Optimism in the **Crop sector**

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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, 1583 indicated cash crops as their primary business. The margin of error is +/-2.42%, 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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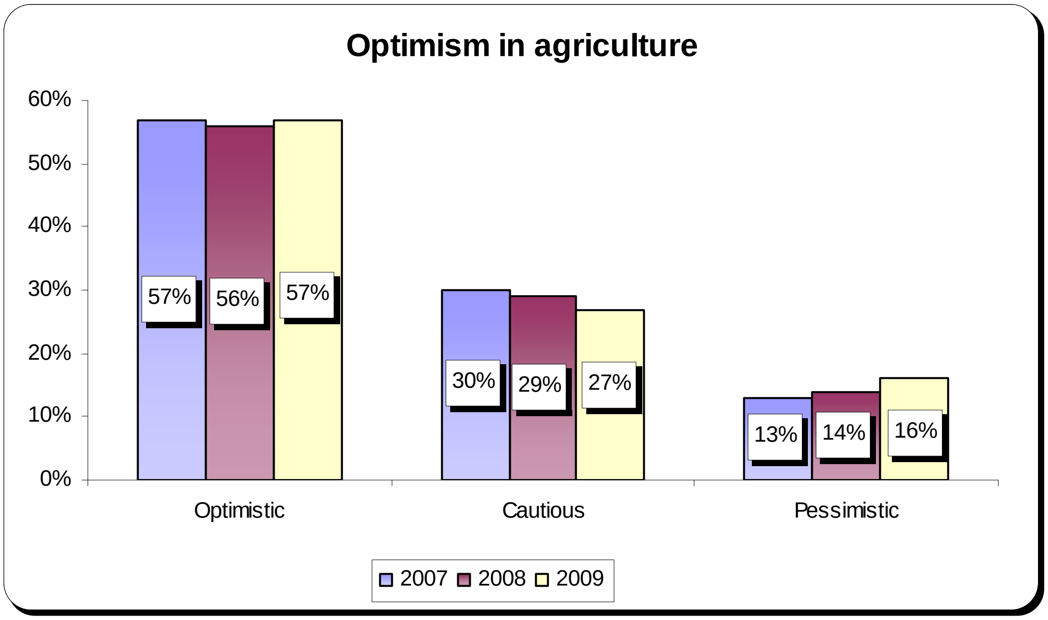
Results: Optimism in agriculture

In 2009, more than half of all crop respondents (57%) are optimistic about the future of agriculture in Canada. Crop respondents are significantly more likely to report that they are pessimistic about the future of Canadian agriculture in 2009 (16%) compared to 2007 (13%).



(n = 1289, 2007; n = 1278, 2008; n = 1583, 2009)

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.

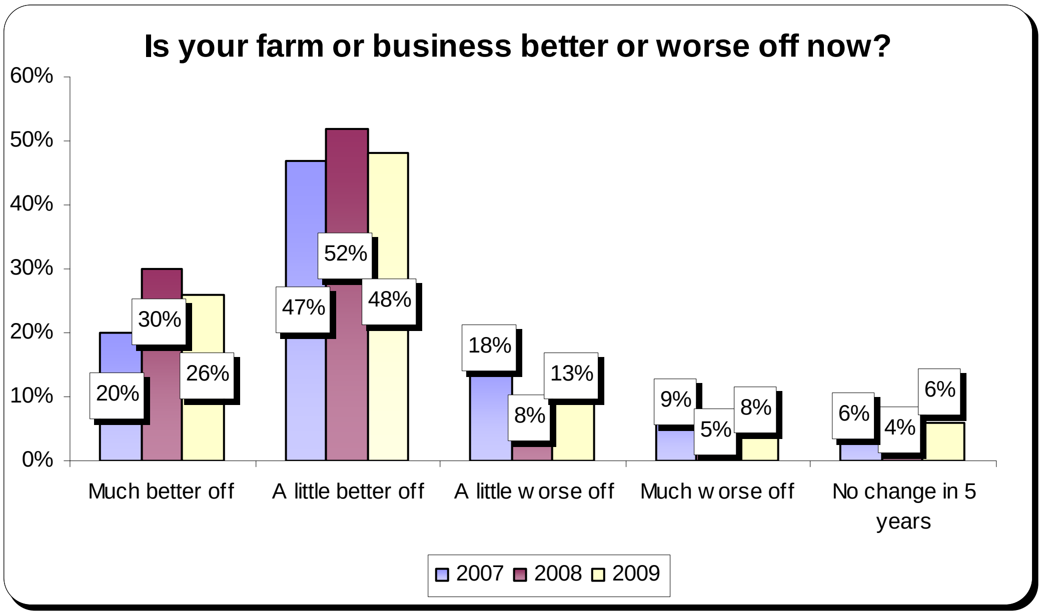
If a respondent reported that they believe their farm or business will be better off ***and*** they would encourage a career in agriculture, they were defined as optimistic. If a respondent reported that they ***either*** believe their farm or business will be better off ***or*** they would encourage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

