some of these costs in order to promote a re-evaluation of the government's excessive interference in the agricultural sector.

Champions of the ALR claim that the land use controls are necessary to ensure a "local" food supply. But BC consumers have shown an undeniable preference for greater choice. The vast majority of BC consumers buy great quantities of imports and base their purchase decisions on a range of legitimate factors, including price, variety, and convenience, rather than product origin alone. Indeed, after three decades of the ALR regime, BC farmers produce just one-third of the food needed in the province to meet the standards of a "healthy" diet (British Columbia, Ministry of Agriculture and Lands, 2006).

The land scarcity created by the ALR has rendered Vancouver housing the most "severely unaffordable" of any major city in the 265 metropolitan markets across Canada, the United States, Australia, New Zealand, the United Kingdom, and Ireland, as analyzed by Wendell Cox and Hugh Pavletich (2009) in their fifth annual *International Housing Affordability Survey*. Only Honolulu, Hawaii, and Australia's Gold and Sunshine Coasts were costlier. Indeed, according to the survey, all of Canada's "severely unaffordable" markets were in British Columbia, and none of the "affordable" markets were located in the province.

Contrary to the intent of the ALR's architects, the land reserve has not halted the decline in the number of BC farms or the loss of "family farms." Nor has it nurtured a new generation of farmers. In fact, the number of farms in British Columbia has declined 9% in the past decade (British Columbia, Ministry of Agriculture and Lands, 2007). The proportion of owner-operators also is falling: between 1986 and 2006, the total amount of BC farmland rented or leased grew nearly 35% (Statistics Canada, 2008d).

In Metro Vancouver, where proponents once claimed the ALR would prove most effective, there has been a 66% decline in the number of farmers under the age of 35 over the past 10 years. As a Metro Vancouver Sustainability

Report notes, “This would suggest that young people do not consider farming a viable economic venture or find the cost of entering the market prohibitive” (Metro Vancouver, 2009).

The very premise of the ALR is anachronistic. Advances in agronomy and biotechnology have dramatically increased yields, thereby easing demand for farmland. For example, reflecting land substitution, BC greenhouse area grew 305% between 1986 and 2006 (Statistics Canada, 2008c).

The existence of the land reserve is largely based on the notion that locally grown agricultural products are inherently healthier, safer, and more environmentally friendly, and that they are a necessary component of a reliable and secure food supply. This belief is known as “localism.” But a simple adherence to “food miles” [1] does not account for the variety of “inputs,” such as energy, irrigation and fertilizer, that are necessary to grow food. Researchers have discovered that the most significant “cost” of food miles, by a large margin, is consumers’ shopping trips to the store and not the commercial distribution of food. Furthermore, the more consumers rely on unprocessed, locally grown agricultural products—thereby necessitating more frequent trips to the store and longer trips to farms and farmers’ markets—the more food miles increase.

The localism movement also fails to account for the “comparative advantages” of Canada’s trading partners (i.e., the ability of other countries to produce products or services more efficiently and at lower cost). These advantages allow Canadians to enjoy plentiful quantities of coffee and bananas from Columbia, wine and cheese from France, gin from Britain, and rice from India, among other imports. Likewise, Canada produces a variety of products more efficiently than others elsewhere. Agriculture exports from BC, which totaled \$1.6 billion in 2008 (BC Stats, 2009a), generate income for farm investment and employment.

Architects of the land reserve evidently distrusted the market to provide adequate food supplies for BC residents. But there is plenty of evidence that the farm sector was expanding to meet the demands of a growing population long before the land reserve was imposed. Even in the midst of a post-World War II housing boom, farm area in British Columbia actually increased 29% between 1951 and 1976 (Statistics Canada, 2009a). Between 1921 and 1976, land area for growing vegetables increased 604%, the number of cattle increased 230%, and the number of chickens increased 397% (Statistics Canada, 2009a). In fact, the amount of farmland dedicated to field crops and vegetables was greater before the creation of the Agricultural Land Reserve than after.

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1 The National Sustainable Agriculture Information Service (2008) defines “food miles” as the distance food travels from farm to plate.

While some advocates regard the ALR as sacrosanct, it is entirely reasonable for citizens to question the legitimacy of a regime by which the government deprives property owners of the use of their land—and the public of the tremendous benefits of markets—in order to indulge special interest groups that expect the general populace to shoulder the costs of their preferences.

Good intentions alone do not constitute sound policy, and history is crowded with examples of governments mismanaging natural resources. In the case of the ALR, the substantial direct costs of the presumed public good—farmland preservation—have been foisted upon a minority of citizens, and the indirect costs have fallen disproportionately upon those who can least afford them. Not only has the Agricultural Land Reserve failed to achieve some of its fundamental goals, but the government's excessive interference in the agriculture sector has also imposed significant costs, including the highest home prices in Canada.