



Vision Research

Optimism in young producers

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Farm Credit Canada
Advancing the business of agriculture

Canada





Vision Research: Optimism in Young Producers

Your optimism is strong

Your optimism about the future of agriculture is strong, and you (62%) are significantly more optimistic than to producers aged 40 years and over (53%)! Seven in ten of you (70%) believe that your farm or business is better off now than it was five years ago. Additionally, you (25%) are significantly more likely to believe that your farm or business will be much better in five year compared to producers aged 40 years and over (17%). Nearly four in ten of you (37%) have recommended a career in agriculture over the past year, while three quarters of you (72%) would encourage a friend or family member to enter a career in agriculture.

You are still facing challenges

Given the economic activity that has taken place over the past year we know that producers in Canada are facing many challenges. You are concerned with rising input costs (53%), which have an impact on your margins and ultimately your ability to make a profit (15%). Compared to producers aged 40 years and over (6%), you are significantly more likely to cite financing the farm as a challenge (9%). Despite the challenges, you are resilient, as your comments reveal that you see many opportunities in agriculture and you feel as though it is essential in today's society.

The future is looking bright

Although you identified multiple challenges, your comments suggest that the future is looking bright. Nearly three quarters of you (72%) are planning to expand and/or diversify your operation as you feel it is essential to your sustainability and growth. You are most excited about public demand for new products (17%) and niche market specialties (10%), more so than producers aged 40 years and over (9% and 5% respectively). Even though you commented that agriculture may not provide financial stability and that you are not always rewarded financially for your efforts, many of you feel that it is a good lifestyle choice – perfect for raising a family. You are very optimistic about the future of agriculture and despite any challenges that you have identified, you are looking for new and innovative ways to approach agriculture to help you succeed.

Background and Details

Farm Credit Canada undertook its second annual proprietary research study on the state of agriculture in Canada with all of its Vision panel members in the fall of 2008. The results will be showcased on January 28, 2009 for the second annual Ag Day in Canada. They include levels of optimism in the agriculture industry, as well as what members of the agriculture community view as the greatest opportunities and challenges facing them today. Additionally, the research is an opportunity to enable the ideas and opinions of Vision panelists to help shape the general understanding of agriculture for everyday Canadians.

Methodology

The Research team within Farm Credit Canada sent invitations to participate in the study to all active FCC Vision members from across the country, totaling 9351 people. Vision membership is composed of both producers and non-producers, FCC customers and non-customers, and has representation from all provinces and agriculture sectors. The survey was mailed to participants on September 20, 2008, with requests to return the survey by October 20, 2008. Members had the option of completing the survey via mail, fax or online. All data was subsequently weighted to reflect the actual demographic makeup of farms in Canada.

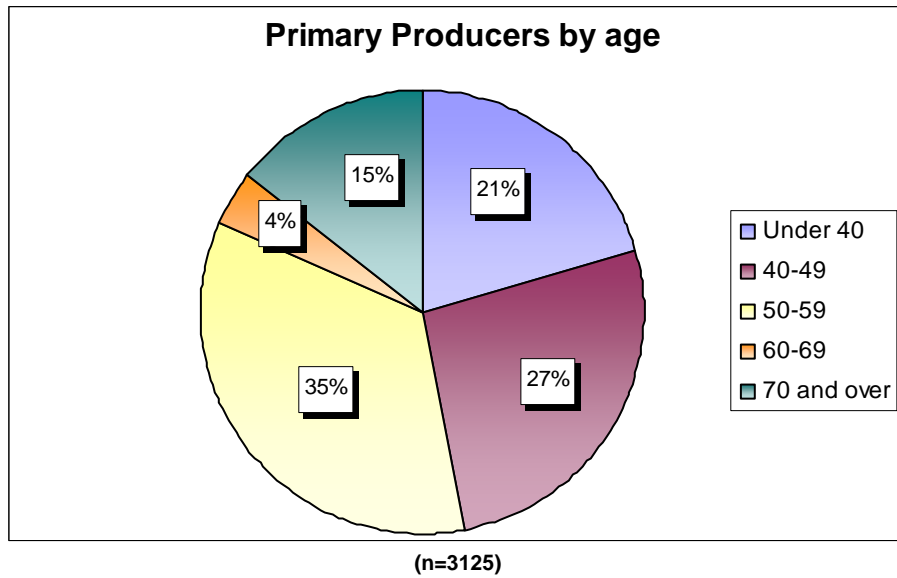
Confidentiality

To ensure greater candour in their responses, participants were given a guarantee of confidentiality throughout the course of this research. No individual responses are revealed in the course of the report.

Response Rate

A total of 4308 people out of a possible 9351 responded to the survey for a response rate of 46%. Of the 4308 respondents, 641 were identified as young producers. For the purpose of this report a young producer is defined by those producers who indicated a year of birth of 1969 or later and who are involved in primary production. The margin of error is +/-1.5%, 19 times out of 20 on a sample of this size. Demographic subgroups will have a higher margin of error.

The following is a depiction of the demographic breakdown of all respondents who indicated that they are involved in primary production.

