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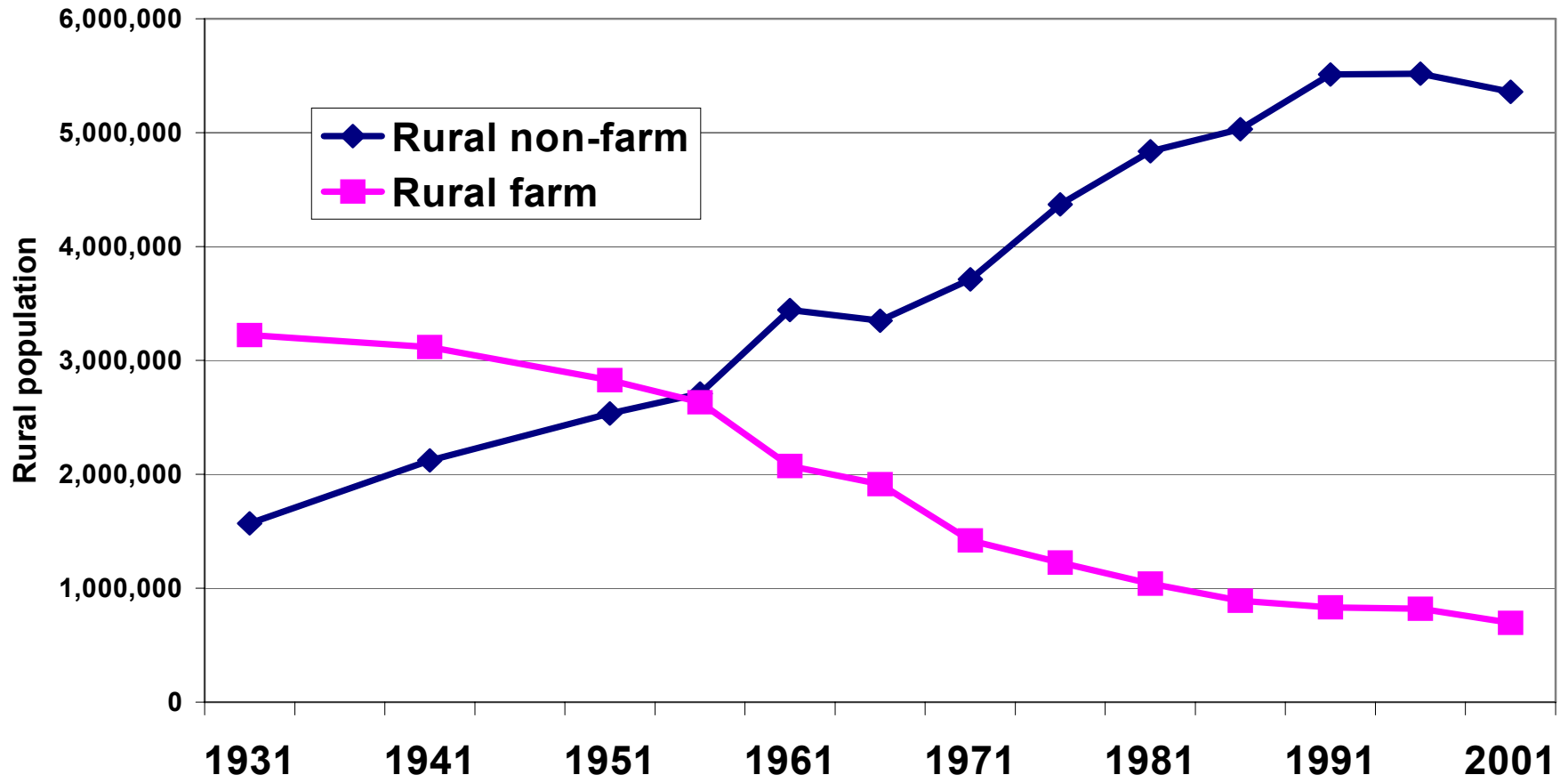
The Changing Role of Agriculture in Rural Canada

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February 13-14, 2006

Overview

- Historical relationship between the rural economy and the agriculture sector
- Focus on the sector in terms of its 'employment' of the labour resource sector
- The nature of the interdependencies
- Rural versus Agricultural Policies

Rural population: Farmer minority in rural Canada in 1956



Source: Statistics Canada. Census of Population, 1931 - 2001.

Historical Rural-Farm Population Relationship

- Census Farm Population very generous definition
- 1956 was the year that the non-farm rural exceeded the farm rural; 2001, 11% of rural is farm
- 1.6% of Canada's rural population lives on a Census farm > \$250,000 gross sales
- In terms of population, the (commercial) farm population is a very small part of rural

Employment in Predominantly Rural Regions, 2001

	No. Employed (millions)	% of Total Employment
All Industries	4.517	100.0
Agriculture	.290	6.0
Processing, input supply, grain storage	.070	1.5
Agriculture Plus	.360	7.5
Other Agri-food	.478	10.6
Agriculture and Agri-food	.838	18.6

Predominantly rural = regions where more than 50% of pop live in a rural community (pop. Density <150/km²)

Agriculture = primary and services incidental to ag.