Crop respondents from British Columbia (47%) are significantly ***less*** likely to be optimistic about the future of agriculture in Canada than crop respondents from most other provinces. There are no other significant differences to report.

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

Crop respondents in 2009 are significantly more likely to report that their farm or business is much better off (26%) now than it was five years ago compared what they reported in 2007 (20%). 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 = 1289, 2007; n = 1278, 2008; n = 1583, 2009)

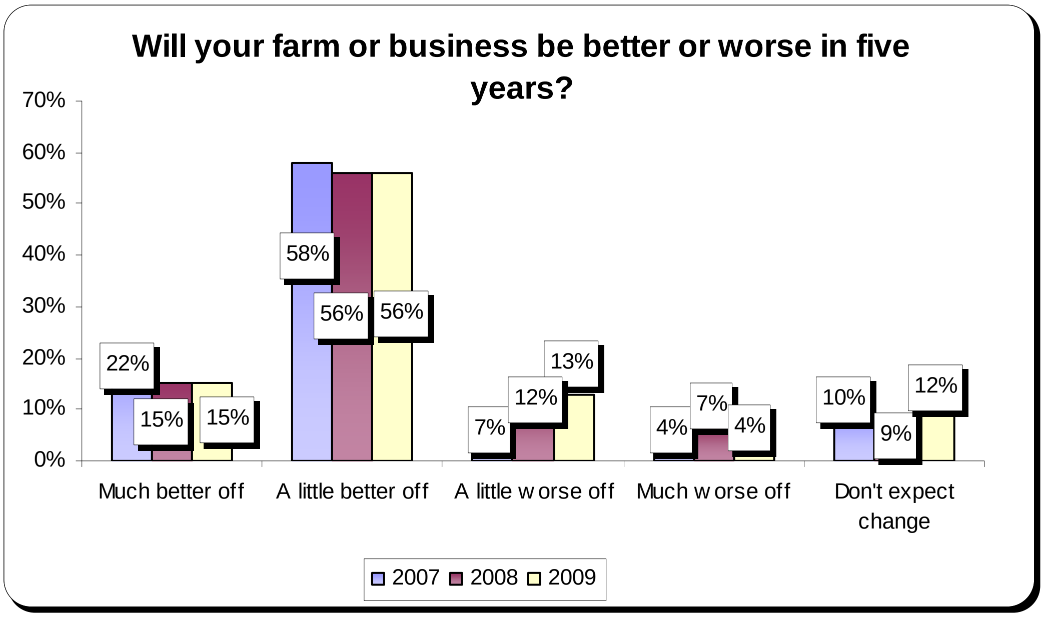
"If you manage your farm well you should always gain some and be better off, given that there will be some ups and downs due to weather, economic times & markets." – Saskatchewan crop producer

Results by province: 2009

Manitoba (31%) and Saskatchewan (33%) crop respondents are significantly more likely to report that their farm or business is much better off now than it was five years ago compared to crop respondents from most other provinces. Conversely, Ontario crop respondents (12%) are significantly more likely to believe that their farm or business is much worse off now than it was five years ago compared to Saskatchewan (4%) and Manitoba (6%) crop respondents.