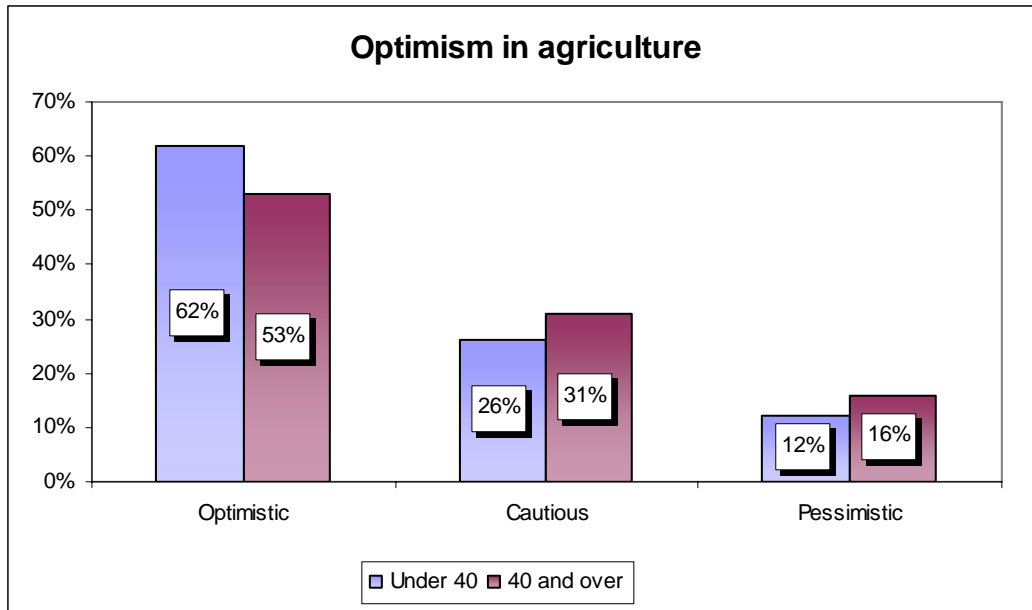


Note on the Analysis of Subgroups

When reference to subgroups of respondents such as province is made throughout the text, only those differences that are *both* statistically significant *and* relevant will be highlighted.

Results: Optimism in agriculture

Young producers (62%) are significantly more likely to report that they are optimistic about the future of Canadian agriculture compared to producers aged 40 years and over (53%). There are no other significant differences to report.



(n = 641, Under 40; n = 2484, 40 and over)

Definition of optimism

The results of two key survey questions are combined in order to create this optimism indicator. The first is, “Looking ahead, do you believe that your farm or business will be better off or worse of in five years than it is now?” An answer of either a little better off or much better off counted towards the optimism score. The second question is, “If a friend or family member was considering a career in agriculture or an agricultural related field, would you encourage them to enter the field?” An answer of either slightly encourage them or strongly encourage them counted towards the optimism score.

If a respondent reported that they believe their farm or business will be better off **and** they would encourage a career in agriculture, they were defined as optimistic. If a respondent reported that they **either** believe their farm or business will be better off **or** they would encourage a career in agriculture, they were defined as cautious. If a respondent reported that they **do not** believe that their farm or business will be better off **and** they would discourage a career in agriculture, they were defined as pessimistic.

Response by province: 2008

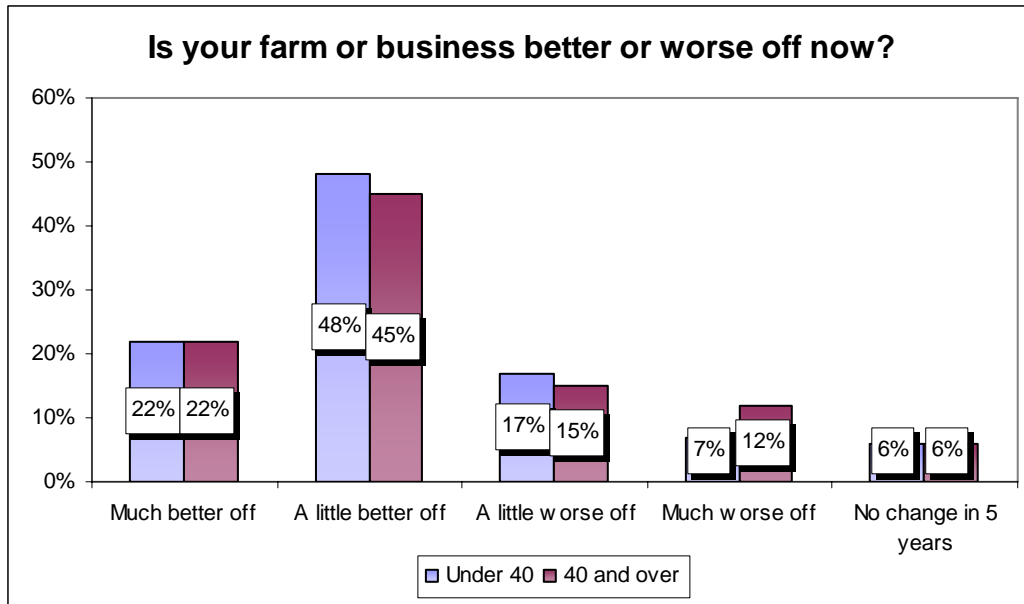
Young producers from Ontario (16%) are significantly more likely to state that they are pessimistic about the future of Canadian agriculture than young producers from Saskatchewan (6%). There are no other significant differences to report.

