



Canadian Farms are Fertile Grounds for Co-operatives

Briefing Note

The roots of the Canadian co-operative movement run deep in agriculture. While agricultural co-operatives are some of the oldest and largest in country, there has been relatively little analysis of their economic impact.

In order to throw some light on the situation, a recent study¹ looks at the data from 1992- 2008 in terms of the number of co-operatives, their volume of business, the size of their membership, and the number of Canadians they employ.

The study identifies some interesting trends. The West shows more vulnerability than other regions, largely due to a collapse of grain marketing co-operatives in 2004-2005. However, despite the decline in numbers and members, business volume in the West continues to show signs of growth.

In every other province and sub sector, agricultural co-ops are performing consistently well. In Quebec, where there is not a lot of grain activity, the numbers indicate growth in almost all quarters. Nationally, as of 2008, there were:

- 370 Processing and Marketing Co-ops² with 38,000 members and 23,827 employees doing over 9 billion dollars in business.³
- 1,316 Agricultural Co-ops⁴ with 513,000 members and 32,049 employees doing over 15 billion dollars in business.⁵

Overall, the data demonstrates that the co-op model in agriculture is performing well despite the trend towards farm consolidation.

The major drivers of consolidation in agriculture are industrialization and economies of scale. The result of large farms merging is that there are fewer farmers in control. Conversely, co-operatives are a collective enterprise characterized by diversity of governance. But co-ops also provide the benefit of economies of scale.

Historically, agricultural co-ops were often established because the co-op could purchase expensive equipment, such as a harvester, that individual farms could not afford. The co-operative advantage in the agricultural sector is that it combines economies of scale with democratic decision-making. An agriculture co-operative's direction is not determined in the corporate suite, but is the product of the diversity of views of its members, farmers rooted in the land.

1 Luc Theriault, David Bent. *Canadian Agricultural Trends and Challenges, 1992-2008* (June 2012) Measuring the Co-operative Difference Research Network.

2 Refers to the processing of agricultural products and or their sale.

3 Supra note 1

4 Refers to co-operatives that provide goods or services to farmers; they are involved in the following: farming, farm supplies, services and other support to agriculture.

5 Supra note 1