

Vision Research: Optimism in Canadian Agriculture



presents

Vision



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Canada

Advancing the business of agriculture



Vision Research: Optimism in Canadian Agriculture

National Findings

There is optimism in the agriculture industry

You told us that you are optimistic about the future of agriculture in Canada. Half of you state that you are optimistic (53%), while another third (31%) are cautiously optimistic. Six in ten (61%) believe that your farm or business is better off now than it was five years ago, and a full three quarters (74%) believe that your farm or business will be better off in five years than it is now. And six in ten (62%) would recommend a career in agriculture to a friend or family member.

But we know there are challenges

However, we know that there are also many challenges affecting the agriculture industry right now, especially in the beef and hog sectors. Those of you in the beef sector rated your optimism as significantly below the levels of optimism in other sectors. Across all sectors and provinces, rising input costs are the most significant challenge facing forty-one percent of you. The strong Canadian dollar is also a big concern for many of you, as it affects the price you receive for exporting your product abroad. Many of you are very concerned about even just making a profit this year, as you are not sure that you will be able to. And even in the traditionally more stable sectors of dairy and poultry, there is anxiety about the continuation of supply managed production.

There is resilience

Yet despite all of these challenges, members of the agriculture community are resilient. How do we know this? We'll start by looking at the beef industry: in spite of all of the issues facing you today, four in ten (39%) still state that you are optimistic about the future of agriculture. Other producers see opportunities in the growing movement to "buy local," such as the hundred mile diet. This is especially true in the fruit, vegetable & horticulture sector, but is also being explored in other sectors. Crop producers are hampered by skyrocketing input prices, but you are still excited about the current boom in commodity prices. And even though this profession requires so much hard work, demands on your time and often limited financial well-being, you love what you do and wouldn't want to change. You were born to do this.

The passion of your comments

We really want to acknowledge the time and effort put into the responses to our survey. When we asked you to provide comments on the state of Canadian agriculture, we were overwhelmed by your thoughtful, emotional responses. It was evident that you wanted someone to hear you, and we want to assure you that every one of the comments was read carefully. Despite the long hours, the low pay, the frustration that comes with relying on factors outside of your control, like weather and trade issues in other countries, the rewards are worth it, like being your own boss and working alongside family members.

You also take pride in feeding your fellow Canadians and the rest of the world, and you want the average Canadian to learn about the hard work that goes into creating quality produce. That's what today is all about – telling all Canadians how important agriculture is, and how the work that is done by the agriculture community impacts them every single day.

Background and Details

Farm Credit Canada undertook a large scale quantitative research study with all of its Vision panel members in the fall of 2007 in order to compile proprietary research on the state of agriculture in Canada. The results are to be showcased on January 23, 2007 for the first 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 was 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 7813 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 October 10, 2007, with requests to return the survey by October 31, 2007. Members had the option of completing the survey via mail 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

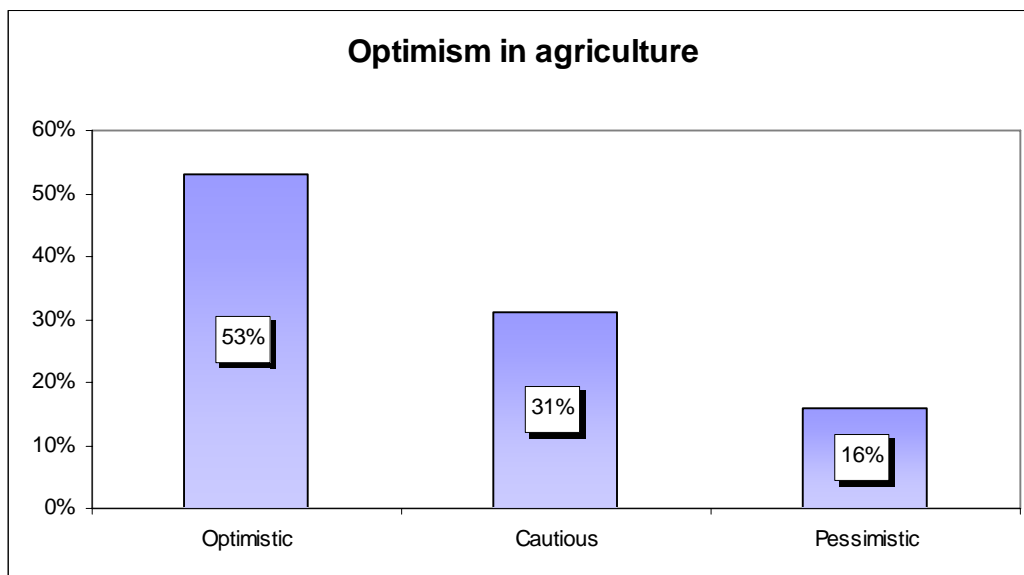
A total of 3636 people out of a possible 7813 responded to the survey for a response rate of 47%. The margin of error is +/-1.6%, 19 times out of 20 on a sample of this size. Demographic subgroups will have a higher margin of error.

