

Is Farming Sustainable?

Farm Tech

January 28 -29, 2009

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Federal Budget:

- **Income tax cuts \$20 billion**
- **Roads and sewers \$12 billion**
- **Auto sector \$2.7 billion**
- **Agriculture \$500 million, only \$190 million new money**
 - **less than 1% of federal funding allocated to tax cuts**
 - **less than 1.6% of federal funding allocated to infrastructure**
 - **\$50 million of which for new slaughterhouse capacity (whose?)**
 - **Push back repayment 1 year on farm debt**
 - **Flexibility Plan to “improve competitiveness”**
 - **Spread over 5 years**
 - **Nothing to strengthen power in marketplace**
 - **Nothing to support farmer cooperatives**

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Sustainable (Bruntland):

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

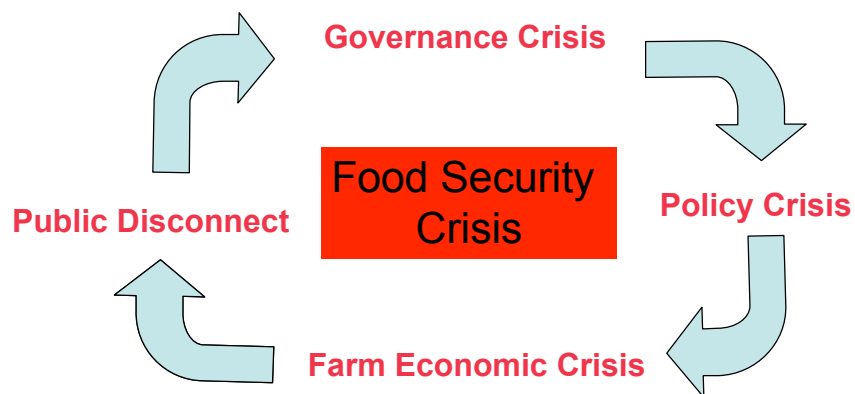
Unsustainable (Pollen):

To call a practice or a system unsustainable is not just to lodge the objection based on aesthetics, say, or fairness, or some ideal of environmental rectitude. What it means is that the practice or process can't go on indefinitely because it is destroying the very conditions on which it depends.

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THE BAD NEWS: Starting in the mid-1980's....



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THE GOOD NEWS?

The Perfect Storm:

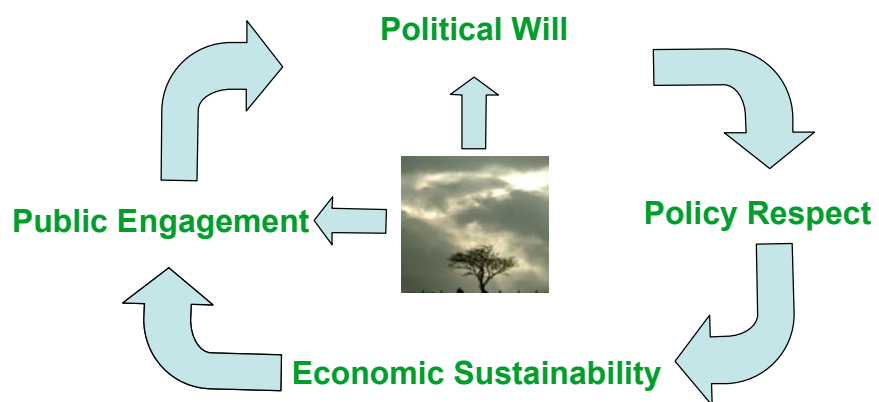
- *peak oil*
- *peak food*
- *food sovereignty*
- *food safety*
- *food security*
- *food sustainability*
- *local food*
 - *food miles*
 - *100 mile diet*



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THE GOOD NEWS: The perfect storm.....



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POLICY CRISIS

↑ ***erosion of regulatory and policy sovereignty***
GATT → WTO → FTA → NAFTA
changes to Canada's Competition Act

↓ ***farm policy support***

↑ ***market concentration pre and post farm gate***
e.g. beef, hogs, grain, dairy

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ECONOMIC CRISIS

↑ ***operating costs, debt***

↓ ***net farm income***

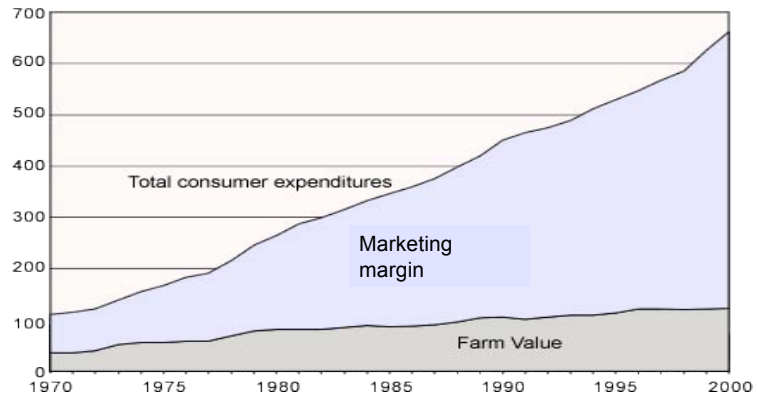
↑ ***age of Canadian farmers***

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PUBLIC DISCONNECT

Canadian Food Prices - retail vs farm gate
(billions of dollars unadjusted, per Brent Warner, P.Ag.)



