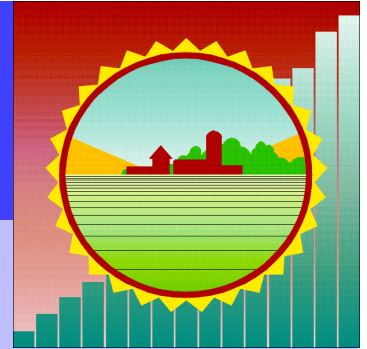


1996

ECONOMIC OVERVIEW OF FARM INCOMES

Hog Farms



Economic and Policy Analysis Directorate
Agriculture and Agri-Food Canada
Publication No. 1963/B

Vol. 1, No. 5, September 1999
Bulletin Series, ISSN 1480-9605
Catalogue No. A21-42/1-5

Agriculture Division
Statistics Canada
Catalogue No. 21-005-XIE

CONTENTS

Introduction	1
Farm Income by Revenue Class	2
Farm Income by Province	6
Concentration of Production	7
Degree of Specialization/ Diversification	8
Physical Characteristics	9
Glossary	10
Tables	11

To obtain more information on this analysis,
please contact:

Debbie Niekamp
Agriculture and Agri-Food Canada
Tel.: (613) 759-7319
E-mail: niekamd@em.agr.ca

To obtain additional data, please call:

Alain Bertrand
Statistics Canada
Tel.: 1 800 465-1991
E-mail: alain.bertrand@statcan.ca

This bulletin is available on the Internet at:

<http://www.agr.ca/policy/epad>
and
<http://www.statcan.ca>

INTRODUCTION

This is the fifth in the series of bulletins providing an *Economic Overview of Farm Incomes*, a joint publication by Agriculture and Agri-Food Canada (AAFC) and Statistics Canada (STC). This bulletin provides a detailed analysis of hog farms, which includes information on farm level revenues, expenses and net operating income before depreciation by revenue class and by province. Hog farms are defined as those farms for which 51% or more of agricultural sales are derived from the sale of swine. Information on the concentration and specialization of production, as well as on the physical characteristics of hog farms, is also included by revenue class.

Most of the analysis in this series is based on data derived from STC's *Taxation Data Program (TDP)*. The bulletins also include information from the *June Crops Survey (JCS)* and the *July Livestock Survey (JLS)*. The TDP estimates presented in these bulletins are derived from a random sample of income tax returns of individuals operating unincorporated farms with operating revenues of \$10,000 and over and incorporated farms with revenues of \$25,000 and over and for which 51% or more of their sales come from agricultural activities. Communal farming operations, such as Hutterite colonies, are also included. Group averages, not individual records, are provided by STC to AAFC, and are subject to confidentiality restrictions prior to release. For further discussion of

the methodology behind the STC data, refer to the Methodology section in Bulletin 1.

STC's TDP is the only source of annual intercensal data at the farm level that provides a detailed picture of revenues and expenses by size (revenue class), type and province. These data, which are derived from Revenue Canada tax returns, are the most comprehensive available but are not as timely as analysts would like. Information for tax purposes is collected in the year following the "tax year" being reported upon; in this case, 1996 data were collected in 1997. STC then undertakes extensive verification and confidentiality procedures before releasing the data a year later. While not timely, the resulting information is comprehensive, accurate and available on a consistent basis over time. Most importantly, it facilitates on-going analysis of major trends in farm structure and performance.

This bulletin provides information on hog farms based on 1996 data. Bulletin 1 provided an overview of all farms and Bulletins 2 through 4 presented information on grain and oilseed, cattle and dairy farms. Bulletins 6 through 9 will present similar information for the other four major farm types: fruit and vegetable, poultry and egg, greenhouse and nursery, and potato farms.



Economic Overview of Farm Incomes, 1996 – Hog Farms

The hog industry is rapidly moving away from a traditional structure composed of hundreds of small and medium farms to a much more concentrated structure. Between 1995 and 1996, approximately 20% of hog farms increased in revenue class. Continued rationalization of the hog industry over the last five years has resulted in a shifting of the concentration of production towards very large farms.

As the hog industry's structure has shifted towards more large farms, so has its geography. Between 1995 and 1996, the increase in the number of very large farms (\$500,000 and over) was highest in Saskatchewan and Manitoba.

Average net operating income for hog farms was \$40,724 in 1996, almost 50% higher than in the previous year. Net operating income for hog farms was 69.9% higher than the average \$23,974 for all farm types.

Highest average operating margins were reported for farms in the \$100,000 to \$249,999 revenue class. A greater level of diversification was seen in this revenue class.

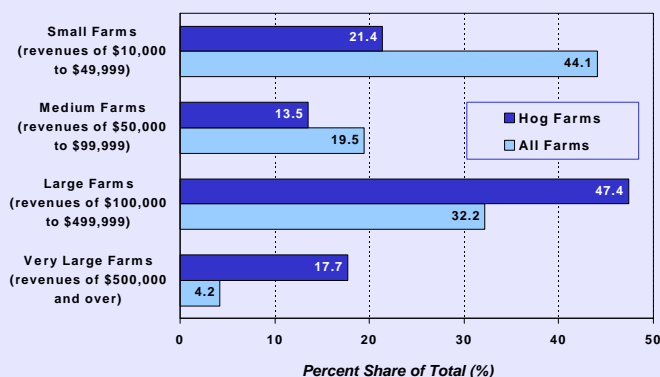
FARM INCOME BY REVENUE CLASS

Distribution of Farms by Revenue Class

The total number of farms in the highest revenue class increased 34.9% between 1995 and 1996.

In 1996, hog farms made up 3.7% of all farms in Canada. Figure 1 shows the predominance of large (revenues of \$100,000 to \$499,999) and very large (\$500,000 and over) hog operations when compared to all farms in Canada.

Figure 1: Distribution of Farms by Revenue Class, Hog Farms and All Farms, 1996



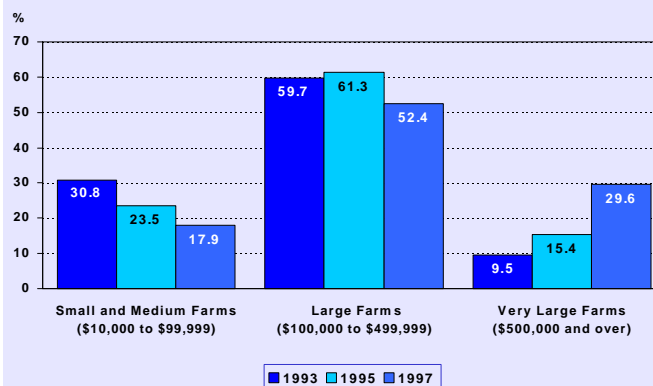
Source: Statistics Canada, Whole Farm Data Base.

The total number of hog farms in Canada has fallen significantly as the pork industry moved to a more vertically integrated structure. Between 1990 and 1996, hog farms declined 18.6% in Canada. In 1996, an estimated 8,725 farms were classified as hog farms, a decrease of 8.6% from the 9,550 reported in 1995 (see Table 1).

Although the total number of hog farms has decreased, the number of hog farms in the highest revenue class has continued to increase in both relative and absolute terms since 1991, with the highest increase (34.9%) experienced from 1995 to 1996. All other revenue classes declined in number (see Table 1).

Recent trends suggest hog production is moving towards greater vertical coordination.¹ According to the *Farm Financial Survey (FFS)*, in 1997, 15.7% of hog farms were farrowing operations, 29.9% feeder finishing operations and 48.7% farrow to finish operations. Between 1993 and 1997, the industry witnessed a large increase in the number of very large farms (revenues of \$500,000 or more) involved in farrow to finish hog operations (see Figure 2). In 1993, 9.5% (475 farms) of farms in the farrow to finish category were very large hog farms (\$500,000 and over). By 1997, this share jumped to 29.6% (or 1,000 hog farms). This reflects the industry's move towards more vertical coordination in hog production. Increased use of contractual arrangements for a variety of reasons (guaranteed prices, food quality and safety, tracing and tracking, etc.) are causing producers to consider moving toward greater vertical coordination in hog production.

Figure 2: Distribution of Farrow to Finish Operations, 1993 to 1997



Source: Statistics Canada, Whole Farm Data Base, Farm Financial Survey.

1. Mark Drabenstott, "This Little Piggy Went to Market: Will the New Pork Industry Call the Heartland Home?," Federal Reserve Bank of Kansas City, Economic Review. *Third Quarter 1998. Vol. 83, No. 3.*

Economic Overview of Farm Incomes, 1996 – Hog Farms

Revenues and Expenses

The large increases in both revenue and expense items reported by hog farms provides an indication of expansion in production. Expansion of the hog industry has been driven by strong markets for both live hogs and pork. Trade liberalization in North America and around the world combined with the relatively low Canadian dollar increased demand for both live animals and meat products. Although the United States is Canada's most important customer in this sector, the Pacific Rim region is an emerging market for Canadian meat products.

Other factors have also favoured hog expansion: the abolishment of Crow Nest rates in Canada made hog production an attractive market alternative for feed grain. Also, some producers took advantage of new technologies to become more efficient and have expanded their production capacity.

Between 1995 and 1996, approximately 20% of hog farms shifted upwards in terms of revenue class.² As shown below, the upward shift was witnessed across all revenue classes. The net result was a substantial increase in the number of very large farms (\$500,000 and over).