Note on the Analysis of Subgroups

When reference to subgroups of respondents (for example, differences in results between dairy and crop producers) is made throughout the text, only those differences that are *both* statistically significant *and* relevant will be highlighted.

Results: Optimism in agriculture

Half of all respondents (53%) indicate that they are optimistic about the future of agriculture.



“Management has improved and farm operators are now “raising the bar,” whether it includes a better product, value-added production or more creative marketing.” – Ontario crop producer

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 sector

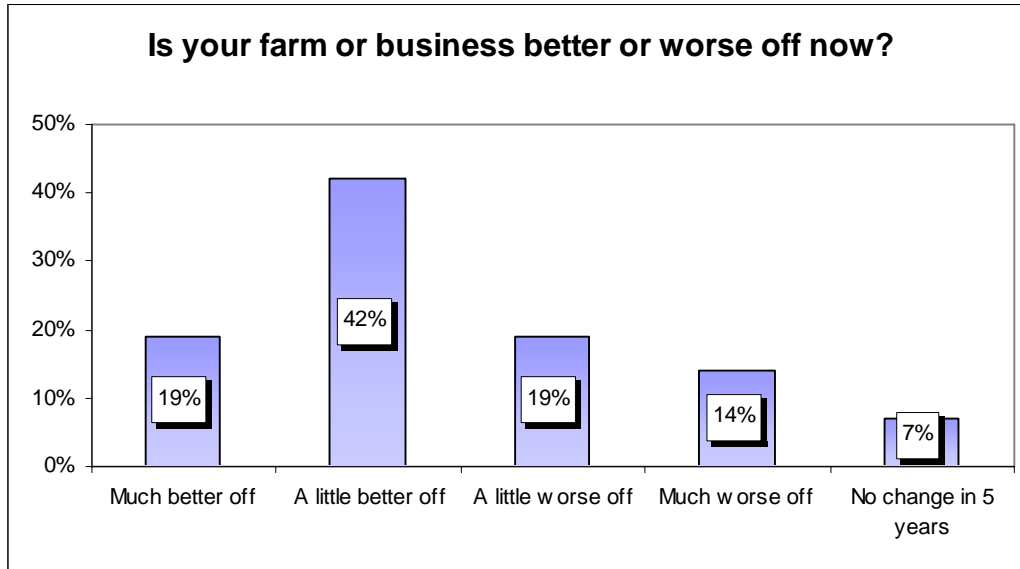
Respondents in the beef sector (39%) are significantly less likely to be optimistic and significantly more likely to be pessimistic (25%) than respondents from other sectors. Respondents in the poultry sector (42%) are significantly more likely to be cautious than those from other sectors. There are no other significant differences to report.

Response by province

Respondents in Manitoba (59%), Saskatchewan (56%) and Quebec (62%) are significantly more likely to be optimistic than respondents in Alberta (45%), Ontario (49%) or the Atlantic provinces (46%). There are no other statistically significant differences to report.

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

Four in ten respondents (42%) state that their farm or business is a little better off now than it was five years ago.



