



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

Farm Income, Financial Conditions and Government Assistance

Data Book



Canada 

September 2004

**Farm Income,
Financial Conditions
and Government Assistance
Data Book**

Research and Analysis Directorate
Strategic Policy Branch

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Any policy views, whether explicitly stated, inferred or interpreted from the contents of this publication, should not be represented as reflecting the views of Agriculture and Agri-Food Canada.

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Publication No. 37784181/B
ISSN No. 1482-9770
Catalogue No. A21-44/2004

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ABBREVIATIONS

AIDA	Agriculture Income Disaster Assistance	FSAM	Farm Support and Adjustment Measures
AMPA	Agricultural Marketing Programs Act	GDP	Gross Domestic Product
APCA	Advance Payments for Crops Act	GREPA	Groupe de recherche en économie et politique agricoles
APCMA	Agricultural Products Cooperative Marketing Act	GRIP	Gross Revenue Insurance Plan
ARFAA	Atlantic Region Freight Assistance Act	GSSE	General Services Support Estimate
ASA	Agricultural Stabilization Act	MFRA	Maritime Freight Rates Act
AVOP	Adjusted Value of Production	NAC	Nominal Assistance Coefficient
CAIS	Canadian Agricultural Income Stabilisation Program	NISA	Net Income Stabilization Account
CFIP	Canadian Farm Income Program	NTSP	National Tripartite Stabilization Program
CIDA	Canadian International Development Agency	PGAPA	Prairie Grain Advance Payment Act
CSE	Consumer Support Estimate	PSE	Producer Support Estimate
CWB	Canadian Wheat Board	TDP	Taxation Data Program
EDC	Export Development Corporation	TSE	Total Support Estimate
FCC	Farm Credit Canada	WGSA	Western Grain Stabilization Act
FIMCLA	Farm Improvement and Marketing Cooperatives Loans Act	WGTA	Western Grain Transportation Act
		WGTPP	Western Grain Transition Payments Program

SYMBOLS

- .. figures not available
- ... figures not appropriate
- x confidential

INTRODUCTION

The purpose of this data book is to provide easy access to key economic and financial indicators for the farm sector and information on government assistance to the agriculture and agri-food sector. The information is prepared in consultation with the provincial Ministries of Agriculture. Assistance is also provided by other members of Agriculture and Agri-Food Canada as well as by officials in other federal and provincial departments.

The data book is divided into four sections. Section A presents information related to farm income. Section B contains information on farm financial conditions. Section C provides data on government expenditures for the agri-food sector. Section D contains information on producer support estimates. Notes on the methodology are provided at the end of each section.

This issue provides the most up-to-date key economic and financial indicators. The next hard copy issue will be released in March 2005 and will also be available on the Departmental website.

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EXECUTIVE SUMMARY

- In 2003, farm debt in Canada increased by 7.2%, compared to an 8.4% increase in 2002. In Eastern Canada, New Brunswick farm debt increased 16.5% while Newfoundland and Labrador's farm debt decreased. Manitoba farm debt increased in 2003 by 12.2%, the largest increase in Western Canada.

- In 2003 the total number of farm bankruptcies increase by over 12% to 222.

- Farm Credit Canada reported, for fiscal 2002-03, that the number of loans receivable had increased by 2,554 loans over the previous fiscal year. This is the largest increase reported since fiscal year 1997-98. While the number of new loans approved showed successive declines up to fiscal year 2000-01, the number of new loans approved in 2002-03 was up by 6,854 loans compared to growth in the number of new loans approved of 4,553 in fiscal 2001-02.

- Federal expenditures are estimated to increase by 79% to reach \$6.1 billion in 2003-04, the highest point in last 12 years. An estimated increase in total federal expenditures in support of agri-food sector is expected to have a positive impact on all Canadian provinces in 2003-04. The largest increase in federal expenditures is in program expenditures, which are expected to rise by 93.0% to reach \$4.81 billion. Contributions through new programs within the Agricultural Policy Framework, such as Transitional Industry Support Program (TISP) and the bovine spongiform encephalopathy (BSE) Recovery Program are expected to represent major source of overall increase in federal expenditures. Under the Agricultural Policy Framework, the expenditures related to the food inspection are estimated to increase more than five times to reach \$67 million in 2003-04.

- Provincial spending is estimated to increase 18.4% in 2003-04, to reach \$3.22 billion. Increase in program expenditures, in particular those from ad hoc and cost reduction programs, as a result of measures undertaken in response to BSE, is a main source for estimated overall rise. All Canadian provinces project increased expenditures in 2003-04. Program payments are estimated to account for 57% of provincial agri-food support in 2003-04.

- In 2003, according to the OECD document entitled OECD Agricultural Policies 2004: At a Glance, overall in Canada, transfers from taxpayers and consumers associated with agricultural policies, calculated on the basis of the Total Support Estimate (TSE), were estimated at \$10.45 billion, or 0.9% of Gross Domestic Product (GDP) during 2003. This means that total support for agriculture in Canada, expressed as a percentage of GDP, represented three-quarters of the OECD average.

- According to OECD estimates, transfers to Canadian producers rose by \$716 million in 2003, increasing the Producer Support Estimate (PSE), in percentage of the value of production, from 20% to 21%. This transfer increase, despite a significant drop in crop insurance payments, can be explained by the establishment of the Canadian Agricultural Income Stabilization Program and the Bovine Spongiform Encephalopathy (BSE) Recovery Program.

SECTION A
Farm Income

Table A.1: Farm Receipts, Expenses and Income, Canada and Provinces, 1995-03

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada
- \$ Million -											
Crop Receipts											
1995	13	180	105	115	1,008	2,839	1,427	4,085	2,625	716	13,114
1996	14	164	116	122	1,121	2,882	1,619	4,238	2,975	767	14,016
1997	14	157	118	132	1,175	2,984	1,694	4,439	2,641	749	14,103
1998	13	203	121	166	1,182	3,134	1,629	4,081	2,504	790	13,822
1999	14	224	138	186	1,263	3,158	1,401	3,665	2,331	837	13,218
2000	15	186	139	168	1,257	3,356	1,313	3,375	2,344	910	13,062
2001	16	152	122	191	1,272	3,236	1,519	3,786	2,291	992	13,576
2002	17	221	133	220	1,408	3,598	1,915	3,755	2,225	1,053	14,545
2003	17	220	144	192	1,454	3,607	1,684	2,719	1,851	1,167	13,055
Livestock Receipts											
1995	50	106	230	163	2,834	3,365	956	989	3,166	844	12,704
1996	56	116	251	175	3,152	3,660	1,114	1,024	3,402	906	13,857
1997	56	118	249	178	3,315	3,732	1,200	1,220	3,603	956	14,627
1998	59	110	241	180	3,050	3,646	1,217	1,235	3,713	991	14,443
1999	61	107	240	186	3,184	3,695	1,291	1,400	3,971	1,028	15,163
2000	59	120	263	196	3,624	4,094	1,551	1,571	4,511	1,100	17,090
2001	63	126	281	215	3,857	4,522	1,796	1,691	5,266	1,171	18,987
2002	62	119	262	197	3,636	4,271	1,721	1,726	5,120	1,129	18,244
2003	64	112	256	193	3,664	4,152	1,554	1,348	3,786	1,085	16,213
Total Market Receipts											
1995	63	287	335	278	3,842	6,204	2,383	5,074	5,792	1,560	25,818
1996	70	281	367	297	4,273	6,542	2,732	5,262	6,376	1,674	27,874
1997	70	275	367	310	4,490	6,716	2,894	5,659	6,244	1,705	28,730
1998	73	313	362	345	4,231	6,779	2,846	5,316	6,217	1,780	28,265
1999	74	331	379	372	4,447	6,853	2,692	5,065	6,303	1,865	28,381
2000	74	306	402	363	4,881	7,450	2,863	4,946	6,855	2,010	30,152
2001	78	278	403	406	5,129	7,758	3,315	5,476	7,557	2,163	32,563
2002	79	340	396	416	5,044	7,869	3,636	5,481	7,345	2,183	32,788
2003	81	332	400	385	5,118	7,758	3,238	4,067	5,637	2,252	29,267
Program Payments											
1995	3	27	7	12	511	111	120	312	177	25	1,305
1996	7	13	13	18	419	144	56	349	152	32	1,202
1997	6	8	9	11	281	137	142	264	218	34	1,109
1998	0	11	14	6	593	201	92	235	235	34	1,422
1999	0	19	15	6	653	333	216	476	218	41	1,976
2000	0	17	12	6	541	422	287	777	708	39	2,809
2001	1	59	18	6	624	777	382	1,020	819	60	3,766
2002	1	24	11	8	468	623	219	1,004	1,039	31	3,429
2003	1	23	17	12	863	585	308	1,623	1,362	60	4,855
Total Cash Receipts											
1995	66	313	341	290	4,353	6,315	2,503	5,386	5,969	1,586	27,123
1996	77	293	380	315	4,692	6,686	2,788	5,611	6,528	1,706	29,075
1997	76	283	376	321	4,771	6,853	3,036	5,923	6,462	1,739	29,839
1998	73	324	377	351	4,824	6,980	2,938	5,552	6,452	1,814	29,686
1999	75	350	393	378	5,100	7,186	2,908	5,540	6,521	1,906	30,357
2000	75	323	414	369	5,422	7,872	3,151	5,723	7,563	2,048	32,961
2001	79	337	421	412	5,753	8,535	3,697	6,496	8,376	2,223	36,329
2002	80	364	407	424	5,512	8,492	3,855	6,485	8,384	2,214	36,217
2003	82	354	417	397	5,981	8,344	3,546	5,690	6,999	2,312	34,122

