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Background and Details

Farm Credit Canada undertook its third annual proprietary research study on the state of agriculture in Canada with all of its Vision panel members in the fall of 2009. The results 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 8508 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 6, 2009, with requests to return the survey by October 23, 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, with the exception of hogs. Data from the hog sector was weighted to the *Statistics Canada, Hog Statistics, Third Quarter 2009, Catalogue no. 23-010-X, vol. 8, no. 4.* to better reflect the current state of the sector.

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 4515 people out of a possible 8508 responded to the survey for a response rate of 53%. The margin of error is +/-1.43%, 19 times out of 20 on a sample of this size. Of the 4515 respondents, 918 indicated beef as their primary business. The margin of error is +/-3.18%, 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

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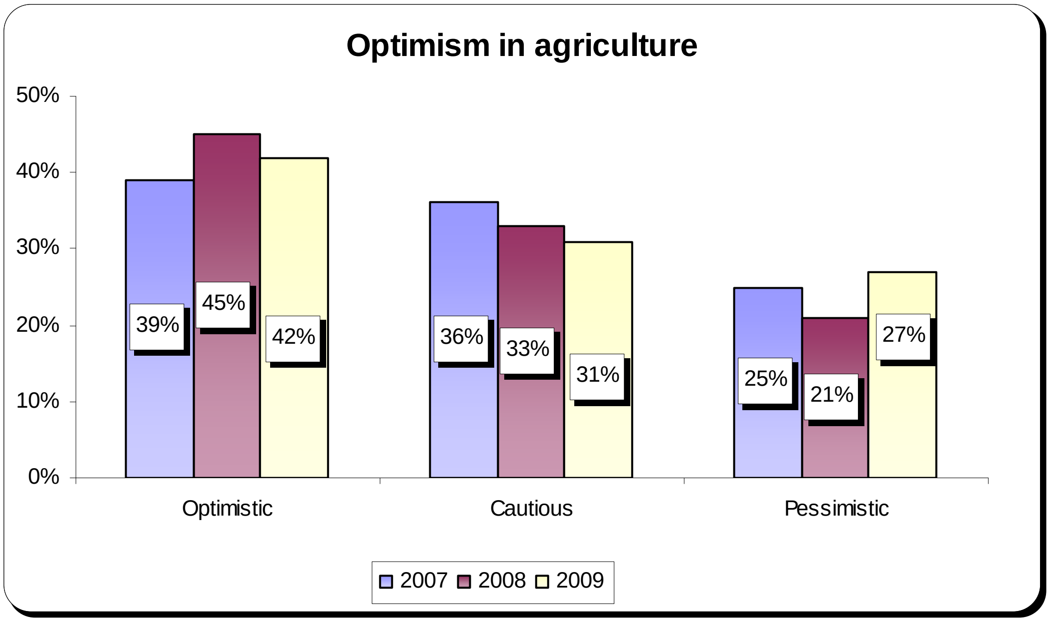
Results: **Optimism in agriculture**

Two in five beef respondents in 2009 are optimistic about the future of Canadian agriculture. There are no significant differences to report between the results of previous years.



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.