Response by sector: 2008

Young beef producers (17%) are significantly more likely to state that they are pessimistic about the future of Canadian agriculture than young dairy producers (7%). There are no other significant differences to report.

Results: Is your farm or business better or worse off now?

Young producers (7%) are significantly *less* likely to cite that their farm or business is much worse off now than it was five years ago compared to producers aged 40 years and over (12%). There are no other significant differences to report.



Overall, do you believe that your farm or business is better off or worse off now than it was five years ago?
(n = 641, Under 40; n = 2484, 40 and over)

Response by province: 2008

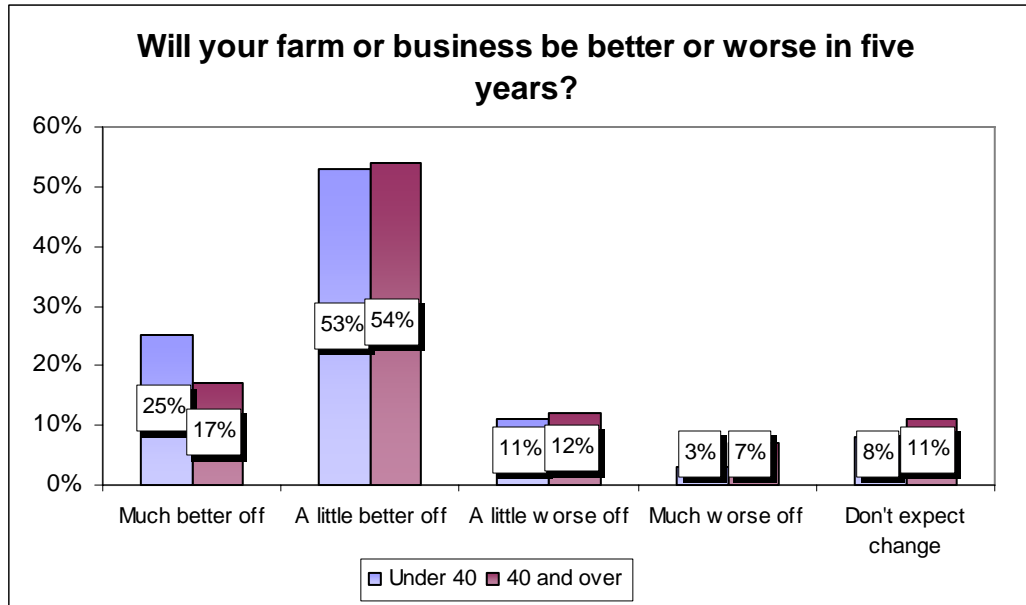
Young producers from Saskatchewan (33%) are significantly more likely to state that their farm or business is much better off now than it was five years ago compared to young producers from Ontario (19%) and Alberta (14%). There are no other significant differences to report.

Response by sector: 2008

Young crop producers (27%) are significantly more likely to state that their farm or business is much better off now than it was five years ago compared to young beef producers (13%). There are no other significant differences to report.

Results: Will your farm or business be better or worse in five years?

Young producers (25%) are significantly more likely to believe that their farm or business will be much better off in five years than it is now compared to producers aged 40 years and over (17%). On the contrary, producers aged 40 years and over (7%) are significantly more likely to believe that their farm or business will be much worse off in five years than it is now compared to young producers (3%). There are no other significant differences to report.



Looking ahead, do you believe that your farm or business will be better off or worse off in five years than it is now? (n = 641, Under 40; n = 2484, 40 and over)

Results by province: 2008

Young producers from Alberta (8%) are significantly **less** likely to believe that their farm or business will be much better off in five years than it is now compared to young producers from Québec (38%), Manitoba (30%), Ontario (26%) and Saskatchewan (23%). However, young producers from Alberta (74%) are significantly more likely to believe that their farm or business will be a little better off in five years than it is now compared to young producers from Ontario (51%), Manitoba (49%) and Québec (36%). There are no other significant differences to report.

Results by sector: 2008

Young dairy producers (36%) and young poultry (40%) producers are significantly more likely to state that they believe that their farm or business will be much better off in five years than it is now compared to young crop producers (18%). Young crop producers (62%) are significantly more likely to state that they believe that their farm or business will be a little better off in five years than it is now compared to young dairy producers (42%) and young hog producers (31%). There are no other significant differences to report.

Results: Guarded optimism

We asked respondents to comment on the previous two questions, specifically if their farm or business is better or worse off now than five years ago, and if they believe it will be better or worse off in five years. Young producers are optimistic with slight reservations: the most common comment indicates that rising input costs (30%) and reliance on outside factors (14%) counter optimism while many expect to see growth and sustainability in their operations (12%). A sample of the comments is detailed below.