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- ✓ **Policy Crisis**
- ✓ **Economic Crisis**
- ✓ **Public Engagement**

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Economics made simple... The Physics of Capital

- **Neoclassical: Adam Smith and the Chicago school (Competition solves all ills)**
- **Absent effective regulation, competition only exists in firm's "adolescence"**
- **Successful firms need capital to expand = "choose me" with investors = bottom line drivers**
- **Water metaphor**
- **Role of the state**

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Policy Crisis: main impediment to farm competitiveness is bad public policy... A few examples...

- ✓ **BEEF**
 - ✓ mid 80's - imports boxed beef displace Canadian
 - ✓ packer concentration + ownership feeder cattle
 - ✓ BSE - Ottawa's failure to act
- ✓ **GRAIN**
 - ✓ CWB = premiums \$35-40 a tonne due to price and transport
(Richard Grey, Daryl Kraft, Hartley Furtan and Andy Schmitz)
 - ✓ big grain companies, US farmers and "ginger group" driving attack
 - ✓ electoral interference, muzzling, board interference
 - ✓ unprecedented government attack on good farm policy
- ✓ **MILK**
 - ✓ Small cooperatives merge
 - ✓ Parmalat and Saputo take over
 - ✓ Butter-oil sugar blends replace milk in ice cream
 - ✓ Milk protein concentrates replace milk in cheese
 - ✓ Legal challenge of CFIA's cheese regulations
- ✓ **HOGS**
 - ✓ Right wing think tank solution
 - ✓ Disaster for farmers

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✓ **Policy Crisis**

✓ **Economic Crisis**

Where Canada stands vs other OECD
Long term effect on farm income, debt

✓ **Public Engagement**

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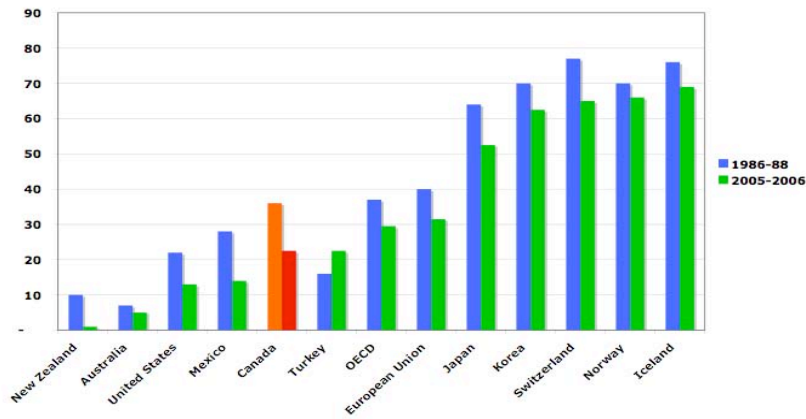
MEASURING UP...
Where Canada Stands
in support for farmers

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Canadian farmers are losing ground...

Percentage Producer Support Estimates, OECD Countries, 1986-88 and 2005-06

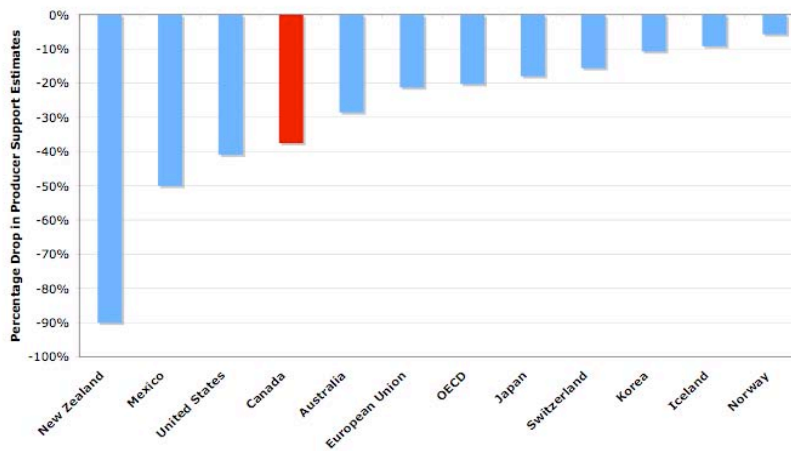


In 1986-88 Canadian support to producers equaled 36% of farm gate returns, this dropped to 23% in 2005-6 compared with 30% for all OECD and 32% for EU.