Overall, do you believe that your farm or business is better off or worse off now than it was five years ago?
(n = 3647)

"I believe we have goals that better suit our quality of land. We have significantly lowered our input costs and have seeded our light land to grass; that better suits our way of life and what I (being the majority of labour) enjoy doing. We raise the type of cattle that works well with the grasses / forages we can grow & does well in our climate." – Saskatchewan beef producer

Response by sector

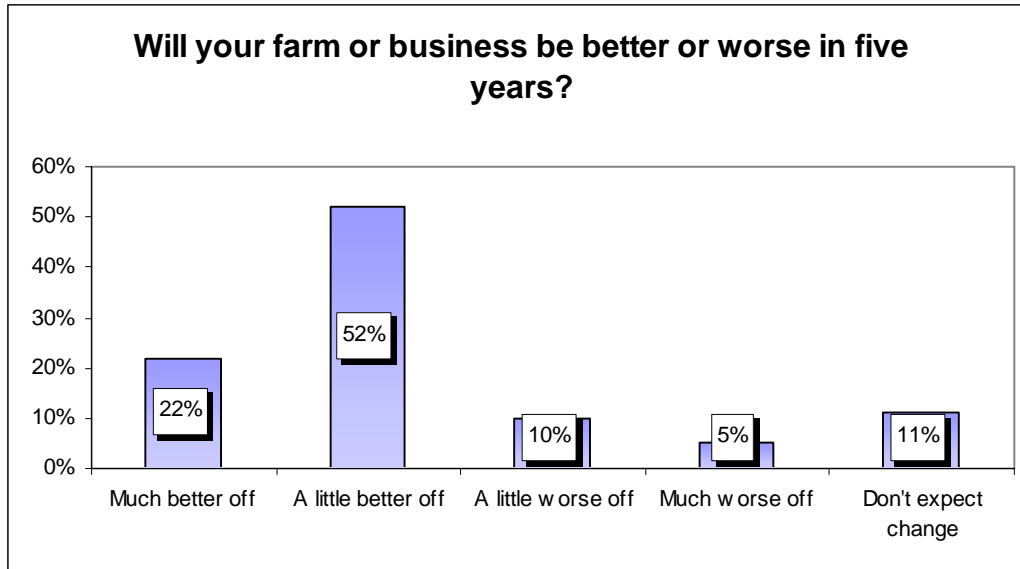
Respondents in the beef and hog sectors are significantly more likely to report that their operations are either a little worse off (24% and 28% respectively) or much worse off (27% and 24% respectively) now than five years ago than respondents from other sectors. There are no other statistically significant differences to report across the other sectors.

Response by province

Respondents from the Atlantic provinces (28%) are significantly less likely to report that their farm or business is a little better off than respondents from other provinces and agriculture professionals / processors. There are no other significant differences to report.

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

Half of respondents (52%) state that they believe their farm or business will be a little better off in five years than it is now.



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 = 3647)

“Over the past 5 years, we have changed the focus of the farm from beef and hay to berries and corn that we direct market. We now have much more control over our selling price. Local demand is growing each year, and margins are improving.”
– British Columbia beef producer

Results by sector

Respondents in the beef sector are significantly more likely to believe that their operations will be much worse off in five years (9%), and are also more likely to not expect any change in the next five years (15%) than those in other sectors. There are no other significant differences to report.

Results by province

Saskatchewan respondents (59%) are significantly more likely to state that they believe their farm or business will be a little better off in five years than those from other provinces. The remaining results are consistent across the provinces.

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. The most resounding response was “I am optimistic, but...” Factors contributing to their optimism include strong commodity prices (16%), plans for changes or continued success for their individual operations (9%) and being in a better individual financial situation (7%). Respondents’ optimism was hampered by rising input costs (25%), depressed commodity prices (13%), government programs and policies (9%) and reliance on outside factors, such as the weather and market prices (9%). A sample of the comments is detailed below.

“If I couldn't hope for better I would have no reason to stay in business.”

“Rising commodity prices, devalued livestock prices, US control over meat packers, meat packers owning cattle in custom feedlots, rising costs for inputs, lack of concern from the general population regarding the future and safety of their food source.”

“We farmers in Ontario (or really, all of Canada) have little control or say in what we get for what we produce. Free trade has done little for us and never will, with our government thinking very little about our problems. As long as we get some good weather and help when we needed from FCC, farmers will prosper just because we are real fighters and don't give in easily.”

“We have been aggressive to expand our business, which has been profitable. We will continue to be diligent, take advantage of climbing market prices, and improve our business.”