“The price of the commodities has helped, but with the increased revenue comes increased expenses. The cost of fuel and fertilizers has put a major strain on all farmers. It seems that even if the oil and gas prices drop, the cost of fuel and fertilizer remain the same.” - Alberta crop respondent

“Farming is a dynamic business with huge opportunities if you are willing to take some risk, do the work and are willing to accept change.” – Saskatchewan beef respondent

“While commodity prices are improving, inputs are unchecked and out of control. Mother Nature still has the final say in our success, which when it’s negative and coupled with record input expenses, puts me in a much riskier position than I would like to see.” – Ontario crop respondent

“My goal is to make the farm better off. If I did not feel as though I was making it better I wouldn’t be doing my job.” – Manitoba crop respondent

“Crop yields and prices have improved in the past 2 years. We are using the resulting cash flow to reduce debt and improve our position going forward. Depressed prices and/or drought would again cause hardship.” – Saskatchewan crop respondent

“The cost of heating is up, but revising the way we heat [our facilities] could reduce our costs.” Québec fruit and vegetable respondent

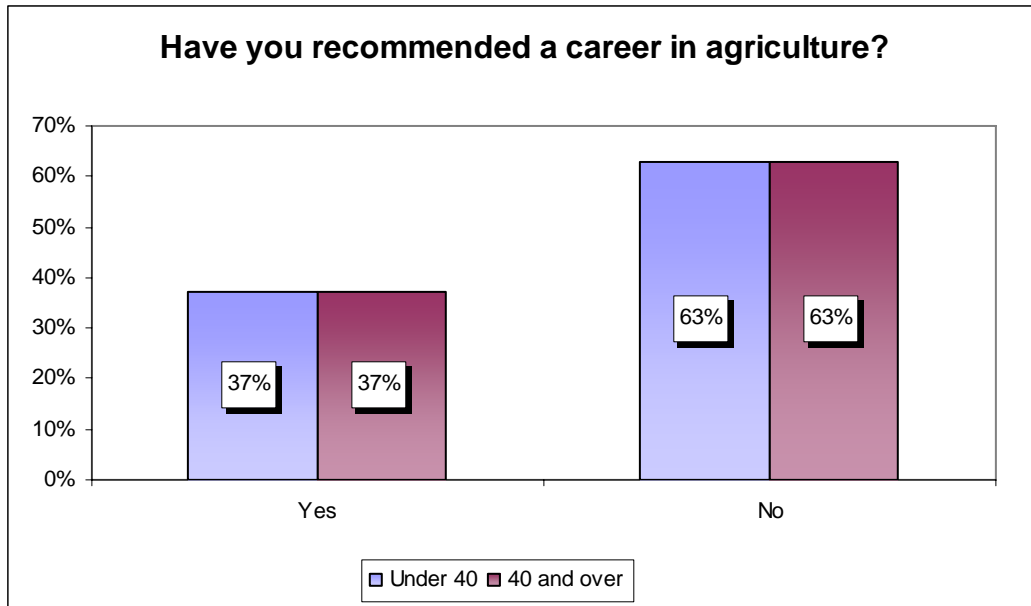
“We are a young business that has seen growth from when we started 5 yrs ago, and are excited with the future as we have taken the steps from producing a commodity to being a direct sales business.” – Saskatchewan beef respondent

“Although I can’t predict the future, with each year that passes comes more experience and less debt. Hopefully this combination will allow for growth and profitability.” – Ontario hog respondent

“Business is growing, debt is being paid off, and more work is getting done in less time due to investments in efficiency / more attention to detail.” – Ontario dairy respondent

Results: Have you recommended a career in agriculture?

Nearly four in ten young producers (37%) report that they have recommended a career in agriculture to a friend or family member over the past year. There are no significant differences to report between young producers and producers aged 40 years and over.



Over the past year, have you recommended a career in agriculture or an agricultural related field to a friend or family member? (n = 641, Under 40; n = 2484, 40 and over)

Results by province: 2008

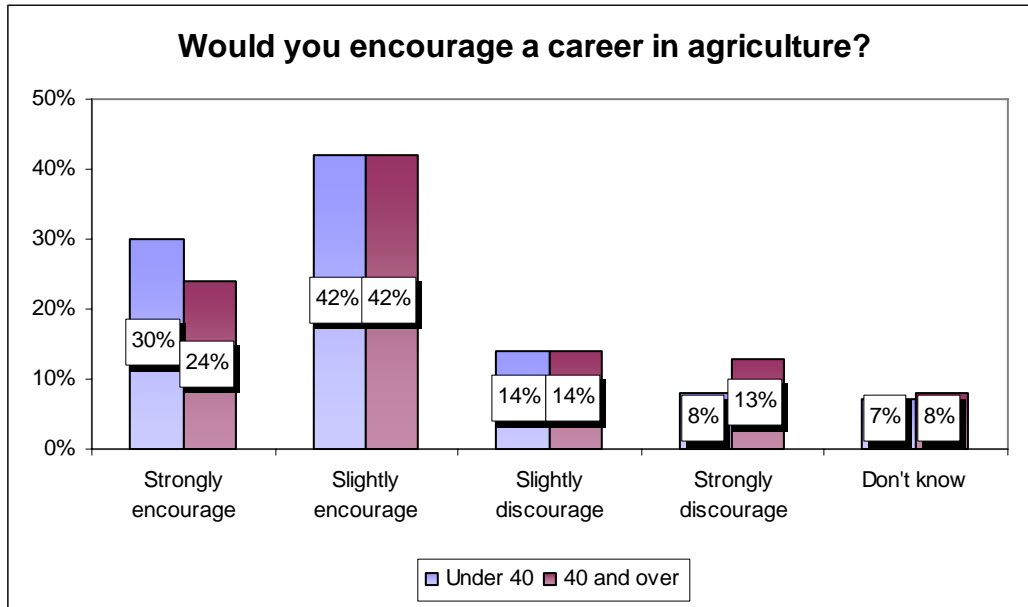
Young producers from British Columbia (56%) and Québec (43%) are significantly more likely to report that they have recommended a career in agriculture to a friend or family member over the past year compared to young producers from Alberta (24%). There are no other significant differences to report.