Revenue Class	% of hog farms that changed revenue class ¹	
	Decreased	Increased
\$10,000 to \$24,999	8.2%	36.6%
\$25,000 to \$49,999	19.5%	48.0%
\$50,000 to \$99,999	7.2%	27.2%
\$100,000 to \$249,999	10.5%	19.1%
\$250,000 to \$499,999	7.2%	22.2%
\$500,000 and over	4.3%	N/A

1. Data derived from the TDP longitudinal data series.

Detailed Operating Revenues

Swine revenues increased almost 30% between 1995 and 1996. Revenues from the sale of swine accounted for almost four fifths of total operating revenues.

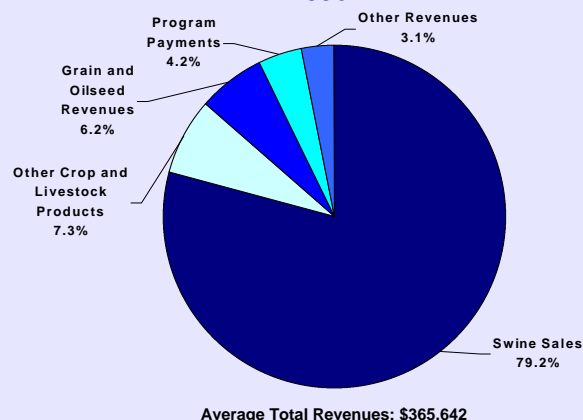
Between 1995 and 1996, operating revenues for the average hog farm increased 24.9% to \$365,642 (see Table 1). The bulk of the increase came from swine revenues that jumped 29.4% to \$289,445. The increase in swine revenues was the result of strong prices and increased production (or quantities sold).³ There was also a large increase (24.3%) in crop revenues as a result of high prices in the first half of 1996 and exceptional yields in the 1996/97 crop year. Program payments decreased 8.1% reflecting the improved market returns for hog farmers in 1996.

2. Slightly over three quarters of farms were classified as hog farms in both 1995 and 1996.

3. Prices rose until the end of the summer and fell back through the fall.

Close to 80% of operating revenues came from the sale of swine (see Figure 3). This share has held rather steady between 1990 and 1996, ranging from a low of 73.9% in 1992 to a high of 79.6% in 1991.

Figure 3: Operating Revenues for Hog Farms, 1996



Source: Statistics Canada, Whole Farm Data Base.

The level to which hog farms are diversified in other agricultural products affects both their operating margins and net operating income. Revenues from other agricultural products help to offset poor returns from hog revenues when the market is in a slump. Over two thirds of hog farms (5,875 farms) were diversified to some degree in other agricultural products. Over two fifths of hog farms (3,825 farms) reported some revenues from grains and oilseeds, and one fifth (1,730 farms) reported revenues from forage crops. Crop revenues as a share of total revenues were highest for farms with revenues between \$100,000 and \$249,999. Regarding other livestock, over one quarter of hog farms reported cattle revenues (2,480 farms), while slightly under one tenth reported poultry and egg revenues (620 farms).

In 1996, 67.1% of hog farms reported direct program payments. On average, farms received 4.2% of their total revenues from direct program payments. Farms in the \$25,000 to \$49,999 revenue class received the highest share of their total revenues from direct program payments (6.7%), while farms in the \$100,000 to \$249,999 revenue class received the lowest share (3.6%).⁴

4. Direct program payments do not include NISA withdrawals for unincorporated farms.

Economic Overview of Farm Incomes, 1996 – Hog Farms

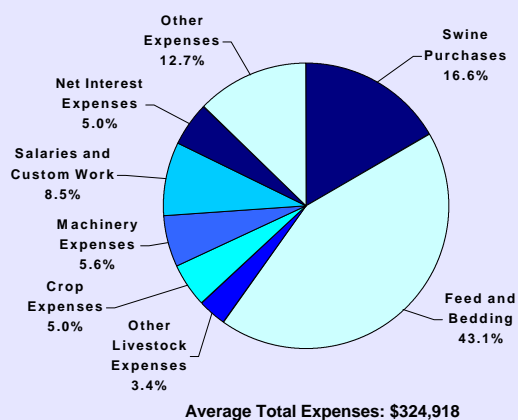
Detailed Operating Expenses

Total livestock expenses accounted for a much greater share of total operating expenses in the highest revenue class.

Average operating expenses rose from \$264,826 to \$324,918, a 22.7% increase (see Table 1). This was due mainly to higher livestock expenses, in particular swine purchases that increased 22.7% to \$54,034 and feed costs that increased 32.7% to \$140,018 as a result of higher feed prices. There were also large increases in crop, machinery and general expenses of 24.1%, 23.3% and 12.2%, respectively.

Feed and bedding purchases made up the largest share of total livestock expenses, followed by hog purchases (see Figure 4). General expenses⁵ were the second highest expense for hog farms. The major components of general expenses include: salaries and net interest expenses.

Figure 4: Operating Expenses for Hog Farms, 1996



Source: Statistics Canada, Whole Farm Data Base.

Livestock expenses as a share of total operating expenses, accounted for a much greater share in the highest revenue class (\$500,000 and over), at 67.0%, compared with 38.6% for farms in the lowest revenue class (\$10,000 to \$24,999). This was reflected in both feed and bedding, and hog purchases.

Profitability Indicators

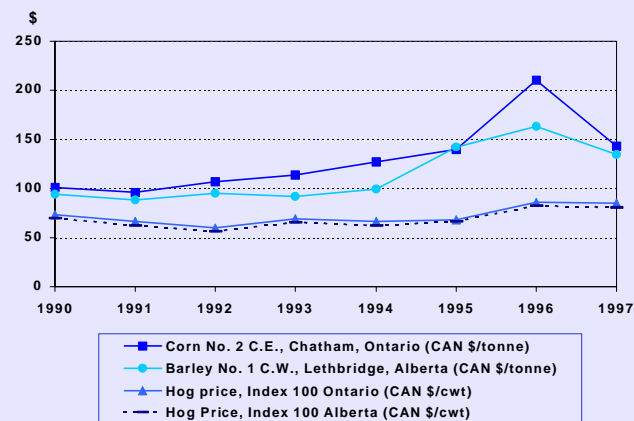
Hog-to-Feed Price Ratios

Since feed is the major input for hog production, the ratio of hog-to-feed prices is a good indicator of profitability. For example, the hog-to-barley price ratio is calculated as the number of bushels of No. 1 feed barley that is equal in value to 100 lb. of index 100 live hog, at a specific location for hog production. The index goes down as barley or corn prices rise or hog prices fall, and it rises with rising hog prices or declining feed prices.

5. Includes salaries, rent, insurance, custom work and machine rental, and other expenses.

In June and July of 1996, hog prices were close to the high point in the price cycle. The annual Ontario hog price (index 100) increased 24.8% between 1995 and 1996 (see Figure 5). Both barley and corn prices reached a peak in July of 1996. Hogs are fed primarily barley in Alberta and corn in Ontario.

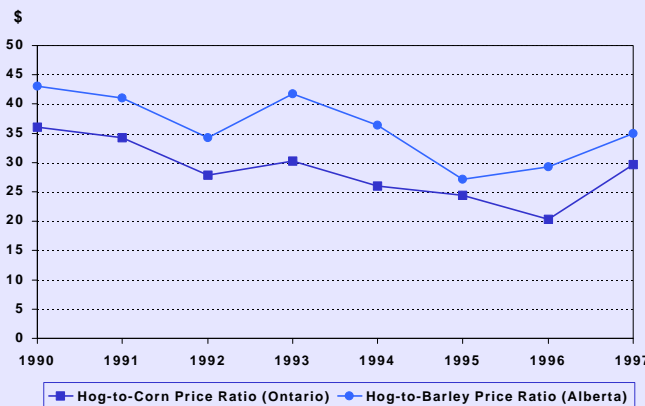
Figure 5: Livestock and Feed Prices*, 1990 to 1997



*Both hog and feed prices are reported on an annual basis.
Source: Agriculture and Agri-Food Canada, internal calculations.

Despite high feed prices during the first half of 1996, returns to hog producers in Alberta improved from 1995, while returns to hog farms in Ontario continued to decline (see Figure 6). By 1997, hog-to-feed ratios improved for both indexes due to a combination of lower feed prices and higher hog prices. Restructuring of hog farms into larger units along with increased vertical integration is expected to allow operations to remain competitive despite lower hog-to-feed grain price ratios.

Figure 6: Hog-to-Feed Grain Price Ratios, 1990 to 1997



Source: Agriculture and Agri-Food Canada, Internal Calculations.

Economic Overview of Farm Incomes, 1996 – Hog Farms

Operating Margins

The average operating margin for hog farms was 11.1 cents. Highest operating margins were reported by large hog farms (\$100,000 to \$499,999).

Operating margins are a measure of profitability and the rate of return to farm capital, labour and management. In 1996, the average operating margin for hog farms was 11.1 cents per dollar of revenue, an increase of 16.8% from 1995 (see Table 1). This is only slightly lower than the previous five-year average (1991 to 1995) of 11.2 cents. By revenue class, operating margins ranged from a deficit of 12.4 cents for the smallest farms (\$10,000 to \$24,999) to a profit of 13.8 cents for farms with revenues between \$100,000 to \$249,999 (see Table 3). Very large farms (\$500,000 and over) had margins that averaged 10.0 cents per dollar of revenue.

The difference in margins was partially due to the degree to which farms are specialized. Hog farms with revenues of \$100,000 to \$249,999 reported the highest operating margins. Fewer farms in this revenue class are considered “highly specialized”. In addition, the smallest farms tend to be less able to reach economies of size. This is due to expenses that are largely fixed, such as insurance and rent, which cannot be spread over a larger revenue base.

