

Agriculture Industry in Prince Edward Island

October 2009

INDUSTRY HIGHLIGHTS

Prince Edward Island has a total land area of 1.4 million acres, and of this, approximately 620,000 acres (or 44%) is cleared for farm use.

According to Census estimates, there were about 1,700 farms in P.E.I. in 2006. The average number of acres per farm is about 365.

The majority of farms are located in Queens County (835) followed by Prince County (579) and Kings County (286).

The majority of farms in the province are individual or family operated (1,018 farms, or 60%). The remaining farms are managed by way of partnership (22%) or as legally-constituted companies (18%).

The most important agricultural commodity produced in P.E.I. is the potato, measured by value. In 2008, farm cash receipts valued \$392 million and potato sales alone accounted for over half of this.

P.E.I. potatoes are produced for three markets: seed, table potatoes and processing. Over half of the potatoes harvested are used for processing purposes, into such products as french fries and potato chips.

Other important agricultural commodities produced in P.E.I. include dairy products; cattle and calves; hogs; and grain products.

According to Statistics Canada's Labour Force Survey, there were about 3,100 persons employed in the agriculture industry in 2008. Males comprised the majority, at 2,400.

Did you know...???

Approximately 4.5% of the Island population live on farms

The average age of farmers in 2006 was 51.4 years.

The industry has experienced a trend toward fewer, but larger farms in P.E.I. The number of farms under 400 acres declined by close to 50% over the past twenty years; and the number of farms over 750 acres nearly doubled.

In 2008, Island farmers produced 24.5 million cwts. of potatoes-making P.E.I. the largest potato producing province in the country.

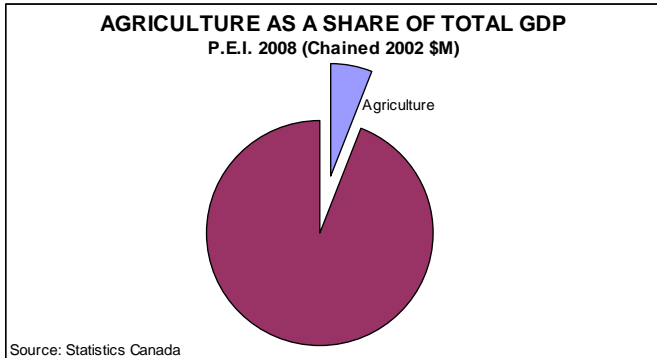
In 2001, there was a 37% drop in potato production due to abnormal drought conditions

The total capital value of farms in P.E.I. was estimated at \$1.7 billion in 2006.

INDUSTRY CHARACTERISTICS

Agriculture, a major piece of the Island pie

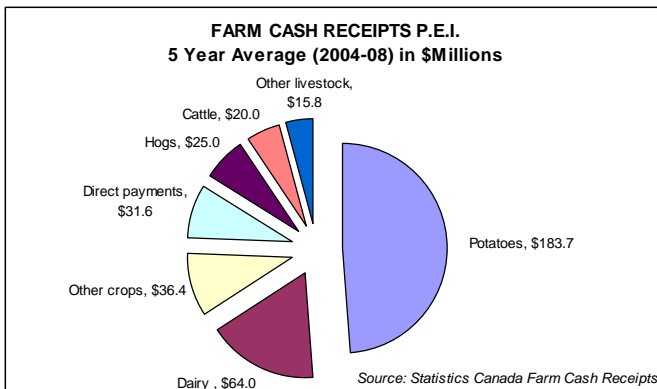
The agriculture industry in P.E.I. comprises about 6% of total industrial production in the province. Though seemingly a small share of the overall pie, the



industry itself plays an integral part in virtually every sector of the Island economy, particularly in manufacturing (i.e. food processing); truck transportation; wholesale and retailing; and other service industries such as accounting and financial services.

Potatoes: Most valuable agriculture commodity

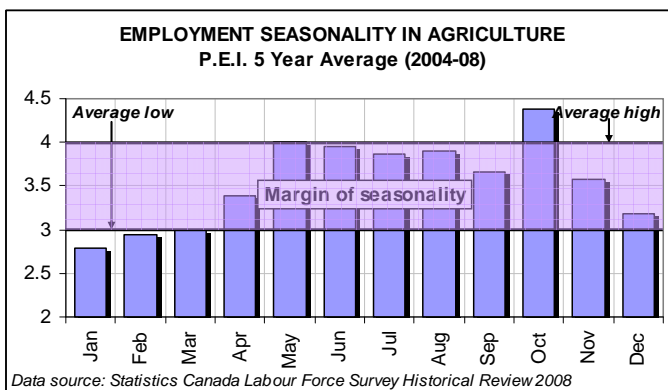
The major agriculture commodities produced in P.E.I. are potatoes, dairy products; cattle and calves; hogs; and grain products. In 2008, the value of farm



receipts on the Island totalled \$392 million and just over half was attributed to potato sales. The value of livestock sales (largely from dairy, cattle and hogs) make up about a third of total farm receipts; and the remainder is comprised of sales from other crops (i.e. wheat and barley); livestock (i.e. eggs); and direct payments (i.e. crop insurance and other payments).