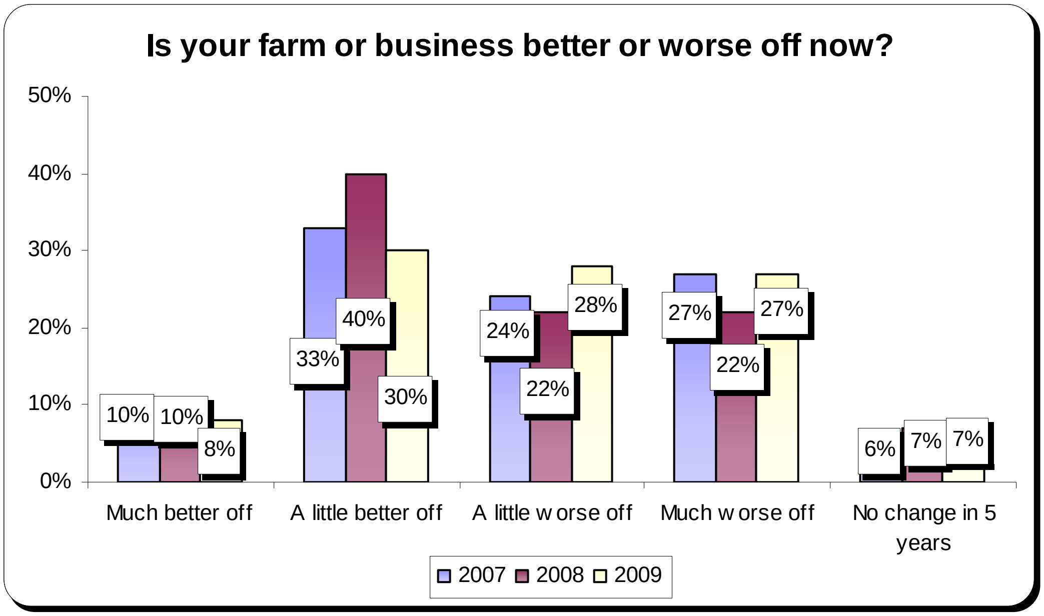
If a respondent reported that they believe their farm or business will be better off ***and*** they would encourage a career in agriculture, they were defined as optimistic. If a respondent reported that they ***either*** believe their farm or business will be better off ***or*** they would encourage 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.

Results by province: 2009

Beef respondents in British Columbia (41%) are significantly more likely to be pessimistic about the future of agriculture compared to Saskatchewan (21%) and Manitoba (19%) beef respondents. There are no other significant differences to report.

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

One third of beef respondents (30%) believe that their farm or business is a little better now than it was five years ago. There are no significant differences to report between the results of previous years.



Overall, do you believe that your farm or business is better off or worse off now than it was five years ago? (n = 753, 2007; n = 742, 2008; n = 918, 2009)

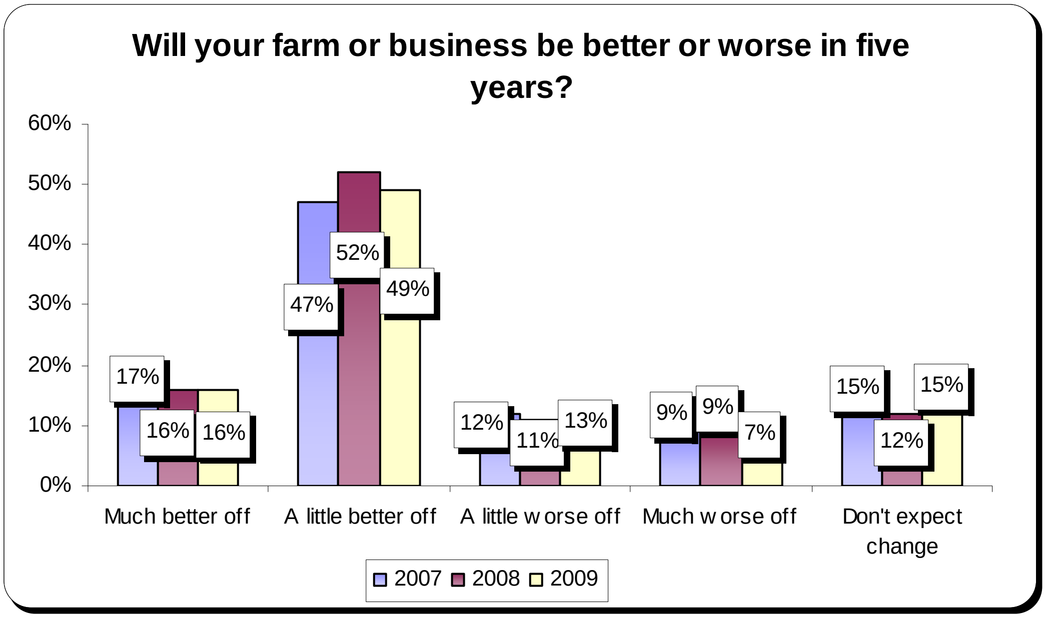
> *"The future of agriculture always has a bright future as it is always growing and changing, as is our business. Even though the immediate picture may be dim the over all picture is positive and exciting, just look at how farming and farm businesses have."- Saskatchewan beef producer*