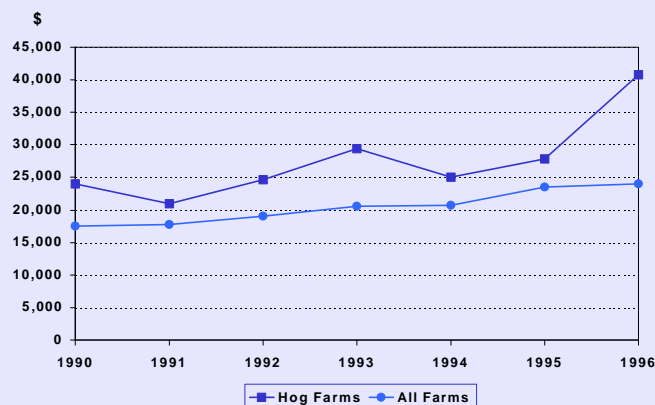
Net Operating Income

Average net operating income for hog farms was \$40,724, almost 50% higher than the previous year.

Hog farms' net operating income was 69.9% higher than the average \$23,974 for all farms (see Figure 7), partially reflecting the large percentage of very large hog farms compared to all farms (see Figure 1).

In 1996, hog farms reported an average net operating income of \$40,724. This was a large increase (46.4%) from 1995. Net operating income was 59.1% higher than the previous five-year average (1991 to 1995) of \$25,589.

Figure 7: Average Net Operating Income, 1990 to 1996

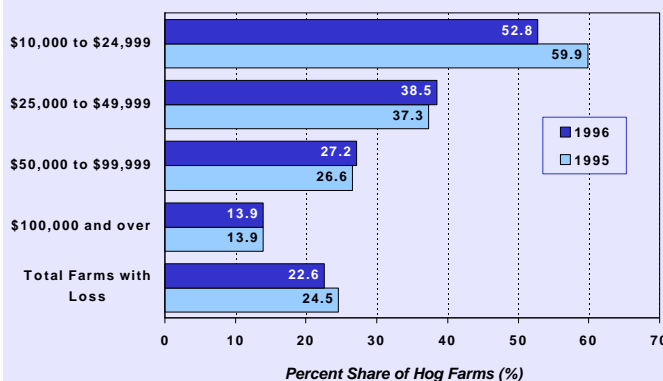


Source: Statistics Canada, Whole Farm Data Base.

Average net operating income for hog farms ranged from a loss of \$2,056 for farms in the lowest revenue class to a profit of \$130,490 for farms in the highest revenue class (see Table 1). Net operating income increased in all revenue classes with the exception of farms with revenues of \$50,000 to \$99,999 and \$100,000 to \$249,999, which declined 8.6% and 4.0%, respectively.

Operating losses were incurred by 22.6% of hog farms (1,970 farms), down from 24.5% reporting losses in 1995 (see Figure 8). Between 1995 and 1996, a smaller percentage of farms reported losses in both the smallest (\$10,000 to \$24,999) and the largest (\$100,000 and over) revenue classes. In 1996, very small farms (\$10,000 to \$24,999) accounted for 25.9% of hog farms reporting operating losses; this was down from 28.4% in 1995. Liquidation of small farms may account for part of the decline.

Figure 8: Hog Farms with Net Operating Income Less Than \$1, by Revenue Class, 1995 and 1996



Source: Statistics Canada, Whole Farm Data Base.

In 1996, small farms accounted for 43.7% of hog farms reporting operating losses, medium-sized farms (16.2%), and farms with revenues of \$100,000 and over (40.1%) (see Table 2).

FARM INCOME BY PROVINCE

Distribution of Farms by Province

The estimated number of hog farms increased only in the Atlantic provinces.

In 1996, the majority of hog farms were concentrated in Ontario (33.0%), Quebec (25.8%), Alberta (14.9%), and Manitoba (12.3%). All provinces experienced declines in the number of hog farms between 1995 and 1996, except the Atlantic provinces. The provincial breakdown by revenue class is provided in Table 5.

The hog industry's structure has shifted and so has its geography. Between 1995 and 1996, the increase in the number of very large farms (\$500,000 and over) was highest in Saskatchewan and Manitoba at 85.7% and 48.5%, respectively.

The shift in structure is even more evident between 1990 and 1996. In 1990, 32.1% of hog sales in Canada were from very large farms (\$500,000 and over). The majority of hog sales were from very large farms in Quebec (15.8%), Ontario (8.6%) and the Prairie provinces (6.7%). By 1996, the share of production by very large farms in these provinces rose dramatically in Quebec (to 28.2% of hog sales) and the Prairie provinces (20.6%) and only slightly in Ontario (11.5%). The number of very large hog farms in Manitoba leaped nearly 450% between 1990 and 1996.

Relative Importance of Revenue and Expense Items

Hog farms on the Prairies are diversified to a greater degree than those in the other provinces. In 1996, hog farms in Nova Scotia were the most highly specialized while those in Saskatchewan were the most diversified.

In 1996, average revenues and expenses were up in all provinces (see Table 4). The largest increases occurred in the Prairie provinces. This is partly a reflection of the hog industry's restructuring and changing geography.

Detailed Operating Revenues

The relative importance of the various sources of revenues and expenses by province is shown in Table 4. Revenue earned from the sale of swine, as a percentage of total operating revenues, ranged from a high of 89.4% in Nova Scotia to a low of 71.9% in Saskatchewan. Each of the Prairie provinces was below the national average.

The level to which hog farms were diversified in other agricultural products varied by province. Crop sales accounted for a higher share of total revenues in Saskatchewan (13.5%) and Manitoba (11.2%). Grain and oilseed revenues as a proportion of total crop revenues were more important to hog farms in the Prairie provinces and Ontario compared with other provinces. Forage was important to farms in British Columbia and New Brunswick. Other crops, which were important sources of revenue for some provinces, included potatoes in Prince Edward Island and fruit and vegetables in Nova Scotia.

Program payments accounted for a relatively small share of total revenues for hog farms in all provinces. Quebec's farms received the highest share from direct program payments at 7.9% of total operating revenues in 1996. Swine are not a qualifying commodity under NISA in Quebec but there is a provincial hog stabilization program in place.

Detailed Operating Expenses

Livestock expenses varied between provinces, from 70.3% in New Brunswick to 48.7% in Saskatchewan. Farms in Quebec and Manitoba reported the highest share of hog purchases as a share of total operating expenses, a reflection of the greater share of feeder finishing operations as opposed to farrow to finishing operations found in these two provinces compared to other provinces.

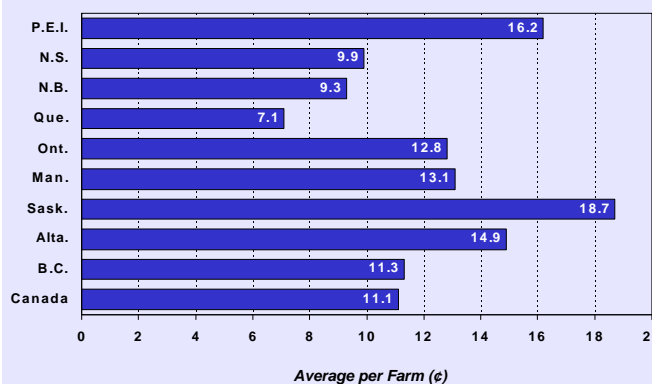
General expenses (overhead) were the second highest expense item for hog producers in all provinces. They were highest in Saskatchewan (31.2%) and lowest in Manitoba (23.2%). Salaries, as a share of total expenses, were highest in British Columbia (10.2%) and lowest in Manitoba (3.8%).

Operating Margins

As a result of the higher level of diversification of hog farms in Saskatchewan, this province reported the highest average operating margin.

Hog farms in Saskatchewan had the highest operating margin at 18.7 cents per dollar of revenue reflecting the higher level of diversification in grain and oilseed production (see Figure 9)⁶. Prince Edward Island's farms were second highest at 16.2 cents. Quebec's hog farms showed the lowest operating margin at 7.1 cents per dollar of revenue.

Figure 9: Average Operating Margins for Hog Farms, by Province, 1996



Source: Statistics Canada, Whole Farm Data Base.

6. The five-year average grain and oilseed gross margin (1991 to 1995) was 23.7 cents on the Canadian grain and oilseed farm.

Economic Overview of Farm Incomes, 1996 – Hog Farms

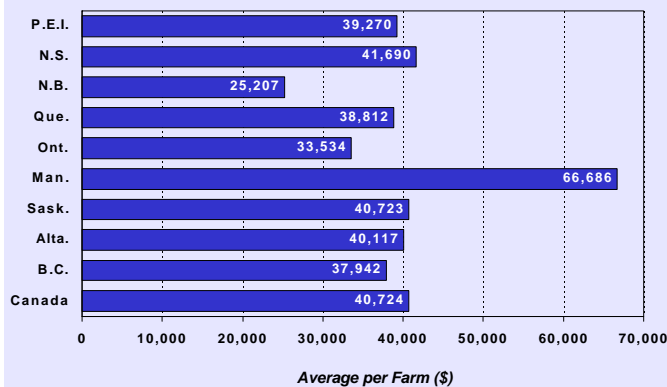
Net Operating Income

Average net operating income increased in all provinces in 1996. Manitoba reported net operating income substantially above the national average.