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Decline in Support to Farmers, OECD Member Countries 1986-88 to 2005-06



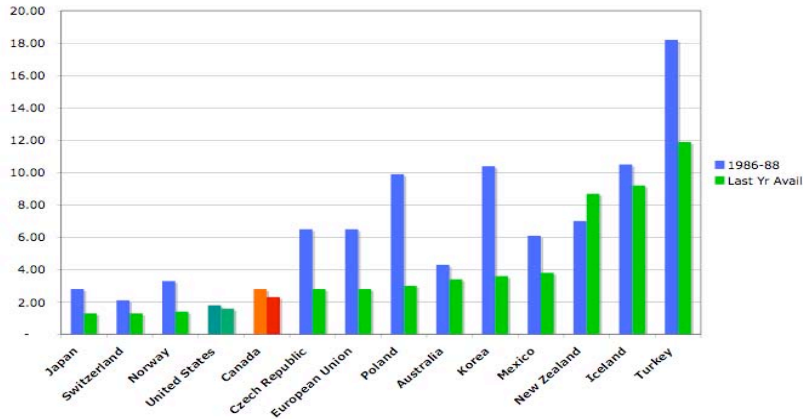
In the last 20 years, Canada cut support to farmers by 38%. This compares with an average drop of 20% for all OECD countries; 21% for the EU...

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Canadian farmers contribution to GDP remains steady...

Agriculture as a Percentage of GDP



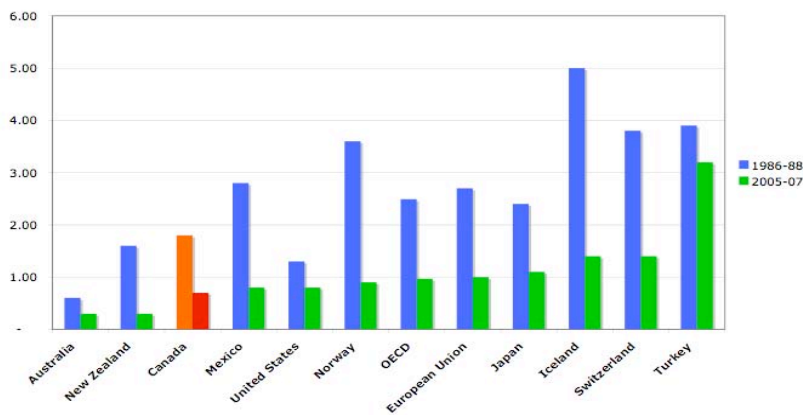
And while Canadian agriculture's contribution to GDP remained relatively steady over the past 20 years (compared with a 57% drop for the EU...)

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Canada's farm support as % of GDP among lowest in OECD....

Total Support Estimate as percentage of GDP, OECD Countries, 1986-88 and 2005-07

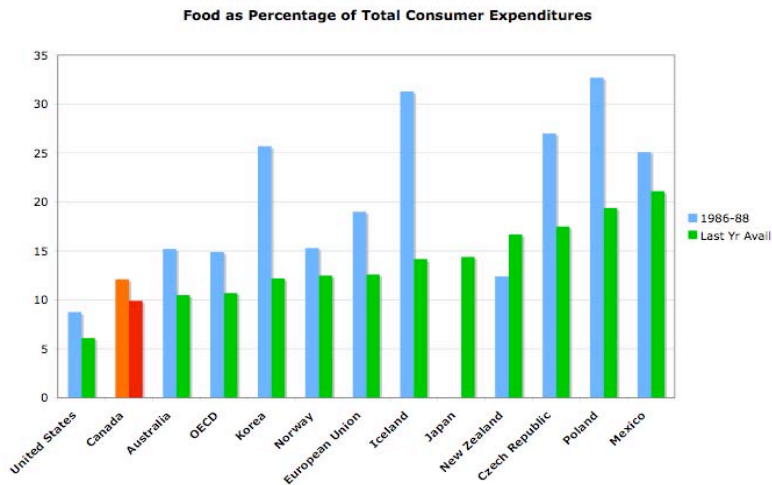


As a % of GDP, Canada's support to farmers in 2004-6 (.8%) was lower than all OECD nations other than Australia, NZ and Mexico. Support averages 39% higher as a % of GDP in OECD countries, 43% higher in EU.

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Still, Canadians enjoy second lowest food costs...



Canadians continue to enjoy the second lowest food costs (9.9% of total consumer expenditures) of all OECD member nations.