Results by province: 2009

Beef respondents from British Columbia (45%) are significantly more likely to state that their farm or business is much worse off now than it was five years ago compared to beef respondents from Saskatchewan (23%), Manitoba (26%) and Quebec (18%). There are no other significant differences to report.

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

Nearly half of all respondents from the beef sector (49%) report that they believe their farm or business will be a little better off in five years than it is now. There are no significant differences to report between the results of previous years.



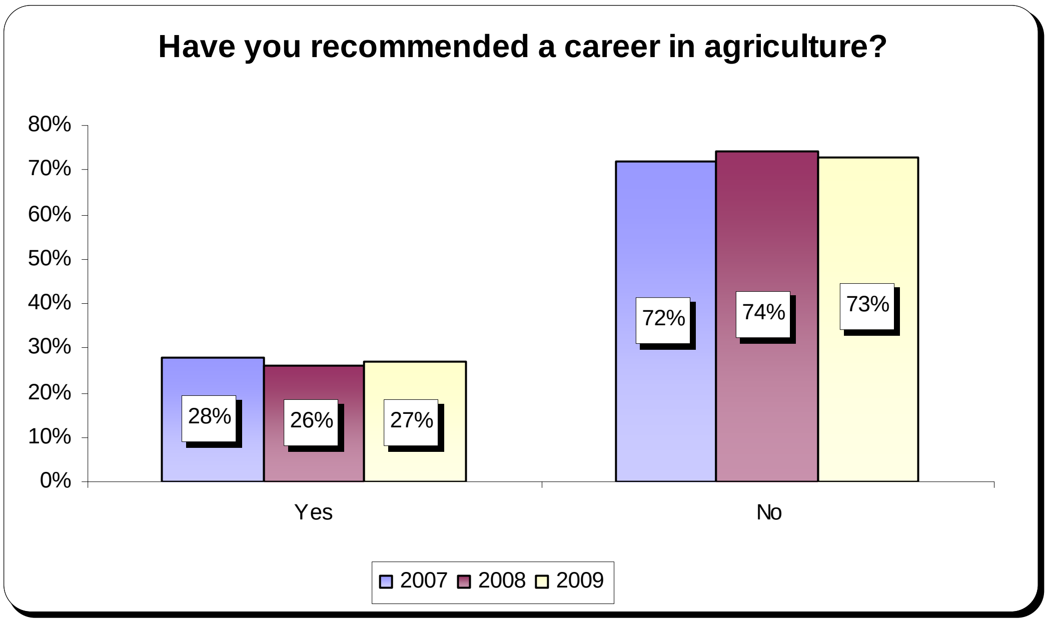
Looking ahead, do you believe that your farm or business will be better off or worse off in five years than it is now? (n = 753, 2007; n = 742, 2008; n = 918, 2009)

Results by province: 2009

There are no significant differences to report between provinces. .

Results: Have you recommended a career in agriculture?

One quarter of respondents from the beef sector (27%) report that they have recommended a career in agriculture to a friend or family member over the past year. There are significant differences between the results of previous years.