Results by sector: 2008

Young dairy producers (57%) are significantly more likely to report that they have recommended a career in agriculture to a friend or family member over the past year compared to young crop producers (34%) and young beef producers (26%).

Results: Would you encourage a career in agriculture?

Young producers (30%) are significantly more likely to state that they would strongly encourage a friend or family member to enter a career in agriculture compared to producers aged 40 years and over (24%). Producers aged 40 years and over (13%) are significantly more likely to state that they would strongly discourage a friend or family member from entering a career in agriculture compared to young producers (8%). There are no other significant differences to report.



If a friend or family member was considering a career in agriculture or an agricultural related field, would you encourage them to enter the field? (n = 641, Under 40; n = 2484, 40 and over)

Results by province: 2008

Young producers from Québec (52%) and Saskatchewan (26%) are significantly more likely to state that they would strongly encourage a friend or family member to enter a career in agriculture compared to young producers from Alberta (14%). Young producers from Ontario (14%) are significantly more likely to report that they would strongly discourage a friend or family member from entering a career in agriculture compared to young producers from Saskatchewan (5%), Québec (5%) and Manitoba (4%). There are no other significant differences to report.

Results by sector: 2008

Young dairy producers (53%) and young poultry producers (52%) are significantly more likely to state that they would strongly encourage a friend or family member to enter a career in agriculture compared to young crop producers (29%) and young beef producers (16%). There are no other significant differences to report.

Results: Why would you encourage / discourage an agriculture career?

Young producers have expressed an inclination to recommend careers in agriculture to friends or family members, and we asked respondents to explain their responses. Young producers explained that agriculture is a good lifestyle choice (16%) but it does not provide financial stability (10%) and sometimes you are not rewarded financially for your efforts (9%). A sample of the comments is detailed below.

"If you can be home and farming with your family, I think it's excellent for bringing up your children." – Ontario poultry respondent

"[It's a good career] because it's liberating to have control over your hours, to work outside and take advantage of the fresh air while running a business that grows with each year." - Québec fruit and vegetable respondent

"It is in our blood, agriculture is a great lifestyle." – Atlantic beef respondent

"It is a lifestyle career. You have to be willing to put in the hours and be "married to the farm". If you love it, excellent if not, it is hard to enjoy the long hours, no vacations, etc." – Ontario other animal¹ respondent

"I have always said that agriculture is the best job in the world. I have worked in many domains (pork, dairy, chicken and beef). Everyday you can say you accomplished something special. You can see the efforts of your labor. The barn is filling up, the crops are growing and the animals are in good health- the animals need you. You are appreciated. My kids are responsible, they have good judgment and are learning different skills and respect what nature has given them." – Alberta beef respondent

"I think agriculture has to get better because who is going to feed the country if things don't get better." – Alberta beef respondent

"It's great if you like to be our own boss and take risks. It's a very rewarding occupation." – Ontario crop respondent

"I believe it is very important to work with our food production system in general, but specifically in primary production. I think that raising a family on a farm is the best lifestyle choice and that much more of North American culture should revolve around agriculture and rural values. Money is not my prime consideration because I believe that in everything we choose to do, if there is passion for the work, success will follow." – Saskatchewan crop respondent