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

In 2009, crop respondents (15%) are significantly ***less*** likely to believe that their farms or businesses will be much better off in the next five years compared to what they reported in 2007 (22%). Compared to 2007 (10%), crop respondents in 2009 are significantly more likely to report that they don't expect any changes in the next five years (12%).



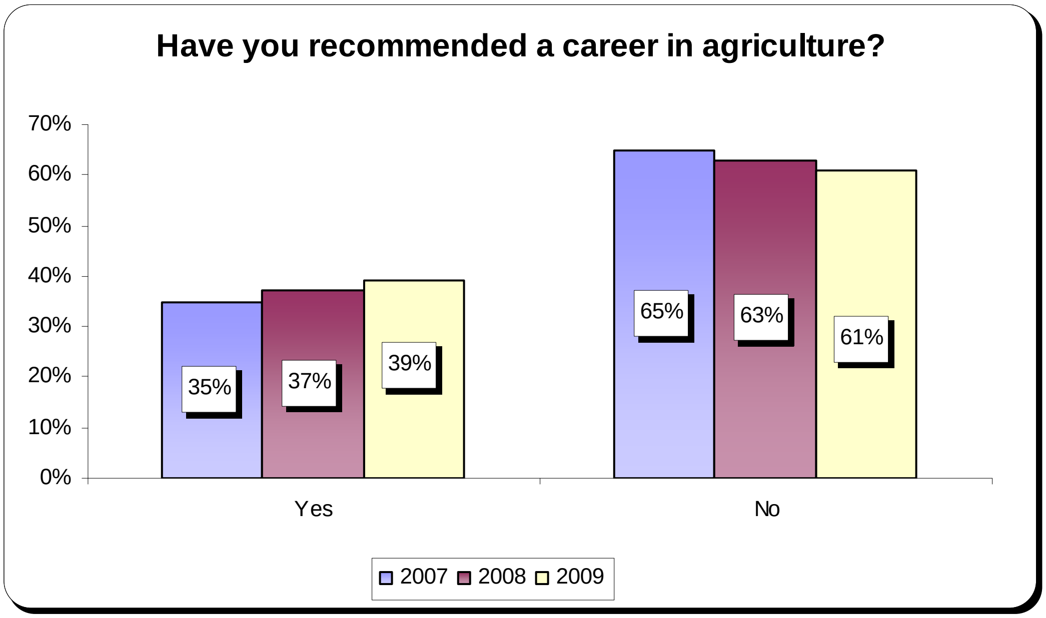
Looking ahead, do you believe that your farm or business will be better off or worse off in five years than it is now? (n = 1289, 2007; n = 1278, 2008; n = 1583, 2009)

Results by province: 2009

Crop respondents from Quebec (30%) are significantly more likely to believe that their farms or businesses will be much better off in the next five years compared to crop respondents from all other provinces. Meanwhile, crop respondents from Manitoba (63%) are significantly more likely to believe that their farms or businesses will be a little better off in the next five years compared to crop respondents from Alberta (55%), Saskatchewan (55%) and Quebec (47%).

Results: Have you recommended a career in agriculture?

Crop respondents are significantly more likely to report that they have recommended a career in agriculture in 2009 (39%) than in 2007 (35%).



Over the past year, have you recommended a career in agriculture or an agricultural related field to a friend or family member? (n = 1289, 2007; n = 1278, 2008; n = 1583, 2009)