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✓ Policy Crisis

✓ Economic Crisis

Where Canada stands vs other OECD
Long term effect on farm income, debt

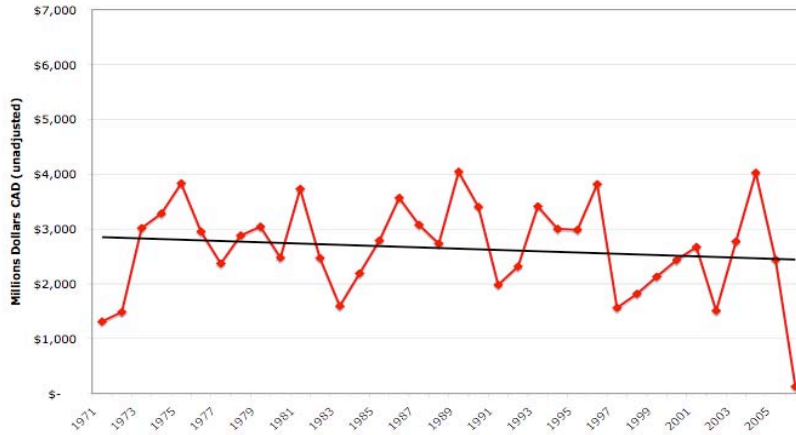
✓ Public Engagement

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Net farm income, unadjusted...

TOTAL NET FARM INCOME, CANADA, 1971 - 2006,
(millions of dollars, unadjusted)



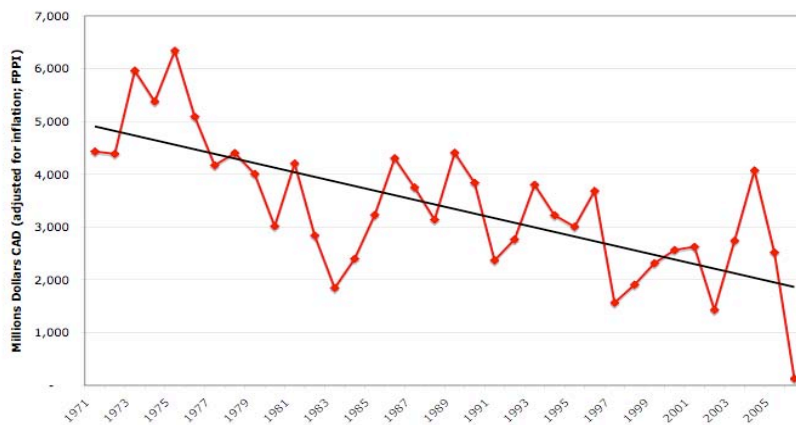
Source: Statistics Canada
Table 002-0009: Income of farm operators from farming operations, annual.

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Same numbers adjusted for inflation...

TOTAL NET FARM INCOME, CANADA, 1971 - 2006,
(millions of dollars, adjusted for inflation by Farm Product Price Index)



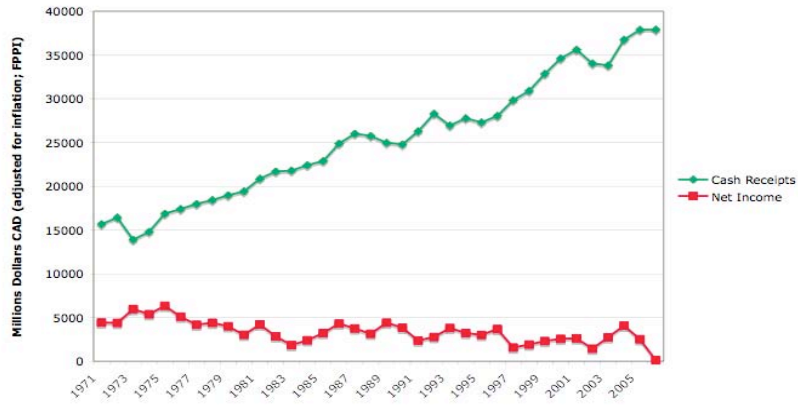
Source: Statistics Canada
Table 002-0009: Income of farm operators from farming operations, annual;
Table 002-0022 Farm product price index (FPPPI) annual

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Adding farm cash receipts....

TOTAL FARM CASH RECEIPTS AND TOTAL NET FARM INCOME, CANADA, 1971-2006,
(millions of dollars, adjusted for inflation by Farm Product Price Index)



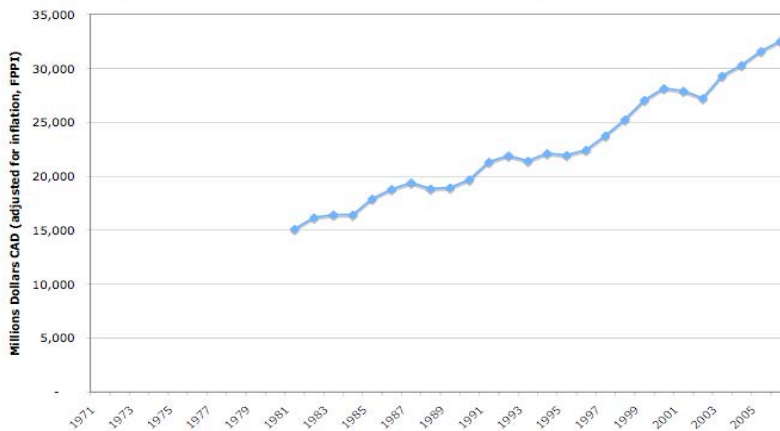
Source: Statistics Canada
Table 002-0009: Income of farm operators from farming operations, annual;
Table 002-0022: Farm product price index (FPP1) annual

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Farm operating expenses...