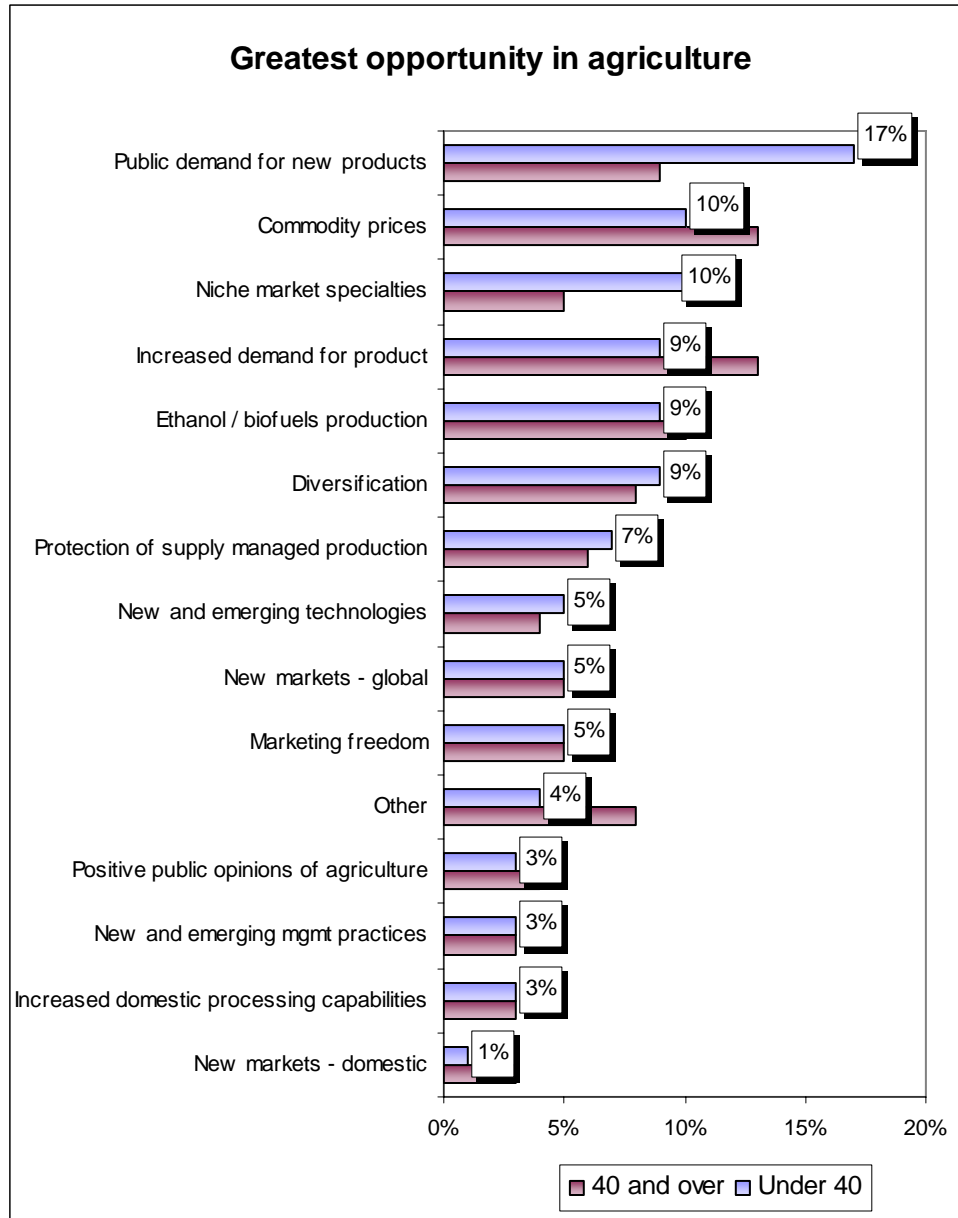
"I would encourage them [to enter agriculture] because there is quite a bit of opportunity for youth in agricultural careers. The industry is aging and youth have been going into other careers in other industries, therefore there is a real need for youth in the industry." – Alberta crop respondent

"Why would you encourage someone to do something for nothing? I said last year there was no optimism for the future of agriculture and things have only gotten worse." – Alberta beef respondent

¹ Types of livestock grouped into the Other Animal sector could include sheep, goats, bison, etc.

Results: Greatest opportunity in agriculture

Young producers are significantly more likely to cite both public demand for new products (17%) and niche market specialties (10%) as the greatest opportunity in agriculture than producers aged 40 years and over (9% and 5% respectively). Meanwhile, producers aged 40 years and over (13%) are significantly more likely to cite increased demand for product as the greatest opportunity in agriculture compared to young producers (9%). There are no other significant differences to report.



What do you see as the greatest opportunity in agriculture as a whole over the next year? Please select one only.
(n = 641, Under 40; n = 2484, 40 and over)