Other Agri-food = wholesale and retail of ag and food, plus empl. In the food and beverage industries

Rural – Agriculture Employment Relationship

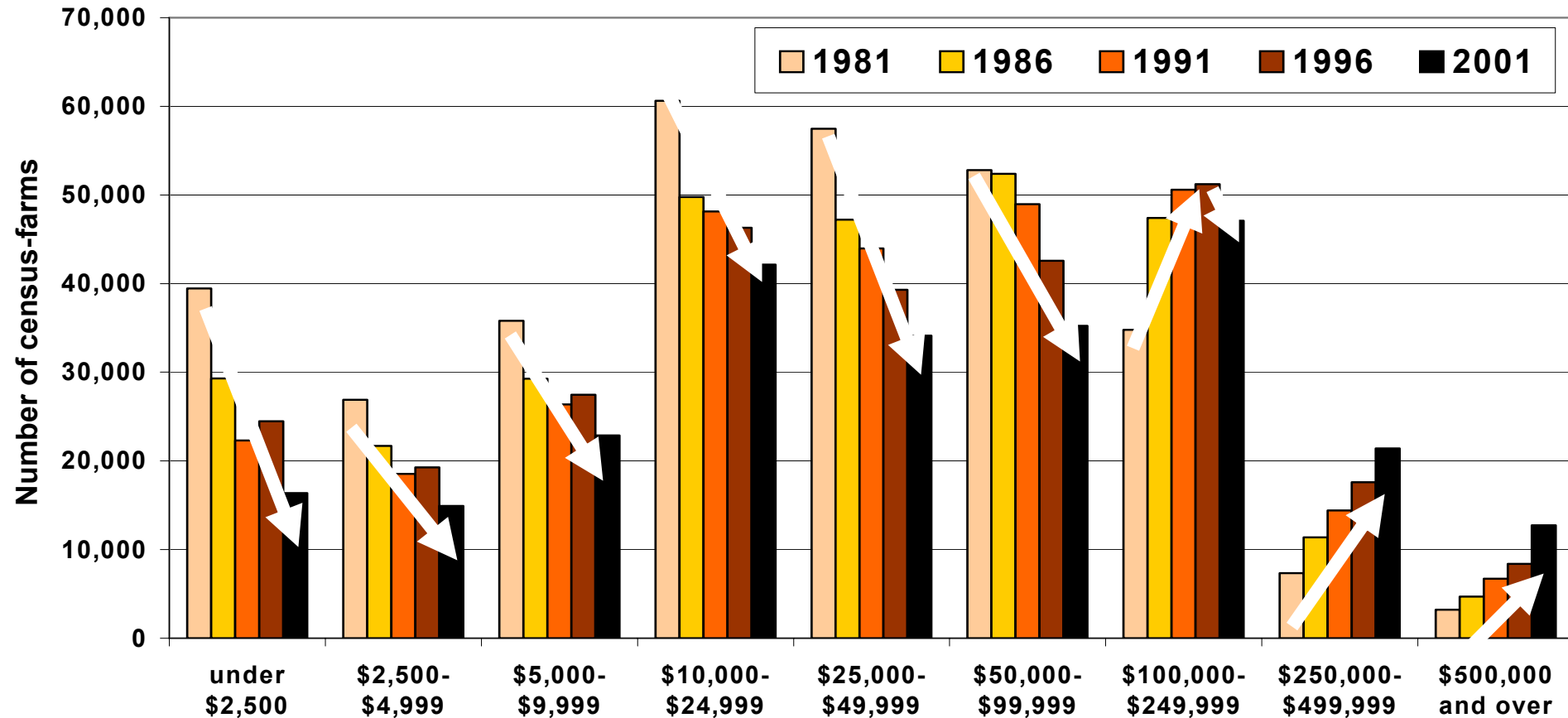
- Primary agriculture (plus services incidental) accounts for about 6% of rural employment (in predominantly rural regions)
- Processing, input supply, grain storage (that part of agri-food most likely to have a rural location) accounts for another 1.5%; other agri-food 10.6 %
- About 78-93% of rural employment not in agriculture

Farm- Rural Income Relationship

- Farm families households (farm operating revenues >\$10,000) earn $\frac{3}{4}$ of their income off-farm, 2000
- Increasing off-farm income over time due to labour-saving technological changes and imperfect labour mobility; two-income earner standard
- Off-farm employment and other income sources



