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**national farmers union**

*In Union Is Strength*

**FOR IMMEDIATE RELEASE**

**MAY 26, 2010**

**NFU PARTICIPATES IN “AGRICULTURE 2020” CONSULTATIONS:  
TELLS AAFC TO STOP DISTORTING FARM INCOME FIGURES**

**OTTAWA, Ont.**—Women’s President Joan Brady represented the National Farmers Union at Agriculture and Agri-Food Canada (AAFC) meetings today in Ottawa. The “Agriculture 2020” consultations seek to “develop a common understanding of the current state of the sector, the key drivers shaping the future, and how the sector can thrive.”

Brady told the meeting that before AAFC and others can understand the “current state of the sector,” the net farm income situation must be properly presented and analyzed. Currently, that is not happening.

Speaking after the meeting, Brady said: “Based on AAFC data released just weeks ago, the net income Canadian farmers earn from selling their crops and livestock this year will be the third lowest in history. Farmers’ 2010 net income from the markets—not counting support payments—will be below 1930s levels. This is evident no matter how the data is examined: inflation-adjusted or not, on a per-farm basis or aggregated. Every analysis shows the same thing: farm families are earning negative returns from the markets and are, thus, increasingly reliant on off-farm income, support payments, and loans.” (Please see backgrounder.)

But in the briefing documents for the Agriculture 2020 consultations, AAFC says things such as: “Real net farm income per farm has been increasing over the past two decades.” (“Real” means “inflation adjusted.”)

In its briefing documents and its meeting, AAFC advanced the idea that farmers are doing well. But AAFC’s inclusion of government support payments, and exclusion of depreciation costs (the money farmers pay for machinery and buildings) mask the real situation on the farm. And net income isn’t the only evidence of a declining farm financial situation. Farm debt has doubled in the past 11 years and remains on a steep upward trend. “Increasingly unbearable debt belies AAFC’s story of prosperity, as does the rapid disappearance of farm families from the land,” said Brady.

“AAFC is diminishing the magnitude of the farm income crisis, and, thus, hindering efforts to understand its causes and solutions. Furthermore, by not recognizing the full extent of farmers’ losses, AAFC is damaging efforts to craft effective business risk management programs. Every farmer here knows that our support programs are failing. In the short term, we need AAFC to provide properly analyzed data upon which we can build effective programs. In the medium- and long-term, we need AAFC leadership in efforts to deal with market dysfunction, so that we can look forward to positive net incomes and dramatically reduced reliance on taxpayer-funded support programs,” said Brady.

She concluded: “If we have the courage to be honest, we have a chance to make progress. There is real opportunity for our farmers to be successful in all scales of agriculture and in serving diverse markets. We must focus on building a secure and stable domestic market—the market that buys the vast majority of farmers’ production. We must invest in processing and distribution infrastructure that enable farmers to produce food for neighboring cities and citizens. AAFC, though, remains focused on exports and global markets. But if we are ever to compete successfully in the export realm, it must be from a stable and prosperous base at home. The net income data shows that we lack that base. Let’s deal honestly with the data so that we can get on with the changes we so desperately need.”

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For more information, please contact:

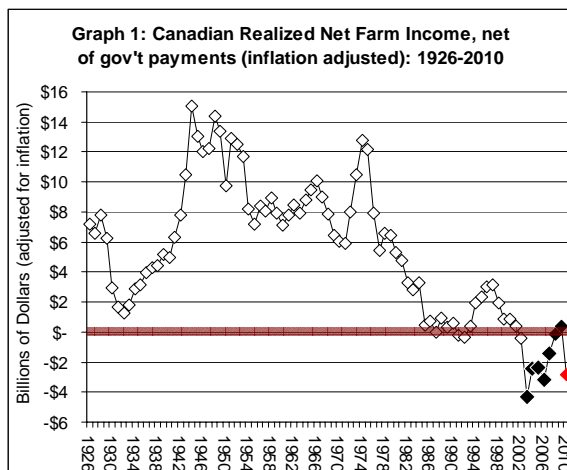
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### **Backgrounder to the NFU’s May 26, 2010 news release**

The following graphs are created directly from Statistics Canada and Agriculture and Agri-Food Canada data. (For instance, Statistics Canada Catalogue no. 21-010-X. Detailed source references available upon request.)

