

Where We Have Been? Where We Are Going?

**International Farm Succession
Conference**

**Ottawa
August 2007**

**Jean Philippe Perrier
Research professor
Traget Laval
Université Laval**

Traget Laval



**UNIVERSITÉ
LAVAL**

Faculté des sciences de l'agriculture
et de l'alimentation

Presentation overview

2002–07: Where are we coming from? Where are we now?

- **What the numbers tell us**
- **Trends**

Where are we going?



UNIVERSITÉ
LAVAL

Faculté des sciences de l'agriculture
et de l'alimentation

Traget Laval

Where are we coming from? Where are we now? What the numbers tell us

Change in value of agricultural assets

| | Canada | | Quebec | |
|-----------------|-----------|---------|-----------|---------|
| | 1991-2001 | 2001-06 | 1991-2001 | 2001-06 |
| Change (assets) | 53% | 36% | 97% | 30% |
| Change (debts) | 72% | n/a | 132% | n/a |

| Annual change in agricultural assets | Canada | | Quebec | |
|--------------------------------------|-----------|---------|-----------|---------|
| | 1991-2001 | 2001-06 | 1991-2001 | 2001-06 |
| Total assets | 4.34% | 6.31% | 7.02% | 5.31% |



UNIVERSITÉ
LAVAL

Faculté des sciences de l'agriculture
et de l'alimentation

Traget Laval

Where are we coming from? Where are we now? What the numbers tell us

Change in business size

| Change in number of farms by gross income | | | | | | |
|---|-------------------|-------------------|------|-------------------|-------------------|--------|
| 2001–06 Gross income | Canada | | | Quebec | | |
| | % change 01–95 | % change 06–01 | % 06 | % change 01–95 | % change 06–01 | % 2006 |
| < 100,000 | -16.89 | -9.22 | 67 | -15.92 | -8.75 | 56 |
| 100,000–250,000 | -8.09 | -15.10 | 19 | -19.67 | -19.67 | 24 |
| 250,000–500,000 | 21.71 | 6.73 | 9 | 21.43 | 17.36 | 13 |
| > 500,000 | 52.1 | 26.68 | 5 | 47.85 | 40.70 | 7 |
| Total | -10.71 | -7.11 | 100 | -10.7 | -4.56 | 100 |



UNIVERSITÉ
LAVAL

Faculté des sciences de l'agriculture
et de l'alimentation

Traget Laval

Where are we coming from? Where are we now? What the numbers tell us

Conclusion

- **Fewer farms**
 - **Higher income**
 - **Higher capitalization**
 - **Higher debt**
- **Over 50% of farms do less than \$100,000 in business**



UNIVERSITÉ
LAVAL

Faculté des sciences de l'agriculture
et de l'alimentation

Traget Laval

Where are we coming from? Where are we now? What the numbers tell us

Change in number of farmers

- The number of farmers is declining in proportion to the number of farms.

(327,000 producers in Canada; 45,000 in Quebec)