FARM OPERATING EXPENSES, CANADA, 1971 - 2006,
(millions of dollars, adjusted for inflation by Farm Product Price index)



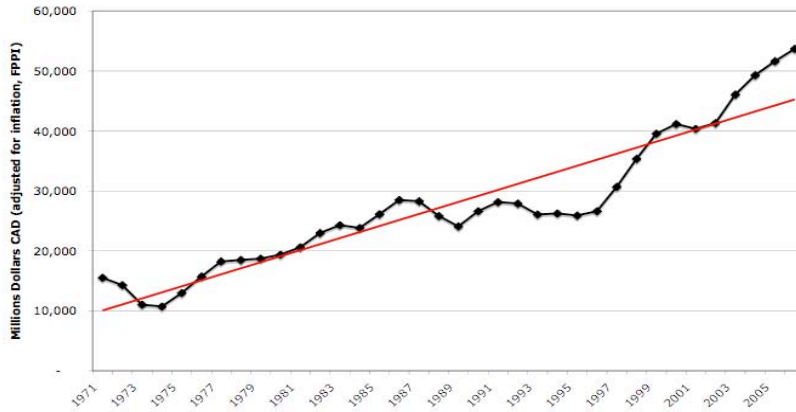
Source: Statistics Canada
Table 002-0005: Farm operating expenses and depreciation charges, annual;
Table 002-0022: Farm product price index (FPP1)

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Farm debt....

OUTSTANDING FARM DEBT, CANADA, 1971 - 2006,
(millions of dollars, adjusted for inflation by Farm Product Price Index)



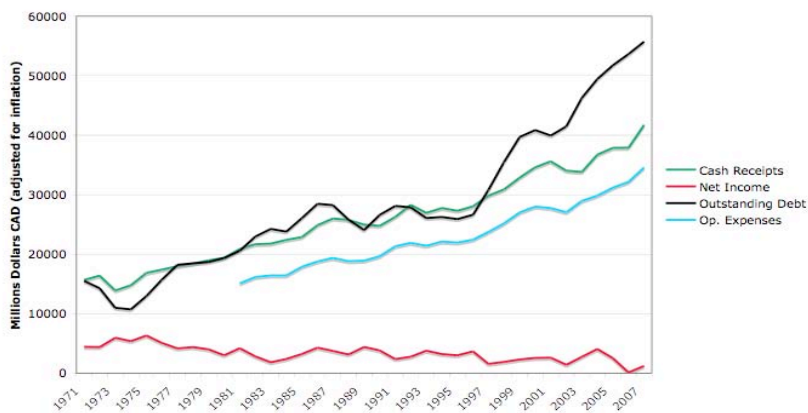
Source: Statistics Canada
Table 002-0008: Farm debt outstanding, annual;
Table 002-0022: Farm product price index (FPPI) annual

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JAWS OF THE CROCODILE...

CANADA
FARM RECEIPTS, EXPENSES, NET INCOME AND DEBT, 1971 - 2007,
(millions of dollars, adjusted for inflation by FPPI)



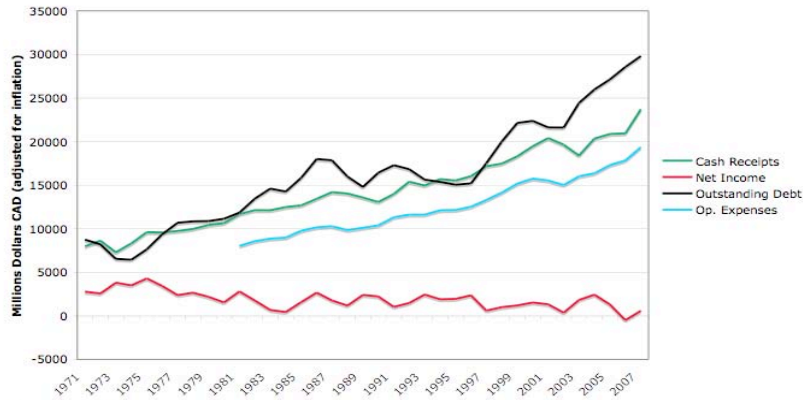
Source: Statistics Canada
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NO DIFFERENT IN WESTERN CANADA...