“If the ethanol and biodiesel plants continue to develop this will give us new markets for our canola and wheat stocks. It is too bad but a fact of life I guess that there is more money to be made by burning our products than there is to use them as food!!”

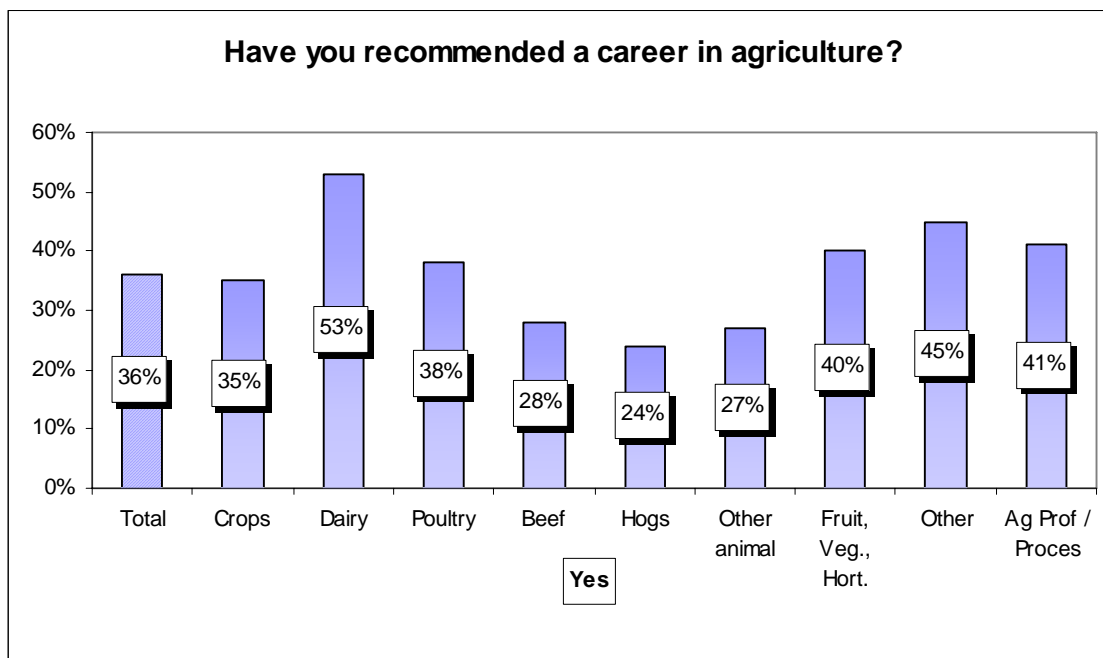
“Since the drought of 2002, 2003, early frost 2004, wet fall 2005, too wet to seed 2006, and cold summers coupled with late seeding, then futility of harvest, I am worse off. However, my livestock numbers have increased and there is a light at the end of the tunnel for grain - but have we ever seen inputs go up so rapidly.”

“Our farm changed focus, eliminated debt, restructured. We changed from what we have always done and thought we always had to do to the best choice financially.”

“Difficult to predict five years out, but if a farm operator isn't somewhat optimistic they should do something else. The new demand for grain (biofuel demand) should restore profitability for a while. Hopefully, farmers take the opportunity to participate in the industry as well as produce the commodities for processing.”

Results: Have you recommended a career in agriculture?

One third of all respondents (36%) report that they have recommended a career in agriculture or an agricultural related field to a friend or family member.



Over the past year, have you recommended a career in agriculture or an agricultural related field to a friend or family member? (n = 3647)

“It was my son and all he has wanted to do is farm. In the fall of 06 I gave him the option of exiting the business. I said to him, if you want to quit with a little help I can farm what you have bought and it will give your landlords all winter to find a new renter. He thought for about 5 minutes and then said: Dad, all I have ever wanted [to do] was to farm, so let’s charge on.” – Saskatchewan crop producer

Results by sector¹

Respondents in the dairy sector (53%) are significantly more likely than those from other sectors to state that they have recommended a career in agriculture in the past year. Respondents in the beef sector (28%) are among the most likely to not have recommended a career in agriculture.