In the graphs below, the measure used is Statistics Canada’s Realized Net Farm income, the best indicator of farmers’ net incomes. (The graphs look virtually identical no matter which net income measure is used: Net Cash Income, Total Net Income, etc.)

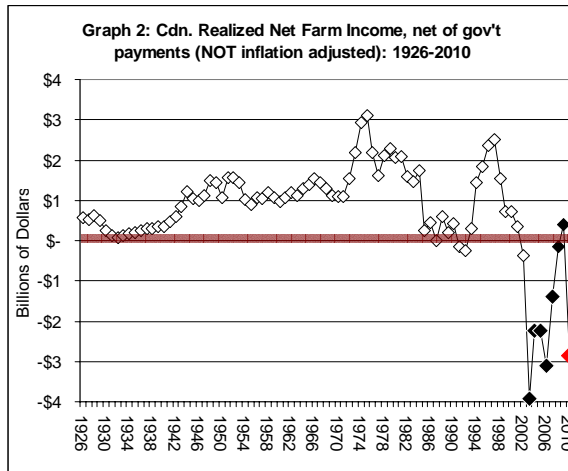


Graph 1, left, shows Realized Net Farm Income, net of government support payments, i.e., market net income. (Market net income is the proper way to evaluate farm prosperity, as it removes the masking effects of taxpayer-funded support programs and shows the positive and negative returns farmers actually earn from the markets.) The values are adjusted for inflation. The time period is 1926 to 2010. The units are billions of dollars.

Graph 1 shows that: a. 2010 is projected to be the third-worst net income year in Canadian history; b. the period from 2003 to 2010, inclusive, is the worst net income *period* in history (perhaps coincidentally, this is the Agriculture Policy Framework (APF)/Growing Forward period); and c. market net incomes in recent years have been far below Depression levels.

Some officials may wish to assert that the data should more properly be examined without inflation adjustment, or on a per-farm basis. The next two graphs do just that. But no matter how the data is analyzed and graphed—inflation adjusted or not, per-farm or

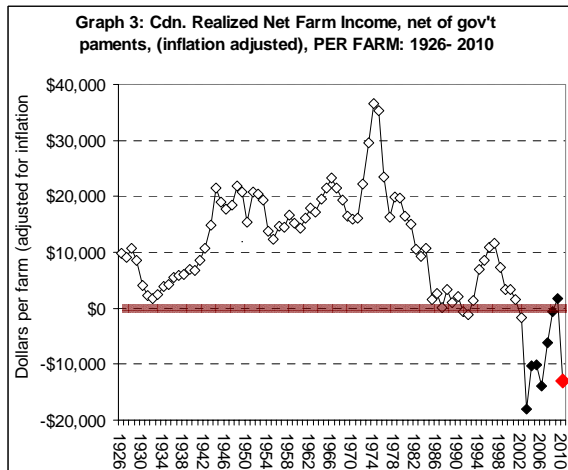
aggregate—the conclusion is exactly the same: 2010 is one of the worst years in history in terms of net farm income. And the 2003 to 2010 period is the worst period in Canadian history.



Graph 2, left, utilizes the same data as Graph 1, but does not adjust for inflation. Thus, it shows Realized Net Farm Income, with government farm support program payments subtracted, for the period 1926 to 2010.

Like Graph 1, Graph 2 shows that: a. 2010 is projected to be the third-worst net income year in Canadian history; etc.

It is clear that the effects visible in Graph 1 are not merely the result of inflation adjustments—adjusted or unadjusted, recent years stand out as record-lows.



Graph 3, left, shows Realized Net Farm Income, net of government support payments, adjusted for inflation, on a per-farm basis, 1926 to 2010.

Again, 2010 is clearly revealed as the third-worst year in history, and the 2003 to 2010 period stands out as the worst period in history.

No matter how net income data is presented, the conclusion is the same: Net farm income is at a crisis level.