Agriculture is a very seasonal industry in PEI

Over the past five years, employment levels in agriculture have typically ranged from an average low of 3,000 persons during the Winter months to a high of

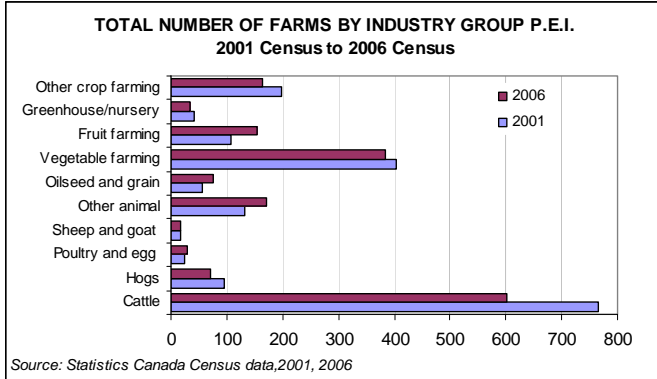


4,000 over the July to October period. This is a seasonal variation of 31% for the industry. Employment has typically peaked in October at an average 4,400 persons which is the month for potato harvesting activity. Employment levels tend to rise in May-the month in which the potato planting season takes place.

INDUSTRY TRENDS

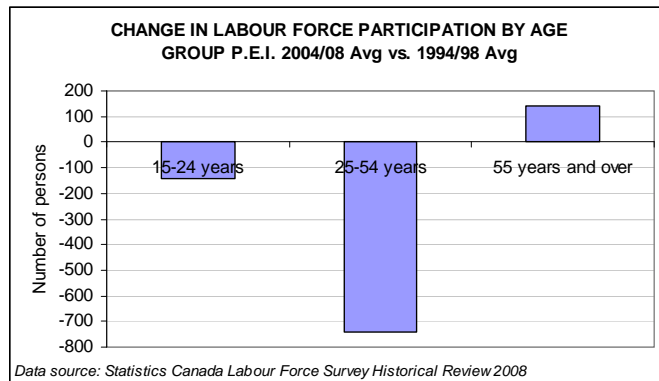
The number of farms in the province has been in decline

According to Census 2006, there were a total of 1,700 farms in Prince Edward Island. This compares to 1,845 farms at the time of the 2001 Census and 2,217 farms in 1996. Over the past decade, the number of farms in the province declined by nearly 25%. Since 2001, the industry groups that experienced the greatest decline in farming operations were cattle, hogs, potatoes and other crops. Groups that experienced growth include fruit farming, oilseed and grain; and other animal production.



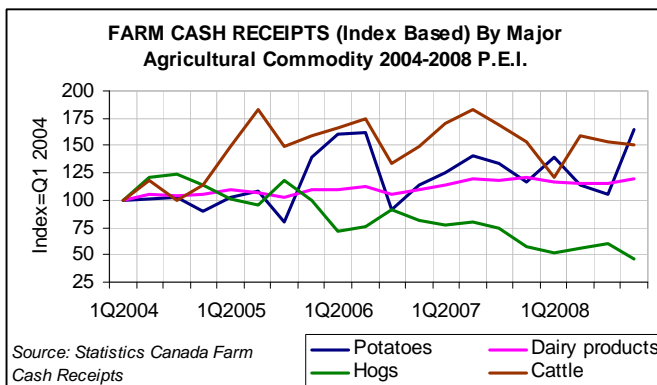
Fewer labour force participants in the industry; workforce aging

From 2004-08, the labour force in agriculture averaged 4,300 persons, which is a decline of 800, or -15% compared to a decade ago. Men accounted for the majority of the decline (-500). In addition, most of those who left the labour force were between 25-54 years of age. There were also fewer youths (15-24 years) involved in the agriculture industry over the past ten years, while the number of persons 55 years and over rose.



Island hog receipts have been in consistent decline, a troubled sector

Potatoes, dairy, cattle and hogs comprise the major agricultural commodities in P.E.I. Combined, they account for almost 80% of total farm cash receipts in the province. With the exception of hogs, the value of each commodity has been relatively stable over time. Dairy receipts have shown to be least volatile over the past 5 years particularly in relation to potato and cattle receipt trends. Hog receipts have been in consistent decline since the first quarter of 2004. The value of hog receipts in 2008 totalled \$15.8 million, which is about half of what hog sales valued 5 years prior.



INDUSTRY CHALLENGES

Financial viability

There is concern over the long-term financial viability of the agriculture industry in Prince Edward Island. For the first time since 1926 (the beginning of the data series), net farm income in 2001 fell in negative territory (-\$45.6 million). More recently, net income of farmers valued -\$13.6 million and -\$44.6 million in 2007 and 2008 respectively.