Results by province: 2008

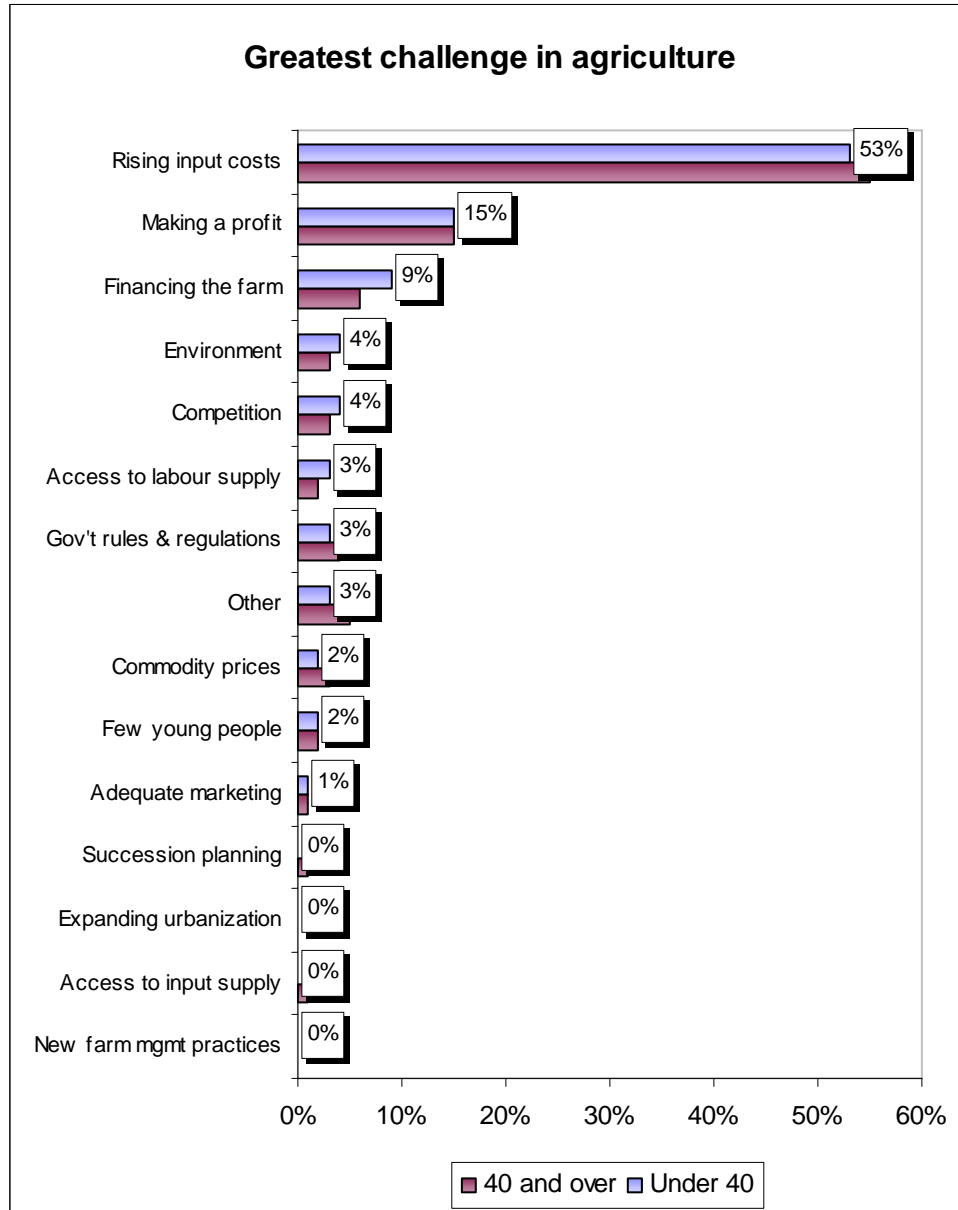
Young producers from British Columbia (41%) are significantly more likely to cite niche market specialties as the greatest opportunity compared to young producers from all other provinces. Young producers from Saskatchewan are significantly more likely to cite commodity prices (19%) and increased demand for product (17%) as the greatest opportunity compared to young producers from Ontario (10% and 9% respectively) and Québec (6% and 4% respectively). Meanwhile, young producers from Québec (21%) and Ontario (20%) are significantly more likely to cite public demand for new products as the greatest opportunity compared to respondents from Saskatchewan (10%). There are no other significant differences to report.

Results by sector: 2008

Young hog producers (20%) are significantly more likely to cite new global markets as the greatest opportunity in agriculture compared to young producers in all other sectors. Young poultry producers (32%) and young dairy producers (28%) are significantly more likely to cite the protection of supply management as the greatest opportunity in agriculture compared to young producers in all other sectors. Young beef producers (19%) are significantly more likely to cite public demand for new products as the greatest opportunity compared to young crop producers (9%). There are no other significant differences to report.

Results: Greatest challenge in agriculture

Young producers (9%) are significantly more likely to cite financing the farm as the greatest challenge in agriculture compared to producers aged 40 years and over (6%). Young producers in 2008 (53%) are significantly more likely to cite rising input costs as the greatest challenge compared to young producers from 2007 (38%). There are no other significant differences to report.



What do you see as the greatest challenge in agriculture as a whole over the next year? Please select one only. (n = 641, Under 40; n = 2484, 40 and over)

Results by province: 2008

Young producers from Manitoba (63%) are significantly more likely to cite rising input costs as the greatest challenge compared to young producers from Ontario (47%) and Alberta (46%). There are no other significant differences to report.

Results by sector: 2008

Young crop producers (63%) and young dairy producers (59%) are significantly more likely to cite rising input costs as the greatest challenge facing agriculture compared to young beef producers (42%). Young beef producers are significantly more likely to cite financing the farm and making a profit (14% and 28% respectively) as the greatest challenge compared to young crop producers (7% and 10% respectively) and young dairy producers (5% and 11% respectively). There are no other significant differences to report.

