



# The Farmers' Share

## From Grocery Store Back to the Farm Gate

**Winnipeg** - The rising cost of food is a hot topic in the news and Prairie farm organizations want consumers to know what percentage of their food dollar goes back to the farms where food is produced.

The Farmers' Share research project conducted in August 2008 showed that an average of only 27 per cent of the cost of an entire week's worth of groceries for a family of four goes back to the farm gate. A 2009 study by Dr. Alma Kennedy was commissioned by Keystone Agricultural Producers (KAP) of Manitoba, Agricultural Producers Association of Saskatchewan (APAS), and Wild Rose Agricultural Producers (WRAP) of Alberta. The results showed that the average farmers' share decreased by about one per cent.

There was a rise in the cost of groceries by 3.2 per cent from 2008 to 2009, and this money was not passed on to the farmer. In fact, producers received 1.7 per cent less money than in the previous year. In the end, the consumer was paying \$6.01 more for groceries, the farmer received \$0.86 less, and the middleman received \$6.87 more. Depending on the food group, the farmers' share percentage ranged from 5 per cent for grain products, to 53 per cent for milk and alternatives.

"In Canada we have access to some of the most affordable food in the world, but when you take a look at the portion of the cost that goes back to the farm gate, it's a relatively small amount," said Ian Wishart, KAP President.

Greg Marshall, President of APAS, noted that the vast majority of the farmers' share is simply the cost of doing business. "Farmers' expenses and inputs account for about 86 per cent of their revenues. Rising feed, fuel and fertilizer costs continue to erode what little share we do receive at the farm gate."

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 \$194.23, 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 farmers' 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 study highlighted a concern for livestock producers in regard to the rise in the cost of meat at the grocery store. "Given that Canadian cattle producers are liquidating their herds to survive and that the federal government just announced millions of dollars to restructure the pork sector, it's a surprise to see an increase in prices yet a decrease in the farmers' share," said Humphrey Banack, President of WRAP.

Canadian consumers can choose what portion of their dollar is going back to support farm families by pausing to consider the farmers' share when selecting items at their local grocery store.

**For more information, please contact:**

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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 April and June in 2008 and 2009. Groceries were priced in Winnipeg on May 10, 2008 and June 2, 2009. The total grocery bill (before taxes) was \$194.23, which is up from \$188.22 in 2008.

### The Calculations

The Farmers' 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 farmers' share of these purchases.

### Where The Grocery Money Goes

Based on this shopping trip, the majority of the money (42%) was spent on Vegetables and Fruit. The balance was spent relatively equally between Grain Products (14%), Milk and Alternatives (15%), and Meat and Alternatives (29%).

### The Farmers' Share

The average Farmers' Share in this project is 26.25%. The share does vary significantly depending on the specific food, and even between food groups:

	<b>2009</b>	<b>2008</b>
Vegetables and Fruit	25% Farmers' Share	29% Farmers' Share
Milk and Alternatives	53% Farmers' Share	47% Farmers' Share
Meat and Alternatives	22% Farmers' Share	28% Farmers' Share
Grain Products	5% Farmers' Share	4% Farmers' Share

### Where The Farmers' Share Goes

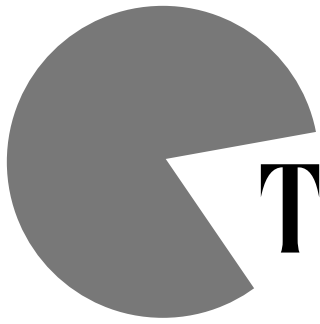
According to Statistics Canada, farmers' expenses account for 86% of their revenue. This means that for every dollar received, farmers only keep 14 cents to re-invest into their farms. The rising cost of inputs like fuel and fertilizer, as well as utilities, wages, and other services all put a strain on the farmer's bottom line.

