

The Farmer's Share

Food Dollars and the Farm Gate

Producers across Manitoba, Saskatchewan and Alberta are working together to help make consumers more aware of the cost of food at the grocery store and the share of the consumer's food dollar that goes back to the farm gate.

Over the past three years, Keystone Agricultural Producers (KAP) of Manitoba, Agricultural Producers Association of Saskatchewan (APAS), and Wild Rose Agricultural Producers (WRAP) of Alberta have been tracking the prices of an entire week's worth of groceries for a family of four. Today, the groups announced the results of the 2010 Farmer's Share Research Project.

"There is a lot of talk about increased costs at supermarket checkouts and that is why it's important for us to do this study and offer a snapshot of how much money is going to the middleman or back to the producer," said Ian Wishart, KAP President. "This study is valuable for explaining the farmer's share to consumers."

The study by Dr. Alma Kennedy, shows that the average farmer's share increased by around one per cent. This change brings the farmer's share back to the 2008 level. There was a rise in the cost of groceries by \$4.72 between 2009 and 2010, and this change illustrates that the consumer is spending an ever increasing percentage of the total grocery budget on vegetables and fruit. Specifically, the cost of apples, peaches and lettuce increased the most from 2009 to 2010.

The percentage of the study's grocery money spent on grain products fell in 2009 and remained low in 2010. The money spent on milk and alternatives did not change between 2008 and 2010, but the percentage spent on meat and alternatives peaked in 2009 and returned to the 2008 level this year.

"While the farmer's share of meat and alternatives increased on a percentage basis in 2010, the actual dollar return to farmers decreased and is below the 2008 level," said APAS President Greg Marshall. "This is because meat prices have been lower in 2010. This illustrates both the need for increased prices and an increased return to farmers."

Depending on the food group, the farmer's share percentage ranged from just over 4 per cent for grain products, to 51 per cent for milk and alternatives.

"Unfortunately, the farmer's share of the food basket has not changed in the past three years," said Humphrey Banack, President of WRAP. "Farmers need increased prices and an increased share of the consumer food dollar to be viable. Canadian farmers produce safe and high quality food for little return and need to be better compensated."

The menu selections for the study were based on Canada's Food Guide to Healthy Eating for two adults, a teenager, and a child. This year, the total food cost (before taxes) was \$198.95, which is up from \$188.22 in 2008. In this study, 89 per cent of the foods analyzed are listed as being produced in Canada. The farmer's share ranges widely between food products, often depending on the number of steps in the chain between the farm and the grocery store. Less-processed foods such as vegetables often showed a greater return to the farmer. In the case of bread or other grain products, the actual return to the farm gate is extremely small.

The three Prairie farm organizations plan to work together to continue to build on the Farmer's Share study and to collect a wider variety of data to help further inform consumers on food prices and the farmer.

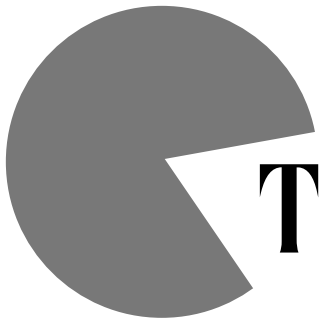
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For more information, please contact:

Ian Wishart, KAP President. (204) 856-6964.

Greg Marshall, APAS President. (306) 570-5959.

Humphrey Banack, WRAP President. (780) 679-4449.



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Background Information about the Project

Our Menu

Canada's Food Guide is the basis for the menu. We focused on a family of four (one adult male, one adult female, one teenage female, and one child) for one week. Where possible, a preference was given to foods that were labeled as being produced in Canada.

The Prices

Farm prices were sourced between mid-April and mid-June each year. Groceries were priced once yearly at Canada Safeway on May 10, 2008, June 2, 2009 and May 22, 2010. Groceries were also priced monthly from January to April, 2010 to determine if only "once yearly pricing" in May, as done in the past, could possibly skew results.