WESTERN CANADA (BC, AB, SK, MB)
FARM RECEIPTS, EXPENSES, NET INCOME AND DEBT, 1971 - 2007,
 (millions of dollars, adjusted for inflation by FPPI)

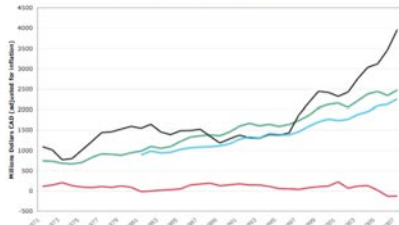


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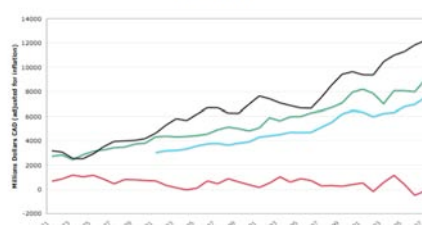
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BRITISH COLUMBIA



Source: Statistics Canada
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 Table 002-0022: Farm product price index (FPPI) annual

ALBERTA



Source: Statistics Canada
 Table 002-0005: Income of farm operators from farming operations, annual;
 Table 002-0008: Farm debt outstanding, annual;
 Table 002-0022: Farm product price index (FPPI) annual

SASKATCHEWAN



Source: Statistics Canada
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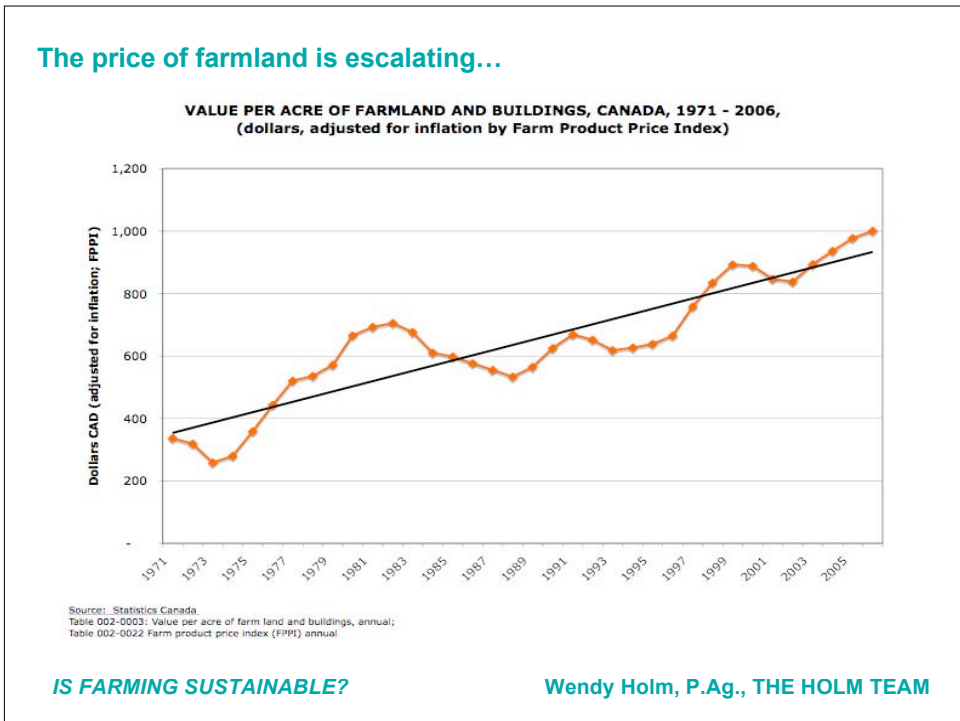
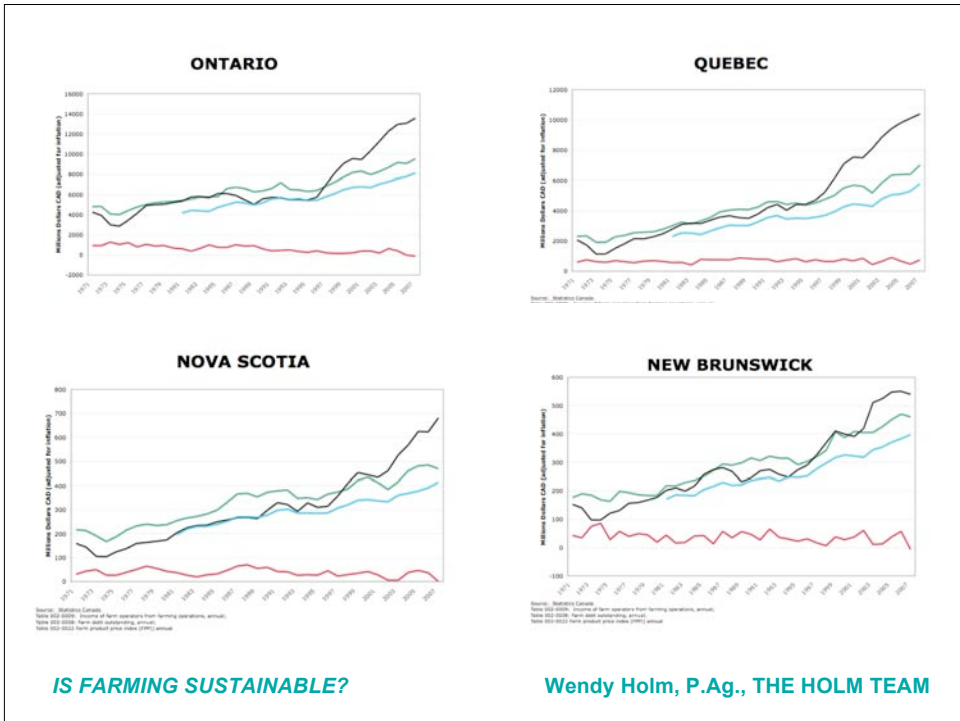
MANITOBA