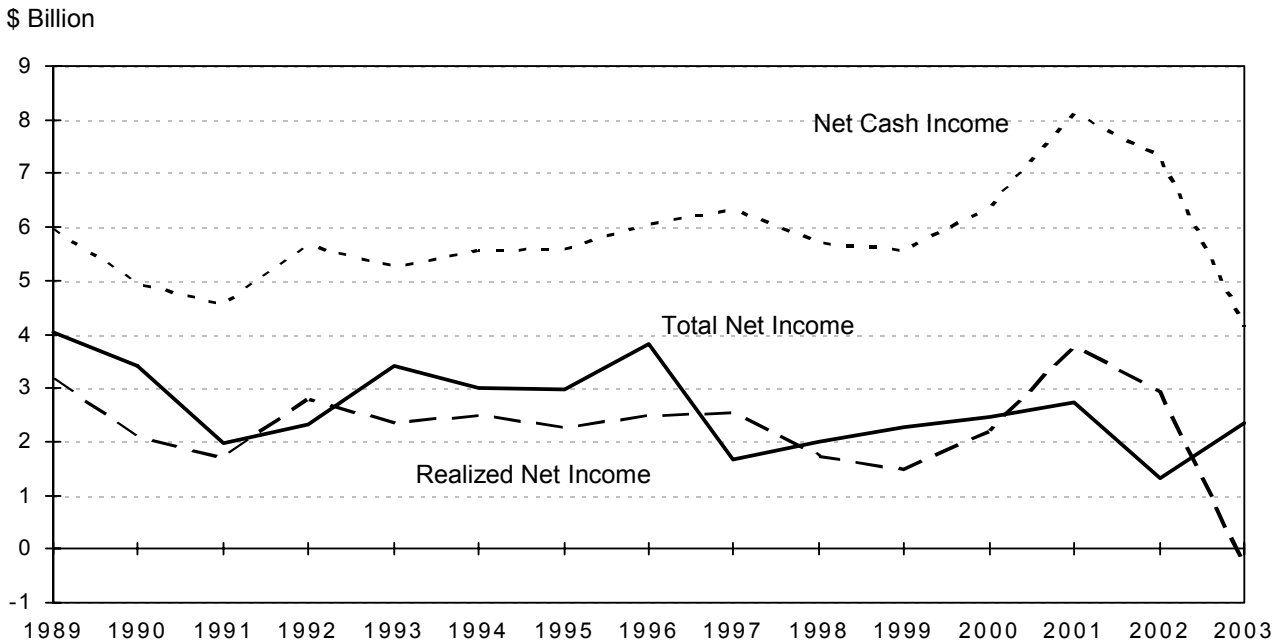
Source: Statistics Canada, Catalogue Nos. 21-010-XIE and 21-011-XIE, Agriculture Economic Statistics, May 2004.

Table A.1: Farm Receipts, Expenses and Income, Canada and Provinces, 1995-03 (cont'd)

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada
	- \$ Million -										
Net Operating Expenses											
1995	60	241	284	247	3,382	5,304	2,096	3,886	4,649	1,387	21,535
1996	64	248	298	262	3,640	5,555	2,263	4,377	4,876	1,440	23,021
1997	61	252	309	281	3,662	5,708	2,346	4,314	5,132	1,455	23,520
1998	64	259	305	289	3,740	5,849	2,381	4,289	5,285	1,519	23,980
1999	64	271	312	297	3,902	5,999	2,376	4,277	5,722	1,566	24,787
2000	67	282	330	320	4,228	6,402	2,563	4,573	6,157	1,680	26,603
2001	71	292	351	340	4,470	6,966	2,790	4,748	6,442	1,770	28,240
2002	74	312	368	358	4,602	7,233	2,929	4,815	6,308	1,902	28,901
2003	74	325	379	366	4,860	7,340	3,094	5,178	6,424	1,931	29,971
Net Cash Income											
1995	6	73	57	44	971	1,012	407	1,500	1,320	198	5,588
1996	13	46	82	53	1,052	1,131	525	1,234	1,653	266	6,054
1997	15	31	67	40	1,108	1,145	691	1,609	1,330	283	6,318
1998	10	66	72	62	1,084	1,131	557	1,262	1,168	295	5,707
1999	11	78	81	81	1,198	1,187	532	1,263	799	340	5,570
2000	8	41	85	49	1,194	1,470	587	1,150	1,406	368	6,357
2001	8	45	70	72	1,283	1,570	907	1,748	1,934	453	8,089
2002	6	52	39	66	910	1,259	926	1,669	2,076	312	7,316
2003	8	29	38	31	1,121	1,004	452	512	575	381	4,152
Realized Net Income											
1995	3	46	24	18	626	250	95	702	485	29	2,277
1996	10	16	47	24	679	314	192	384	745	79	2,491
1997	11	0	30	10	711	270	344	724	357	81	2,536
1998	5	32	33	32	661	217	189	330	146	85	1,729
1999	7	45	40	47	745	244	152	328	-260	125	1,471
2000	3	5	39	12	702	483	209	239	336	147	2,176
2001	3	9	22	31	758	557	517	814	829	230	3,772
2002	2	18	-9	25	375	179	537	769	971	61	2,928
2003	3	-6	-10	-10	556	-71	34	-390	-549	131	-312
Total Net Income											
1995	3	85	27	23	639	276	126	862	882	63	2,987
1996	10	24	48	33	803	450	489	1,146	759	57	3,819
1997	11	13	24	17	693	277	224	60	297	54	1,670
1998	6	19	34	30	659	234	244	353	306	120	2,006
1999	9	42	36	36	762	231	126	659	238	128	2,268
2000	4	22	37	22	634	302	384	530	375	150	2,461
2001	4	-57	21	27	846	451	451	181	562	249	2,734
2002	1	97	-8	43	395	329	501	20	-147	77	1,308
2003	3	0	-10	-3	681	76	418	553	492	134	2,345

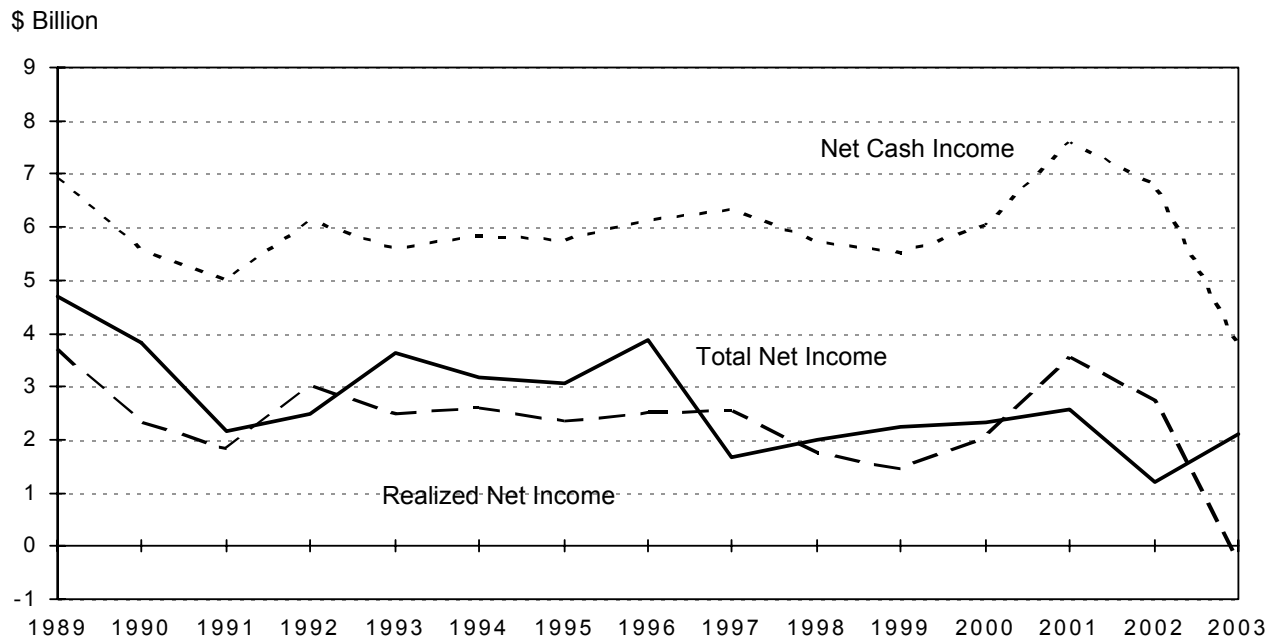
Source: Statistics Canada, Catalogue Nos. 21-010-XIE and 21-011-XIE, Agriculture Economic Statistics, May 2004.

Figure A.1(a): Canadian Farm Income (Current Dollars)



Source: Statistics Canada, Catalogue No. 21-010-XIE, Agriculture Economic Statistics, May 2004.

Figure A.1(b): Canadian Farm Income (1997 Dollars)



Source: Agriculture and Agri-Food Canada calculations based on historical data from Statistics Canada, and the Conference Board of Canada for the GDP deflator.

Table A.2: Gross Direct Payments and Producer Premiums, Canada and Provinces, 1998-03

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada
	- \$ Million -										
1998											
Crop Insurance (1)	0	1	1	1	17	51	40	95	103	8	318
NISA	0	5	2	1	4	76	30	105	38	9	269
Dairy	0	2	3	2	55	47	4	3	8	8	132
GRIP	0	0	0	0	0	0	0	0	0	0	0
Provincial Stabilization	0	1	8	0	499	0	0	0	0	0	508
Other Payments (2)	0	3	0	1	18	26	18	32	86	9	195
Total Program Payments	0	11	14	6	593	201	92	235	235	34	1,422
Input Rebates	0	0	3	0	68	8	0	35	5	0	119
Total Payments	0	11	17	6	661	209	92	270	240	34	1,541
Producer Premiums	0	1	1	1	127	40	59	171	92	2	493
1999											
Crop Insurance (1)	0	2	1	1	9	29	30	118	46	5	240
NISA	0	6	2	1	5	109	58	188	66	10	445
Dairy	0	1	2	2	43	36	3	2	7	7	104
Income Disaster	0	8	2	0	0	78	42	114	81	14	339
Provincial Stabilization	0	1	7	0	565	0	0	0	0	0	573
Other Payments (2)	0	0	0	2	32	81	83	54	19	5	276
Total Program Payments	0	19	15	6	653	333	216	476	218	41	1,976
Input Rebates	0	0	3	0	77	8	0	35	4	0	127
Total Payments	0	19	18	6	730	341	216	510	222	41	2,103
Producer Premiums	0	1	2	1	173	35	43	147	82	2	487
2000											
Crop Insurance (1)	0	3	0	1	80	72	54	117	116	8	451
NISA	0	6	2	1	8	110	62	187	72	9	456
Dairy	0	1	2	1	30	26	2	2	4	4	73
Income Disaster	0	6	2	1	5	87	45	109	155	11	422
Provincial Stabilization	0	1	1	0	410	0	0	0	0	0	411
Other Payments (2)	0	0	6	0	8	128	124	363	360	5	995
Total Program Payments	0	17	12	6	541	422	287	777	708	39	2,809
Input Rebates	0	0	0	0	79	6	0	36	9	0	131
Total Payments	0	17	12	6	621	428	287	812	716	39	2,939
Producer Premiums	0	1	1	0	180	32	46	135	63	2	460

Source: Statistics Canada, Catalogue No. 21-015-XIE, Agriculture Economic Statistics, May 2004.