Increase in number of farms with gross revenue over \$250,000, Canada

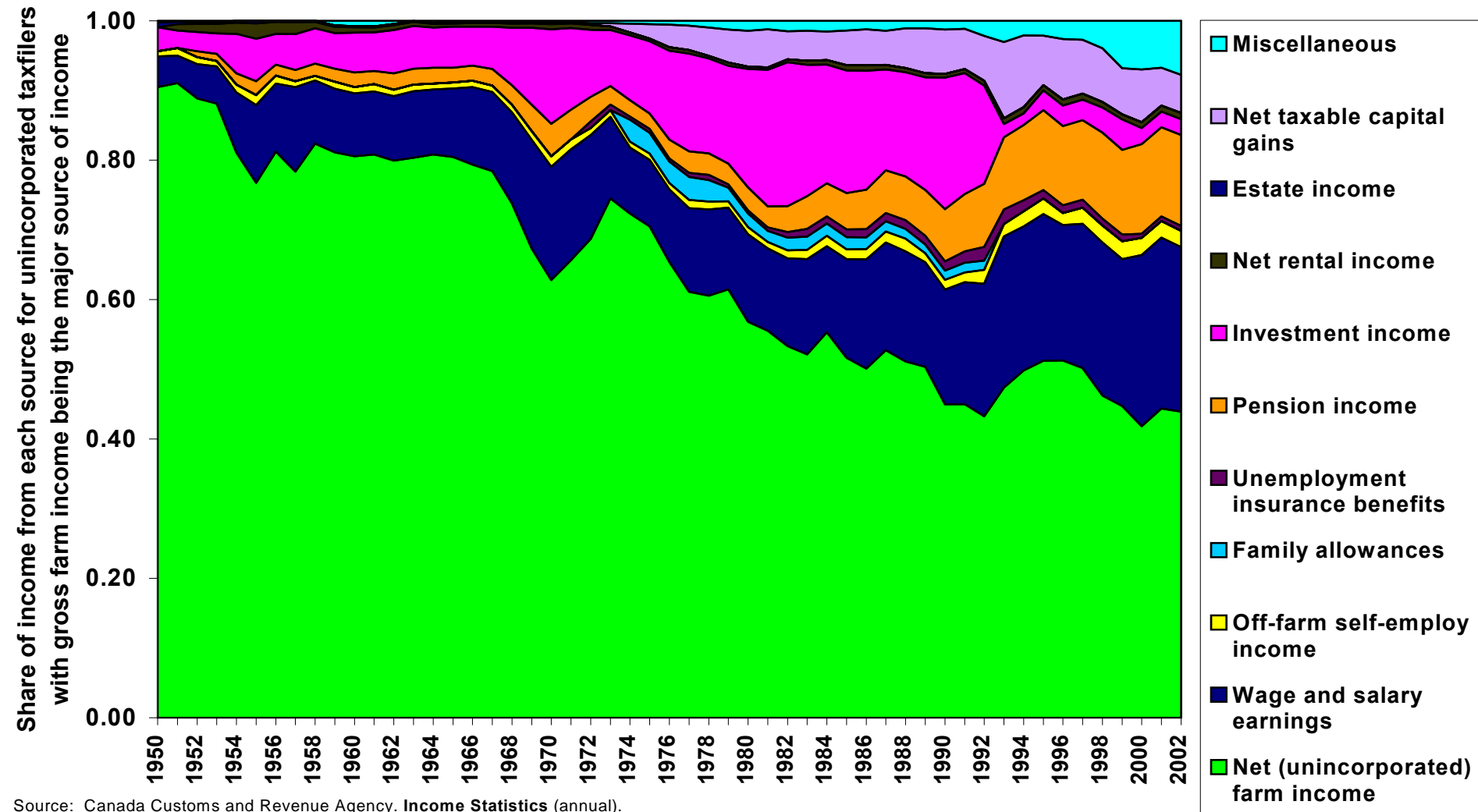


Size class of gross farm revenue
(adjusted for inflation to constant 2000 Canadian dollars)

Source: Statistics Canada, Census of Agriculture, 1981 to 2001.
A census-farm is any agricultural holding with some products for sale.



Share of income from each source for "farmers", Canada, 1946 - 2002 (individuals with gross farm income being the major source of income)



Source: Canada Customs and Revenue Agency. *Income Statistics* (annual).

Rural – Agriculture Interdependencies

- Rural economy derives a (small) share of its income/employment from agriculture and agri-food
- Farm households are heavily dependent on non-farm rural income sources (even “farmers”)
- Nature of relationship between agriculture and the rest of the sector has changed dramatically

RURAL ≠ AGRICULTURE

Policy Implications

- **Rural is very diverse—agriculture a part of some rural**
- **The non-farm rural economy provides non-farm income to farmers**
- **A more efficient agriculture sector may mean less labour, less population, loss of critical mass**
- **Agriculture Policy not effective in addressing Rural Issues**