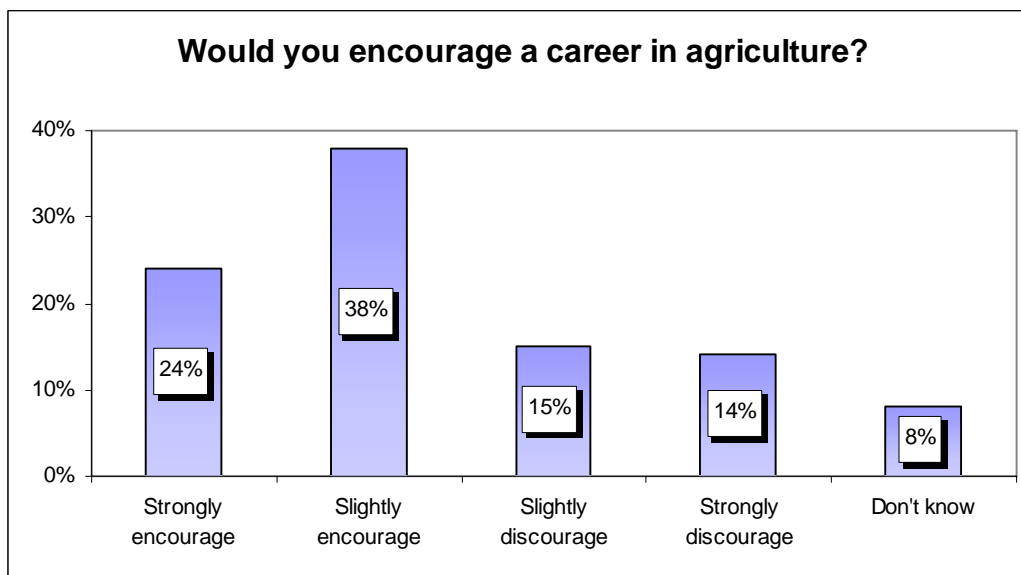
Results by province

Respondents in Alberta (27%) are significantly less likely to have recommended a career in agriculture than respondents from other provinces. There are no other significant differences to report.

¹ Respondents falling into the “Other” sector category could include small sectors such as maple syrup production, forestry or mixed farming.

Results: Would you encourage a career in agriculture?

Six in ten respondents report that they would either slightly (38%) or strongly (24%) encourage a career in agriculture or an agriculture related field.



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 = 3647)

“I think it is the most rewarding and fulfilling lifestyle (it's more than a career) you can have. It is also a great way to raise your family with positive values that will last a lifetime. I think that farming is the most honest way a man can spend his days on this earth.” – Atlantic dairy producer

Results by sector

Respondents in the dairy sector (41%) are significantly more likely than respondents in other sectors to report that they would strongly encourage a career in agriculture, while those in the beef sector (19%) are among the most likely to report that they would slightly discourage a career in agriculture.

Results by province

Quebec respondents (37%) are significantly more likely to strongly encourage a career in agriculture than those from other provinces. Respondents from Alberta are significantly less likely to strongly encourage a career in agriculture (16%) and are more likely to slightly discourage a career in agriculture (20%) than respondents from other provinces.

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

Respondents want to encourage a career in agriculture, but are cautious about doing so. Respondents stated that agriculture is a good lifestyle choice (12%), that there are a lot of opportunities in agriculture (10%) and that agriculture production is necessary for the sustainment of existence in Canada (7%). However, they are cautious about recommending a career in agriculture because they feel farming does not provide financial stability (14%), you may not be rewarded financially for your efforts (12%) and there is uncertainty about the future of agriculture (8%). A sample of the comments is detailed below.

"I am not sure if agriculture is really a career that needs encouragement to enter or not. I believe it is something you want to do or you don't and if you need to be encouraged to enter the field then it likely isn't for you. Agriculture is something that is in your blood, it's not something you develop over time, either you have it or you don't."

"Even though times are tough there is no better lifestyle. You learn the value of a dollar, a strong work ethic and where would the world be without farmers?!"

"I would encourage them because I believe that agriculture is a profession that provides new challenges and opportunities on a daily basis. I would caution that it is also a career that involves long hours with little return at times, especially if one's chosen agriculture path is as a producer of the raw product. That said, I have not done anything else in my life that offers such a sense of accomplishment or provided me with as much personal growth, as my agricultural career."