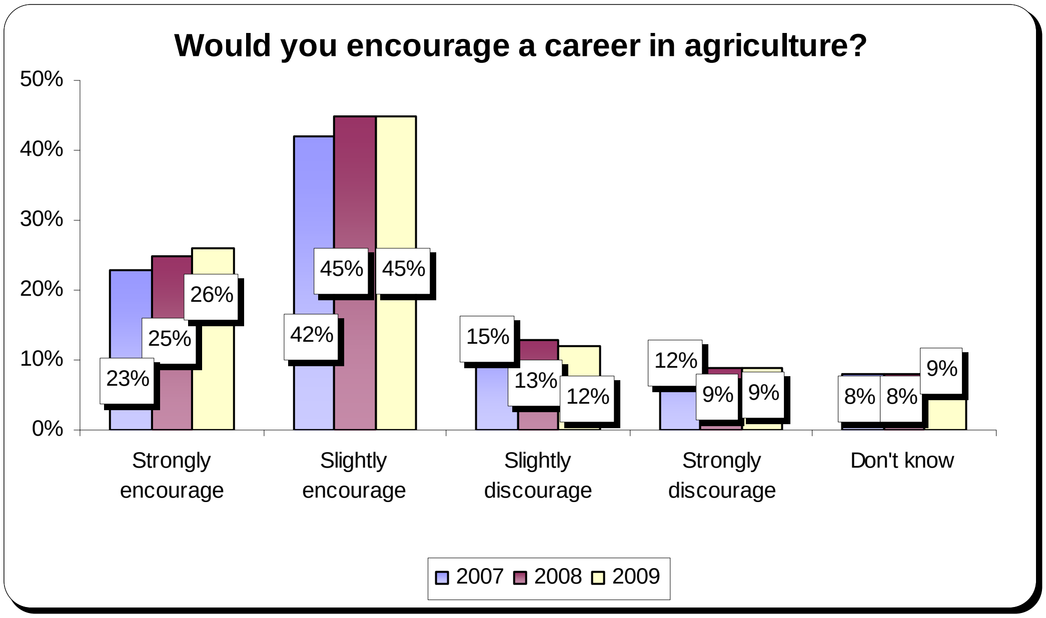
> *"People should do what they enjoy. If they enjoy agriculture, then the future looks bright, so go for it."- Alberta crop producer*

Results by province: 2009

Manitoba crop respondents (47%) are significantly more likely to report that they have recommended a career in agriculture to a friend or family member compared to crop respondents from all other provinces. There are no other significant differences to report.

Results: Would you encourage a career in agriculture?

Crop respondents in 2009 (26%) are significantly more likely to state that they would strongly encourage a career in agriculture than what they reported in 2007 (23%). Additionally, crop respondents in 2009 are significantly ***less*** likely to state that they would slightly discourage (12%) or strongly discourage (9%) a career in agriculture compared to 2007 (15% and 12% respectively).