Between 1995 and 1996, hog farms in all provinces experienced increases in average net operating income. The largest increases were on farms in Nova Scotia (+205.3% to \$41,690) and New Brunswick (+148.5% to \$25,207). The smallest increase was on farms in British Columbia.

When compared provincially, there was considerable variation in the average net operating income for hog farms. Manitoba's farms reported net operating income substantially above the national average (see Figure 10) at \$66,686. New Brunswick's farms reported the lowest net operating income at \$25,207.

Figure 10: Average Net Operating Income for Hog Farms, by Province, 1996



Source: Statistics Canada, Whole Farm Data Base.

Hog farms in Manitoba reported a high level of diversification in grain and oilseed production.⁷ They were also second largest in terms of average operating revenues; 68.8% of farms had gross revenues of \$100,000 or more.⁸ The combination of these two factors helped them attain the highest net operating income. In contrast, hog farms in New Brunswick were much more specialized and had a smaller share of large farms, which resulted in a lower than average net operating income.

7. Saskatchewan's hog farms reported the highest level of diversification in grain and oilseed production. Manitoba was second highest.

8. Average swine sales were highest in Quebec, followed by Manitoba and Nova Scotia. Although Quebec's hog farms were largest in terms of both average swine revenues and average operating revenues, a reflection of the relatively larger size of farms in that province, they did not post average net operating income above the national average.

The proximity to feed sources is important in considering the hog industry's location. In 1996, the Western Grain Transportation Act was terminated. The Act had increased grain prices on the Prairies by subsidizing the cost of transporting grain from the Prairie provinces to West Coast ports and to markets in Central and Eastern Canada. This is providing new incentives for western Canadian farmers to pursue livestock production as a means of adding more value to their crops. Provincial governments have encouraged new livestock production as a means of spurring rural economic development.

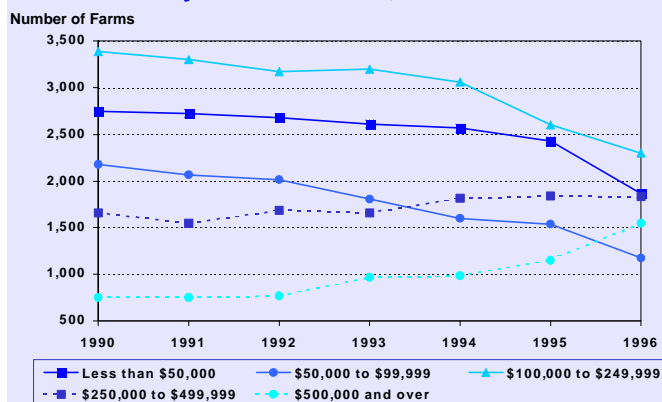
CONCENTRATION OF PRODUCTION

Very large hog farms are increasing as a share of hog farms as is their contribution to total agricultural production.

Total revenues from hog farms (excluding program payments) were \$3.1 billion in 1996 (compared to all farms at \$32.3 billion), representing 9.5% of the total for all farms. Of the total 234,370 farms in Canada, 3.7% were classified as hog farms.

Rationalization of production in the hog industry has led to fewer small (\$10,000 to \$49,999) and medium-sized (\$50,000 to \$99,999) farms and more very large farms (\$500,000 and over) (see Figure 11). The proportion of very large hog farms has increased from 7.0% to 17.7% between 1990 and 1996. Correspondingly, the contribution of these farms to agricultural production of very large farms has steadily increased, from 32.1% in 1990 to 63.1% in 1996. With economies of size at work there is a push for hog farms to increase in size.

Figure 11: Number of Hog Farms in Canada, by Revenue Class, 1990 to 1996*



*Data from 1993 to 1996 include communal farming operations.
Source: Statistics Canada, Whole Farm Data Base.

Economic Overview of Farm Incomes, 1996 – Hog Farms

In 1996, the largest farms (\$500,000 and over) accounted for 63.1% of total agricultural production (\$1.9 billion), but they represented only 17.7% of all hog farms (see Figure 12). At the other extreme, small farms (\$10,000 to \$49,999) represented 21.4% of all hog farms but produced only 1.5% of total hog farm output (\$47 million). Farms with revenues between these classes, \$50,000 to \$499,999, produced the remaining 35.3% of total hog farm output.

Figure 12: Concentration of Production, Hog Farms, 1996

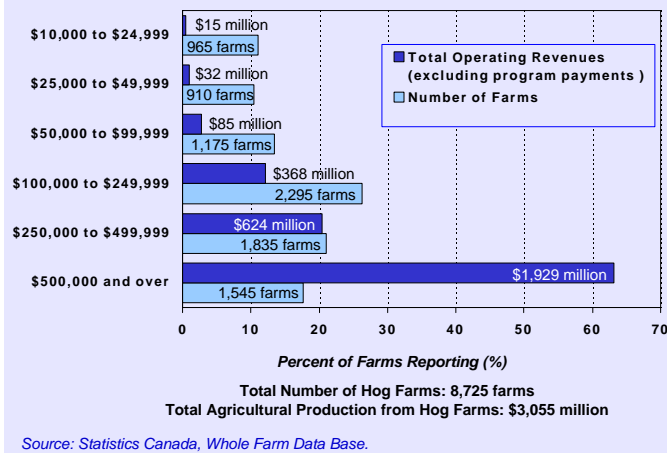
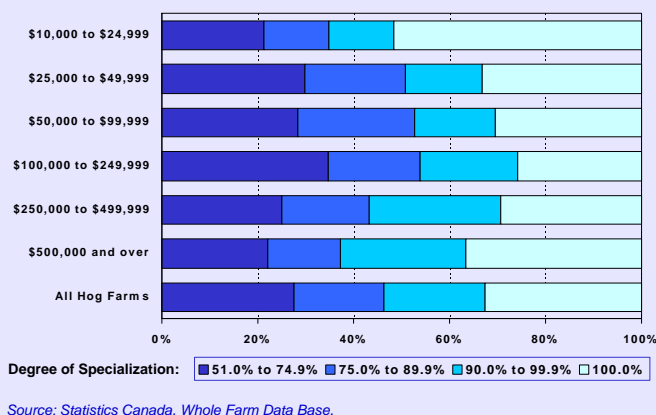


Figure 13: Distribution of Hog Farms, by Degree of Specialization and Revenue Class, 1996



A large proportion of hog farms (32.7%) were classified as 100% specialized, deriving all their sales from swine. A larger share of very small hog farms (\$10,000 to \$24,999) were 100% specialized at 51.3% compared to only 25.7% of the farms with revenues of \$100,000 and \$249,999.

In the \$100,000 to \$249,999 revenue class there was a larger share of farms (34.6%) that fell in the 51.0%–74.9% category of specialization. Hog farms in this revenue class were more diversified in other agricultural commodities, in particular grains and oilseeds. This group reported the highest operating margins, reflecting a lower level of vulnerability to market pressures in the hog industry.

Producers' profits were reduced as a result of high feed grain prices through the early part of 1996. Some of the less specialized – less capital-intensive – hog farms preferred to sell their grain rather than feed more pigs. For highly specialized – capital-intensive, feed-efficient – hog farms, the high feed grain prices were partially offset by better pork prices between May and August of 1996.

All Farms Reporting Swine Revenues

Slightly over half of farms reporting revenues from swine were specialized in swine, accounting for about 86% of the total agricultural sales from swine.

The degree to which all Canadian farms were specialized in producing hogs in 1996 is shown in Figure 14. Farms reporting any revenue from the sale of swine are included in this section, unlike the previous sections that looked only at hog farms (i.e., those farms with 51% or more of agricultural sales from swine). Between 1995 and 1996, the number of farms that reported swine sales declined 15.4%. In 1996, 18,225 farms, or 7.8% of all farms in Canada, reported some revenues from swine totaling \$2.9 billion (see Table 6). Of this group, 8,725 farms, or

DEGREE OF SPECIALIZATION/ DIVERSIFICATION

Hog Farms

Highly specialized hog farms were more vulnerable to lower hog prices in early 1996 and higher feed prices. This group produced almost 55% of total hog sales.

Fewer hog farms in the \$100,000 to \$249,999 revenue class were highly specialized. By being more diversified in grain and oilseed production, this group was less vulnerable to deteriorating hog markets.

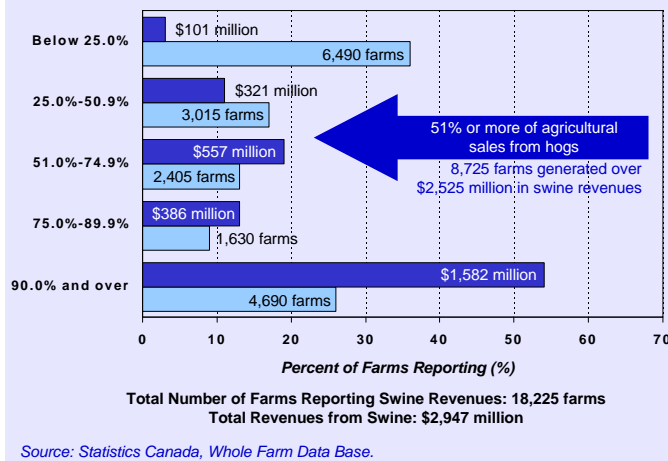
Over 50% of very small hog farms were 100% specialized.

Hog farms that are highly specialized are most vulnerable to adverse changes in hog and feed prices. Of the estimated 8,725 hog farms in 1996, 4,690 farms (53.8%) were described as “highly specialized”, earning 90% or more of their agricultural sales from the sale of swine (two highest specialization categories in Figure 13). This group produced \$1.6 billion in swine revenues, 53.7% of the total agricultural sales from swine.

