



# The Future of Prairie Agriculture

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# Global Trends

The past three decades have witnessed steady changes in the structure of the farm economy in the developed world.

- aging of farm operators,
- fewer people involved in farming,
- increasing concentration (fewer, but larger farms) resulting in increased concentration of revenue among larger operations,
- convergence in family incomes for agricultural and non-agricultural households.

# Age of Farm Operators

	1991	1996	2001	2006
	<i>Average Age</i>			
Alberta	47.3	48.2	49.9	52.2
Saskatchewan	48.2	49.0	50.5	52.6
Manitoba	47.4	47.7	49.0	51.2
Canada	47.5	48.4	49.9	52.0
	<i>Percent over 55</i>			
Alberta	31.8	32.3	35.3	41.1
Saskatchewan	35.4	35.3	36.7	42.1
Manitoba	32.5	31.1	32.8	38.4
Canada	32.1	32.2	34.9	40.7

# Number of Farm Operations

	1991	1996	2001	2006
	<i>Number of operator</i>			
Alberta	81,415	82,469	76,195	71,660
Saskatchewan	78,025	72,926	66,275	59,190
Manitoba	34,780	33,255	28,790	26,625
Canada	390,875	385,610	346,195	327,060
	<i>Percent women</i>			
Alberta	26.7	26.5	28.4	30.0
Saskatchewan	20.1	20.0	22.4	23.8
Manitoba	22.4	21.3	22.6	24.1
Canada	25.6	25.2	26.3	27.8

# Farm Revenues

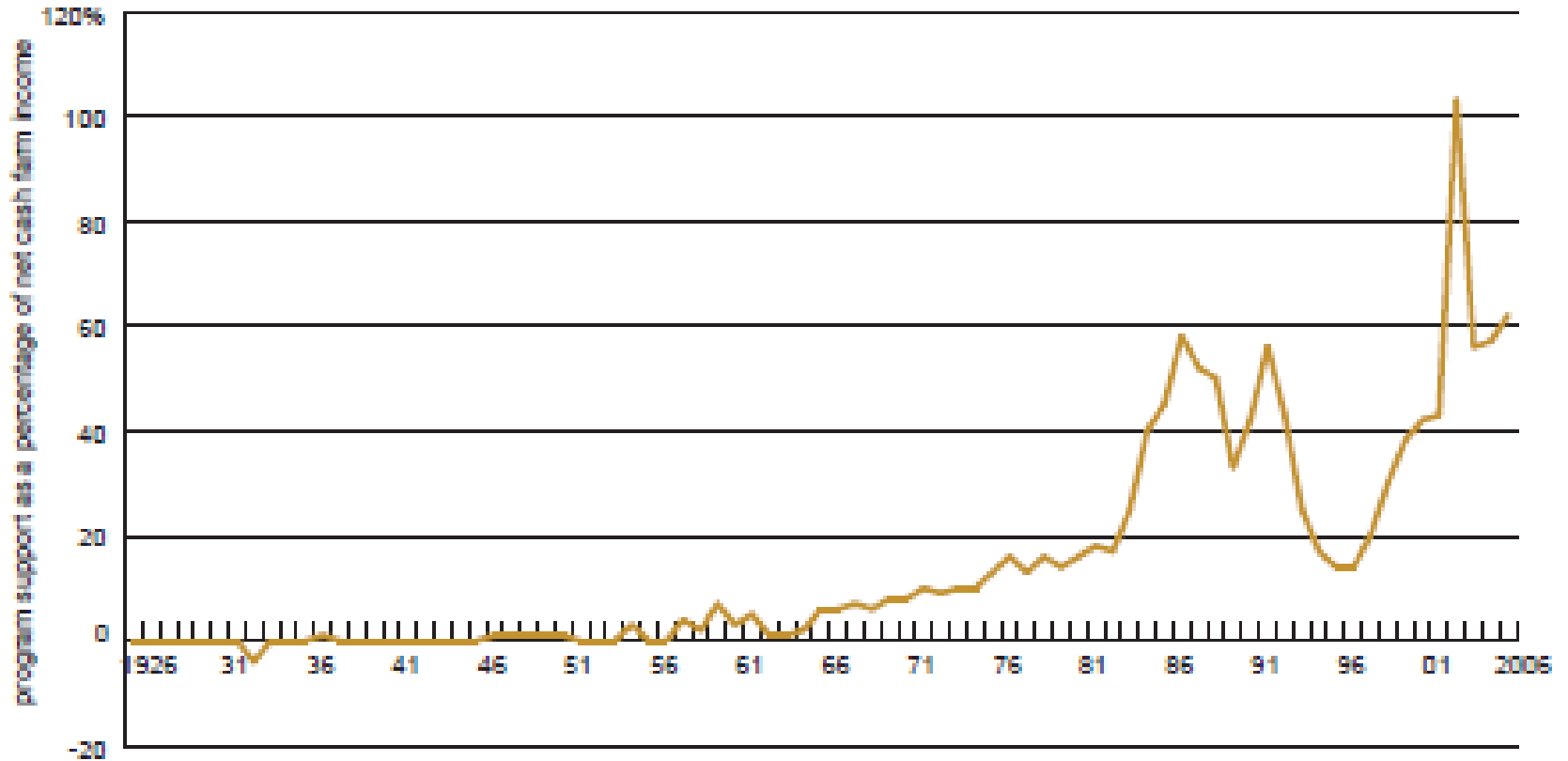
	Alberta		Saskatchewan		Manitoba		Canada	
	2000	2005	2000	2005	2000	2005	2000	2005
Total Revenue (\$b)	-	\$9.9	-	\$6.3	-	\$4.1	\$38.5	\$42.2
Program payments (\$b)	-	\$1.1	-	\$1.2	-	\$0.7	2.6	4.8
% of total revenue	7%	11%	12%	20%	7.6%	17%	7%	12%
# earning more than \$250k	7,006	7,497	6,348	5,340	3,164	3,645	34,139	38,980
% of farms	13%	15%	11%	14%	15%	19%	14%	17%