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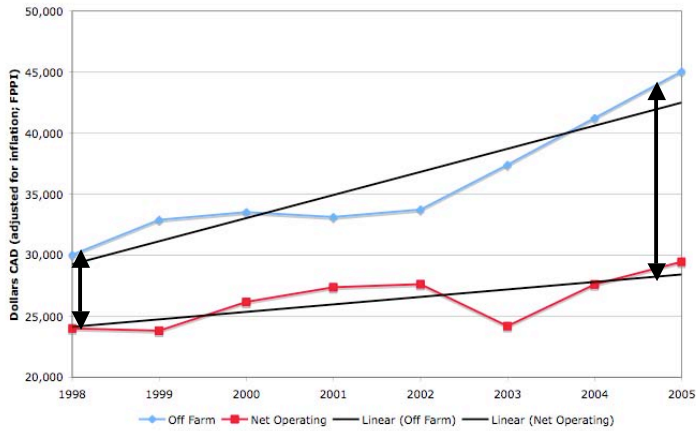
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More farm families are having to work off-farm to pay the bills...

AVERAGE OFF-FARM AND NET FARM OPERATING INCOME, PER FARM, CANADA, 1998 - 2005,
(Dollars, adjusted for inflation by Farm Product Price Index)

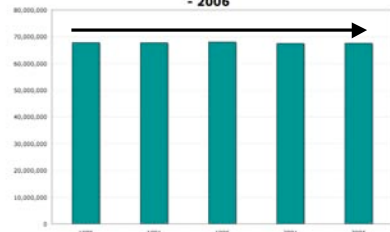


Source: Statistics Canada
Table 002-0034: Total and average off-farm income and total and average net operating income of farm operators, incorporated and unincorporated sectors, annual
Table 002-0022: Farm product price index (FPPPI) annual

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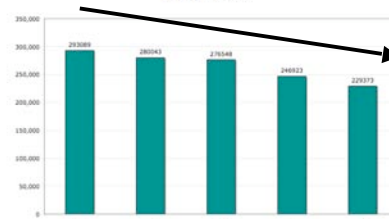
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TOTAL FARM AREA, HECTARES, CANADA, 1986 - 2006



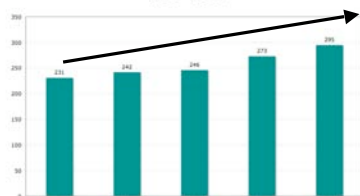
Source: Statistics Canada
1986 - 2006 Census of Agriculture

TOTAL NUMBER OF FARMS, CANADA, 1986 - 2006



Source: Statistics Canada
1986 - 2006 Census of Agriculture

AVERAGE FARM SIZE, HECTARES, CANADA, 1986 - 2006



Source: Statistics Canada
1986 - 2006 Census of Agriculture

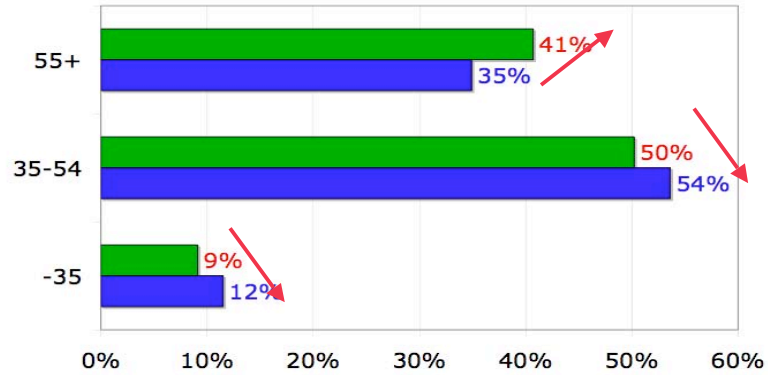
Total farm area stable
Number of farms declining
Average farm size increasing

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Where will our future farmers come from?