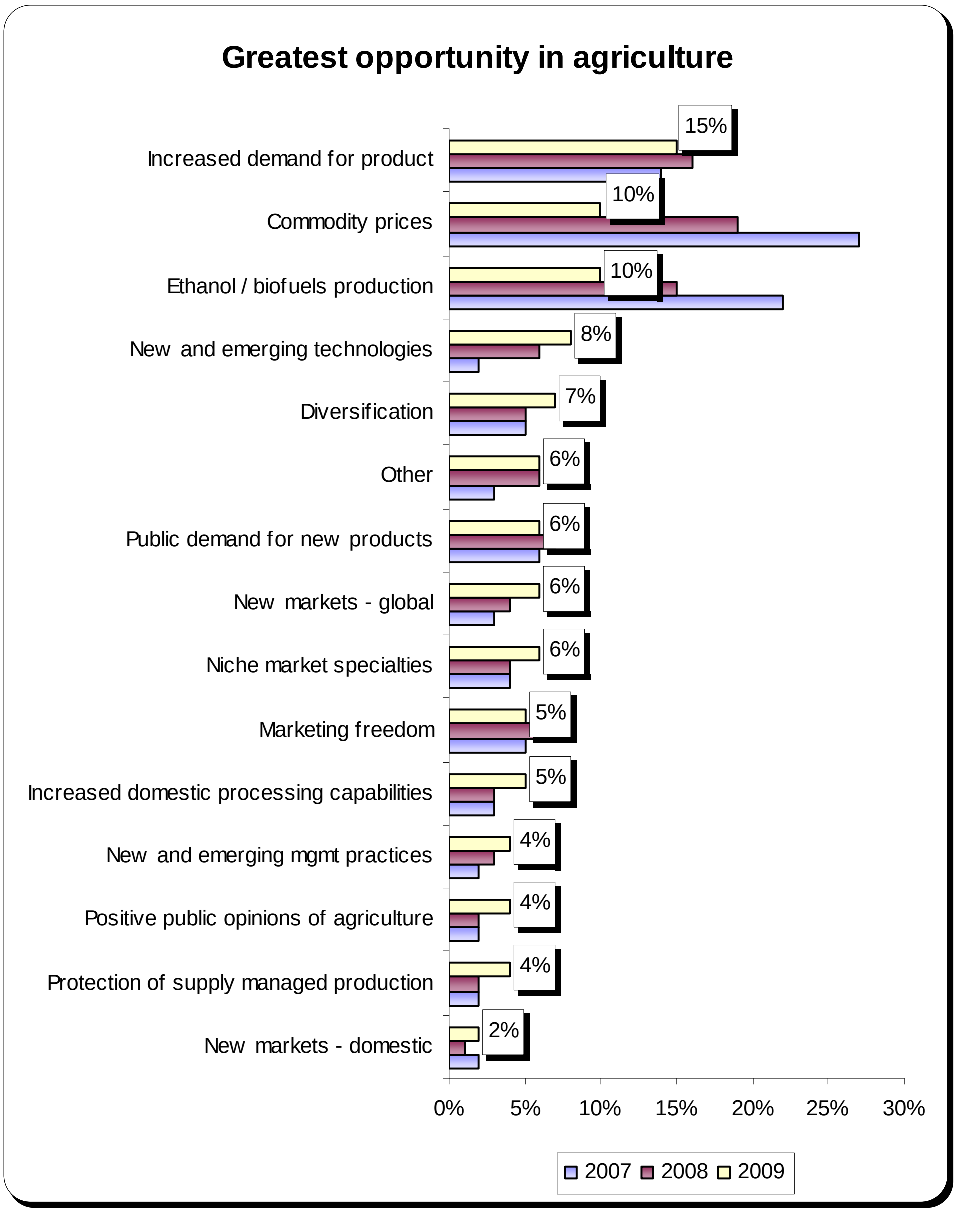
If a friend or family member was considering a career in agriculture or an agricultural related field, would you encourage them to enter the field? (n = 1289, 2007; n = 1278, 2008; n = 1583, 2009)

Results by province: 2009

Crop respondents from Manitoba (31%) are significantly more likely to state that they would strongly encourage a career in agriculture compared to crop respondents from most other provinces. Conversely, Alberta crop respondents (15%) are significantly more likely to state that they would slightly discourage a career in agriculture compared to Saskatchewan (10%) and Manitoba (10%) crop respondents.

Results: Greatest opportunity in agriculture

Crop respondents in 2009 are significantly more likely to cite diversification (7%), niche market specialties (6%) and new and emerging technologies (8%) as the greatest opportunities in agriculture compared to 2007 (5%, 4% and 2% respectively). Additionally, in 2009 crop respondents are significantly ***less*** likely to cite ethanol/biofuel production (10%) and commodity prices (10%) as the greatest opportunities in agriculture compared to 2007 (22% and 27% respectively).



What do you see as the greatest opportunity in agriculture as a whole over the next year? Please select one only. (n = 1289, 2007; n = 1278, 2008; n = 1583, 2009)