# History of Canadian Agricultural Policy

## Four eras

- Nation building through immigration (1870–1935) – the national policy (Crows Nest Pass).
- Agricultural policy became integrated with social and economic policy (1935–1960).
- Price instability led to broader policies to support the farm sector (1960–2000).
- Chronic farm deficits prompted governments to try to focus more on creating a self-sustaining farm sector (2000 to present).

# Public Support as a % of Net Cash Farm Income



# Program Support by Farm Size

	<i>All farms</i>	<i>\$10,000 - 25,000*</i>	<i>\$25,000 - 50,000*</i>	<i>\$50,000- 100,000</i>	<i>\$100,000- 250,000</i>	<i>&gt;\$250,000</i>
2004	56%	-	-	210%	80%	39%
2005	57%	-	-	181%	79%	42%
2006	62%	-	-	156%	85%	47%



# Challenges and Opportunities Facing Prairie Agriculture

- Environment
- Realignment of global competition
- Food safety and quality
- Restructuring and succession

# Environment

- Agriculture is the oldest form of **environmental degradation**
- **Mono-culture** has had an adverse effect on biodiversity, the capacity of the soil to retain water, and chemical contamination of ground water.
- **Prairie farmers** have a tradition of **embracing innovation**
  - GMOs and zero till
  - Increased competition and environmental regulation (CEPA) will force the adoption of new technologies

# Global shifts in competition

- The collapse of the last round of Doha WTO trade negotiations reflects deep dysfunction in world agricultural trade.
- The failure reflects a deep distrust by developing countries of the developed world use of subsidized food “dumping.”
- Subsidization of agriculture has been an on-going issue for Canadian agriculture
- The current deficits in all OECD countries may result in a weakening of subsidies.

# Food safety and quality

- Food safety continues to present a major challenge (BSE, Avian Flu, Listeria)
- An important opportunity is emerging for “boutique agriculture”
  - Increased demand for organics
  - Increased demand for locally grown product
  - Increased demand for knowledge about the conditions under which food is grown and prepared
- This has lead to a emerging market of “high end products” that appeal to well-off urbanites.
- Part-time farming around major centres is becoming a viable option.

# Restructuring and succession

- Existing producers wish to retire with a pension, while...
- Younger entrants often lack the capital to acquire land and equipment.
- Programming to support succession exists (loan guarantees), but it is unclear whether this is enough.
- The next 10 years are especially critical.
- Since agricultural land has been rising in value, a market response using the land as collateral should be feasible.

# Public Policy

- The idea that rural Canada needs to be preserved at all costs, even to using forms of social assistance are wrong headed.
- The focus should be on building viable business operations – rural development and population stabilization will follow.
- The myriad policies and programs are confusing at best and, at worst very wasteful.

# A four point program

- Rationalization of all income support into a single program (with increased risk borne by the producer);
- Injection of cash to accelerate the restructuring of farms and farm ownership;
- Deregulation for competitiveness; and
- Reinvigoration of support for basic research and extension services.