The Calculations

The Farmer's Share required extensive calculations. KAP's researcher had to consider how many cranberries or apples would be in a litre of juice. Similarly, the ratio of wheat to bread, and milk to cheese had to be established. The meat yield and other processes had to be considered in determining the farmer's share of these purchases.

Where The Grocery Money Goes

Based on this shopping trip, the majority of the money (44%) was spent on Vegetables and Fruit. The balance was spent between Grain Products (16%), Milk and Alternatives (15%), and Meat and Alternatives (25%). The total grocery bill before taxes was \$198.95.

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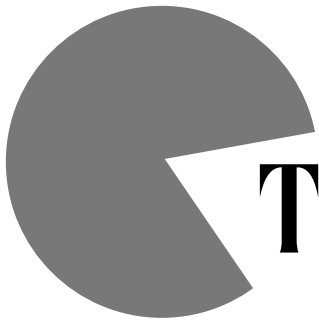
The average Farmer's Share in this project is 27.1%. The share does vary significantly depending on the specific food, and even between food groups:

	2010	2009	2008
Vegetables and Fruit	28.4%	25%	29%
Milk and Alternatives	51.1%	53%	47%
Meat and Alternatives	25.1%	22%	28%
Grain Products	4.3%	5%	4%

Where The Farmer's Share Goes

In most cases, the farmer's share of the consumer's food dollar is relatively small. The rising cost of inputs like fuel and fertilizer, as well as utilities, wages, and other services all put a strain on the farmer's bottom line.

September 15, 2010



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Our Week-Long Menu

Sunday

Breakfast Bagel, yogurt & cranberry juice
Lunch Beef sandwich, hot apple crisp with milk
Supper Roast turkey dinner

Monday

Breakfast Cereal and peaches
Lunch Pita with turkey, lettuce & tomato, and vegetable puree soup
Supper Eastern pork chops

Tuesday

Breakfast Egg, ham & cheese omelet with an English muffin
Lunch Peanut butter & honey sandwich, with apples and yogurt
Supper Chicken cacciatore and salad

Wednesday

Breakfast Oatmeal with milk and strawberries
Lunch Grilled chicken sandwiches filled with vegetables
Supper Hamburgers and three-bean salad

Thursday

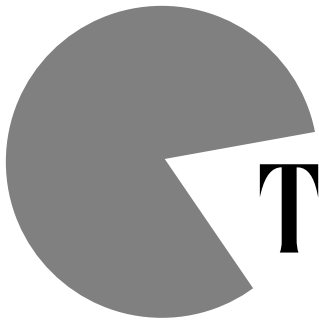
Breakfast Bran muffin and apple juice
Lunch Tomato and cheese sandwich, apple, and milkshake
Supper Home-made macaroni and cheese with chopped tomatoes, and whole wheat garlic toast

Friday

Breakfast Blueberry pancakes with milk or a café au lait
Lunch Macaroni and cheese with apple juice
Supper Fish dinner

Saturday

Breakfast Cereal and apple juice
Lunch Vegetable stir fry with rice
Supper Beef and vegetable fajitas



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About the Project Partners

Keystone Agricultural Producers

KAP is Manitoba's largest general farm policy organization, representing over 7,000 farm families and 22 commodity groups throughout the province. Our strength is our democratic structure, and our mission is to represent and promote the interests of the province's farm families.

Website: www.kap.mb.ca

Agricultural Producers Association of Saskatchewan

APAS is Saskatchewan's general farm organization, formed to provide farmers and ranchers with a democratically elected, grassroots, non-partisan, producer organization based on rural municipal boundaries. As the united voice of thousands of agricultural producers in Saskatchewan, APAS strives to represent the views of a wide variety of agricultural stakeholders in order to form comprehensive policies that can benefit all sectors of society. Website: www.apas.ca

Wild Rose Agricultural Producers

WRAP is Alberta's largest producer funded general farm organization. It is an organization comprised of farmers and ranchers who wish to have a voice in shaping the future of their farming operations. Wild Rose Agricultural Producers provides an effective voice for Alberta's farmers and develops policy that benefits agriculture. Website: www.wrap.ab.ca