

RESOLUTION 7-23
CAMPAIGN TO RAISE AWARENESS ON THE DISPARITY BETWEEN CONSUMER PRICING AND PRODUCER REVENUE

- WHEREAS** prices for consumer products such as fuel and groceries have increased significantly in the last four years; and
- WHEREAS** agricultural inputs necessary for the production of crops have increased in cost between 150% and 200%; and
- WHEREAS** the costs of diesel fuel necessary for agricultural production as well as transportation and logistics for the movement of consumer goods have risen significantly and is a cost that is transferred on to the consumer; and
- WHEREAS** the cost of groceries for Canadians has risen 10.8 per cent in the past year, according to Statistics Canada; and
- WHEREAS** there is a lack of awareness over how much commodity prices actually affect the costs of consumer products relative to all costs associated with food products at the grocery shelf.

THEREFORE BE IT RESOLVED
THAT ALBERTA'S AGRICULTURAL SERVICE BOARDS REQUEST

That Alberta Agriculture and Irrigation develop a communication plan to promote awareness for Albertans regarding the disparity between the prices that agricultural producers receive for their products and the prices consumers pay.

SPONSORED BY: Leduc County
MOVED BY: _____
SECONDED BY: _____
CARRIED: _____
DEFEATED: _____
STATUS: Provincial
DEPARTMENT: Alberta Agriculture and Irrigation

BACKGROUND INFORMATION

The rising costs of items such as groceries and fuel have become a significant concern for consumers in Alberta and across Canada over the past few years. Rising inflation costs in recent months have resulted in a 10.8 per cent increase in the cost of groceries for Albertans. Global situations such as the world's recovery from COVID, the Russian invasion of Ukraine, and herbicide production issues have also had an effect on commodity pricing and the cost of associated consumer goods.

In the last four years (Jan. 2018 through Feb. 2022), the average price of selected foods in Canada has risen 114 per cent ([Statistics Canada](#)). In the same time frame, regular gasoline costs increased by 130 per cent. Although fuel costs have declined somewhat in the past month, prices are still relatively high.

Producers are also affected by the costs of inputs. Not only do producers have to pay the higher costs as other consumers for groceries and fuel, but fertilizer, herbicide purchases, new equipment, and even parts for equipment have either been in short supply and have risen considerably in price. Based on farm input cost information collected by the provincial government ([Government of Alberta](#)), fertilizer increases from 2021 to 2022 were between 150 per cent and 200 per cent, depending on the product. Herbicides such as glyphosate increased by 150% and saw significant supply issues throughout the summer season.

Although producers could expect to see higher prices for their crops in the fall, the costs to produce them have increased more significantly, especially fuel and crop inputs. This will effect producer margins in times of average yields. If producers are fortunate enough to collect higher than average yields, they may be able to benefit from a stronger commodity price.

The price increase that producers receive for their commodities in relation to the cost increase that consumers bear for the finished product in the store are usually not equal. The Canadian Dairy Commission pricing increase of 2.5 per cent on the regulated farm price of milk took effect on September 1, 2022. Although the in-store cost of milk is still fluctuating, the per cent increase is more than the increase received by the producer. Processor costs have increased by more than 12 per cent since August 2021, adversely affecting the cost of milk.

Raising public awareness regarding pricing disparities could be done at multiple levels, but a coordinated effort would be beneficial to ensure consistency in messaging. A centralized communications plan would provide a consistent message across the province to provide information to all Albertans. The Government of Alberta would be particularly suited to develop a centralized communication plan that could used by all stakeholders in the agricultural industry to provide a unified message to the public regarding the current situation within agriculture. A communications plan that develops and supports a consistent message will help to strengthen public trust in the agricultural industry.

References

Statistics Canada <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1810000201>

Alberta Government <https://open.alberta.ca/publications/0704-917x>

Dairy Processors Association of Canada <https://www.dpac-atlc.ca/statement-regarding-canadian-dairy-commission-announcement-on-september-1-2022-pricing-adjustment/>