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In Union Is Strength

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NET FARM INCOME STATS REVEAL STRUCTURAL FLAWS IN AG POLICY

RIMBEY, Alberta – Realized net farm income for Alberta farmers was the worst in the nation in 2003, but the reasons for the farm financial crisis can't be blamed solely on drought or the Bovine Spongiform Encephalopathy (BSE) crisis, says Jan Slomp, Alberta Coordinator of the National Farmers Union (NFU).

"The BSE crisis revealed the serious structural problems in the Alberta farm sector," stated Slomp. "When the US border closed to exports of live cattle, prices plummeted. But the low prices were due primarily to the fact that two companies, Cargill and Tyson, were able to manipulate the market through their monopoly control over the feedlot and processing sectors. They took advantage of the border closure by buying cheap, captive Canadian cattle and by ramping up boxed beef exports to the lucrative US market."

Statistics Canada released revised farm income figures for 2003 today which showed Alberta's realized net farm income for that year was an astounding *negative* \$412 million. This was the lowest in the country, exceeding even Saskatchewan's negative \$264 million realized net farm income in 2003. Canadian farmers as a whole saw their realized net farm income drop to negative \$28 million. (Realized net farm income is calculated by subtracting expenses from total farm cash income.)

"Even Newfoundland farmers did better than us," commented Slomp, noting realized net farm income in Newfoundland and Labrador in 2003 was \$1 million. Prince Edward Island farmers recorded a realized net farm income of \$0, "but even that would have been an improvement over Alberta," Slomp continued.

Slomp said the cost-price squeeze is the biggest reason for the low net income figures. "Gross farm revenues have risen as farmers produced more to compensate for falling prices at the farm gate," said Slomp. "But their input expenses are going up even faster. That leaves a very narrow margin for net income. That margin has now gone below zero. The worst aspect of this figure is that it doesn't even take into account the labour of farmers or their families. Farmers are subsidizing the meat packers' profits. We're working for nothing and still losing money."

Slomp said government agricultural policies must be changed to allow farmers to earn a decent living from the marketplace. "We don't need a policy of deregulation camouflaged by massive bailouts," he concluded. "What we need is a policy that gives farmers greater leverage in dealing with suppliers and processors, and allows them to get equitable income out of that marketplace."

He concluded the Alberta government should support farmer-led and co-operative initiatives to build independent beef processing plants in the province. "The government has poured millions into the Tyson and Cargill plants," said Slomp. "The results of that policy are evident in the latest net farm income statistics."

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