

National Office
2717 Wentz Ave.
Saskatoon, Sask., S7K 4B6
Tel (306) 652-9465
Fax (306) 664-6226



national farmers union
In Union Is Strength

FOR IMMEDIATE RELEASE

June 3, 2010

**AGRIRECOVERY DROUGHT RELIEF MONEY DROP IN THE BUCKET FOR
CATTLE PRODUCERS**

Rimbey, Alberta—Many farmers will welcome Monday's announcement by the Federal, Alberta, and Saskatchewan governments that the AgriRecovery program will pay \$50 per animal to Alberta and Saskatchewan cattle farmers and ranchers who were drought stricken during the last two years. However, much more is needed. "The one time payment represents only 10% of the approximately \$500 per animal missing from the farmer's cheque. If \$50 is good, imagine how much better \$500 dollars would be," said Alberta cattle farmer Iain Aitken.

Cattle farmers are receiving today \$500 less per animal than they did in the 1960s, 70s, or 80s, when inflation is factored in. The price reduction is the result of the decline in the farmer's and rancher's percentage of the retail beef dollar. Independent feedlot operators have lost a similar amount per animal over the same period.

Agriculture and Agri-food Canada (AAFC) projects the 2010 net operating income for the average Canadian cattle farm to be *negative* \$5195. "Clearly, profits are being captured by others in the supply chain and cattle farmers are unable to obtain a fair price from the market," said Aitken.

Analysis of public data (see www.nfu.ca – "The Farm Crisis and The Cattle Sector") shows that farmer prices are down, grocery-store prices are up, and others in the supply chain must be taking a bigger chunk. "We need the government to intervene in the beef supply chain on behalf of the farmer and rancher," said Aitken.

Government policy has aided and abetted the destruction of farmer market power. The government has approved mergers and acquisitions that has reduced competition and increased the market power of the meat packing industry. Two companies, Cargill and XL Foods, now control 80% of the industry in Canada. The government has signed trade agreements and encouraged farmers to focus on export markets. Canadian cattle farmers and ranchers now are overly-dependent on the U.S. market which has been subject to closure and restrictions.

"\$50 per animal from the government is welcome but what we really need from the government isn't money, it is courage and action. We need the government to re-balance market power so that family farms and ranches can be viable and profitable. Rather than \$50 per animal from taxpayers, we need our \$500 from the markets," concluded Aitken.

—30—

For more information, please contact:

Iain Aitken

Darrin Qualman, NFU Director of Research

(403) 843-0094

(306) 652-9465