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national farmers union

In Union Is Strength

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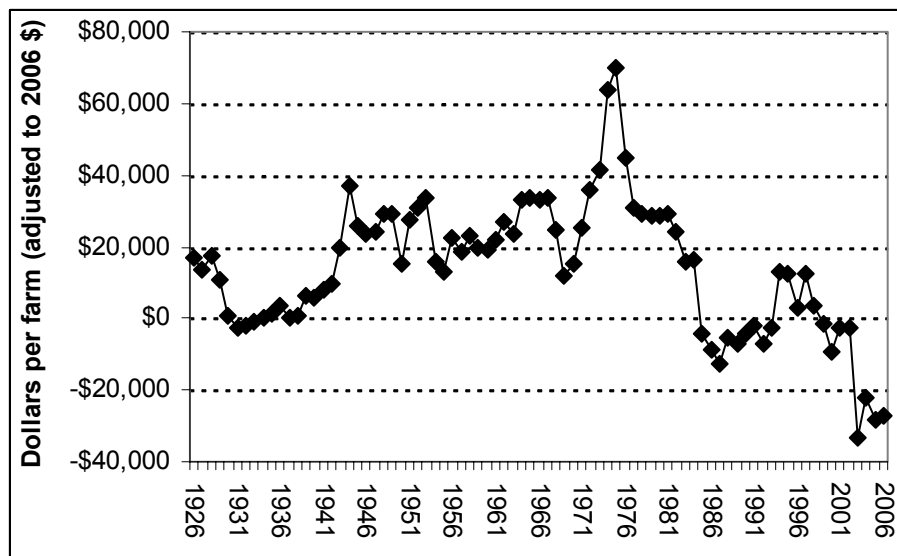
THE SASKATCHEWAN NET INCOME DISASTER CONTINUES

OXBOW, Sask.—Saskatchewan net income numbers remain far below zero and far below 1930s' levels: so reveals recently released data from Agriculture and Agri-Food Canada.

Ag. Canada projects that in 2006 the average Saskatchewan farmer's net income from the markets will be *negative* \$27,000—that makes 2006 the third worst in Saskatchewan history and far worse than the Great Depression.

The following graph uses Ag. Canada and Stats. Canada Realized Net Income numbers, subtracts government payments to show net income from the markets, divides net income by the number of farmers, and adjusts those per-farm net incomes for inflation to allow comparability with past years.

**Saskatchewan Realized Net Incomes from the market,
per farm, adjusted for inflation: 1926-2006**



In only five of the last 22 years have the markets paid a positive net return to Saskatchewan farmers. Year after year, farmers have to rely on off-farm and spousal income, debt, taxpayer support, and the depletion of savings and equity.

Saskatchewan NFU Board member Lori Erhardt said that such an unprecedented and prolonged income collapse demands an explanation. She said: “This years’ continued income disaster can’t be blamed on BSE. And while the weather was bad this harvest, the net income collapse clearly began many years ago. Weather can’t explain a string of years where our net income numbers were worse than the 1930s.

Erhardt also dismissed those who blame this year’s bad financial picture on a rising Canadian dollar. “The argument that a high dollar can cause dramatic economic pain for farmers falls flat. Our dollar was at its highest in 1974—and farm prosperity was at its highest. Our dollar’s value may have some small influence, but the dollar’s value really correlates to nothing—it doesn’t correlate to commodity prices, net income, or any other measure relevant to farmers,” said Erhardt.

Erhardt did point out one correlation that could explain the plummeting fortunes of farmers—record corporate profits. “Farmers’ profits have hit record lows just as agribusiness profits have hit record highs? Perhaps rather than calling this a net income crisis we should call it a net income transfer,” said Erhardt.

The NFU’s report entitled *The Farm Crisis and Corporate Profits* lists the profits of nearly every agribusiness corporation that plays a significant role in the Canadian agri-food economy. That report finds that in recent years, farmers have posted their lowest profits in history and agribusiness has posted its highest. That report can be accessed at www.nfu.ca/briefs/corporate_profits.pdf

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