Economic Overview of Farm Incomes, 1996 – Hog Farms

47.9%, were defined as hog farms, producing \$2.5 billion in swine revenues, about 86% of the total agricultural sales from swine in 1996.

Figure 14: Degree of Specialization, Farms Reporting Swine Revenues, 1996



The other 9,500 farms (52.1%) did not receive the majority (51% or more) of their revenue from swine production. Of these farms, 6,490 reported less than 25% of their total agricultural sales from swine indicating a low degree of specialization in hog production for many farms.

Also in the “not hog” category, 3,015 farms reported between 25.0%–50.9% of their agricultural sales from swine. Many farms in this group change farm type depending on the relative price of swine compared to other agricultural commodities. They switch from the hog category to another product type (i.e., they switch between a specialization level of 25.0%–50.9% and 51.0%–74.9%).⁹ Between 1995 and 1996, 22.7% of hog farms changed farm type categories, with 7.9% switching to cattle and 7.6% switching to grains and oilseeds as their major source of agricultural sales. Since farm type is determined by swine revenues as a share of a farm’s total agricultural sales, part of the decline in hog farm numbers was due to the effect of the change in swine revenues relative to the change in other agricultural sales (such as grain and oilseed) on total agricultural sales.

9. Farms can switch classification without changing actual quantities produced and sold when prices rise or fall.

PHYSICAL CHARACTERISTICS

The structure of the hog industry has changed dramatically. While inventory on smaller farms decreased slightly, inventory on large farms increased substantially in the last few years.

In 1996, the average size of the hog herd was 922 head, ranging from 106 head for farms in the \$10,000 to \$24,999 revenue class to 2,658 head for farms with \$500,000 or more of gross farm revenues (see Table 7).¹⁰

While the number of hog farms continued to decline through to 1996, the total number of farrowing sows of these farms increased 8.3% between 1990 and 1996. This resulted in the largest average number of swine per farm in 1996. Between 1990 and 1996, the average number of sows per farm increased 27.6%, from 76 head to 97 head.

The trend towards increasing hog farm size is clearly apparent. While the three smallest revenue classes account for fewer swine over the years under review and a smaller share of the hog population in Canada as a whole, swine numbers have generally increased on an absolute and percentage basis for farms with revenues of \$100,000 and over.

10. The estimates presented in Table 7, which are derived from the Whole Farm Data Base, have not been adjusted to take into account administrative data and to reflect the results of the 1996 Census of Agriculture. They are survey indicators and may differ from the estimates released by the Livestock and Animal Products Section and the Crops Section of Agriculture Division.

Economic Overview of Farm Incomes, 1996 – Hog Farms

GLOSSARY

Classification of Farm Type. In order to be classified as a hog farm, the following ratio must be equal to or greater than 51.0%: (swine revenues/total agricultural sales) \geq 51.0%. If a farm is diversified in grain and oilseed production and prices improve for grain and/or oilseed, the denominator would increase resulting in a smaller ratio. If it falls below 51.0%, the farm is no longer classified as a hog farm.

Concentration of Production. Describes the contribution of farms to total agricultural production (total revenues excluding program payments) by revenue class.

Degree of Specialization. Measures the percent a particular commodity contributes to that farm's total agricultural sales (crop and livestock sales). Farms are "highly specialized" in hog production when 90% or more of their sales are derived from the sale of swine. Farms are not specialized in hog production when less than 51% of their agricultural sales are from the sale of swine.

Depreciation. Measures the loss in value of an asset over its estimated life due to wear and tear and obsolescence. In the bulletins, depreciation is not included in expenses and net operating income is calculated before depreciation. (For tax purposes, depreciation is represented by the capital cost allowance, an amount deducted from income to account for annual depreciation costs at a rate specific to the depreciable capital item.)

Farm Operations. Include unincorporated farms with gross operating revenues of \$10,000 or more, and incorporated farms with sales of \$25,000 or more and for which 51% or more of their sales come from agricultural activities. (Since 1993, farm operations include communal farming operations that reported gross operating revenues of \$10,000 or more.)

Farm Type. Classification is determined by the contribution of a particular commodity's sales to a farm's total agricultural sales. Farms on which 51% or more of sales are derived from swine are considered hog farms. Eight major farm types are discussed in the bulletins: grain and oilseed, cattle, dairy, hog, fruit and vegetable, poultry and egg, greenhouse and nursery, and potato farms.

Net Operating Income. The profit or loss of the farm operation measured by total operating revenues less total operating expenses, before depreciation, and before other adjustments for tax purposes.

Operating Expenses. The business costs incurred by the farm operation in the production of agricultural commodities. (Inter-farm purchases are included in these costs and depreciation expenses are excluded.)

Operating Margin. The ratio of net operating income to operating revenues, measured in cents per dollar of revenue. It is a measure of profitability and the rate of return to farm capital, labour and management.

Operating Revenues. Those revenues from the sale of agricultural commodities as well as agricultural direct program payments and subsidies. (Revenues from the sale of forest products and other farm income are also included, as are inter-farm sales.)

Program Payments. Include income from provincial stabilization programs, the Gross Revenue Insurance Plan (GRIP) now terminated, payments and other subsidies (such as hog incentive programs, acreage payments, assistance for clearing land and government grants), plus aggregate amounts reported for subsidies, patronage dividends and reimbursements. Program payments also include insurance proceeds from programs for crops and livestock due to adverse weather conditions, disease or other reasons. Dairy subsidies are not included in program payments nor are Net Income Stabilization Account (NISA) withdrawals for unincorporated farms.

Total Agricultural Production. Total operating revenues minus program payments (used in calculation of concentration).

Total Agricultural Sales. Total crop revenues plus total livestock and livestock product revenues (used in calculation of specialization).

Economic Overview of Farm Incomes, 1996 – Hog Farms

TABLES

Table 1: Operating Revenues and Expenses by Revenue Class, Canada, 1995 and 1996

		\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and over	All Farms
Number of Farms	1996	965	910	1,175	2,295	1,835	1,545	8,725
	1995	1,110	1,315	1,540	2,605	1,840	1,145	9,550
Revenues - Average per Farm (\$)								
Total Crops	1996	506 *	2,725 *	5,614	15,458	29,115	75,156	24,617
	1995	972 *	2,202 *	6,201	16,324	25,800	75,069	19,807
Total Livestock	1996	13,316	28,124	60,221	138,112	297,549	1,142,787	314,078
	1995	13,788	27,442	58,229	132,200	287,677	1,161,927	245,137
Program Payments	1996	828 **	2,521 *	3,894	5,975	16,362	53,951	15,460
	1995	679 **	2,603 *	3,202	8,263	25,194	73,265	16,815
Total Other Revenues	1996	1,976 *	4,087 *	6,149	6,929	13,392	30,299	11,487
	1995	1,482 **	4,658	6,054	8,559	12,258	36,845	10,888
Total Revenues¹	1996	16,625	37,457	75,878	166,474	356,419	1,302,192	365,642
	1995	16,920	36,905	73,687	165,347	350,928	1,347,107	292,648
Expenses - Average per Farm (\$)								
Total Crops	1996	761 **	2,529 *	5,261	11,780	20,047	44,820	16,322
	1995	855 *	2,502	4,970	11,701	17,320	45,056	13,155
Total Livestock	1996	7,202	14,856	31,482	79,474	182,919	784,540	205,079
	1995	7,389	15,431	31,129	77,134	183,585	807,221	160,908
Total Machinery	1996	3,778	5,301	8,665	11,581	19,032	51,667	18,350
	1995	3,777	5,712	8,164	11,468	17,158	49,477	14,887
Total General Expenses	1996	6,940	11,961	21,648	40,630	85,587	290,675	85,167
	1995	7,427	12,592	19,773	41,064	91,486	345,237	75,875
Total Expenses¹	1996	18,681	34,647	67,056	143,466	307,585	1,171,702	324,918
	1995	19,447	36,238	64,036	141,367	309,548	1,246,991	264,826
Net Operating Income - Average per Farm (\$)								
Net Operating Income²	1996	(2,056)	2,809	8,822	23,008	48,834	130,490	40,724
	1995	(2,527)	668	9,650	23,979	41,380	100,116	27,822

1. Totals may not add up due to rounding and/or confidentiality restrictions.

*Use with caution.

2. Net operating income does not include depreciation.

**Unreliable.

Source: Statistics Canada, Whole Farm Data Base.

Table 2: Distribution of Net Operating Income by Revenue Class, Canada, 1996

Revenue Class	Net Operating Income ¹					
	Below \$1	\$1 to \$9,999	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 and over	Total
	Number of Farms					
\$10,000 to \$24,999	510	335 *	120 **	-	-	965
\$25,000 to \$49,999	350 *	250 *	270 *	40 **	-	910
\$50,000 to \$99,999	320	225	390	225	x	1,175
\$100,000 and over	790	395	820	1,395	2,280	5,680
Total Farms ²	1,970	1,205	1,600	1,655	2,290	8,725
Percent of Total Farms	22.6	13.8	18.3	19.0	26.2	100.0

1. Net operating income does not include depreciation.

*Use with caution.

2. Totals may not add up due to rounding and/or confidentiality restrictions.

**Unreliable.

Source: Statistics Canada, Whole Farm Data Base.

