

# Frank Valeriote

## Member of Parliament-Guelph



June 10, 2010.  
For Immediate Release

### **Young Farmers and The Future of Canadian Agriculture**

The Standing Committee on Agriculture and Agrifood's recent investigation into the future of agriculture in Canada held hearings across much of our country, before returning to Ottawa for further deliberations. We began our tour by visiting orchards in the Okanagan followed by a tour of beef, dairy and grain farms and processors in the prairies, where we observed the challenges facing producers firsthand. We ended with more hearings and personal observations at similar farms in Ontario, Quebec and the Maritimes, including a stop at the University of Guelph- to witness the cutting edge agricultural innovation developed there.

Throughout these travels the committee heard firsthand from dozens of witnesses about the serious challenges facing the industry. Chief among them is that young people are not entering the industry in the numbers necessary to replace retiring farmers, and many more are leaving their farms, unable to earn a decent living.

As one young farmer told us, he "loved the lifestyle, but there is no livelihood" and hence, no viable future for him in Canadian agriculture. Canadian farmers are on average sixty years of age, and sixty-five percent of farmers under thirty five years of age have left farming in the last fifteen years. The trend is likely to continue or worsen with the number of farms closing currently higher than 3, 600 per year. One witness told the committee "that our rural areas may well become ghost towns." To date there has been no comprehensive federal response.

This perilous situation arose in part due to the high degree of consolidation in Canada's food processing and farm input supply industries: a situation that has deprived our farmers of the ability to control their own costs or revenues. It has been compounded by a lack of harmony between Canadian and international standards, which has hampered Canadian producers in their struggle against foreign competitors, that are free to import food into Canada from other countries to be sold at prices less than the cost of production.

A lack of access to capital leaves young farmers in Canada unable to buy land that is constantly rising in price; deprives them of the opportunity to buy out their parent's operations; and prevents them from purchasing the necessary equipment and technology to compete in the industry. The federal government must ensure that agricultural loan programs are accessible to young farmers, and that they are supported with better succession planning tax incentives for intergenerational farm transfers.

Further, it was impressed upon us that small farms are being replaced by larger industrial farms as the industry has undergone profound structural changes. Small farming operations are squeezed between

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companies on the supply side that set prices for farm inputs, such as fertilizer and seeds, and companies on the distribution or processing end, such as large grocers and food processors, which set the sale price of farm products. Canadian farmers therefore humbly call themselves “price takers” – utterly unable to set the prices for their products that would make their business sustainable. Unless they are a niche farmer providing a unique product, or a supply managed farmer where production quotas and prices are fixed, the only way to survive is to achieve modest economies of scale by becoming a large industrial farm. The farming industry is also being challenged by exports from emerging economies that don't have the same regulations and standards for food safety or processing as Canadian farmers.

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