Over the past year, have you recommended a career in agriculture or an agricultural related field to a friend or family member? (n = 753, 2007; n = 742, 2008; n = 918, 2009)

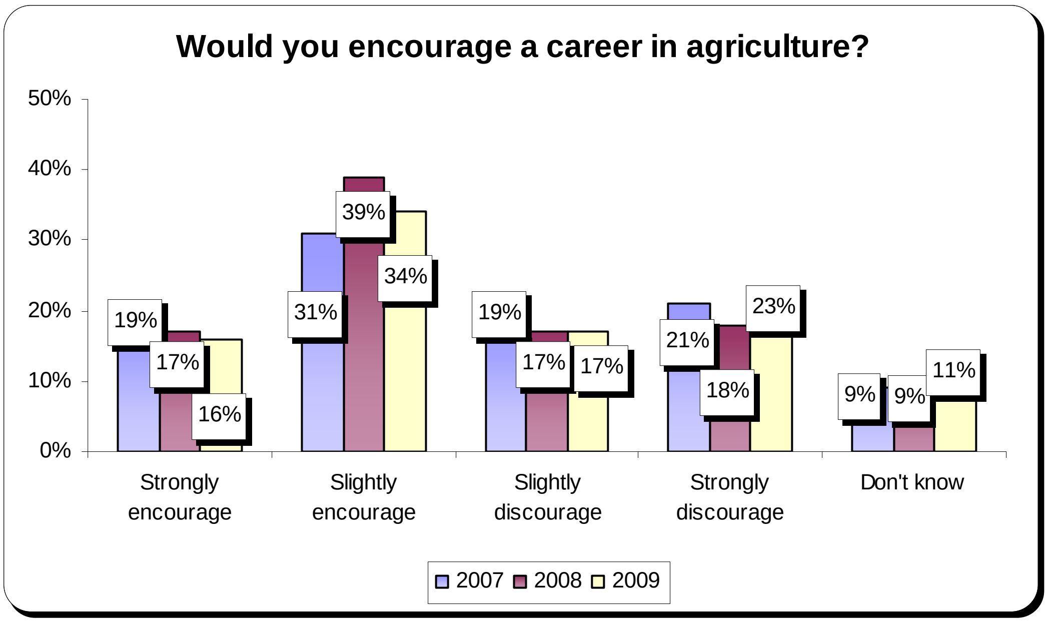
> *"We feel that it is a rewarding career and lifestyle even through financial ups and downs."- Alberta beef producer*

Results by province: 2009

Beef respondents from British Columbia (86%) are significantly more likely to report that they have not recommended a career in agriculture compared to beef respondents from Saskatchewan (72%) and Ontario (70%). There are no other significant differences to report.

Results: **Would you encourage a career in agriculture?**

One third of beef respondents in 2009 (34%) report that they would slightly encourage a friend or family member to consider a career in agriculture. There are no significant differences to report between the results of previous years.