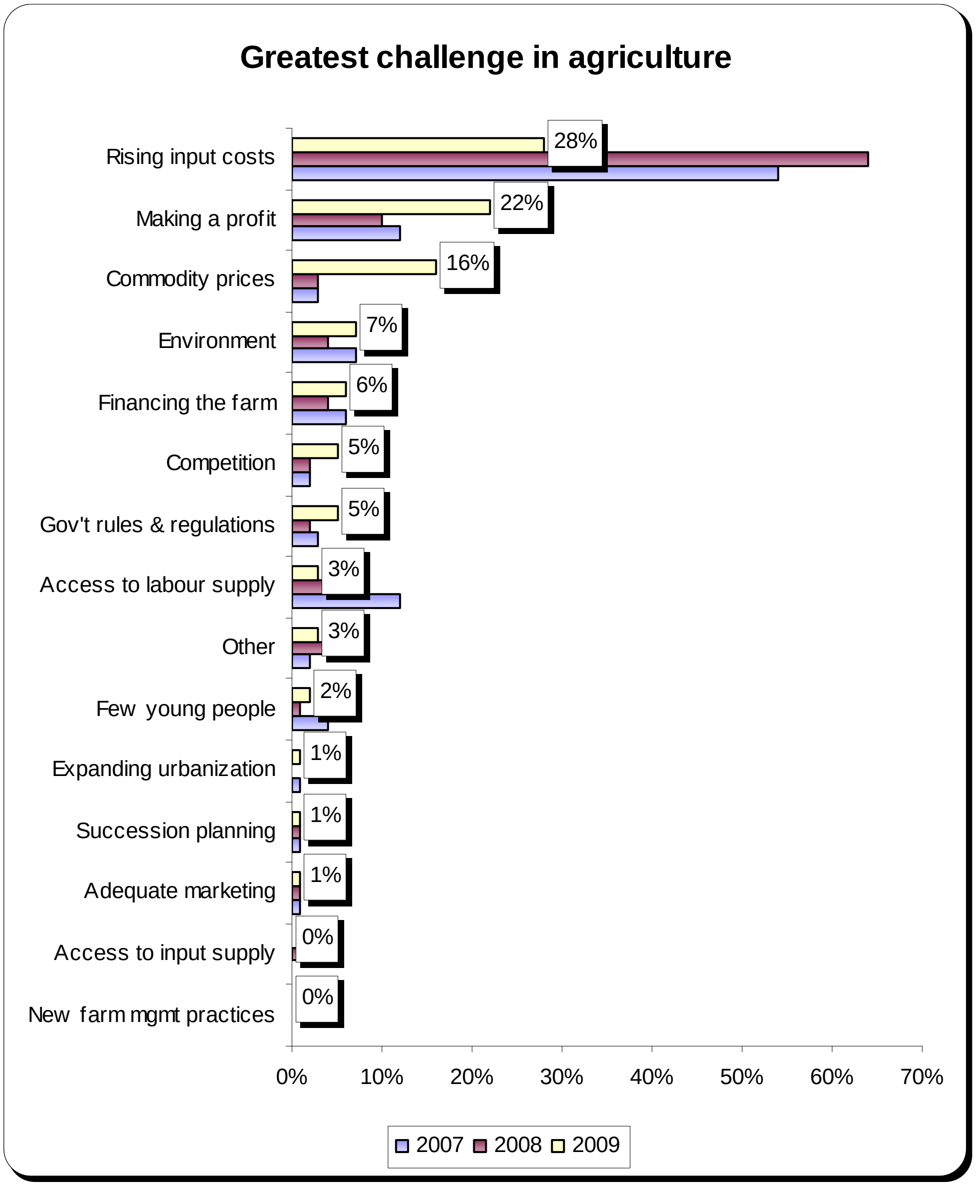
"I think the organic markets are going to provide some opportunities and also buy local initiatives can help."- Ontario crop producer

Results by province: 2009

Crop respondents from Ontario (11%) and Quebec (17%) are significantly more likely to cite diversification as the greatest opportunity compared to crop respondents from Saskatchewan (4%) and Manitoba (3%). Crop respondents from both Saskatchewan (20%) and Manitoba (20%) are more likely to cite increased demand for product as the greatest opportunity in agriculture compared to crop respondents from all other provinces. Crop respondents from Alberta (7%) are significantly ***less*** likely to identify commodity prices as the greatest opportunity compared to crop respondents from most other provinces. British Columbia crop respondents (29%) are significantly more likely to cite public demand for new products as the greatest opportunity compared to crop respondents from most other provinces.

Results: Greatest challenge in agriculture

Crop respondents in 2009 are significantly more likely to cite making a profit (22%) and commodity prices (16%) as the greatest challenges in agriculture compared to 2007 (12% and 3% respectively). Conversely, crop respondents are significantly ***less*** likely to cite rising input cost as the greatest challenge in 2009 (28%) compared to 2007 (54%).