(1) Excludes private hail insurance.

(2) Other payments include programs such as private hail insurance, GRIP, NTSP and special assistance programs.

Table A.2: Gross Direct Payments and Producer Premiums, Canada and Provinces, 1998-03 (cont'd)

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada
- \$ Million -											
2001											
Crop Insurance (1)	0	7	1	1	75	219	86	297	222	10	918
NISA	0	7	3	2	8	122	59	167	66	8	442
Dairy	0	1	1	1	17	15	1	1	3	3	42
GRIP	0	6	4	3	5	109	118	237	129	16	627
Provincial Stabilization	0	0	0	0	516	0	0	0	0	0	516
Other Payments (2)	0	37	9	0	2	313	118	319	400	23	1,222
Total Program Payments	1	59	18	6	624	777	382	1,020	819	60	3,766
Input Rebates	0	0	0	0	87	5	0	66	19	0	177
Total Payments	1	59	18	7	711	782	382	1,086	838	60	3,943
Producer Premiums	0	1	0	0	157	35	47	148	82	3	474
2002											
Crop Insurance (1)	0	6	0	1	42	219	77	580	477	5	1,407
NISA	0	9	6	4	11	170	78	216	110	12	616
Dairy	0	0	0	0	4	3	0	0	1	0	9
Income Disaster	0	9	2	1	6	58	46	138	114	11	387
Provincial Stabilization	0	0	0	0	395	0	0	0	0	0	396
Other Payments (2)	1	0	2	2	10	174	18	69	336	2	615
Total Program Payments	1	24	11	8	468	623	219	1,004	1,039	31	3,429
Input Rebates	0	0	0	0	79	13	0	17	11	0	120
Total Payments	1	24	11	8	547	636	219	1,021	1,050	31	3,549
Producer Premiums	0	2	0	0	82	49	52	176	123	3	488
2003											
Crop Insurance (1)	0	1	1	1	35	119	86	939	519	4	1,706
NISA	0	7	8	6	15	191	87	246	148	16	723
Dairy	0	0	0	0	0	0	0	0	0	0	0
Income Disaster	0	6	1	1	4	40	27	141	204	17	440
Provincial Stabilization	0	0	0	0	711	0	0	0	0	0	711
Other Payments (2)	0	8	7	5	98	236	109	297	492	23	1,275
Total Program Payments	1	23	17	12	863	585	308	1,623	1,362	60	4,855
Input Rebates	0	0	0	0	80	6	0	1	10	0	97
Total Payments	1	23	17	12	944	591	308	1,624	1,372	60	4,953
Producer Premiums	0	2	0	0	206	57	65	221	168	3	723

Source: Statistics Canada, Catalogue No. 21-015-XIE, Agriculture Economic Statistics, May 2004.

(1) Excludes private hail insurance.

(2) Other payments include programs such as private hail insurance, GRIP, NTSP and special assistance programs.

Table A.3: Average Total Operating Revenues, Operating Expenses and Net Operating Income per Farm, Canada and Provinces, 2000-02

Province	2000	2001	2002	02/01
	- Dollars per farm -			
Newfoundland				
Operating revenues	266,013	294,773	322,771	9%
Operating expenses	242,250	273,453	309,648	13%
Net operating income	23,762	21,320	13,123	-38%
Prince Edward Island				
Farm revenues	260,523	262,990	275,372	5%
Operating expenses	223,343	228,066	245,961	8%
Net cash income	37,180	36,450	31,084	-15%
Nova Scotia				
Farm revenues	194,419	208,134	219,701	6%
Operating expenses	163,206	177,827	191,251	8%
Net cash income	31,214	30,307	28,449	-6%
New Brunswick				
Farm revenues	226,582	262,399	280,226	7%
Operating expenses	195,577	220,618	231,847	5%
Net cash income	31,005	41,781	48,379	16%
Quebec				
Farm revenues	236,501	245,732	251,368	2%
Operating expenses	198,550	206,604	215,421	4%
Net cash income	38,856	39,462	36,646	-7%
Ontario				
Farm revenues	198,539	208,748	216,352	4%
Operating expenses	172,339	183,579	188,660	3%
Net cash income	26,668	25,592	27,812	9%
Manitoba				
Farm revenues	173,137	197,469	212,784	8%
Operating expenses	149,356	165,000	177,726	8%
Net cash income	24,131	32,820	35,671	9%
Saskatchewan				
Farm revenues	113,530	123,249	127,625	4%
Operating expenses	94,155	97,332	101,250	4%
Net cash income	19,761	26,368	26,600	1%
Alberta				
Farm revenues	204,663	213,774	224,003	5%
Operating expenses	180,039	185,035	193,135	4%
Net cash income	25,055	28,858	31,267	8%
British Columbia				
Farm revenues	230,081	224,703	240,747	7%
Operating expenses	202,699	204,282	216,497	6%
Net cash income	27,577	20,810	24,977	20%
Canada				
Farm revenues	182,747	193,329	202,654	5%
Operating expenses	157,258	164,730	172,760	5%
Net cash income	25,962	28,998	30,250	4%

Source: Statistics Canada, Whole Farm Data Project, Net Income Stabilisation Account and Taxation Data Program.

Significant Points

- The increase in average operating revenues for Canadian farms in 2002 offset the rise in operating expenses resulting in an increase of 4% in net operating income from the previous year.
- New Brunswick experienced a 7% increase in operating revenues from the previous year mainly due to a significant rise in receipts of potato farms. Again, in 2002, the province recorded the highest average net operating income of all provinces at \$48,379.
- Quebec and Manitoba also reported average net operating income above the national average at \$36,646 and \$35,671, respectively.

Table A.4: Average Farm Revenues, Operating Expenses and Net Cash Income per Farm by Farm Type, Canada, 2000-02

Farm Type	2000	2001	2002	02/01
	- Dollars per farm -			
Dairy cattle and milk production				
Operating revenues	264,850	286,049	299,244	5%
Operating expenses	197,518	216,758	229,245	6%
Net operating income	67,332	69,291	69,999	1%
Beef cattle ranching and farming				
Operating revenues	165,843	173,753	181,816	5%
Operating expenses	154,575	158,825	166,989	5%
Net operating income	11,268	14,928	14,827	-1%
Hog and pig farming				
Operating revenues	628,590	718,761	720,330	0%
Operating expenses	552,150	622,608	666,444	7%
Net operating income	76,441	96,153	53,886	-44%
Poultry and egg production				
Operating revenues	610,370	733,133	722,630	-1%
Operating expenses	535,723	652,817	641,468	-2%
Net operating income	74,647	80,316	81,163	1%
Oilseed and grain farming				
Operating revenues	115,557	123,614	131,891	7%
Operating expenses	93,024	95,375	100,338	5%
Net operating income	22,533	28,239	31,553	12%
Potato farming				
Operating revenues	542,328	542,408	620,995	14%
Operating expenses	457,197	453,513	501,150	11%
Net operating income	85,131	88,895	119,845	35%
Fruit and tree nut farming				
Operating revenues	129,472	135,017	142,574	6%
Operating expenses	115,656	120,499	124,016	3%
Net operating income	13,816	14,518	18,558	28%
Other vegetable and melon farming				
Operating revenues	258,435	263,605	292,599	11%
Operating expenses	221,064	223,918	248,236	11%
Net operating income	37,370	39,687	44,363	12%
Greenhouse, nursery and floriculture production				
Operating revenues	673,436	632,348	683,518	8%
Operating expenses	594,025	589,607	615,728	4%
Net operating income	79,411	42,740	67,791	59%
All Farm Types				
Operating revenues	182,747	193,329	202,654	5%
Operating expenses	156,785	164,331	172,405	5%
Net operating income	25,962	28,998	30,250	4%

Source: Statistics Canada, Whole Farm Data Project, Net Income Stabilization Account and Taxation Data Program.

Significant Points

- Potato farms recorded the highest average net operating income among the farm types at \$119,845 followed by poultry and egg farms at \$81,163 and dairy farms at \$69,999.
- Greenhouse, nursery and floriculture farms also recorded a sizeable increase in net operating income in 2002 (59%) ranking these farms fourth among farm types in terms of net operating income at \$67,791.
- All farm types, except for hog farms, experienced increases in net operating income in 2002. The decrease in net operating income for hog farms was due primarily to lower prices for hogs and higher prices for feed grains.