"I would discourage someone from a career in agriculture because, even though I try to keep a positive attitude and be optimistic, in the back of my mind, I'm not sure farming has a very bright future. If I had to start over right now, I wouldn't be a farmer - it is almost financially impossible."

"There remains significant untapped potential in the ag industry. Most people define the industry too narrowly. When their perspective is broadened, they too can begin to see new possibilities."

"If someone wants to farm, it's in them and they will find a way to do it, it's in their blood. No one can take it out of us, but stress can shorten their career in agriculture. People need a second or third job in order to farm today."

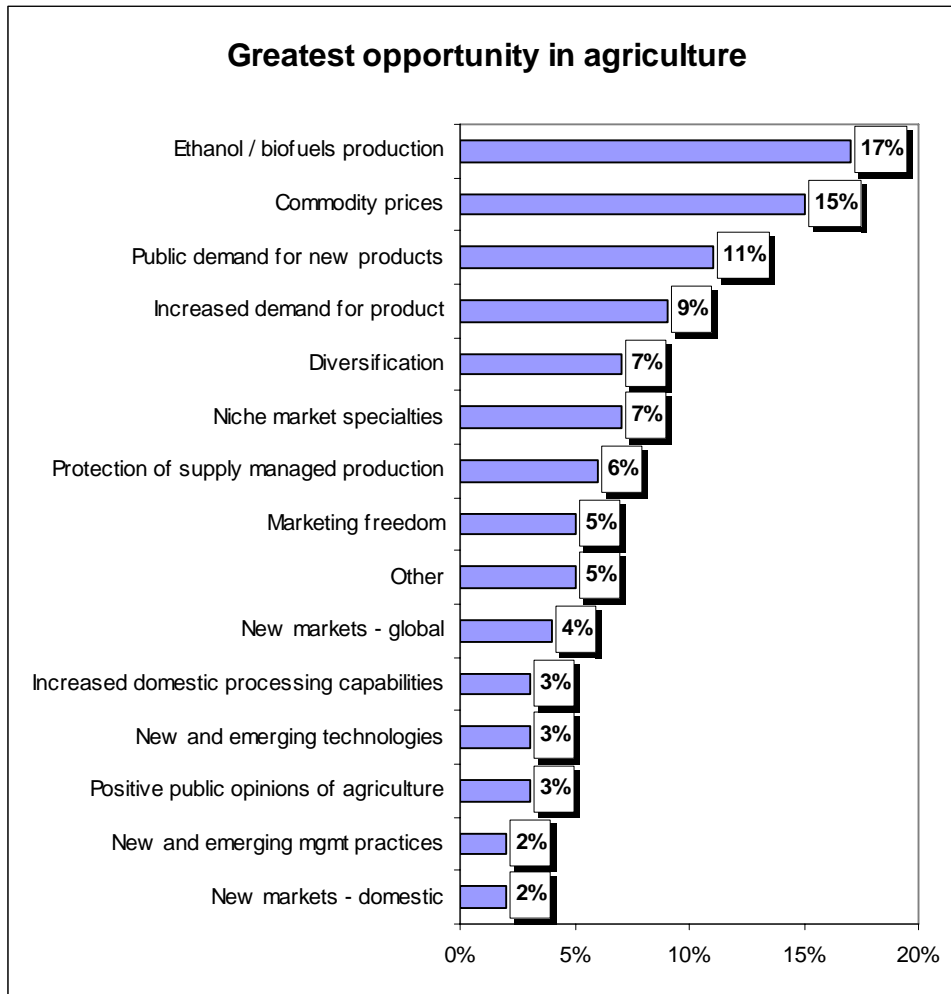
"Agriculture is incredibly rewarding. To see plants and animals grow to maturity in harmony with nature for the nourishment of people is a privilege few get. The downside is sometimes it's hard to be profitable."

"Long hours, lots of stress, huge capital investment, poor cash flow, always at the mercy of the current market place No other business accepts whatever value your buyer feels like giving you that day."

"We see same opportunities in value added products if the farmer is willing to spend time marketing, not farming. Farm only if you want it to be your whole life. It is not a job - it is a total commitment, such as priesthood."

Results: Greatest opportunity in agriculture

Respondents see a variety of opportunities in agriculture over the next year, as evidenced by breadth of responses to this question. However, ethanol / biofuels production (17%) emerges as the greatest opportunity in agriculture.