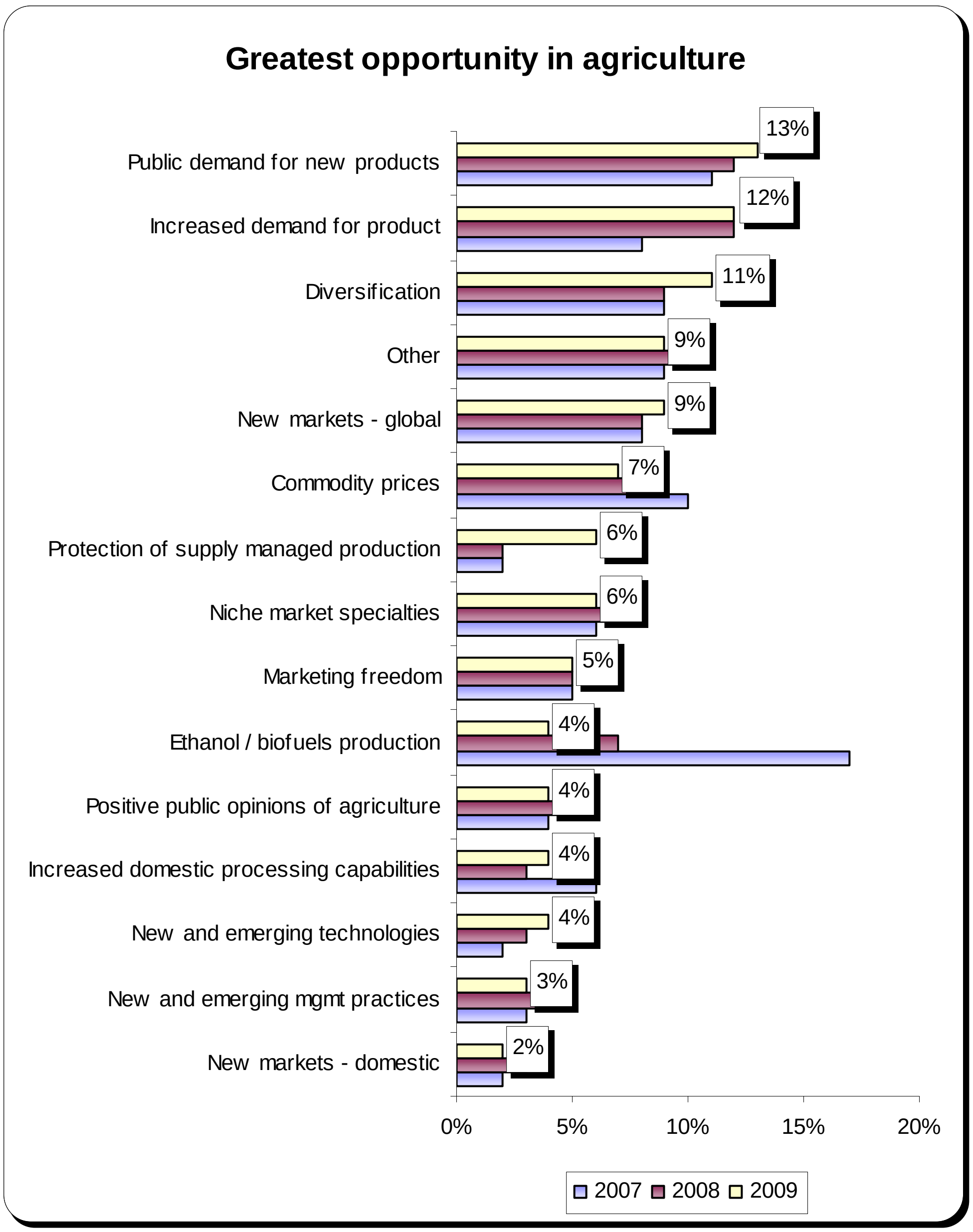
If a friend or family member was considering a career in agriculture or an agricultural related field, would you encourage them to enter the field? (n = 753, 2007; n = 742, 2008; n = 918, 2009)

Results by province: 2009

British Columbia beef respondents (3%) are significantly ***less*** likely to report that they would strongly encourage a friend or family member to consider a career in agriculture compared to beef respondents from most other provinces. Meanwhile, Quebec beef respondents (14%) are significantly ***less*** likely to slightly encourage a career in agriculture compared to beef respondents from most other provinces.

Results: **Greatest opportunity in agriculture**

Beef respondents from 2009 are significantly more likely to cite increased demand for product (12%) as the greatest opportunity in agriculture compared to beef respondents from 2007 (8%). Additionally, beef respondents are significantly ***less*** likely to cite ethanol/biofuels as the greatest opportunity in agriculture in 2009 (4%) than in 2007 (17%).



What do you see as the greatest opportunity in agriculture as a whole over the next year? Please select one only. (n = 753, 2007; n = 742, 2008; n = 918, 2009)