Table A.5: Average Farm Family Income by Source and Income Group, Unincorporated Farms, Canada, 2001

Farm Family Income (before Depreciation)	Number of Families		Off-Farm Employ- ment Income	Invest- ment Income	Pension and Other Off- farm Income	Total Off-farm Income	Net Opera- ting Income	Total Family Income
	Number	% of Total						
All Farms								
Under \$10,000	5,970	4.0	10,440	2,132	7,151	19,723	-48,330	-28,202
\$10,000 - \$19,999	6,360	4.3	8,389	1,798	8,449	18,637	-3,135	15,621
\$20,000 - \$29,999	12,240	8.2	9,330	2,177	10,893	22,400	3,098	25,453
\$30,000 - \$39,999	15,540	10.5	13,505	2,499	11,652	27,656	7,496	35,036
\$40,000 - \$49,999	17,620	11.9	19,568	3,068	11,577	34,213	11,320	45,405
\$50,000 - \$99,999	60,450	40.7	35,286	4,270	11,145	50,701	22,533	72,977
\$100,000 +	30,370	20.4	78,793	12,444	13,784	105,021	52,544	157,981
TOTAL	148,560	100	35,748	5,249	11,492	52,489	20,372	72,674
Small Farms (Revenues \$10,000-\$49,999)								
Under \$10,000	2,490	3.7	7,563	1,571	6,934	16,068	-26,229	-10,372
\$10,000 - \$19,999	4,070	6.0	7,504	1,679	8,874	18,058	-2,394	15,682
\$20,000 - \$29,999	7,980	11.7	9,137	2,454	12,748	24,339	1,096	25,441
\$30,000 - \$39,999	9,330	13.7	14,964	2,908	13,750	31,622	3,246	34,900
\$40,000 - \$49,999	9,560	14.1	23,696	3,785	14,241	41,722	3,346	45,088
\$50,000 - \$99,999	24,460	36.0	48,884	5,500	13,521	67,905	3,291	71,181
\$100,000 +	10,070	14.8	118,106	15,058	15,423	148,587	2,201	150,767
TOTAL	67,970	100	42,273	5,588	13,325	61,186	1,443	62,628
Medium Farms (Revenues \$50,000-\$99,999)								
Under \$10,000	1,230	4.3	10,214	1,944	7,199	19,357	-42,229	-23,902
\$10,000 - \$19,999	1,210	4.3	9,793	1,356	7,533	18,682	-2,920	16,027
\$20,000 - \$29,999	2,280	8.0	9,699	1,615	7,889	19,203	6,263	25,356
\$30,000 - \$39,999	3,290	11.6	11,967	1,836	9,333	23,135	11,461	34,596
\$40,000 - \$49,999	3,840	13.5	17,469	2,479	9,368	29,316	15,852	45,251
\$50,000 - \$99,999	12,500	43.9	36,002	4,758	11,290	52,050	19,688	71,990
\$100,000 +	4,140	14.5	104,880	16,055	13,786	134,721	17,807	152,484
TOTAL	28,470	100	36,408	5,238	10,560	52,206	13,295	65,538
Large Farms (Revenues \$100,000+)								
Under \$10,000	2,250	4.3	13,742	2,856	7,365	23,963	-77,720	-50,302
\$10,000 - \$19,999	1,080	2.1	10,152	2,743	7,873	20,768	-6,428	14,935
\$20,000 - \$29,999	1,970	3.8	9,687	1,703	6,865	18,256	8,077	25,636
\$30,000 - \$39,999	2,930	5.6	10,584	1,939	7,567	20,090	17,941	35,888
\$40,000 - \$49,999	4,220	8.1	12,130	1,982	7,554	21,666	26,372	46,226
\$50,000 - \$99,999	23,490	45.1	20,745	2,729	8,593	32,066	44,709	75,367
\$100,000 +	16,170	31.0	47,645	9,893	12,762	70,300	91,631	163,858
TOTAL	52,120	100	26,879	4,814	9,611	41,304	49,715	89,683

Source: Statistics Canada, Whole Farm Data Project, Taxation Data Program.

Significant Points

- The average farm family earned \$72,674 in 2001 with 28% earned from farm income and 72% from off-farm sources.
- Just over 60% of Canadian farm families had incomes of \$50,000 or more.
- The proportion of families with income under \$10,000 dropped from the previous year to 4.0%, however the average net operating loss for this group increased.

Methodology for Farm Income

Table A.1: Farm Receipts, Expenses and Income

Net Cash Income measures farm business cash flow (gross revenue minus operating expenses) generated from the production of agricultural goods. It represents the money available for debt repayment, investment or withdrawal by the owner. *Realized Net Income* measures the financial flows, both monetary (cash income) and non-monetary (depreciation and income-in-kind), of farm businesses. It represents the net farm income in a given year regardless of the year the agricultural goods were produced. *Total Net Income* measures the financial flows and stock changes of farm businesses. It values agriculture economic production during the year that the agricultural goods were produced. It represents the return to owner's equity, unpaid labour, management and risks.

Crop and livestock receipts include only receipts from sales of agricultural products through commercial channels and exclude direct sales between farmers within the same province.

Total program payments include gross payments directly paid to producers under federal, provincial and municipal programs. Program payments represent the amount actually received by producers on a calendar year basis, with the exception of the "Other Payments" category which includes some payments on a fiscal or crop year basis. Program payments are allocated to the year during which they are actually received by producers.

NISA payments only represent the producers' withdrawals from Fund 2 (governments' fund). The large balances accumulated in Fund 1 (producers' fund) and unrealized triggers in Fund 2 are not included. Because of its design (whole farm and individual basis) and the fact that producers are not obliged to withdraw triggered payments from the account, it is very difficult to forecast NISA payments.

Some government support programs are reflected in operating expenses to the extent that they reduce farm input costs, as is the case with provincial credit programs. Also included are producer premiums paid for insurance programs.

Farm operating expenses include all business costs incurred in the production of agriculture commodities, for goods and services bought outside each province's agriculture sector.

Figure A.1(a) and Figure A.1(b): Canadian Farm Income in Current Dollars and in 1997 Dollars

Real income is defined in terms of 1997 dollars using the Gross Domestic Product Implicit Price Deflator (GDP deflator, 1997 = 100).

Table A.2: Gross Direct Program Payments and Producer Premiums

Program payments include gross payments/indemnities directly paid to producers under statutory programs such as NISA as well as provincial income stabilization programs and other special income support programs such as drought assistance. Payments under NISA represent withdrawals from Fund 2 (governments' fund).

Crop insurance payments include only government crop insurance programs; private hail insurance payments are excluded. The latter is included in Other Payments.

Producers also contribute to government programs by paying premiums for programs such as Crop Insurance and provincial stabilization programs.

Table A.3 and Table A.4: Average Total Operating Revenue, Operating Expenses and Net Operating Income per Farm, by Province (A.3) and By Farm Type (A.4)

The Net Income Stabilization Account and Taxation Data Program (NISA/TDP) estimates of farm income are derived from a sample of individual tax filers who reported either positive gross farm income or non-zero net farm income from self-employment on their income tax returns. For incorporated farms, the sampling frame is made up of all corporations within the ten provinces and the territories that are classified as farms according to the North American Industry Classification System (NAICS) and that have sales

of \$25,000 or more. To be classified as a farm in NAICS, 50% of more of the sales has to come from agricultural activities. For purposes of statistical tabulations, the NISA/TDP excludes unincorporated farms with farm revenues below \$10,000.

The NISA/TDP farm income estimates differ from the official farm cash receipts and expenses estimates reported in Agriculture Economic Statistics, Catalogue No. 21-011-XIE and 21-012-XIE. For explanation of some of the differences, please refer to "Understanding Measurements of Farm Income", Catalogue No. 21-525, Agriculture and Agri-Food Canada and Statistics Canada.

Farm revenue refers to revenue received from the sale of agricultural commodities as well as from agricultural program payments and insurance proceeds. Revenue from the sale of forest products is also included.

Operating expenses refer to the business costs, not including depreciation, incurred by farm operators for goods and services used in the production of agricultural commodities.

For both farm revenues and operating expenses, inter-farm sales and purchases are included.

The type of farm is based on a percentage of agricultural sales. The commodity or commodity group that makes up 50% or more of the sales determines the primary farm type that will be assigned to an individual farm. The NAICS acts now as the basis for classifying farm types.

For a detailed description of methodology, please refer to Farm and Off-Farm Income Statistics, Statistics Canada, Catalogue No. 21-019-XIE.

The following members and/or families are excluded:

- 1) Non-family persons who do not belong to a husband-wife or a lone parent family;
- 2) Families in which members derived all of their farm revenues from non-agricultural sources;
- 3) Families in which members are involved in more than one farming operation,
- 4) Families operating a farm showing a gross operating revenue of less than \$10,000.

Off-farm income estimates are produced by adding the off-farm income components of family members and applying the appropriate family weight to each record which corresponds to a family.

For a detail description of methodology, please refer to Agricultural Financial Statistics, Statistics Canada, Catalogue No. 21-205.

Table A.5: Average Family Income by Source and Income Group, Unincorporated Farms

Total family income is derived from the personal tax records of individual family members. Farm families are identified by linking two source files: the Taxation Data Program's sample of individuals operating unincorporated farms and the T1 Family file which contains family units developed by the Small Area and Administrative Data Division (SAADD) of Statistics Canada.

SECTION B
Farm Financial Conditions

SUMMARY

- In 2003, farm debt in Canada increased by 7.2%, compared to an 8.4% increase in 2002. In Eastern Canada, New Brunswick farm debt increased 16.5% while Newfoundland and Labrador's farm debt decreased. Manitoba farm debt increased in 2003 by 12.2%, the largest increase in Western Canada.

- In 2003 the total number of farm bankruptcies increase by over 12% to 222.

- Farm Credit Canada reported, for fiscal 2002-03, that the number of loans receivable had increased by 2,554 loans over the previous fiscal year. This is the largest increase reported since fiscal year 1997-98. While the number of new loans approved showed successive declines up to fiscal year 2000-01, the number of new loans approved in 2002-03 was up by 6,854 loans compared to growth in the number of new loans approved of 4,553 in fiscal 2001-02.

- The value of new loans registered under FIMCLA has decreased by almost 35% from the previous fiscal year, 2002-03.

- Average assets and net worth of Canadian farms increased between 1999 and 2002.