Economic Overview of Farm Incomes, 1996 – Hog Farms

Table 3: Operating Revenues and Expenses by Revenue Class, Canada, 1996

	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and over	All Farms
Number of Farms	965	910	1,175	2,295	1,835	1,545	8,725
Revenues - Average per Farm (\$)							
Total Grains & Oilseeds	335 *	2,335 *	4,788	14,172	26,921	69,476	22,640
Potatoes	x	x	x	51 *	x	1,658	321
Fruits & Vegetables	x	25 **	95 *	233 **	943 *	1,473	537
Tobacco	-	x	-	x	-	x	51 **
Greenhouse & Nursery Products	x	x	x	18 **	x	x	22
Forage Crops (including seed)	156 **	342 **	679 *	934	1,044	1,384	855
Other Crops	-	-	-	x	174 **	844 *	193 *
Total Other Crops	171 **	389 *	826 *	1,285	2,194	5,680	1,978
Total Crop Revenues	506 *	2,725 *	5,614	15,458	29,115	75,156	24,617
Cattle & Semen	1,116 **	1,551	3,757	8,315	7,667	16,493	7,516
Swine	12,042	26,235	55,336	127,776	283,131	1,041,891	289,445
Poultry & Eggs	x	x	373 **	830 **	1,698	65,923	12,336
Dairy Products & Subsidies	x	x	325 **	695 **	4,808	17,062	4,266
Other Livestock & Products	103 **	117 **	429 **	497 **	245 *	1,417	515
Total Livestock & Product Revenues	13,316	28,124	60,221	138,112	297,549	1,142,787	314,078
Program Payments	828 **	2,521 *	3,894	5,975	16,362	53,951	15,460
Custom Work & Machine Rental	1,052 **	1,818 *	3,357 *	3,773	7,555	16,393	6,248
Rental Income	x	601 **	299 **	499 *	1,297	3,950	1,222
Forest & Maple Products	x	96 **	485 **	345 **	793 *	648	450
Miscellaneous Revenues	775 *	1,571 **	2,009	2,313	3,747	9,308	3,567
Total Other Revenues	1,976 *	4,087 *	6,149	6,929	13,392	30,299	11,487
Total Operating Revenues¹	16,625	37,457	75,878	166,474	356,419	1,302,192	365,642
Expenses - Average per Farm (\$)							
Fertilizer & Lime	228 *	1,317 *	2,728	6,176	10,327	22,246	8,273
Pesticides	87 **	425 *	880	2,158	4,017	13,120	3,912
Seed & Plants	412 **	711 *	1,486	3,285	5,435	8,884	3,904
Other Crop Expenses	34 **	77 *	167 *	161	268	570	234
Total Crop Expenses	761 **	2,529 *	5,261	11,780	20,047	44,820	16,322
Cattle Purchases	261 **	209	1,273 **	2,851	4,702 *	7,231	3,245
Swine Purchases	1,892 **	4,230	8,752	18,459	41,756	217,527	54,034
Poultry & Egg Purchases	x	5 **	39 **	142 **	327 *	13,485	2,503
Other Livestock Purchases	56 **	6	x	22 **	130 **	217 *	91 *
Feed, Supplements, Straw & Bedding	4,693	9,928	20,356	55,634	130,664	527,869	140,018
Vet Fees, Medicine & Breeding Fees	290 *	479	966	2,361	5,261	17,917	5,117
Other Livestock Expenses	x	-	x	5 *	79 *	294	70
Total Livestock Expenses	7,202	14,856	31,482	79,474	182,919	784,540	205,079
Small Tools	302 *	486	606	702	653	460	569
Net Fuel Expenses, Machinery, Truck, Auto	1,633	2,413	3,596	4,810	7,301	19,050	7,095
Repairs, Licenses and Insurance	1,843	2,403	4,463	6,070	11,078	32,158	10,685
Total Machinery Expenses	3,778	5,301	8,665	11,581	19,032	51,667	18,350
Salaries (including CPP, QPP, EI)	255 *	771 *	1,792	5,255	16,874	78,285	19,163
Rent	178 **	271 *	1,027 *	2,054	4,516	12,162	3,834
Insurance	486 *	731	1,292	2,498	4,985	14,234	4,534
Utilities	1,082	1,579	2,821	4,941	9,215	29,037	9,052
Custom Work & Machine Rental	398 *	808 *	2,063	4,433	8,857	29,183	8,611
Net Interest Expenses	2,175 *	3,304	5,486	9,856	18,642	47,349	16,236
Net Property Taxes	533 *	893	1,295	1,791	2,847	8,516	2,907
Building & Fence Repairs	906	1,388	2,509	3,723	6,626	22,904	7,017
Miscellaneous Expenses	927	2,214	3,363	6,079	13,025	49,005	13,815
Total General Expenses	6,940	11,961	21,648	40,630	85,587	290,675	85,167
Total Operating Expenses¹	18,681	34,647	67,056	143,466	307,585	1,171,702	324,918
Net Operating Income - Average per Farm (\$)							
Net Operating Income²	(2,056)	2,809	8,822	23,008	48,834	130,490	40,724
Operating Margins per \$ of Revenue							
Operating Margin	(0.12)	0.08	0.12	0.14	0.14	0.10	0.11
Operating Margin (excluding interest)	0.01	0.16	0.19	0.20	0.19	0.14	0.16

1. Totals may not add up due to rounding and/or confidentiality restrictions.

* Use with caution.

2. Net operating income does not include depreciation.

** Unreliable.

Source: Statistics Canada, Whole Farm Data Base.

Economic Overview of Farm Incomes, 1996 – Hog Farms

Table 4: Operating Revenues and Expenses by Province, 1996

	Newfoundland		Prince Edward Island		Nova Scotia		New Brunswick	
	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995
Number of Farms	x	x	150	7.1	100	11.1	95	18.8
Revenues - Average per Farm (\$)								
Total Grains & Oilseeds	x	x	4,855	6.8	2,778	48.8	2,085	x
Potatoes	x	x	x	x	x	x	x	...
Fruits & Vegetables	x	x	x	x	5,957	-5.1	x	x
Tobacco	x	x	-	...	x	...	-	...
Greenhouse & Nursery Products	x	x	x	...	x	...	-	...
Forage Crops (including seed)	x	x	324	-27.5	706	-25.3	553	23.2
Other Crops	x	x	-	...	-	x	-	x
Total Other Crops	x	x	7,821	37.6	7,203	-2.1	1,268 *	x
Total Crop Revenues	x	x	12,676	23.9	9,981	8.2	3,353	75.0
Cattle & Semen	x	x	9,801	-24.3	8,059	-0.1	9,246	26.5
Swine	x	x	198,780	18.6	374,700	18.8	232,108	13.9
Poultry & Eggs	x	x	x	x	843 **	x	x	x
Dairy Products & Subsidies	x	x	x	x	x	x	x	x
Other Livestock & Products	x	x	x	x	x	...	131	-51.8
Total Livestock & Product Revenues	x	x	211,577	16.0	386,429	18.9	242,430	14.7
Program Payments	x	x	8,910	-40.1	13,837	-23.0	8,896	46.3
Custom Work & Machine Rental	x	x	5,130	-22.0	3,767	-20.3	x	x
Rental Income	x	x	x	x	969	96.6	x	x
Forest & Maple Products	x	x	x	x	1,998	15.6	2,743 *	x
Miscellaneous Revenues	x	x	3,883	9.3	2,228	-18.6	3,716	36.8
Total Other Revenues	x	x	9,317	-13.6	8,963	-7.5	17,069	13.9
Total Operating Revenues¹	x	x	242,480	11.1	419,209	15.9	271,746	15.9
Expenses - Average per Farm (\$)								
Fertilizer & Lime	x	x	7,505	-5.7	1,939	-17.0	1,868	...
Pesticides	x	x	x	x	x	x	327	18.9
Seed & Plants	x	x	1,851	-11.7	1,085	-7.7	524	-0.4
Other Crop Expenses	x	x	x	x	x	x	141 *	-10.8
Total Crop Expenses	x	x	11,417	0.9	4,686	4.4	2,860	61.6
Cattle Purchases	x	x	3,952	-47.1	3,952	x	4,400	14.4
Swine Purchases	x	x	27,393	19.2	56,779	14.8	37,331	-6.1
Poultry & Egg Purchases	x	x	-	...	x	...	x	x
Other Livestock Purchases	x	x	-	x	x	x	x	...
Feed, Supplements, Straw & Bedding	x	x	93,102	8.6	195,424	14.6	128,673	16.5
Vet Fees, Medicine & Breeding Fees	x	x	2,435	-7.4	5,929	13.1	2,487	1.3
Other Livestock Expenses	x	x	-	x	-	...	x	x
Total Livestock Expenses	x	x	126,882	6.7	262,349	13.4	173,421	10.7
Small Tools	x	x	511	45.2	635	...	535	...
Net Fuel Expenses, Machinery, Truck, Auto	x	x	5,997	3.2	6,066	-8.8	4,757	18.1
Repairs, Licenses and Insurance	x	x	6,978	5.6	8,091	0.9	7,048	10.2
Total Machinery Expenses	x	x	13,486	5.6	14,792	-0.9	12,340	15.9
Salaries (including CPP, QPP, EI)	x	x	14,059	14.6	37,472	0.1	17,559	3.8
Rent	x	x	1,782	6.1	1,840	-19.5	1,495 *	43.6
Insurance	x	x	2,191	-14.9	3,972	-6.1	2,145	-15.8
Utilities	x	x	5,088	-4.6	10,404	-1.5	5,475	-11.2
Custom Work & Machine Rental	x	x	3,991	16.7	5,120	39.8	8,619 *	9.1
Net Interest Expenses	x	x	12,778	1.7	16,956	-9.4	9,075	-11.8
Net Property Taxes	x	x	1,606	-7.1	1,933	-3.3	966	18.1
Building & Fence Repairs	x	x	4,884	6.2	7,048	22.8	3,959	25.1
Miscellaneous Expenses	x	x	5,047	-11.4	10,946	-14.5	8,625	34.9
Total General Expenses	x	x	51,425	3.1	95,692	-1.8	57,918	4.9
Total Operating Expenses¹	x	x	203,210	5.4	377,519	8.4	246,540	9.9
Net Operating Income - Average per Farm (\$)								
Net Operating Income²	x	x	39,270	54.0	41,690	...	25,207	...
Operating Margins per \$ of Revenue								
Operating Margin	x		0.16		0.10		0.09	
Operating Margin (excluding interest)	x		0.21		0.14		0.13	

1. Totals may not add up due to rounding and/or confidentiality restrictions.

* Use with caution.