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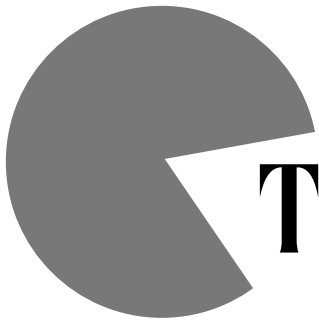
### Farmers' Share Comparisons

	<u>Total Cost</u>		<u>Farmers' Share</u>		<u>Farmers' Share (%)</u>	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
<b>Wednesday's Breakfast</b>						
Oatmeal	\$2.35	\$2.30	\$0.08	\$0.05	3%	2%
Milk	\$1.00	\$1.15	\$0.67	\$0.74	67%	64%
Strawberries	\$7.98	\$9.78	\$1.64	\$1.31	21%	13%
<b>Monday's Lunch</b>						
Pitas	\$0.83	\$0.76	\$0.09	\$0.08	11%	9%
Turkey	\$5.63	\$5.63	\$0.87	\$0.87	15%	15%
Vegetable puree soup	\$2.56	\$2.56	\$0.20	\$0.20	8%	8%
<b>Monday's Supper</b>						
Pork chops*	\$4.88	\$7.40	\$1.92	\$1.52	39%	22%
Sweet potatoes	\$1.49	\$1.99	\$0.57	\$0.46	38%	23%
Apple juice (for sauce)	\$0.45	\$0.25	\$0.15	\$0.08	33%	31%
Couscous	\$4.32	\$3.27	\$0.04	\$0.03	1%	1%

### Featured Products and The Farmers' Share

	<u>Total Cost</u>		<u>Farmers' Share</u>		<u>Farmers' Share (%)</u>	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
2 Loaves of Bread	\$5.74	\$4.54	\$0.26	\$0.22	5%	5%
900 g Cheese	\$16.11	\$14.82	\$7.38	\$8.02	45%	54%
2 cups of Red Pepper	\$3.99	\$4.99	\$0.40	\$0.26	10%	5%
600 g Turkey	\$11.25	\$11.25	\$1.74	\$1.74	15%	15%
600 g Sirloin Tip Beef *	\$4.61	\$9.15	\$2.05	\$2.05	44%	20%
1.2 kg Strawberries	\$7.98	\$9.78	\$1.64	\$1.31	21%	13%
1.5 L Yogurt	\$5.77	\$5.01	\$1.34	\$1.47	23%	29%
700 g Oatmeal	\$2.35	\$3.30	\$0.08	\$0.05	3%	2%

\*Indicates the main change from 2008 to 2009 during which there was a dramatic rise in pork and beef prices, but a reduction or no change in money received by pork and beef producers. As a result, the farmers' share decreased considerably.



# The Farmers' Share

## 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

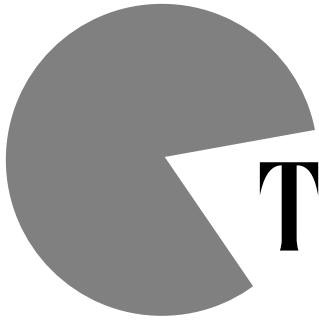
Breakfast Bran muffin and apple juice  
Lunch Tomato and cheese sandwich, apple, and milkshake  
Supper Home-made macaroni and cheese with chopped tomatoes, and whole wheat garlic toast

### 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 Keystone Agricultural Producers

Keystone Agricultural Producers (KAP) is Manitoba's largest farm policy organization, and our role is to represent and promote the interests of the province's farm families.

We are a grassroots organization wholly run and funded by our members, with all policy set by producers throughout Manitoba. This year KAP is celebrating 25 years as "The Voice of Manitoba Farmers."

Our policies and priorities are set by delegates and directors that are elected from twelve districts across the province, as well as our commodity group members. Close to twenty committees, comprised of members and the President (ex officio), research relevant issues and report back to the executive and our General Council, where policy is debated and voted upon. Both the elected executive and management team are responsible for implementing policy in the best interests of the members.

KAP deals with a diverse range of issues that affect farmers, farm families, the agriculture industry, and the rural landscape. These include transportation, the environment, renewable energy, taxation issues, workplace health and safety, input costs, consumer awareness, and farm incomes and risk management.

Information about KAP and our work on behalf of Manitoba farmers is available online at [www.kap.mb.ca](http://www.kap.mb.ca).

**For more information, please contact:**

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