- Fertilizer prices were higher in the summer of 2004 than in the fall of 2003 in all markets surveyed. Higher natural gas prices and a higher fertilizer demand situation are the major factors behind the higher prices. Ontario fertilizer prices have drawn closer to U.S. prices this summer.

FCC Farm Mortgage Interest Rate

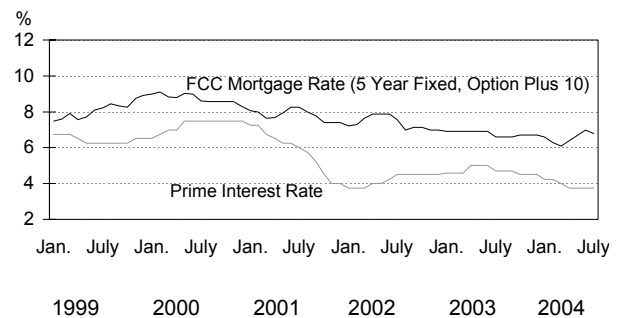
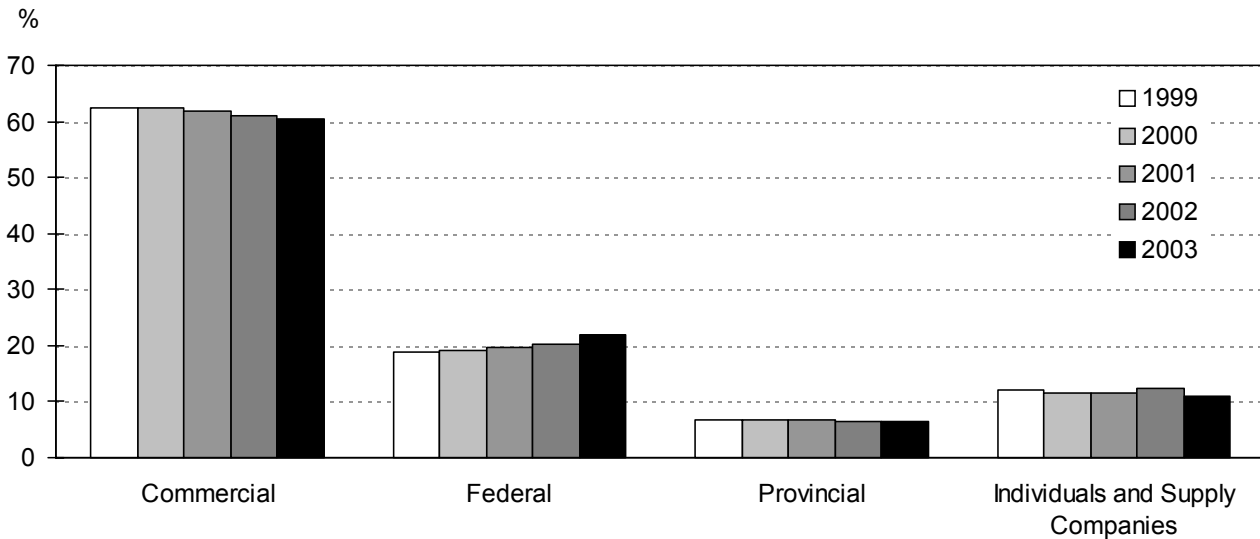


Table B.1: Farm Debt, Canada and Provinces, 1994-03

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada
- \$ Million -											
1994	39	285	307	231	4,114	5,160	2,217	4,411	6,399	1,298	24,460
1995	40	311	309	272	4,403	5,457	2,427	4,518	6,633	1,373	25,742
1996	43	333	327	301	4,868	5,967	2,588	4,811	6,894	1,483	27,615
1997	41	377	365	331	5,435	6,866	2,820	5,171	7,611	1,652	30,671
1998	44	420	401	358	6,097	7,635	3,151	5,584	8,219	1,859	33,768
1999	49	443	422	383	6,845	8,206	3,510	5,810	8,685	2,073	36,425
2000	47	472	465	427	7,611	9,097	3,715	5,962	9,128	2,156	39,078
2001	54	508	491	472	8,133	9,692	3,948	6,061	9,485	2,217	41,060
2002	67	551	549	520	9,285	11,104	4,249	6,070	9,775	2,327	44,497
2003	66	610	597	606	9,741	11,693	4,769	6,661	10,493	2,446	47,682

Source: Statistics Canada, Catalogue No. 21-014-XIE, Agriculture Economic Statistics.

Figure B.1: Lender Shares as a Percentage of Farm Debt, Canada, as of December 31, 1999-03



Source: Statistics Canada, Catalogue No. 21-014-XIE Agriculture Economic Statistics.

Significant Points

- In 2003, total farm debt increased by just over 7% from the previous year. This increase is consistent with the average year-over-year increase in farm debt (7.15%) since 1998.
- Commercial lenders, including banks, credit unions and other private financial institutions, continue to hold over 60% of farm debt.
- While the provincial share of farm debt held remained stable in 2003 the federal share of farm debt held increased by almost two percentage points to 22%. The federal share of farm debt held includes advance payment programs which facilitate loans provided by commercial lenders.
- In 2003 the share of farm debt held by private individuals and supply companies remained stable, accounting for 11% of farm debt.

Table B.2: Farm Bankruptcies by Province, 1990-04

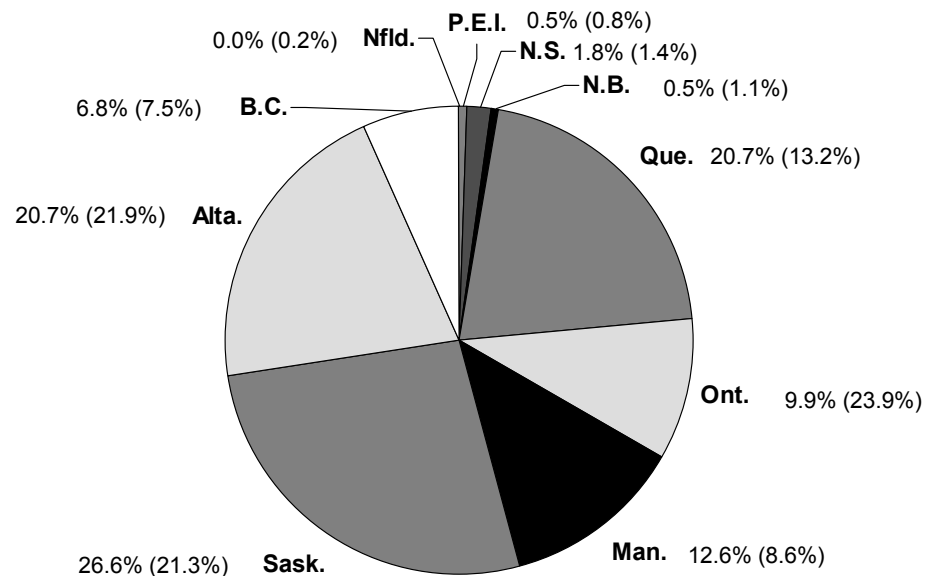
	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	NWT/ Yukon	Canada
1990	2	5	4	7	73	32	15	189	62	18	0	407
1991	0	3	3	7	82	15	21	224	71	15	0	441
1992	0	2	5	3	63	21	15	191	73	10	0	383
1993	1	7	4	2	49	22	13	166	80	5	0	349
1994	0	3	2	3	67	15	7	132	68	11	0	308
1995	1	0	8	5	33	23	10	94	87	12	0	273
1996	0	0	5	4	54	17	24	95	75	1	0	275
1997	0	4	6	4	54	15	19	76	61	4	0	243
1998	0	1	4	1	47	12	27	92	55	5	0	244
1999	0	1	2	2	42	17	29	99	45	6	0	243
2000	0	1	4	2	40	20	18	76	38	14	0	213
2001	1	2	4	0	57	23	19	64	44	6	0	220
2002	0	2	1	4	28	30	41	50	32	9	0	197
2003	0	1	4	1	46	22	28	59	46	15	0	222
2003*	0	0	1	0	18	8	11	23	11	4	0	76
2004*	0	1	0	2	6	5	10	14	11	1	0	50

Source: Office of the Superintendent of Bankruptcy.

Note: Starting in 2004 statistics are reported based on the North American Industry Classification rather than the Standard Industrial Classification.

* January 1 to April 30.

Figure B.2: Distribution of Farm Bankruptcies by Province, 2003



Sources: Office of the Superintendent of Bankruptcy and Statistics Canada, 2001 Census of Agriculture.

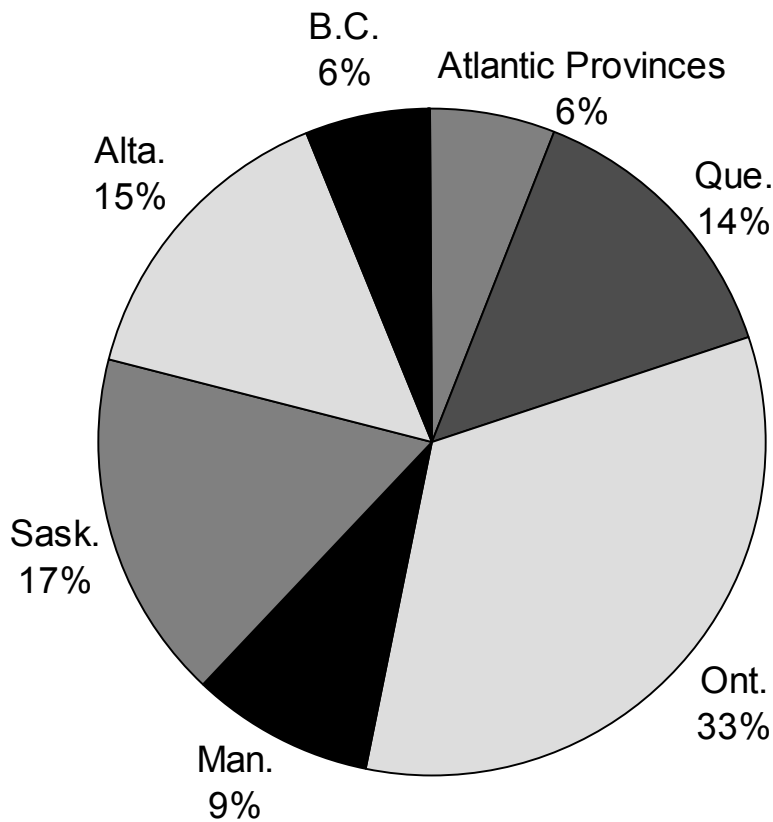
Note: The percent of farms by province in 2001 is indicated in brackets. It is based on the 2001 Census of Agriculture.