What do you see as the greatest opportunity in agriculture as a whole over the next year? Please select one only. (n = 3647)

“Markets created by ethanol and biofuels are a welcome addition to agriculture. But depending on the consumer and the politics of the day (which can be fickle more often than not), the wealth created by these could be short-lived if we do not continually seek cheaper, cleaner, more efficient ways of creating viably sustainable fuels and other forms of energy..” – Quebec dairy producer

Results by sector

There are some striking differences in the opportunities seen by respondents in different sectors. The opportunity of ethanol / biofuel production is significantly higher among crop producers (22%), as well as respondents who are agriculture professionals & processors (21%). Respondents in the crop sector are also significantly more likely to view commodity prices (27%) and an increased demand for their product (14%) as key opportunities than other sectors. Respondents in the dairy (33%) and poultry (39%) sectors view the protection of supply managed production as a key opportunity more so than respondents in other sectors. Respondents in the fruit, vegetable & horticulture sector (21%) are significantly more likely to cite niche market specialties as the greatest opportunity. Respondents in the other animal sector (29%) are significantly more likely to view public demand for new products (organic, healthier, local, etc) as an opportunity than other sectors. Respondents in the beef sector (9%) see other opportunities, citing a variety of responses such as better prices for their products, higher land prices or that they don't see any opportunities right now.