What do you see as the greatest challenge in agriculture as a whole over the next year? Please select one only. (n = 1289, 2007; n = 1278, 2008; n = 1583, 2009)

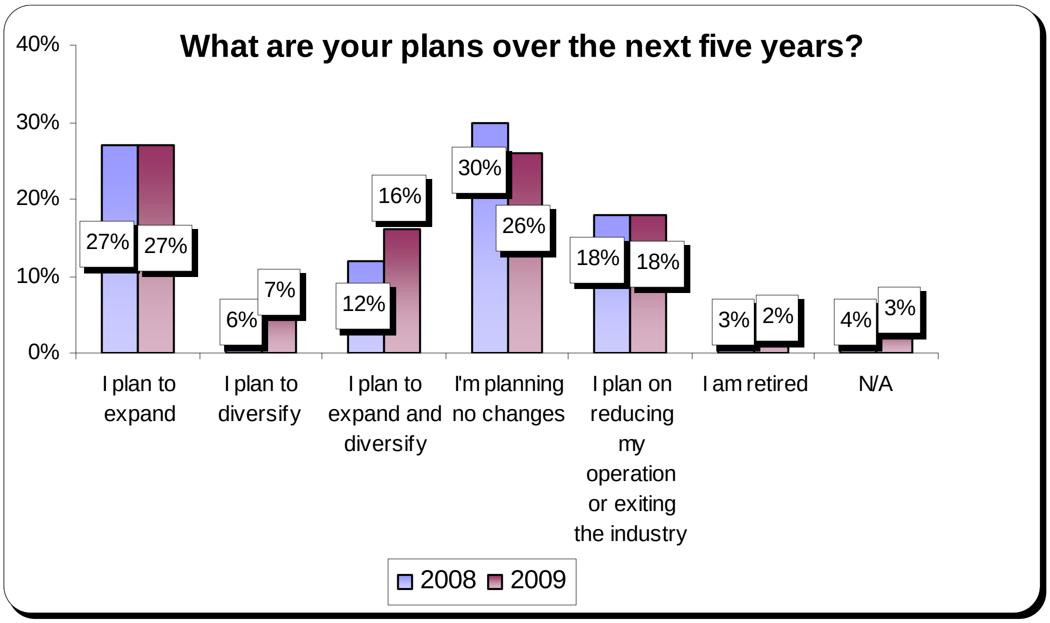
"Rising inputs costs have become such a big hurdle it seems every time it looks like a farmers income might increase all retailers jump there prices with no justification."- Manitoba crop producer

Results by province: 2009

Compared to crop respondents from Alberta (26%) and Saskatchewan (27%), crop respondents from Ontario (33%) are significantly more likely to identify rising input costs as the greatest challenge in agriculture. Saskatchewan (23%) crop respondents are more likely to identify commodity prices compared to crop respondents from all other provinces. Quebec crop respondents (13%) are significantly more likely to cite competition as the greatest challenge compared to crop respondents from Alberta (3%), Saskatchewan (4%) and Manitoba (3%).

Results: Future plans[1]

In 2009, crop respondents (16%) are significantly more likely to state that they plan to expand and diversify compared to 2007 (12%). Additionally, crop respondents are significantly ***less*** likely to state that they are planning no changes to their farms or businesses in 2009 (26%) than in 2007 (30%).



Looking ahead, what are your plans for your farm or business over the next five years? (n =1278, 2008; n = 1583, 2009)

Results by province: 2009

Quebec crop respondents (34%) are significantly more likely to state that they plan to expand and diversify their farms or businesses compared to respondents from most other provinces. Meanwhile, Saskatchewan crop respondents (30%) are significantly more likely to state that they plan on making no changes to their current operation compared to British Columbia (12%), Quebec (3%) and Atlantic (14%) crop respondents. Additionally, Saskatchewan crop respondents (22%) are significantly more likely to state that they plan to reduce their operation or exit the industry compared to Alberta (16%) and Ontario (12%) crop respondents.

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