- Average age of farmers

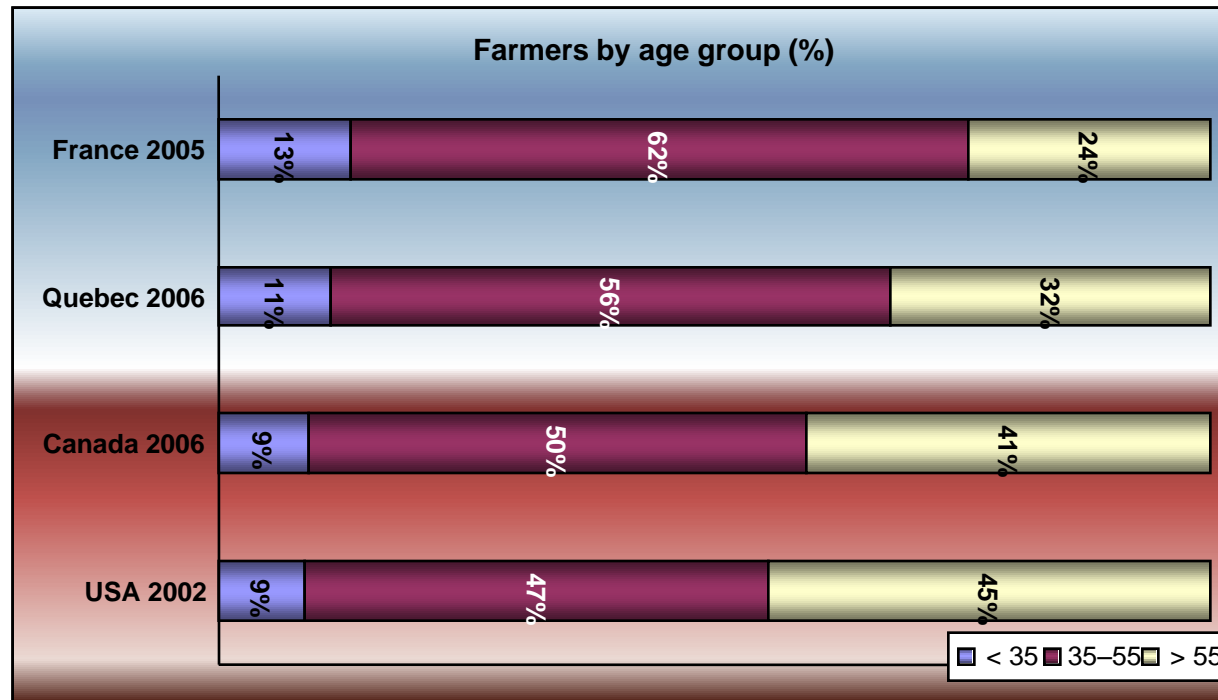
| Average age | 1996 | 2001 | 2006 |
|-------------|------|------|------|
| Canada | 47 | 50 | 52 |
| Quebec | 44 | 47 | 49 |