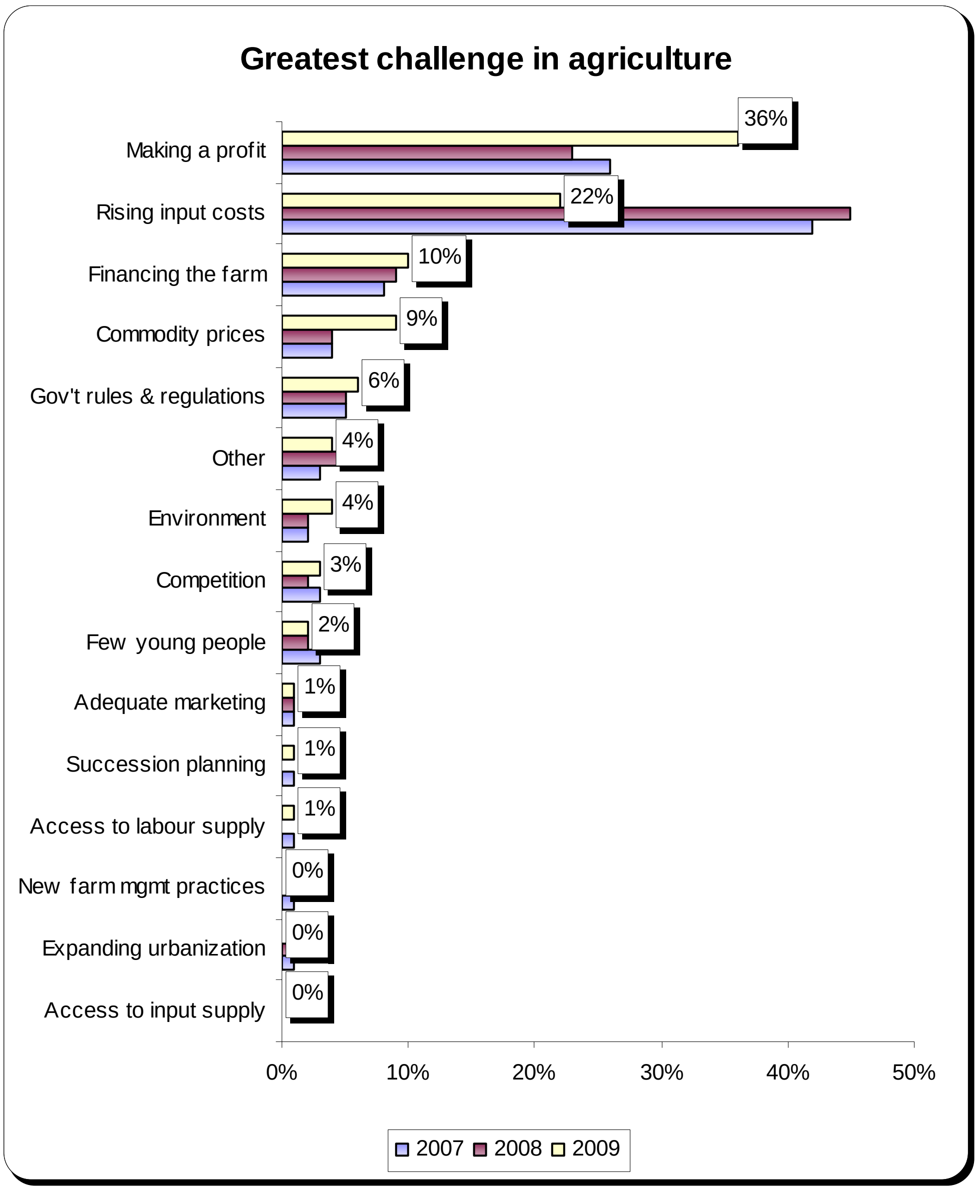
"I think people are starting to want to buy more local, and I think that is great, as producers we need to start providing them with what they want!"- Saskatchewan beef producer

Results by province: 2009

Beef respondents from Saskatchewan (15%) are significantly more likely to identify increased demand for product as the greatest opportunity compared to beef respondents from Quebec (5%). There are no other significant differences to report.

Results: Greatest challenge in agriculture

Beef respondents in 2009 are significantly more likely to cite making a profit (36%) and commodity prices (9%) as the greatest challenge in agriculture compared to 2007 (26% and 4% respectively). Conversely, respondents in the beef sector are significantly ***less*** likely to identify rising input costs as the greatest challenge in 2009 (22%) compared to 2007 (42%).