**AGE OF FARM OPERATORS, CANADA,
2001 AND 2006**



Source: Statistics Canada
1986 - 2006 Censuses of Agriculture

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- ✓ **Policy Crisis**
- ✓ **Economic Crisis**
- ✓ **Public Engagement!**

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The Perfect Storm:

- Peak oil
- Peak food
- Food sovereignty
- Food safety
- Food sustainability
- Local food
 - 100 mile diet
 - Food miles

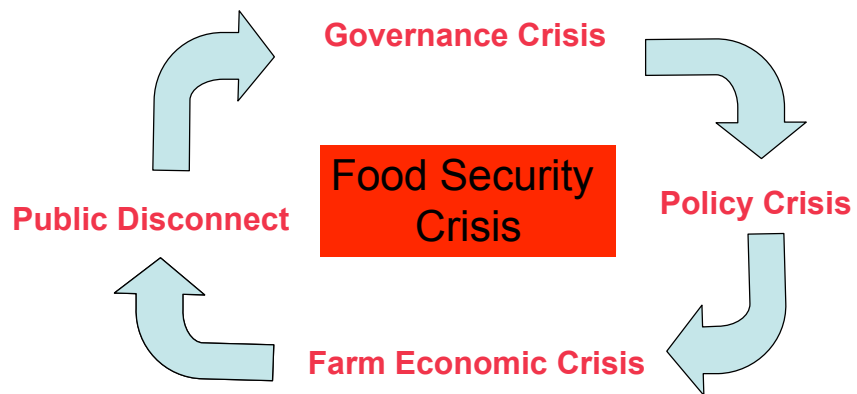
HUGE OPPORTUNITY...



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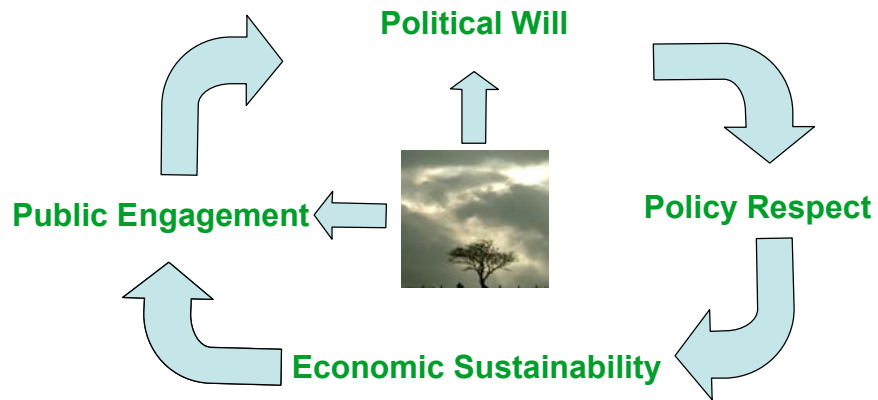
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THE GOOD NEWS: The perfect storm.....



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PERFECT STORM:

PUBLIC CONSCIOUSNESS NEVER HIGHER:

82% of Canadians rate sustainability a top or high priority national goal (Hogan & Associate Inc, 2006)

Barriers to “not acting more sustainably”?

**43% needed to know more about solutions,
31% felt unable to solve the problems alone**

THE STORY IS YOURS TO TELL...

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DEMAND A NATIONAL FOOD POLICY:

Canadians have a the right to a daily and sustaining supply of safe, nutritious, local food produced in a manner that respects and enhances the land, the farmer, the community and the environment....

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MAKE FARMING PART OF CULTURE

- **regular columns in popular press that explain food issues to consumers**
- **National Farmers Day?**
- **support for urban farming**

STAND TOGETHER - SPEAK ONE VOICE

- **agree on principles, avoid detail swamp**
- **give politicians better direction**

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RAISE THE PROFILE OF FARMING

- **communicate with the public**
- **“public relations campaign”**
- **young farmers especially effective role**

DEMAND RESPECT FROM POLITICIANS

- **build linkages with local communities**
- **if all else fails, get out the tractors.....**

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HOW?

- **What: new Farm Policy Advocacy Group**
- **Funding: existing farm organizations**
- **Role: non-partisan public advocacy for sustainable farm policy**
- **Tools: report to the public, engage the consumer, pressure the politicians,**

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Unless Canada's farmers are respected and economically viable, farming is not sustainable...

If farming is not sustainable, communities are not sustainable

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If you don't stand for something, you'll fall for anything... (Gene Whelan)

Opportunity NOW (perfect storm, minority government) to stop the abuse of Canada's farm sector...

The story is yours to tell...

Many of us are ready to help you tell it...

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