2. Net operating income does not include depreciation.

** Unreliable.

Source: Statistics Canada, Whole Farm Data Base.

Economic Overview of Farm Incomes, 1996 – Hog Farms

Table 4: Operating Revenues and Expenses by Province, 1996 (continued)

	Quebec		Ontario		Manitoba		Saskatchewan	
	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995
Number of Farms	2,255	-0.2	2,875	-13.7	1,075	-14.3	715	-7.7
	Revenues - Average per Farm (\$)							
Total Grains & Oilseeds	10,376	30.5	22,403	24.4	54,133	32.7	28,432	22.3
Potatoes	x	x	x	x	901 **	x	x	x
Fruits & Vegetables	559 *	23.4	453 *	-27.3	417	2.0	545	...
Tobacco	x	x	x	x	-	...	-	...
Greenhouse & Nursery Products	x	x	20 **	x	-	...	-	...
Forage Crops (including seed)	662	-18.8	640	12.9	751	50.5	427 **	8.7
Other Crops	-	...	x	x	777	x	x	x
Total Other Crops	1,601	-3.0	1,271	-17.0	2,846	66.0	972 *	26.4
Total Crop Revenues	11,978	24.8	23,674	21.2	56,979	34.1	29,404	22.4
Cattle & Semen	4,942	3.3	9,478	34.0	5,237	57.0	4,169	-7.7
Swine	430,281	19.3	211,022	24.2	397,920	48.8	156,184	45.7
Poultry & Eggs	29,771	-18.8	1,956 *	-3.8	25,816	58.7	3,924	41.3
Dairy Products & Subsidies	10,027	43.5	1,139 *	...	4,026	51.4	4,392	57.3
Other Livestock & Products	136 *	44.7	637 **	29.7	259	-11.0	774 *	-59.8
Total Livestock & Product Revenues	475,156	16.1	224,232	24.6	433,258	49.4	169,444	42.1
Program Payments	43,107	-18.6	4,358	33.2	7,893	-33.1	9,433	60.2
Custom Work & Machine Rental	7,482	4.5	5,035	-1.1	7,048	39.4	4,167 **	34.1
Rental Income	1,782	25.6	1,134	26.6	774 *	x	x	x
Forest & Maple Products	912	-24.4	277 **	-33.9	-	x	x	x
Miscellaneous Revenues	2,976	-7.1	2,920	1.9	4,661	-8.8	4,253	-21.2
Total Other Revenues	13,152	1.3	9,366	1.0	12,483	18.1	9,059 *	-0.8
Total Operating Revenues¹	543,393	12.1	261,629	23.4	510,613	43.9	217,340	37.3
	Expenses - Average per Farm (\$)							
Fertilizer & Lime	4,271	12.2	7,944	38.9	18,193	16.3	9,341	26.2
Pesticides	834	10.0	3,276	26.6	13,747	76.1	x	x
Seed & Plants	2,782	12.5	5,122	40.1	5,451	1.1	2,749	-5.3
Other Crop Expenses	186	20.8	261	-	94	-31.4	x	x
Total Crop Expenses	8,073	12.3	16,602	35.8	37,484	29.4	17,420	25.6
Cattle Purchases	1,449	-6.1	4,292	25.3	1,602	-9.7	3,713 **	25.2
Swine Purchases	102,702	11.5	32,173	8.4	74,959	43.8	16,465	20.1
Poultry & Egg Purchases	x	x	227 *	-44.1	4,119	53.6	x	x
Other Livestock Purchases	x	x	110 **	...	35	-41.7	226 *	-73.8
Feed, Supplements, Straw & Bedding	232,057	22.6	92,617	28.3	179,276	53.6	62,508	41.8
Vet Fees, Medicine & Breeding Fees	8,219	-12.3	4,009	22.6	6,691	27.3	2,530 *	69.0
Other Livestock Expenses	111	-36.9	43 *	-72.6	76	1.3	x	x
Total Livestock Expenses	351,533	16.0	133,471	22.3	266,759	49.3	85,974	35.1
Small Tools	299	...	643	42.9	534	29.3	642	24.9
Net Fuel Expenses, Machinery, Truck, Auto	5,142	16.7	5,178	15.0	16,213	43.4	8,351	6.3
Repairs, Licenses and Insurance	11,927	15.4	7,310	16.4	20,144	48.3	9,053	20.2
Total Machinery Expenses	17,369	17.2	13,131	16.9	36,891	45.8	18,046	13.5
Salaries (including CPP, QPP, EI)	34,273	5.7	12,172	11.1	16,779	13.8	9,246	54.2
Rent	3,278	16.7	4,554	26.3	5,454	43.7	2,912 *	62.8
Insurance	7,379	3.2	2,885	2.3	6,449	23.7	2,712	14.5
Utilities	12,385	5.2	6,748	9.6	13,468	31.7	6,774	24.3
Custom Work & Machine Rental	11,226	-11.9	7,858	20.0	8,968	65.2	6,182 *	42.6
Net Interest Expenses	21,437	-4.3	13,660	12.1	20,658	20.1	10,412	22.6
Net Property Taxes	3,005	17.3	2,731	13.1	5,734	34.8	1,958	4.3
Building & Fence Repairs	9,993	3.9	5,128	30.5	10,254	7.4	4,564	58.1
Miscellaneous Expenses	24,628	-1.0	9,155	-0.5	15,028	29.8	10,416	56.0
Total General Expenses	127,606	1.0	64,891	12.3	102,792	25.4	55,177	38.4
Total Operating Expenses¹	504,581	11.8	228,095	19.8	443,927	41.0	176,617	32.5
	Net Operating Income - Average per Farm (\$)							
Net Operating Income²	38,812	15.9	33,534	55.0	66,686	67.3	40,723	62.9
	Operating Margins per \$ of Revenue							
Operating Margin	0.07		0.13		0.13		0.19	
Operating Margin (excluding interest)	0.11		0.18		0.17		0.24	

1. Totals may not add up due to rounding and/or confidentiality restrictions.

2. Net operating income does not include depreciation.

Source: Statistics Canada, Whole Farm Data Base.

* Use with caution.

** Unreliable.

Economic Overview of Farm Incomes, 1996 – Hog Farms

Table 4: Operating Revenues and Expenses by Province, 1996 (concluded)

	Alberta		British Columbia		Canada	
	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995
Number of Farms	1,300	-11.0	155	-8.8	8,725	-8.6
	Revenues - Average per Farm (\$)					
Total Grains & Oilseeds	22,851	35.2	x	x	22,640	25.1
Potatoes	x	x	-	...	321	33.8
Fruits & Vegetables	310	63.2	x	x	537	9.8
Tobacco	-	...	-	...	51 **	x
Greenhouse & Nursery Products	x	...	x	x	22	x
Forage Crops (including seed)	2,034	59.0	1,322	...	855	20.6
Other Crops	x	x	-	...	193 *	21.4
Total Other Crops	3,073	43.2	x	x	1,978	15.9
Total Crop Revenues	25,924	36.1	1,958	15.9	24,617	24.3
Cattle & Semen	11,671	15.6	1,923 *	-26.6	7,516	19.1
Swine	209,252	33.7	298,260	17.8	289,445	29.4
Poultry & Eggs	2,779	41.9	x	x	12,336	2.3
Dairy Products & Subsidies	2,520	78.1	-	...	4,266	60.8
Other Livestock & Products	1,098	...	x	x	515	9.3
Total Livestock & Product Revenues	227,320	33.4	300,335	17.0	314,078	28.1
Program Payments	3,712	-7.7	8,730	60.6	15,460	-8.1
Custom Work & Machine Rental	6,182 *	37.0	15,966 *	31.0	6,248	13.4
Rental Income	x	x	x	x	1,222	13.4
Forest & Maple Products	x	...	x	x	450	-7.4
Miscellaneous Revenues	4,678	-9.8	4,583	40.8	3,567	-6.5
Total Other Revenues	12,369	5.7	24,227 *	42.7	11,487	5.5
Total Operating Revenues¹	269,325	31.2	335,250	19.4	365,642	24.9
	Expenses - Average per Farm (\$)					
Fertilizer & Lime	9,033	25.1	1,122 **	-52.2	8,273	20.9
Pesticides	3,231	16.0	x	x	3,912	37.7
Seed & Plants	3,629	34.3	434 **	53.9	3,904	19.5
Other Crop Expenses	160	-47.9	x	x	234	13.0
Total Crop Expenses	16,054	23.3	1,621 **	-40.7	16,322	24.1
Cattle Purchases	5,334	-23.4	x	x	3,245	-1.9
Swine Purchases	28,186	81.3	29,897	11.0	54,034	22.7
Poultry & Egg Purchases	382	89.1	-	...	2,503	-16.6
Other Livestock Purchases	189 **	-58.7	x	x	91 *	-45.2
Feed, Supplements, Straw & Bedding	94,929	33.9	159,731	29.9	140,018	32.7
Vet Fees, Medicine & Breeding Fees	3,017	14.5	2,854	-12.1	5,117	8.2
Other Livestock Expenses	64 *	-62.8	215 **	x	70	-53.3
Total Livestock Expenses	132,101	36.3	192,755	24.7	205,079	27.5
Small Tools	875	28.5	518 *	29.2	569	44.8
Net Fuel Expenses, Machinery, Truck, Auto	7,167	15.9	4,456 *	-5.9	7,095	19.4
Repairs, Licenses and Insurance	10,097	32.7	9,383	19.7	10,685	25.0
Total Machinery Expenses	18,139	25.3	14,357	10.7	18,350	23.3
Salaries (including CPP, QPP, EI)	13,788	4.0	30,224	15.1	19,163	12.4
Rent	3,017	8.7	3,160 *	17.7	3,834	24.1
Insurance	3,305	12.8	3,202	1.8	4,534	9.3
Utilities	6,730	10.5	7,669	2.2	9,052	13.2
Custom Work & Machine Rental	7,483	40.0	9,634	...	8,611	16.5
Net Interest Expenses	13,108	6.7	18,143	1.4	16,236	7.4
Net Property Taxes	1,731	12.5	2,356	11.7	2,907	17.2
Building & Fence Repairs	5,437	36.5	4,703	3.5	7,017	17.6
Miscellaneous Expenses	8,316	19.8	9,486	2.7	13,815	9.4
Total General Expenses	62,914	14.1	88,575	14.6	85,167	12.2
Total Operating Expenses¹	229,208	27.7	297,308	20.1	324,918	22.7
	Net Operating Income - Average per Farm (\$)					
Net Operating Income²	40,117	56.2	37,942	14.1	40,724	46.4
	Operating Margins per \$ of Revenue					
Operating Margin	0.15		0.11		0.11	
Operating Margin (excluding interest)	0.20		0.17		0.16	