Table B.3: Farm Credit Canada (FCC) Loans Receivable Portfolio, 1997-98 to 2002-03

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Number of loans receivable	69,846	72,311	73,686	75,202	75,888	78,442
Amount receivable (\$million)	5,319	5,843	6,304	6,908	7,716	8,813
Number of loans approved	15,488	14,880	14,201	13,289	17,842	24,396
Amount of loans approved (\$million)	1,525	1,617	1,612	1,753	2,446	3,138
Average size of loans approved (\$)	98,473	108,700	113,500	131,875	137,097	128,640

Source: Farm Credit Canada (formerly Farm Credit Corporation).

Figure B.3: Distribution of the Amount of FCC Loans Receivable, by Province, as of March 31, 2003



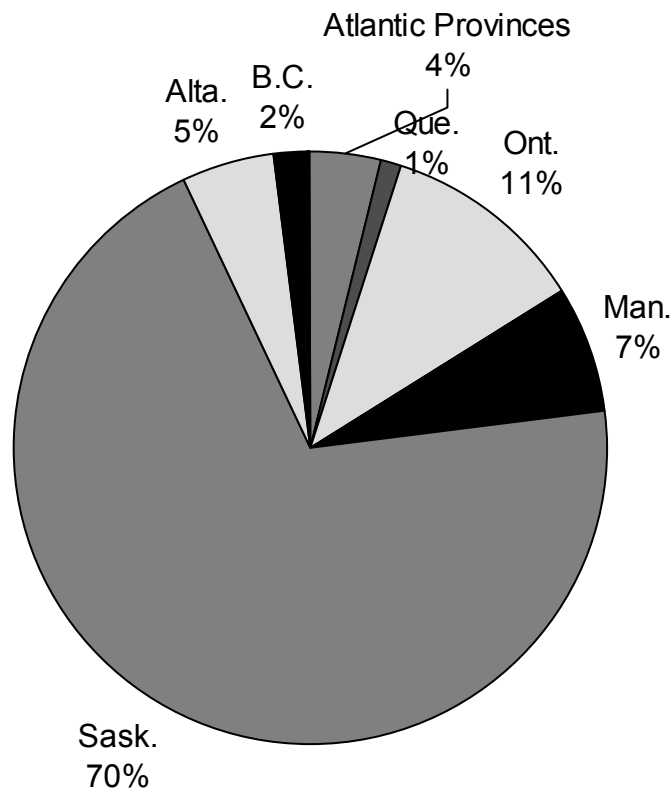
Source: Farm Credit Canada

Table B.4: New Loans Registered Under the Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA), 1996-97 to 2003-04

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Number of new loans registered	16,250	15,946	8,641	7,628	6,304	5,659	4,722	3,155
Amount of new loans registered (\$000s)	488,759	516,885	259,174	215,998	189,087	178,732	160,425	105,601
Average size of new loans registered (\$)	30,078	32,415	29,994	28,316	29,995	31,584	33,974	33,471

Source: For 1996-97 to 2002-03, Agriculture and Agri-Food Canada Performance Reports; and for 2003-04, FIMCLA Administration, National Marketing Programs Division, Agriculture and Agri-Food Canada.

Figure B.4: Distribution of the Amount of New Loans Registered under FIMCLA, by Province, 2003-04



Source: FIMCLA Administration, National Marketing Programs Division, Agriculture and Agri-Food Canada.

Table B.5: Average Assets, Liabilities, Net Worth and Net New Investment, by Farm Type, Canada and Provinces, 1999, 2001 and 2002

	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
CANADA								
Farm Assets								
- 1999	1,601,066	684,810	1,336,573	1,770,412	749,102	1,685,917	802,639	896,013
- 2001	1,982,297	805,174	1,642,247	2,192,178	855,723	1,920,845	900,800	1,038,917
- 2002	2,119,152	807,753	1,619,940	2,405,028	925,904	1,912,010	993,447	1,091,658
Farm Debt								
- 1999	315,615	100,324	412,059	357,735	152,291	441,039	134,812	163,112
- 2001	433,651	124,564	489,773	423,039	177,602	519,282	149,949	195,044
- 2002	482,205	132,045	534,579	452,083	181,828	535,118	160,166	209,563
Net Worth								
- 1999	1,285,451	584,486	924,514	1,412,677	596,810	1,244,879	667,827	732,901
- 2001	1,548,647	680,610	1,152,475	1,769,139	678,122	1,401,563	750,852	843,874
- 2002	1,636,946	675,708	1,085,360	1,952,945	744,075	1,376,892	833,281	882,095
Net New Investment								
- 1999	67,482	18,526	68,738	79,535	35,433	83,698	25,878	32,468
- 2001	76,382	19,971	108,845	64,607	28,691	83,075	29,317	36,335
- 2002	93,378	18,203	92,960	76,727	27,285	122,919	31,715	37,804

Significant Points

- Poultry and egg as well as dairy farms reported the largest increases in net worth between 1999 and 2002.
- Potato farms had the highest net capital investment in 2002 at \$122,900 which is over three times the Canadian average.
- Hog farms although down from the \$108,850 in net capital investment reported in 2001 are still very high at an average of \$93,000 per farm in 2002.

	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
ATLANTIC								
Farm Assets								
- 1999	1,762,399	427,399	728,731	1,420,703	490,400	1,783,760	535,775	937,914
- 2001	1,954,542	483,838	1,042,360	1,610,093	599,942	2,003,794	624,298	1,068,610
- 2002	2,274,215	438,301	875,021	1,524,444	466,742	2,095,776	787,583	1,007,458
Farm Debt								
- 1999	316,477	49,845	262,796	287,742	94,202	504,763	52,133	193,862
- 2001	400,445	66,112	406,717	316,052	123,808	503,075	105,187	227,882
- 2002	427,730	51,106	339,008	320,390	84,127	611,409	161,192	217,534
Net Worth								
- 1999	1,445,923	377,553	465,935	1,132,961	396,197	1,278,997	483,643	744,051
- 2001	1,554,097	417,726	635,642	1,294,040	476,134	1,500,718	519,111	840,728
- 2002	1,846,484	387,194	536,014	1,204,054	382,616	1,484,367	626,391	789,923
Net New Investment								
- 1999	64,837	6,037	29,629	50,350	23,466	99,881	-3,659	37,146
- 2001	58,081	13,069	56,318	71,586	21,530	83,378	10,171	37,775
- 2002	79,069	1,638	44,963	61,173	16,768	115,028	27,840	37,257

Significant Points

- Assets decreased 5.7% in the Atlantic region in 2002.
- The Atlantic was the only region to show a decrease in net worth between 2001 and 2002.
- Net capital investment for the region was essentially unchanged from 2001.

Source: Statistics Canada and Agriculture and Agri-Food Canada, Farm Financial Survey.

Table B.5: Average Assets, Liabilities, Net Worth and Net New Investment, by Farm Type, Canada and Provinces, 1999, 2001 and 2002 (cont'd)

	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
QUEBEC								
Farm Assets								
- 1999	1,346,662	396,398	1,096,962	1,923,507	617,185	769,037	955,442	935,528
- 2001	1,657,209	498,733	1,161,878	2,099,658	624,890	941,227	1,102,797	1,071,458
- 2002	1,693,240	517,195	1,227,277	2,171,247	843,065	1,309,206	1,164,813	1,123,020
Farm Debt								
- 1999	297,110	69,241	460,005	388,107	172,504	212,464	209,626	220,798
- 2001	397,416	83,610	479,613	326,605	143,665	290,503	262,788	258,137
- 2002	457,269	114,289	553,577	367,878	246,353	297,175	301,367	302,736
Net Worth								
- 1999	1,049,552	327,157	636,957	1,535,400	444,681	556,573	745,816	714,730
- 2001	1,259,793	415,123	682,265	1,773,053	481,225	650,724	840,009	813,321
- 2002	1,233,971	1,402,306	674,300	1,804,369	596,712	1,012,031	863,452	820,272
Net New Investment								
- 1999	67,117	3,814	59,469	84,451	26,332	23,370	39,489	42,085
- 2001	75,961	15,820	92,569	72,997	26,544	30,652	32,497	47,299
- 2002	89,910	5,772	74,462	84,990	40,111	107,815	47,871	52,318

Significant Points

- Average farm assets in Quebec increased 4.8% from 2001.
- Quebec reported the largest provincial increase in debts, with a 17% increase from 2001 levels.
- Quebec had the second highest net capital investment in 2003 at \$52,300.

	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
ONTARIO								
Farm Assets								
- 1999	1,698,327	610,174	1,098,796	1,981,311	808,692	1,824,459	849,200	1,001,592
- 2001	2,093,896	680,930	1,340,784	2,449,284	1,112,139	2,253,638	939,304	1,172,999
- 2002	2,310,357	675,226	1,480,847	2,805,345	1,083,423	1,706,426	996,190	1,215,235
Farm Debt								
- 1999	280,025	69,898	317,248	354,696	135,218	426,275	129,363	162,954
- 2001	388,909	89,989	406,700	480,454	199,442	858,357	146,807	213,366
- 2002	443,365	100,009	513,403	515,614	178,616	459,308	149,141	229,344
Net Worth								
- 1999	1,418,302	540,275	781,548	1,626,615	673,474	1,398,184	719,837	838,638
- 2001	1,704,987	590,941	934,085	1,968,830	912,697	1,395,281	792,497	959,633
- 2002	1,866,992	575,216	967,443	2,289,731	904,807	1,247,117	847,050	985,890
Net New Investment								
- 1999	61,184	15,021	56,167	94,043	36,863	69,680	26,400	36,360
- 2001	57,482	6,838	63,942	54,339	39,812	104,532	20,709	34,147
- 2002	90,541	16,695	100,837	83,356	20,826	96,455	21,425	41,181

Significant Points

- Ontario farms have an average net worth of just under \$1,000,000.
- Dairy and potato farms have average net worth well in excess of \$1,000,000.
- Average net capital investment increased 21% in Ontario.