What do you see as the greatest challenge in agriculture as a whole over the next year? Please select one only.
(n = 753, 2007; n = 742, 2008; n = 918, 2009)

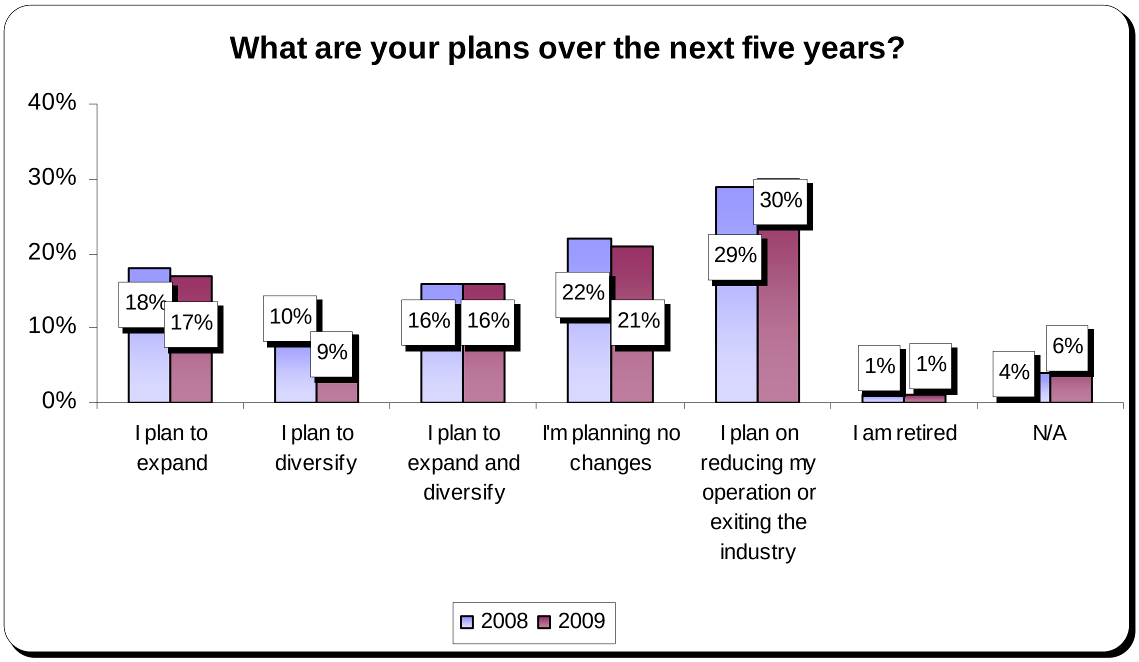
"With commodity prices falling and input costs still remaining high it could be difficult to turn a profit next year."- Ontario beef producer

Results by province: 2009

Beef respondents from Saskatchewan (27%) are significantly more likely to cite rising input costs as the greatest challenge in agriculture compared to beef respondents in Manitoba (14%). Meanwhile, Manitoba beef respondents (44%) are significantly more likely to cite making a profit as the greatest challenge compared to beef respondents from Ontario (29%). Compared to beef respondents from British Columbia (3%) and Ontario (5%), Saskatchewan beef respondents (12%) are more likely to indentify commodity prices as the greatest challenge.

Results: **Future plans**[1]

In 2009, one third of respondents from the beef sector (30%) state that they plan on reducing their operation or exiting the industry over the next five years. There are no significant differences to report between results of previous years.



Looking ahead, what are your plans for your farm or business over the next five years? (n =742, 2008; n = 918, 2009)

Results by province: 2009

Beef respondents from Alberta (16%), Saskatchewan (23%) and Manitoba (19%) are significantly more likely to report that they plan expand their farm or business over the next five years compared to beef respondents from Quebec (5%). Quebec beef respondents (5%) are significantly ***less*** likely to state that they are planning no changes to their current operation compared to beef respondents from most other provinces. Alberta (34%), British Columbia (45%) and Manitoba (37%) beef respondents are significantly more likely to report that they plan on reducing their operation or exiting the industry over the next five years compared to Saskatchewan (23%) and Ontario (16%) beef respondents.

[1] This was a new question added to the 2008 survey, therefore there is no comparison to 2007.