- France (2005) **47 years**
- USA (2002) **53 years**



Where are we coming from? Where are we now? What the numbers tell us

Number of farmers by age group



UNIVERSITÉ
LAVAL

Faculté des sciences de l'agriculture
et de l'alimentation

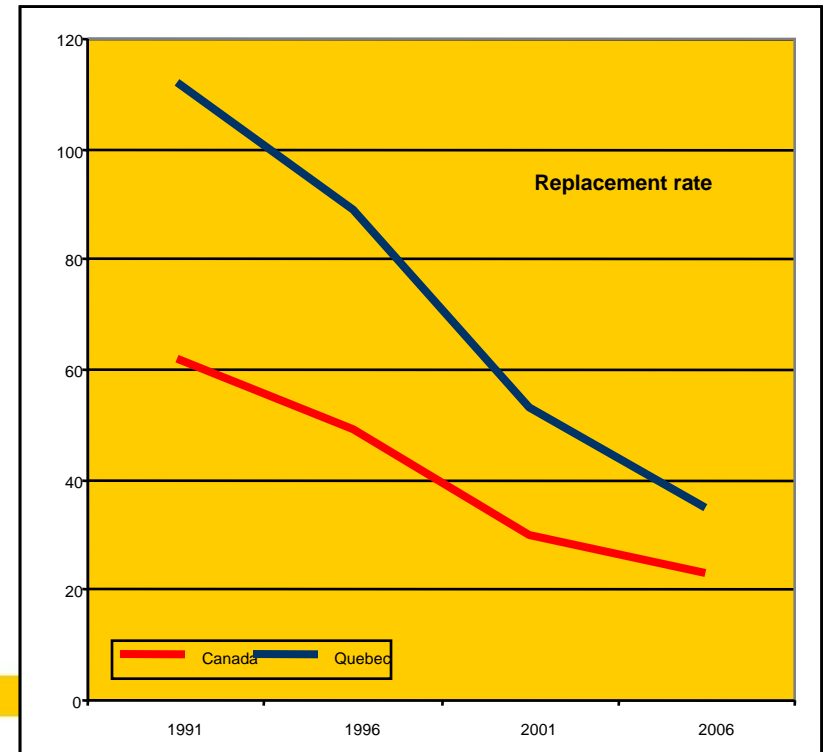
Traget Laval

Where are we coming from? Where are we now? What the numbers tell us

Replacement rate = $\frac{\text{Number of farmers} < 35 \text{ years}}{\text{Number of farmers} > 55 \text{ years}}$

| Replacement rate (%) | | |
|----------------------|--------|--------|
| Year | Canada | Quebec |
| 1991 | 62 | 112 |
| 1996 | 49 | 89 |
| 2001 | 30 | 53 |
| 2006 | 23 | 35 |

France (2005) 55 %
USA (2002) 19 %



UNIVERSITÉ
LAVAL

Faculté des sciences de l'agriculture
et de l'alimentation

Traget Laval

Where are we coming from? Where are we now? What the numbers tell us

In Quebec:

- **Average age at establishment: 32 years**
- **Means of establishment: 75% transfer
 25% start-up**
- **35% of young farmers also work a job off-farm (50% of their time)**



UNIVERSITÉ
LAVAL

Faculté des sciences de l'agriculture
et de l'alimentation

Traget Laval

Where are we coming from? Where are we now? What the numbers tell us

Conclusion

- **Fewer farmers**
 - **Aging population**
- **Increasingly few young farmers**
 - **Establishment later in life**
 - **More work off-farm**



UNIVERSITÉ
LAVAL

Faculté des sciences de l'agriculture
et de l'alimentation

Traget Laval

Where are we coming from? Where are we now?

Trends

- **We need to grow!**
- **Farmer = Owner**
- **Shift from Baby Boom to Generation X**
- **Equity**
- **Salaried workforce**



UNIVERSITÉ
LAVAL

Faculté des sciences de l'agriculture
et de l'alimentation

Traget Laval

Where are we going?

- **Not taking any decisions can be a decision too!**
- **If trends continue, in 25 years there will be:**
 - **170,000 farms in Canada (19,000 in Quebec)**
 - **240,000 farmers (28,500 au Quebec)**

What this will impact:

- **Fewer employers, more employees**
- **Land usage**
- **Rural and regional development**



UNIVERSITÉ
LAVAL

Faculté des sciences de l'agriculture
et de l'alimentation

Traget Laval

Where are we going?

Can we influence the future of farming?

- **One example (not necessarily a model!)**
- **In France:**
 - **1995** **1 entry per 4 exits**
 - **2005** **1.7 entries per 2 exits**
 - **Strategy: National establishment charter (goal: 1 entry per 1 exit)**
 - Aid at entry (\$ and services)**
 - Aid at retirement (early retirement, tutoring, etc.)**
 - Obligations**



UNIVERSITÉ
LAVAL

Faculté des sciences de l'agriculture
et de l'alimentation

Traget Laval

Where are we going?

**So the question isn't "Where are we going?"
It's "Where do we want to go?"**

Response?