“The biggest challenge will be to keep our margins the same with the increase in fertilizer and all other inputs. That is why I am using consultants to develop a variable rate fertilizer plan to increase production with the same or less fertilizer.” – Alberta dairy respondent

“I see the year ahead to be a year of transition in most agricultural commodities. The effects of rising input costs, especially in the livestock sector, will be a huge challenge. The continuous drive for biofuels is draining on these sectors and I feel that it has created such an imbalance in agriculture. The stagnant domestic markets and the rise of production in foreign sectors will leave our livestock economy in a desperate situation to try and continue with current market values and keep a profit margin.” – Alberta hog respondent

“If input prices remain high we must find methods of securing good prices for the crops that will be produced from these expensive inputs. Risk management will be very important, price risk especially.” – Manitoba crop respondent

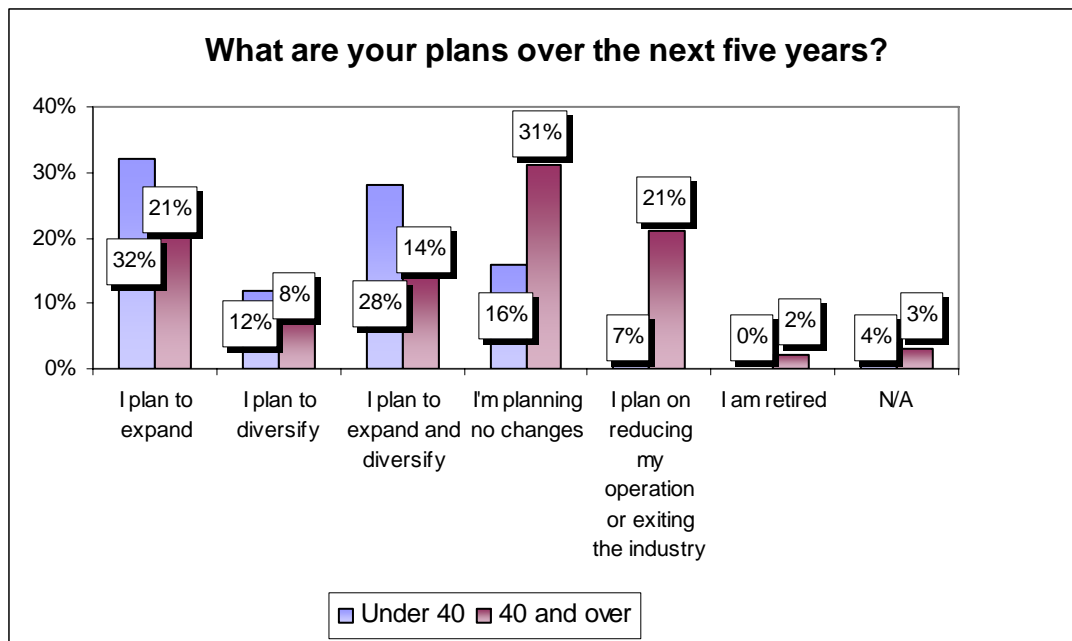
“I am very concerned with rising input costs and sharing margins, as I see lots of farms in hard times. While opportunities do exist, I don't feel that the majority of farm owners have the necessary skill set to get out of the commodity market. I hope the buy local mentality continues to grow and that farms can collaboratively find ways to make buying local more common.” – Atlantic dairy respondent

“Given rising food shortages, I think there are great opportunities for us to market our grain at good prices. However, this opportunity is marred by global economic issues and rising input/machinery costs. I think it is important that as farmers we are not lulled into a false sense of security. Diversity may be the key so that all our eggs are not in one basket.” – Saskatchewan crop respondent

“[There are many] challenges &/or opportunities, some short term and some long term. I think in the short term, public will demand organic/local foods which will increase the price and allow smaller farmers to capitalize. The challenge will be to still make a profit with the high fuel and labor costs. Over time, larger operations will become more likely to take over organics, because they can.” - British Columbia fruit and vegetable respondent

Results: Future plans

Young producers are significantly more likely to state that they plan to expand (32%), expand and diversify (28%) or diversify (12%) their farm or business over the next five years compared to producers aged 40 years and over (21%, 14% and 8% respectively). On the other hand, producers aged 40 years and over are significantly more likely to state that they plan on making no changes to their farm or business (31%) or that they plan on reducing their operation or exiting the industry (21%) than young producers (16% and 7% respectively). There are no other significant differences to report.



Looking ahead, what are your plans for your farm or business over the next five years?
(n = 641, Under 40; n = 2484, 40 and over)

Results by province: 2008

Young producers from Saskatchewan (48%), Ontario (35%), Alberta (34%) and Manitoba (28%) are significantly more likely to report that they plan to expand their farm or business over the next five years compared to young producers from British Columbia (8%). Young producers from Saskatchewan (1%) are significantly less likely to report that they plan on diversifying their farm or business over the next five years compared to young producers from all other provinces. Meanwhile, young producers from Alberta (13%) are significantly more likely to report that they plan on reducing their operation or exiting the industry over the next five years compared to young producers from Ontario (5%) and Québec (2%). There are no other significant differences to report.

Results by sector: 2008

Young crop producers (40%) are significantly more likely to state that they plan to expand their farm or business over the next five years compared to young poultry producers (18%). Meanwhile, young poultry producers (52%) and young hog producers

(49%) are significantly more likely to state that they plan to expand and diversify over the next five years compared to young crop producers (24%) and young dairy producers (22%). Young beef producers (16%) are significantly more likely to state that they plan on reducing their operation or exiting the industry in the next five years compared to young crop producers (3%) and young dairy producers (3%). There are no other significant differences to report.