Environmental concerns and sustainability

There are environmental concerns with respect to nitrate contamination in soil (due to fertilizer use) and soil erosion.

Aging of the workforce

There is concern with respect to succession planning in the industry. There has been a fewer number of new entrants in light of an aging labour force. The average age of farmers in 2006 was 51.4 years according to Census 2006 estimates, and compares to 48 years a decade ago.

Commodity model of production

Current production model is quantity based as opposed to quality based. For example, mass production to meet french fry contract demands result in the production of lower quality potatoes with little marketing identity for PEI quality product. There is a need to change the current model to focus and develop quality and specialized product markets.

INDUSTRY INITIATIVES

“Buy local” campaigns

The Government of Prince Edward Island has endorsed the “Eat Atlantic Challenge” which is aimed to encourage participants to buy local product and support local producers.

P.E.I. Farm Technician Apprenticeship Program

The PEI Agricultural Sector Council in association with a Farm Technician Trade Advisory Committee developed an apprenticeship program for farm workers to earn new skills and earn a Certificate of Qualification in Farm Technician.

Expansion of non-traditional and specialty crops (i.e. niche markets)

There has been increased production in non-traditional crops, particularly soybean and canola. Soybean is a high quality crop which is ideal for potato farmers to plant as part of the crop rotation process. Canola, another quality product is grown locally for a Quebec extraction plant. Natures Crops International (a supplier of organic oils) has contracts with local farmers to grow crambe, which is a plant grown for the oil from its seeds (organic and non-genetically modified).

Strengthening linkages between bioscience and primary industries

Investment in the field of bioscience research has created partnerships with the Island’s primary industries, particularly agriculture in the development of high quality products from crop and livestock commodities.

OCCUPATIONAL HIGHLIGHTS

P.E.I. Job Futures: Occupations related to Agriculture

Farmers and Farm Managers (NOC 8251)

Farmers and farm managers manage the operations and functions of a farm. They are responsible for growing crops, raising and breeding livestock, poultry and other animals and marketing farm products.

Employed (2006 Census)	Age Composition (%)		
	15-24	25-54	55+
1,610	4	62	34

Farm Supervisors/Specialized livestock supervisors (NOC 8253)

Farm supervisors supervise the work of general farm workers and harvesting labourers and perform general farm duties. Specialized livestock workers carry out feeding, health and breeding programs.

Employed (2006 Census)	Age Composition (%)		
	15-24	25-54	55+
125	0	60	32

General Farm Workers (NOC 8431)

General farm workers plant, cultivate and harvest crops, raise livestock and poultry and maintain and repair farm equipment and buildings. This group includes operators of farm machinery.

Employed (2006 Census)	Age Composition (%)		
	15-24	25-54	55+
1575	26	53	21

Harvesting Labourers (NOC 8611)

Harvesting labourers assist other farm workers to harvest, sort and pack crops.

Employed (2006 Census)	Age Composition (%)		
	15-24	25-54	55+
90	50	39	0

Employment Outlook for this occupation to 2011 is fair

Average annual employment income for this occupation: \$27,770

Employment Outlook for this occupation to 2011 is fair

Average annual employment income for this occupation: \$16,785

Employment Outlook for this occupation to 2011 is good.

Average annual employment income for this occupation: \$25,710

Employment Outlook for this occupation to 2011 is good.

INDUSTRY PARTNERS & STUDIES/REPORTS

Commission on the Future of Agriculture and Agri-Food on Prince Edward Island

Established by the P.E.I. Department of Agriculture
11 Kent Street
Jones Building, 5th Floor
Charlottetown, PE
C1A 7N8

Recent Studies/Reports:

Growing the Island Way: The Next Chapter for the Agriculture and Agri-Food Economy of Prince Edward Island, January 2009

P.E.I. Agriculture Sector Council

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Farm Centre, Suite 201
Charlottetown, PE C1A 7Z5
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Fax: (902) 892-1891
Email: info@peiagsc.ca

Recent Studies/Reports:

*Study of Labour Supply and Demand Within the PEI Agriculture Sector
October 2007*

Other Industry Partners

National Farmers Union

2717 Wentz Ave
Saskatoon, Sk
S7K 4B6
Phone: 902-676-2849 or 902-368-4880
Website: <http://www.nfu.ca>

PEI Federation of Agriculture

420 University Ave
Charlottetown, PEI
C1A 7Z5
Phone: 902-368-7289
Website: <http://www.peifa.ca>

Agriculture and Agri-Food Canada

Crops and Livestock Research Centre
440 University Ave
Charlottetown, PEI
C1A 4N6
Phone: 902-566-6816
Website: <http://res2.agr.gc.ca>

PEI Agriculture Human Resources Council

420 University Ave
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Phone: 902-892-1091
Website: <http://www.gov.pe.ca>

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