

Canadian Agricultural Co-operatives: Trends and Challenges, 1992-2008

A Summary by Luc Theriault and David Bent

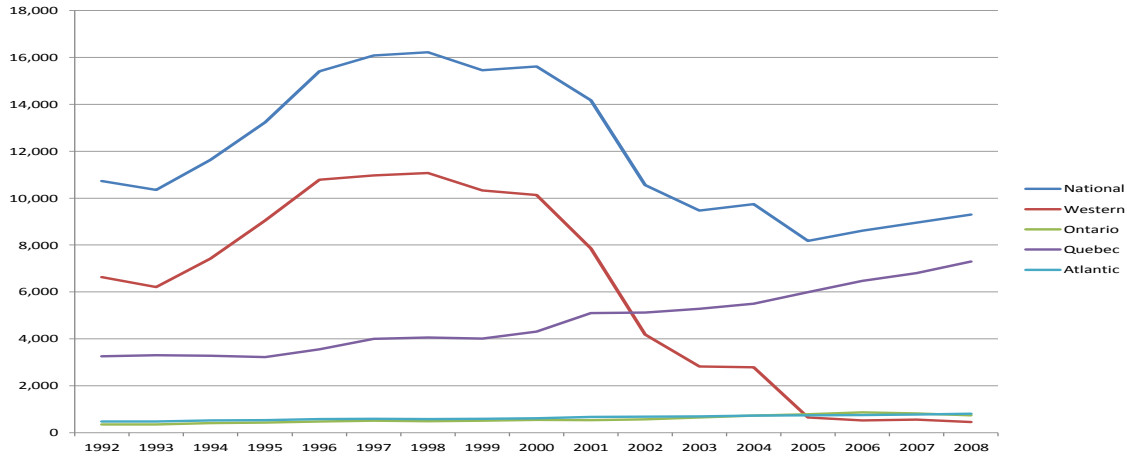
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The agricultural sector in Canada comprises some of the oldest and largest co-operatives in the country. These co-operatives provide a variety of goods and services to farmers, including providing farm supplies, services and other support to agriculture, and processing and marketing of farm products. Despite this prominence with the co-operative sector, very few data analyses have been recently presented of on these co-operatives and this descriptive research intends to contribute to close that gap. Using survey data provided by the *Rural and Co-operatives Secretariat of Agriculture and Agri-Food Canada*, the authors of this report focus on the 1992-2008 period and seek to identify some key trends in terms of the growth (or lack thereof) in the number of co-operatives, their volume of business, the size of their membership, as well as the number of Canadians they employ. More detailed financial information relating to surplus, assets, liabilities and equity are also examined for this period. In the end, the trends identified are discussed in view of how they might inform us on the challenges that agricultural co-ops will face in the next decade. (Note: Excluded from this study are co-ops involved in the agri-food sector and that do not have a direct link to farmers).

The regional breakdown of trends shows a variety of results. National Trends are quite sporadic, at times up and at times down, and vary from sector to sector. The West, surprisingly given its agrarian history, shows a great deal of vulnerability. During the last two decades the post-war trend of farm consolidation and declining numbers continued, cutting into co-op members and profits. Furthermore, several prominent agricultural co-operatives have been privatized in recent years (aided by the predominance of neoliberal thought in the provincial governments), culminating in an overall trend of decline, although some show rough stability. Still, despite the decline in numbers and members, business volume shows signs of growth, or at least consistency. By contrast, Quebec shows consistent growth in all quarters. Business has been aided by Quebec co-operatives buying up co-operatives from outside the province, particularly in Ontario. Provincial governments, of all stripes, have also helped by providing friendly legislation. Ontario co-ops, more or less, show continuous growth in all quarters. Members, numbers, and business grow steadily throughout this time, although some prominent co-operatives have been privatized or bought out in this time. The Atlantic region shows the same trend of growth, but the region's overall small size prevents its numbers from making much of an impact on the national numbers.

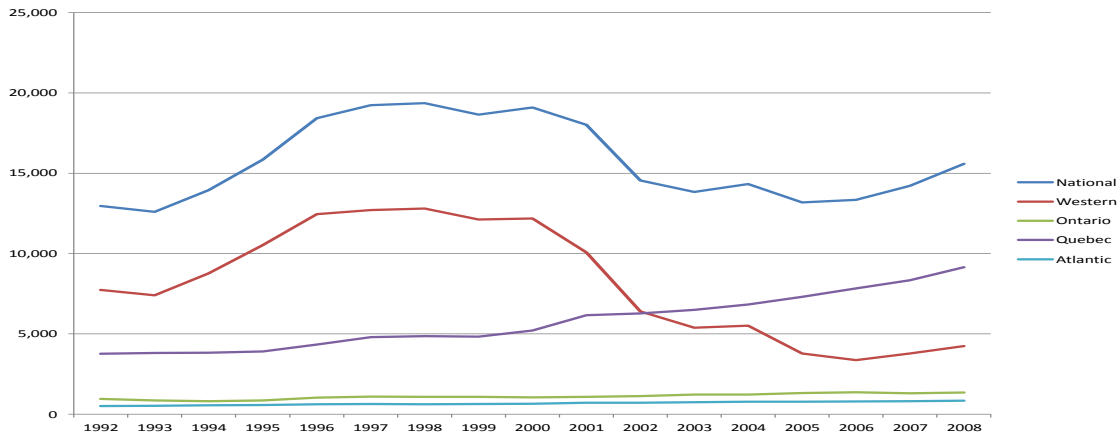
The first sector examined were *Processing and Marketing Co-operatives*, which pertains to co-operatives concerned with processing of agricultural products (including Christmas trees) and or their sale – includes the marketing of unprocessed agricultural products either directly or not which includes farmers markets. Setting a trend, overall numbers show signs of decline in the west, especially in regards to business and members (declines so sharp they heavily impact national numbers), but signs of steady growth in Quebec in nearly all quarters, while Ontario and Atlantic Canada more or less hold their own. See this first selected graph:

Volume of Business (in millions of dollars)



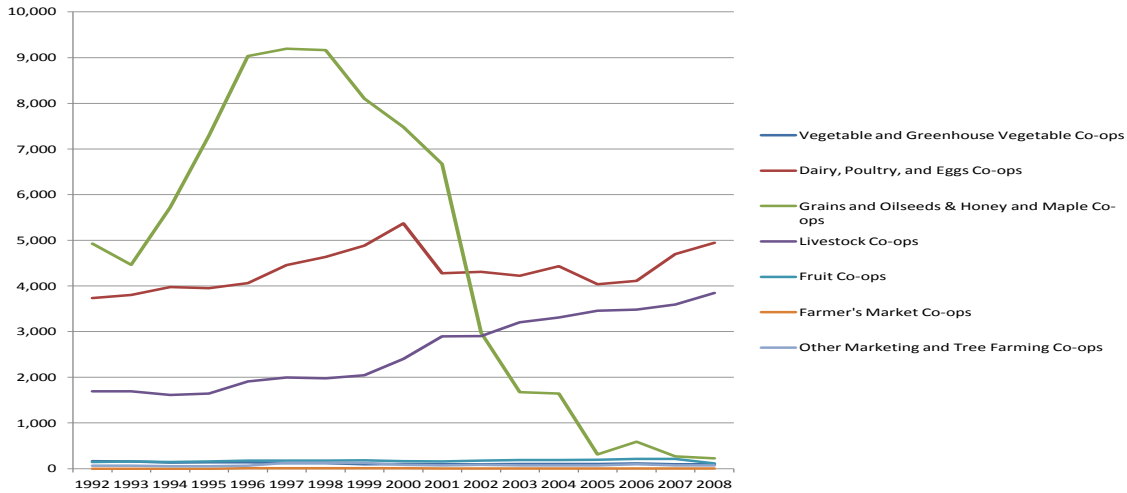
This was followed by an examination of *Agricultural Co-operatives*, that is, co-operatives that provide goods or services to farmers, such as providing farm supplies, services and other support to agriculture. The trend of western decline and Quebec ascendance mentioned above, for the most part, hold true here. However, overall western co-op numbers and membership show only slight decline and growth, respectfully. See selected graphs:

Volume of Business (in millions of dollars)



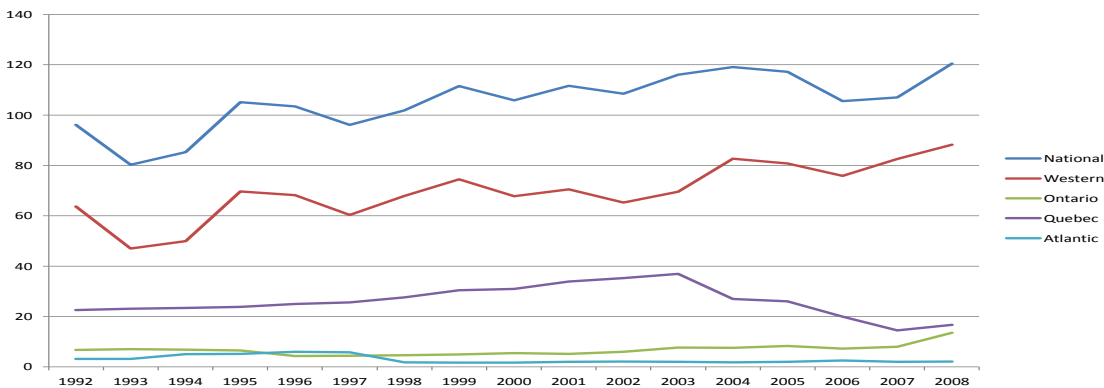
Departing from the previous formula, we now look at a *processing and marketing breakdown of co-operatives in Canada by sector*, rather than by region. They are divided as follows I) Vegetable Co-ops, Dairy, Poultry, and Egg Co-ops, II) Grains, Oilseeds, Honey, and Maple Co-ops, III) Livestock Co-ops, IV) Fruit Co-ops, V) Farmers Market Co-ops, and VI) Tree Farming Co-ops. The results here are as varied, but most striking are the dramatic collapse of grain marketing co-ops (which no doubt impacted the sharp western decline discussed above), and steady growth in dairy and poultry marketing co-ops and livestock co-ops. See this selected graph:

Volume of Business (in millions of dollars)



Returning to a regionally based examination, we turn to *Farm Supplies Co-operatives in Canada*; referring to co-ops that manufacture and or sell of farm supplies, such as feed, seeds, petroleum for farm use, fertilizers and pesticides. Unlike previous sections, here there is almost universal growth, with even the West showing steady growth in all almost all fronts. This reflects the need farmers have for the products and services of these co-ops. See this last elected Graph:

Volume of Business (in millions of dollars)



Looking forward, we feel that the continuing decline in overall farm numbers and consolidation of those that remain are perhaps the biggest challenges facing agricultural co-ops in the years ahead. Still, where they provide a valued service, and where the political climate is kindly to their message, they show signs of growth and success. Adding a wrinkle to this analysis is the recent end of the Wheat Board’s monopoly and its hitherto unseen impact on co-operative numbers. So improving economic performance and public and government relations should be a priority in the years to come.