Source: Statistics Canada and Agriculture and Agri-Food Canada, Farm Financial Survey.

Table B.5: Average Assets, Liabilities, Net Worth and Net New Investment, by Farm Type, Canada and Provinces, 1999, 2001 and 2002 (cont'd)

	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
MANITOBA								
Farm Assets								
- 1999	1,408,792	509,577	1,705,103	1,301,321	..	2,668,030	796,626	785,354
- 2001	1,917,040	577,568	1,965,092	1,859,125	..	2,730,398	902,967	893,471
- 2002	2,120,932	578,996	2,289,811	1,837,103	..	3,075,221	1,066,429	1,003,570
Farm Debt								
- 1999	258,777	89,462	473,708	262,235	..	796,444	151,248	158,784
- 2001	445,960	98,371	496,653	254,332	..	736,651	181,467	179,999
- 2002	528,152	100,426	585,694	392,518	..	986,382	197,402	198,660
Net Worth								
- 1999	1,150,015	420,115	1,231,395	1,039,085	..	1,871,586	645,378	626,571
- 2001	1,471,080	479,197	1,468,439	1,604,793	..	1,993,747	721,500	713,472
- 2002	1,592,780	478,570	1,704,117	1,444,585	..	2,088,839	869,026	804,910
Net New Investment								
- 1999	72,971	14,474	70,083	41,721	..	125,418	27,845	29,429
- 2001	104,798	21,401	119,032	92,358	..	162,754	28,567	35,545
- 2002	71,408	9,269	125,168	55,135	..	217,145	42,512	36,595

Significant Points

- Manitoba reported the highest percentage increase in assets of 12% in 2002.
- The average potato farm in Manitoba has assets of just over \$3,000,000.
- Manitoba potato farms reported a 33% increase in net investment.

	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
SASKATCHEWAN								
Farm Assets								
- 1999	1,463,476	578,920	2,165,668	..	..	..	664,108	665,846
- 2001	1,995,301	632,788	4,200,863	..	..	..	775,861	774,325
- 2002	2,348,134	641,131	1,783,536	..	..	..	822,679	793,529
Farm Debt								
- 1999	313,568	91,750	603,120	..	..	..	112,583	113,979
- 2001	785,100	101,784	1,197,718	..	..	..	128,337	137,093
- 2002	563,312	96,833	361,042	..	..	..	131,211	128,181
Net Worth								
- 1999	1,149,908	487,170	1,562,547	..	..	..	551,526	551,867
- 2001	1,210,200	531,004	3,003,145	..	..	..	647,525	637,232
- 2002	1,784,822	544,298	1,422,494	..	..	..	691,468	665,348
Net New Investment								
- 1999	71,800	22,716	228,379	..	..	..	19,801	22,574
- 2001	239,208	17,243	653,555	..	..	..	30,940	33,674
- 2002	184,996	17,499	91,857	..	..	..	25,147	25,277

Significant Points

- Saskatchewan had the lowest liabilities per farm at \$128,200.
- Saskatchewan had the lowest net worth in 2002 at \$665,000.
- Dairy farms in Saskatchewan had an 18% increase in average assets.

Source: Statistics Canada and Agriculture and Agri-Food Canada, Farm Financial Survey.

Table B.5: Average Assets, Liabilities, Net Worth and Net New Investment, by Farm Type, Canada and Provinces, 1999, 2001 and 2002 (cont'd)

	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
ALBERTA								
Farm Assets								
- 1999	3,160,209	874,676	2,081,243	1,370,721	..	2,197,318	1,040,560	1,007,213
- 2001	4,137,684	1,072,566	2,795,747	1,572,509	..	2,784,428	1,120,808	1,162,363
- 2002	3,389,947	1,119,126	2,495,619	2,276,315	..	2,670,314	1,250,892	1,236,454
Farm Debt								
- 1999	602,702	133,980	489,967	323,822	..	407,558	162,101	165,334
- 2001	866,058	174,152	554,863	335,982	..	687,531	157,098	188,132
- 2002	855,067	191,708	640,893	471,517	..	857,544	169,863	206,965
Net Worth								
- 1999	2,557,507	740,696	1,591,276	1,046,899	..	1,789,761	878,458	841,879
- 2001	3,271,626	898,414	2,240,884	1,236,527	..	2,096,897	963,710	974,231
- 2002	2,534,880	927,419	1,854,726	1,804,798	..	1,812,770	1,081,029	1,029,489
Net New Investment								
- 1999	86,558	22,624	77,095	65,410	..	129,842	34,952	32,380
- 2001	131,836	28,634	125,389	5,745	..	112,175	33,840	35,209
- 2002	92,314	25,934	102,924	83,152	..	210,840	44,148	37,373

Significant Points

- The average farm in Alberta now has a net worth in excess of \$1,000,000.
- Alberta dairy farms saw a significant change with assets declining 18%.
- Average net investment for Alberta potato farms almost doubled to \$211,000.

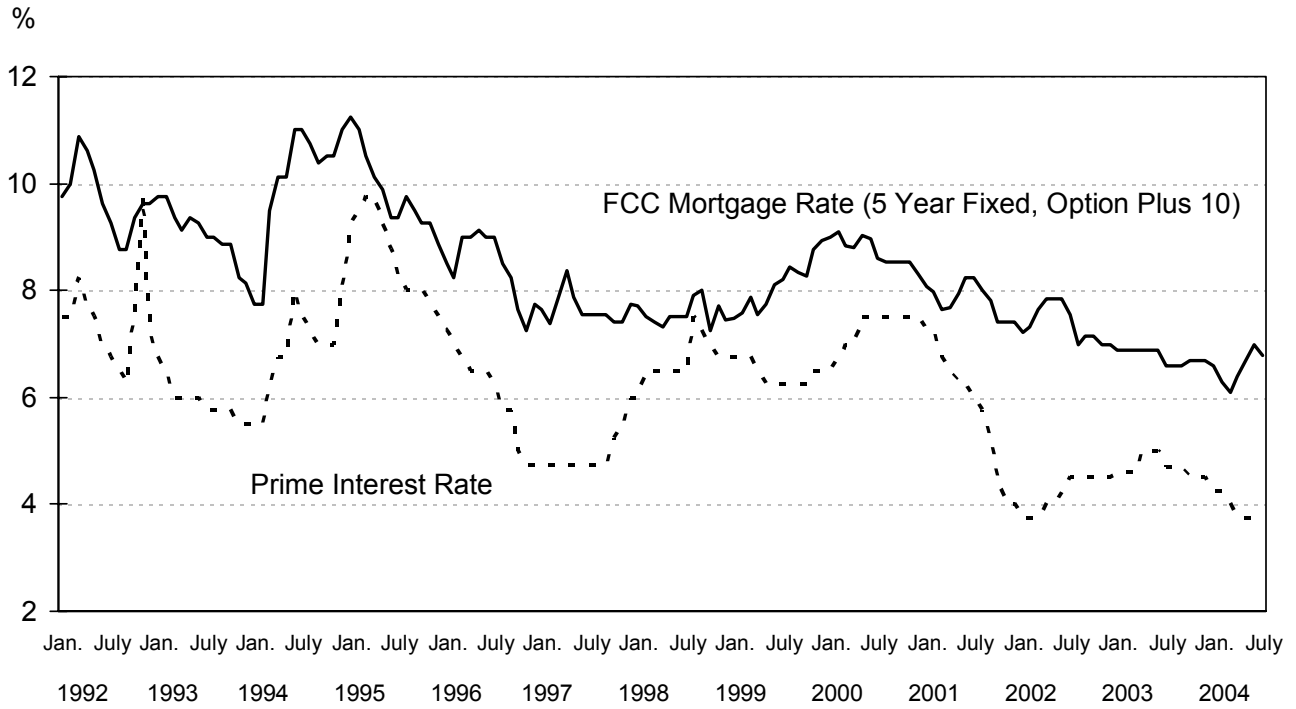
	Dairy	Beef	Hog	Poultry	Fruit and Vegetable	Potato	Grain	All Farms
BRITISH COLUMBIA								
Farm Assets								
- 1999	2,886,200	914,464	1,559,530	1,911,558	834,765	2,328,623	1,023,898	1,139,351
- 2001	3,462,048	1,008,746	1,433,501	2,449,193	923,890	1,934,574	1,054,486	1,320,323
- 2002	3,702,146	1,013,127	1,441,966	2,343,048	1,063,402	1,411,424	1,312,031	1,335,705
Farm Debt								
- 1999	727,867	90,989	541,085	427,426	155,445	302,882	188,212	222,204
- 2001	742,143	112,934	485,695	530,056	192,768	220,423	181,916	249,279
- 2002	713,112	124,964	522,762	439,508	192,417	94,052	192,169	238,167
Net Worth								
- 1999	2,158,332	823,475	1,018,444	1,484,132	679,320	2,025,742	835,686	917,147
- 2001	2,719,906	895,812	947,806	1,919,137	731,121	1,714,151	872,570	1,071,043
- 2002	2,989,034	888,163	919,204	1,903,540	870,984	1,317,371	1,119,862	1,097,539
Net New Investment								
- 1999	113,877	25,837	64,171	87,698	28,888	89,327	29,983	39,145
- 2001	95,018	24,273	52,611	65,015	10,326	73,371	18,037	32,241
- 2002	152,673	22,897	40,583	65,297	29,410	30,831	45,148	40,606

Significant Points

- British Columbia at \$1,336,000 had the highest average assets in 2002.
- Average net investment was up 61% for British Columbia dairy farms.
- The average dairy farm in British Columbia now has assets of \$3,700,000.