1. Totals may not add up due to rounding and/or confidentiality restrictions.

* Use with caution.

2. Net operating income does not include depreciation.

** Unreliable.

Source: Statistics Canada, Whole Farm Data Base.

Economic Overview of Farm Incomes, 1996 – Hog Farms

Table 5: Distribution of Hog Farms by Province and Revenue Class, 1996

		\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and over	Total Farms ¹
Newfoundland	No. of Farms	X	X	X	-	-	X	X
	(%)	X	X	X	-	-	X	X
Prince Edward Island	No. of Farms	25 *	X	X	30	25	X	150
	(%)	16.7	X	X	20.0	16.7	X	100.0
Nova Scotia	No. of Farms	X	X	X	X	25	X	100
	(%)	X	X	X	X	25.0	X	100.0
New Brunswick	No. of Farms	X	X	X	X	X	X	95
	(%)	X	X	X	X	X	X	100.0
Quebec	No. of Farms	90 **	185 **	235 *	505	605	625	2,255
	(%)	4.0	8.2	10.4	22.4	26.8	27.7	100.0
Ontario	No. of Farms	350 *	265 *	345	950	605	365	2,875
	(%)	12.2	9.2	12.0	33.0	21.0	12.7	100.0
Manitoba	No. of Farms	85 *	100 *	155	285	210	245	1,075
	(%)	7.9	9.3	14.4	26.5	19.5	22.8	100.0
Saskatchewan	No. of Farms	145 **	130 **	135 *	155	85	65 *	715
	(%)	20.3	18.2	18.9	21.7	11.9	9.1	100.0
Alberta	No. of Farms	200 **	175 *	230	310	235	155	1,300
	(%)	15.4	13.5	17.7	23.8	18.1	11.9	100.0
British Columbia	No. of Farms	40 **	X	X	X	X	35	155
	(%)	25.8	X	X	X	X	22.6	100.0
Canada	No. of Farms	965	910	1,175	2,295	1,835	1,545	8,725
	(%)	11.1	10.4	13.5	26.3	21.0	17.7	100.0

1. Totals may not add up due to rounding and/or confidentiality restrictions.

* Use with caution.

Source: Statistics Canada, Whole Farm Data Base.

** Unreliable.

Table 6: Farms with Sales of Hogs by Degree of Specialization and Revenue Class, 1995 and 1996

Revenue Class		Degree of Specialization ¹						Total
		Below 25.0%	25.0% to 50.9%	51.0% to 74.9%	75.0% to 89.9%	90.0% to 99.9%	100.0%	
		Number of Farms						
		Not Specialized			Specialized "Hog Farms"			
\$10,000 to \$24,999	1996	1,375	440 *	205 *	130 **	130 **	495 *	2,770
	1995	1,630	670	330 *	155 **	125 **	510	3,405
\$25,000 to \$49,999	1996	1,175	430 *	270 *	190 **	145 **	300 *	2,515
	1995	1,520	595 *	490 *	225 *	185 **	420 *	3,435
\$50,000 to \$99,999	1996	1,480	435	330	285	195	355	3,090
	1995	2,020	695	610	300	245	380	4,250
\$100,000 to \$249,999	1996	1,625	910	795	440	465	590	4,830
	1995	2,040	1,130	920	510	460	720	5,775
\$250,000 to \$499,999	1996	575	490	460	335	505	540	2,900
	1995	580	525	435	290	450	660	2,935
\$500,000 and over	1996	255	315	340	235	400	565	2,115
	1995	290	310	280	165	230	475	1,740
Total ²	1996	6,490	3,015	2,405	1,630	1,845	2,850	18,225
	1995	8,080	3,920	3,055	1,645	1,690	3,165	21,550
Distribution by degree of specialization (%)	1996	35.6	16.5	13.2	8.9	10.1	15.6	100.0
	1995	37.5	18.2	14.2	7.6	7.8	14.7	100.0

1. Percent of total sales derived from hogs.

* Use with caution.

2. Totals may not add up due to rounding and/or confidentiality restrictions.

** Unreliable.

Source: Statistics Canada, Whole Farm Data Base.

Economic Overview of Farm Incomes, 1996 – Hog Farms

Table 7: Physical Characteristics of Hog Farms, Canada, 1994–1996

	1996							1995	1994
	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and over	All Classes	All Classes	All Classes
	Average per Farm (Acres)								
Total Area of Farms	177 *	207 *	235	305	383	896 *	369	390	348
Total Crops	112 *	155 *	147	224	315	708 *	278	293	261
Grains and Oilseeds	85 *	113 *	115	189	279	657 *	241	250	224
Other Crops	28 *	41 **	32 *	34	36 *	51 *	37	43	37
Other Land ¹	64 *	52 *	88 *	82 *	68 *	188 *	91	97	87
	Average per Farm (Head)								
Total Hogs	106	156	372	608	1,065	2,658	922	840	862
Boars	1 *	1	2	4	6	12	5	5	5
Sows	14	16	32	70	111	276	97	88	94
Hogs (< 45lbs)	30	46	84	210	305	789	276	250	264
Hogs (45–130lbs)	34	56	171 **	150	321	802	278	260	259
Hogs (> 130lbs)	27 *	37	84	174 *	322	779	267	237	240
	Average per Farm Reporting								
Cattle and Calves (Head)	41 *	54	62	70	88	255	89	73	70
No. of Farms Reporting	320 *	480	485 *	725	535	355	2,910	3,040	3,075
% of Farms Reporting	55.2	58.2	42.9	30.1	29.7	27.7	36.2	35.1	30.8

1. Includes seeded pasture, summerfallow and other land.

Source: Statistics Canada, Whole Farm Data Base, June Crops and July Livestock Surveys.

* Use with caution.

** Unreliable.

Symbols

The following standard symbols are used in the tabulations:

...	Figures not appropriate or not applicable
—	Nil or zero
--	Amount too small to be expressed
x	Confidential to meet secrecy requirements of the Statistics Act

ECONOMIC OVERVIEW OF FARM INCOMES

BULLETIN SERIES

CURRENT RELEASES

- Bulletin No. 1: All Farms**
- Bulletin No. 2: Grain and Oilseed Farms**
- Bulletin No. 3: Cattle Farms**
- Bulletin No. 4: Dairy Farms**
- Bulletin No. 5: Hog Farms***

UPCOMING RELEASES

- Bulletin No. 6: Fruit and Vegetable Farms**
- Bulletin No. 7: Poultry and Egg Farms**
- Bulletin No. 8: Greenhouse and Nursery Farms**
- Bulletin No. 9: Potato Farms**

NOTE OF APPRECIATION

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued cooperation and goodwill.

Published by authority of the Minister of Agriculture and Agri-Food Canada and the Minister responsible for Statistics Canada. © Minister of Industry, 1999. Reproduction is permitted subject to the requirements that it is not for monetary gain; reproduced material remains in context; and the source is acknowledged on all copies as follows: Agriculture and Agri-Food Canada and Statistics Canada, *Economic Overview of Farm Incomes*, publication no. 1963/B and catalogue no. 21-005-XIE, along with date and page references.

Reproduction or use for commercial purposes requires the prior written approval from Economic and Policy Analysis Directorate, Agriculture and Agri-Food Canada and Licence Services, Marketing Division, Statistics Canada.