Some considerations

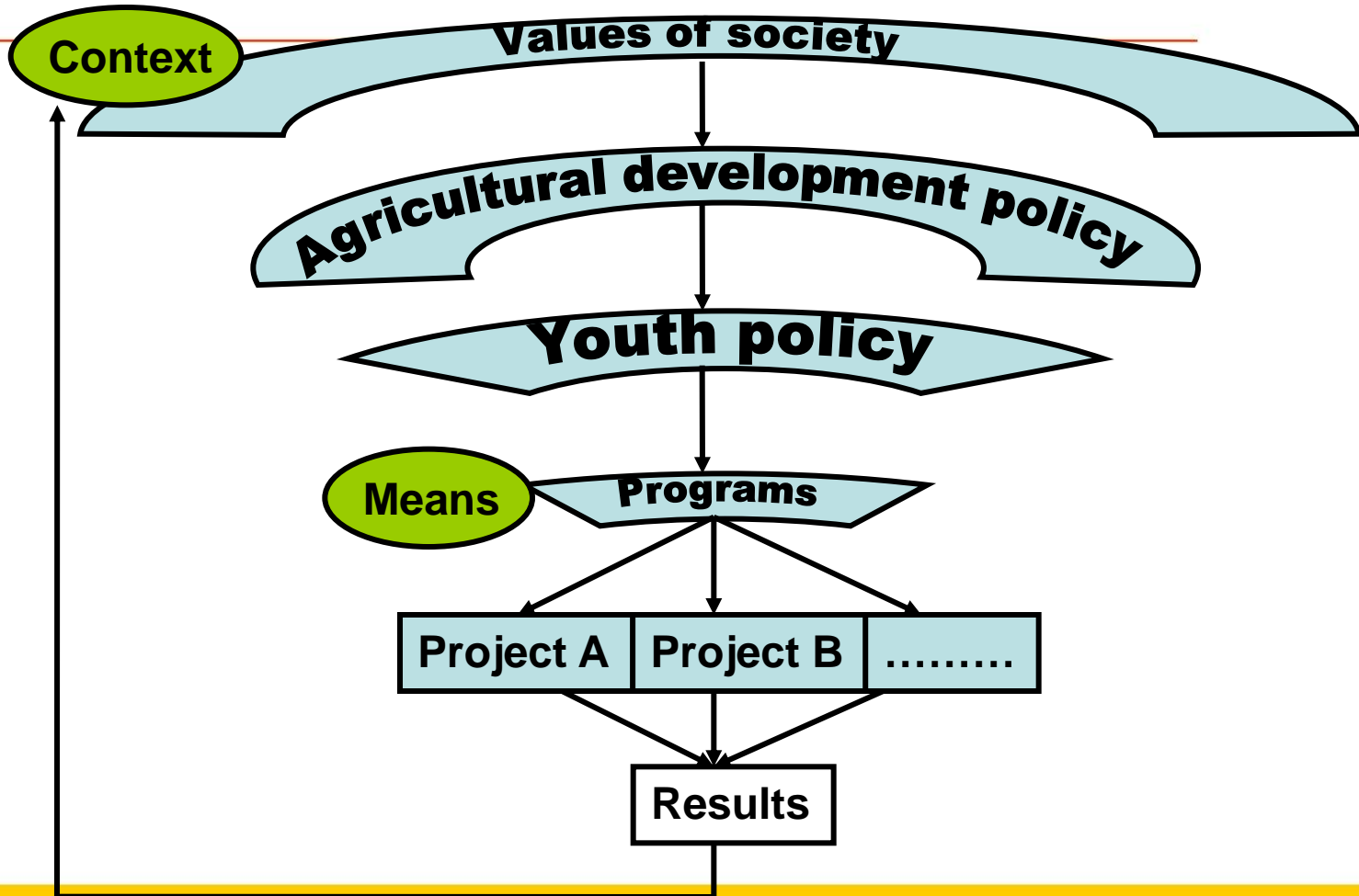
- **No single model**
- **Question of societal context**



UNIVERSITÉ
LAVAL

Faculté des sciences de l'agriculture
et de l'alimentation

Traget Laval



UNIVERSITÉ
LAVAL

Faculté des sciences de l'agriculture
et de l'alimentation

Traget Laval

Conclusion

- **Generational renewal: A serious challenge!**
- **Where are we going? It's up to us!**



UNIVERSITÉ
LAVAL

Faculté des sciences de l'agriculture
et de l'alimentation

Traget Laval