



BY LORNE McCLINTON

New Farm MODEL

NEW PARTNERSHIP MODEL OFFERS POTENTIAL FOR FARMS LARGE AND SMALL

Smaller farms have difficulties finding the capital they need to grow to achieve economies of scale without incurring massive debt loads. Large farms have problems finding the topnotch managers and employees they need to maximize their profit potential. They also face excessive geographic risks from droughts or weather events if their holdings are too concentrated.

Pangea Terres Agricoles, a Quebec-based agriculture company founded by Charles Sirois and Serge Fortin in 2012, believe their new business model solves all these problems.

Pangea is buying blocks of farmland in Eastern Ontario and Quebec that have good production potential after a few improvements,

says Pangea CEO Serge Fortin. Then they seek out young (under 40), local, ambitious, land-owning farmers to form operating partnerships with. They've set up nine so far. One is located near Ottawa; the rest are spread across Quebec. Ultimately their goal is to have 20 in Quebec and 16 in Ontario.

Pangea wants partners, not tenants. "We're not investors speculating in agricultural land, we're an agriculture company," Fortin says. "We form company-to-company partnerships with expert agricultural producers in these regions, willing to grow crops for human consumption."

Working together in an operating partnership like this creates a venture that's big enough to be efficient but carries little or no

debt, Fortin says. It's very important to them that the people they work with have an entrepreneurial spirit and have a major stake in the operation. That way, if a crisis pops up on a Sunday night, there is someone there locally who is highly motivated to deal with it.

Jérôme Landry and his wife Manon Soucy have been farming near St-André de Kamouraska since 2009. Half of the thousand acres they own is in grain production and the other half is forest. But it didn't generate enough cash flow to live on, so they both had off-farm jobs.

"I heard that Pangea was looking for a partner for their Kamouraska division in 2015 from my brother Frederick who worked at the local John Deere dealership," Jérôme Landry says. "At first I

Top. Serge Fortin relies on Jérôme Landry's agricultural expertise and local knowledge to keep both of them profitable.

thought that they were investors buying land, but I soon found out they were offering more.”

Both partners retain ownership of their land in Pangea’s model but lease it to their limited working partnership that operates it as one unit. The partnership buys the machinery and crop inputs. It pays the local operating partner’s wages for the hours they work as well as management fees.

accountants and technology experts at their fingertips. But we directly benefit from their regional expertise and knowledge too. If they make money, we make money.”

Their partnership gives Landry and Soucy access to Pangea’s buying and marketing power, Fortin explains. They negotiate rates for things like seed, fertilizer, and farm machinery for all nine of

It’s very important that their local partners have a stakehold in the operation, Fortin says. That way there’s someone local on-site who has a vested interest in taking care of problems when they crop up.



Above. When Jérôme Landry and Manon Soucy bought their farm in the Kamouraska district in 2009, their dream was to be able to farm full-time.

Right. Frédéric Landry, Jérôme’s brother, was so impressed with the partnership arrangement that he bought in.



Pangea’s partners generally receive 51 percent of the profits generated by the joint venture. At their discretion, they can reinvest their profits to increase their shares or acquire new farmland.

“While we have regular discussions with our local partners like Jérôme and Manon, they remain the decision-makers in the operation,” Fortin says. “We’ve made a commitment to optimize the combined land base using the latest leveling and tile drainage technology and work with them to get more added value from our crops. They have our in-house agronomists,

their divisions as a block at national or provincial levels, but decisions and purchases are made locally in the regions.

This gives them access to get better prices than if each one went alone. Any savings are passed down to its working partnerships. Future plans include leveraging their combined production to trade directly with end users too.

“The partnership let me give up my off-farm job and creates an avenue for my children to come in too,” Landry says. “It’s a dream come true.” ❁