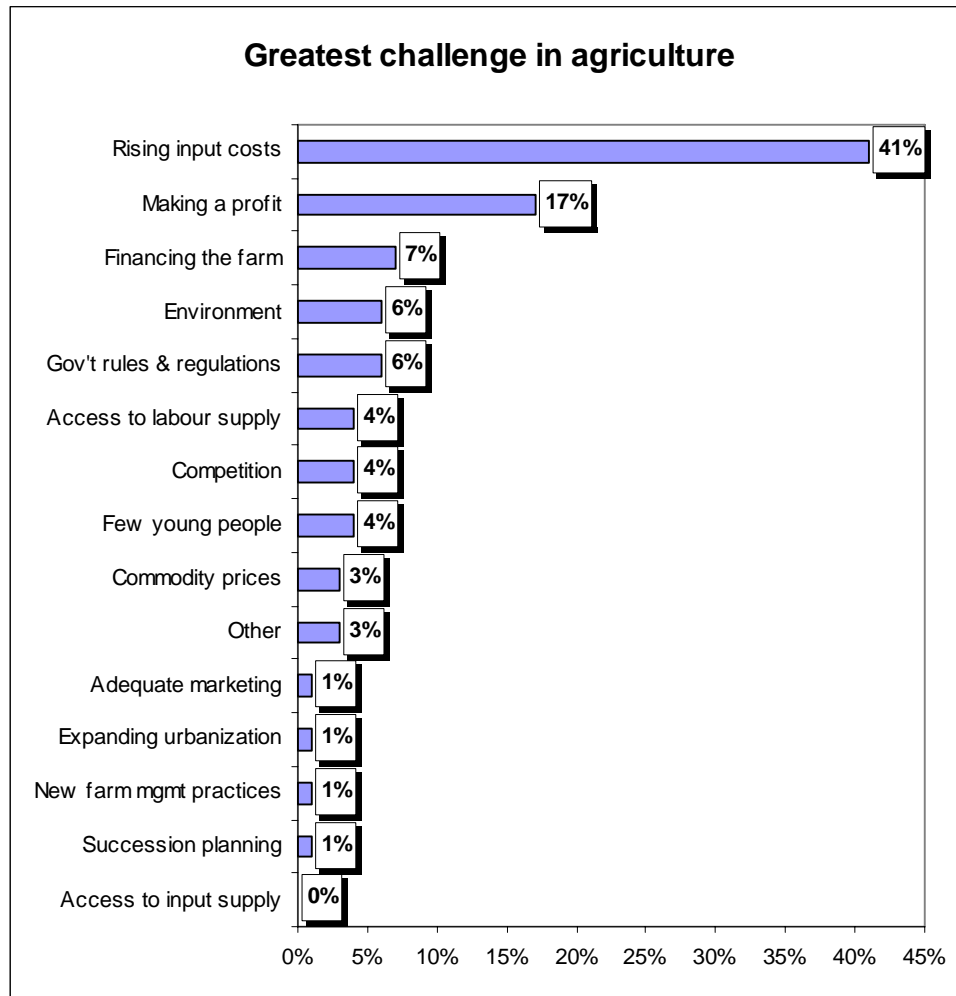
Results by province

Respondents in British Columbia (20%) are significantly more likely to view niche market specialties as the greatest opportunity over the next year, and they are significantly less likely to consider ethanol / biofuels production as an opportunity (6%) than other provinces. Saskatchewan and Manitoba respondents are significantly more likely to believe that commodity prices is the greatest opportunity (30% and 20% respectively); additionally, respondents from Saskatchewan (14%) and Manitoba (16%) are more likely to cite increased demand for product as a key opportunity. Respondents from Quebec (15%) are among the most likely to report that protection of supply managed production is the greatest opportunity, while respondents from Manitoba are significantly less likely to report that public demand for new products (4%) is a key opportunity.



Results: Greatest challenge in agriculture

Rising input costs is seen as the greatest challenge in agriculture over the next year with four in ten respondents (41%) identifying it as such.



What do you see as the greatest challenge in agriculture as a whole over the next year? Please select one only.
(n = 3647)

“Existing and emerging regulations (Ontario): Nutrient Management Act, Clean Water Resources Act, Greenbelt Protection, Oak Ridges Moraine Act, tree-cutting bylaws (at municipal level), powers of conservation authorities, powers at Ministry of the Environment, loss of local abattoirs due to over-zealous regulations - all make it increasingly difficult to EXIST, never mind expand. These regulations also hurt the public's image of farming, as people assume new regulations are proof farmers were doing something wrong and should not be trusted.” – Ontario hog producer

Results by sector

Respondents in the crop sector (54%) are significantly more likely to state rising input costs is the greatest challenge than those in other sectors. Respondents in the hog sector (21%) are significantly more likely to identify competition (large producers, world markets) as the greatest challenge than those from other sectors, and fruit, vegetable & horticulture respondents are more likely to cite the environment (13%) as the greatest challenge. The remaining responses were consistent across the sectors.

Results by province

Respondents in the Prairie provinces of Alberta (46%), Saskatchewan (55%) and Manitoba (57%) are significantly more likely to cite rising input costs as the greatest challenge than those from other provinces. Quebec respondents (11%) are more likely to report that competition (large producers, world markets) is their greatest challenge than those from other provinces. Respondents from the Atlantic provinces are significantly more likely to state that commodity prices (8%) and access to labour supply (12%) are great challenges than those from other provinces.

“Once again, I believe biofuel production is the greatest opportunity to grow agriculture and create wealth in the farming community. Labour supply is the greatest challenge that I have in my farming operation. I need full time seasonal labour and the only people available are retired farmers who are not always interested in working full time. What I believe we need in agriculture is a program where we could share workers in other industries that don't need labourers in the seasons when farmers need those workers.”

“The next year looks like good commodity prices, therefore the "grain" producer will have a chance to reap a reward (I fall into this category). However this poses a serious cost concern for the livestock producers. I still believe as a total industry, making a profit is the biggest challenge.”

“Agriculture, in particular in farm production, needs to be a viable career and lifestyle choice. We need to ensure farms are viable, not just in the next year but into the next generations, if we want to attract young people into farming. There are many issues that affect viability, as outlined in question #7. We need national agriculture policy to provide stability and allow farmers to become agricultural entrepreneurs, "agri-peneurs," so they can grow agriculture from the farm yard.”

“Consumers need to realize the value of their food. People will pay \$5 for a Starbucks [coffee], yet want to buy bread for \$1 and complain about the price of a great steak. They do not complain about a haircut/perm, yet do not like paying the price for a jug of milk.”

“Opportunities will continue to grow in demand for new products. Niche markets, etc. value adding, organic products. A growing ethnic population is creating opportunities for some of these products. The biggest challenges are in marketing these products, e.g. government regulations, distributions, processing, etc. Of course it's always a challenge to make a profit no matter what you get into. Every year presents its challenges - e.g. weather is guaranteed to be different from one year to the next... A new challenge for us to face is the current high dollar value and its effects on export markets.”