Source: Statistics Canada and Agriculture and Agri-Food Canada, Farm Financial Survey.

Figure B.5: FCC Mortgage Rate and Prime Interest Rate, 1992-04



Sources: Farm Credit Canada (FCC) and Bank of Canada Review.

Table B.6: Comparison of Selected Average Fertilizer and Fuel Prices Between Manitoba and Minnesota/North Dakota, 2003 and 2004

	Manitoba		Minnesota/North Dakota	
	July 04	Oct. 03	July 04	Oct. 03
Nitrogen (Cdn\$/tonne)				
Anhydrous Ammonia (82-0-0)	594	531	545	500
Urea (46-0-0)	407	366	381	356
Phosphate (Cdn\$/tonne)				
MAP (11-52-0)	408	365	401	353
Potash (Cdn\$/tonne)				
Potash (0-0-60)	212	199	225	205
Fuel (Cdn¢/litre)				
Diesel	52.6	45.0	47.1	41.0
Gasoline (regular unleaded)	68.9	54.4	62.4	49.1

Source: The Thomsen Corporation.

Table B.7: Comparison of Selected Average Fertilizer and Fuel Prices Between Ontario and Michigan/Ohio/Indiana, 2003 and 2004

	Ontario		Michigan/Ohio/Indiana	
	June 04	Oct. 03	June 04	Oct. 03
Nitrogen (Cdn\$/tonne)				
Anhydrous Ammonia (82-0-0)	637	633	625	573
Urea (46-0-0)	424	409	422	390
Nitrogen Solution (UAN, 28%)	273	258	274	239
Ammonium Nitrate	373	350	433	453
Phosphate (Cdn\$/tonne)				
MAP (11-52-0)	439	447	439	392
DAP (18-46-0)	440	437	428	377
Triple Super (0-46-0)	431	429	403	348
Potash (Cdn\$/tonne)				
Potash (0-0-60)	280	270	269	235
Fuel (Cdn¢/litre)				
Diesel	59.0	49.0	50.0	43.0
Gasoline (regular unleaded)	79.0	68.0	79.0	56.0

Source: Ridgetown College, University of Guelph

Table B.8: Agricultural Inputs, Canada, 1999-03

	1999	2000	2001	2002	2003
	(\$000)				
Machinery Operating Costs	3,144,765	3,469,013	3,522,920	3,465,017	3,718,125
Commercial Feed	3,609,305	3,788,765	4,343,432	5,100,539	4,795,512
Wages	3,117,384	3,284,549	3,498,851	3,665,555	3,874,811
Fertilizer and Lime	1,950,832	2,067,308	2,333,899	2,260,171	2,683,614
Interest	2,213,379	2,536,214	2,498,844	2,366,225	2,364,918
Rent	1,162,021	1,182,363	1,208,075	1,314,874	1,387,190
Pesticides	1,450,431	1,549,620	1,589,727	1,525,201	1,653,589
Livestock Purchases	1,451,102	1,687,919	1,798,723	1,455,686	1,080,702
Commercial Seed	887,463	917,820	973,248	1,075,999	1,209,603
Building and Fence Repairs	627,103	657,675	683,682	670,481	668,440
Electricity	600,344	610,367	645,094	680,937	684,982
Property Taxes	510,699	517,976	512,734	544,378	577,439
Crop and Hail Insurance	332,859	299,442	337,100	431,920	541,764
Business Insurance	502,027	517,802	536,252	571,589	612,807
A.I. Fees and Veterinary	531,945	572,908	613,125	641,157	659,835
Other*	2,695,017	2,943,677	3,143,924	3,131,559	3,457,247
Depreciation	4,240,501	4,330,416	4,455,851	4,521,678	4,589,558
Total Expenses	29,027,177	30,933,834	32,695,481	33,422,966	34,560,136

Source: Statistics Canada, Agriculture Division.

Note: Input expenses are net of government rebates.

*Includes: Stabilization premiums; heating fuel; twine, wire and containers; telephone; lime and irrigation; custom work; and other expenses.

Methodology for Farm Financial Conditions

Table B.1: Farm Debt and Figure B.1: Lender Shares as a Percentage of Farm Debt

Farm debt and lender share information is from data published by the Agriculture Division of Statistics Canada in Catalogue No. 21-014-XIE, Agriculture Economic Statistics.

Table B.2: Farm Bankruptcies and Figure B.2: Distribution of Farm Bankruptcies

Bankruptcies are only one form of financial failure and the bankruptcy statistics represent a small part of the total number of farmers who leave agriculture because of financial difficulties.

Bankruptcy data are collected and reported monthly by the Office of the Superintendent of Bankruptcy.

Table B.3: Farm Credit Canada (FCC) Loans Receivable Portfolio and Figure B.3: Distribution of the Amount of FCC Loans Receivable

FCC information on total loans receivable and loans approved is from the FCC 2002-03 Annual Report. Information on the provincial distribution of total loans receivable is from FCC.

Table B.4: New Loans Registered Under the FIMCLA and Figure B.4: Distribution of the Amount of New Loans Registered under FIMCLA

Data on new loans registered under the Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA), the Agriculture and Agri-Food Canada Department Performance Reports for 1996-97 to 2002-03; and from FIMCLA Administration for 2003-04. Data on the Distribution of the Amount of New Loans Registered Under FIMCLA, by Province, were provided by the FIMCLA Administration.

Table B.5: Average Assets, Liabilities, Net Worth and Net New Investment, by Farm Type

Per farm information on farm assets, farm debt, net worth, and net new investment is from the 1998, 2000 and 2002 Farm Financial Surveys. The Farm Financial Survey is conducted by Statistics Canada for Agriculture and Agri-Food Canada approximately every two years and collects data from a sample of farms with annual gross revenues over \$10,000.

Net new investment is measured by gross capital investment less capital sales. Net operating income is defined as gross farm receipts less total cash expenses.

Figure B.5: FCC Mortgage Rate and Prime Interest Rate

The prime interest rate in Canada is reported in the Bank of Canada Review (or at www.bank-banque-canada.ca). The FCC five-year fixed mortgage rate (option plus 10) is reported by Farm Credit Canada.

Tables B.6 and B.7: Selected Average Fertilizer and Fuel Prices

The information on fertilizer prices is provided for Manitoba and Ontario along with comparisons to adjacent U.S. states, by private consultants on contract to Agriculture and Agri-Food Canada.

Table B.8: Agricultural Inputs

Input expenses are reported net of government rebates. The rebates reduce some farm input costs. Inter-farm purchases are excluded.

For a detailed description of methodology, please refer to Agriculture Economic Statistics, Statistics Canada, Catalogue No. 21-012-XIE.

SECTION C

Government Expenditures in Support of the Agri-Food Sector

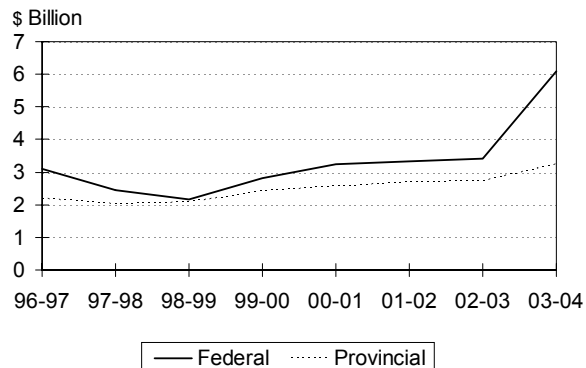
SUMMARY

- Government expenditures consist of all charges related to the agri-food sector that enter into the calculation of the annual deficit or surplus of federal and provincial governments. They include operating and capital costs as well as payments or contributions under government programs.

- Federal and provincial expenditures for 2002-03 are the actual data taken mainly from provincial and federal public accounts. Federal expenditures for 2003-04 are estimates and include Supplementary Estimates A and B. Provincial expenditures for fiscal year 2003-04 are estimates except for Ontario where the actual numbers from provincial public accounts are being used.

- Federal expenditures increased by 2.5% (\$84 million) over the previous year to reach \$3.41 billion in 2002-03. This increase will bring federal support to the agri-food sector above the average for the previous five years (1997-98 to 2001-02), \$2.80 billion. An increase in operating and program expenditures contributed the most to the rise in overall net federal spending.

Agri-Food Expenditures



- Federal expenditures are estimated to increase by 79% to reach \$6.1 billion in 2003-04, the highest point in last 12 years. An estimated increase in total federal expenditures in support of agri-food sector is expected to have a positive impact on all Canadian provinces in 2003-04. The largest increase in federal expenditures is in program expenditures, which are expected to rise by 93.0% to reach \$4.81 billion. Contributions through new programs within the Agricultural Policy Framework, such as Transitional Industry Support Program (TISP) and the bovine spongiform encephalopathy (BSE) Recovery

Program are expected to represent major source of overall increase in federal expenditures. Under the Agricultural Policy Framework, the expenditures related to the food inspection are estimated to increase more than five times to reach \$67 million in 2003-04.

- Program payments, which include, for the most part, payments made directly to producers, represent 48% and 63% of total federal support to the agri-food sector in 2002-03 and 2003-04 respectively. Research and inspection account for 22% and 16% of total federal support respectively. Categories related to food aid, international assistance, regional development and trade combine to represent 21% and 16% of total federal support in each year.

- Provincial expenditures increased by 0.7% (\$19 million) in 2002-03 to reach \$2.72 billion. Newfoundland and Labrador, Prince Edward Island, New Brunswick, Quebec, Ontario and British Columbia had higher total expenditures in 2002/03. For all these provinces, except for Prince Edward Island and New Brunswick, this rise is explained by an increase in program payments. Program payments in 2002-03 form the largest category of support, amounting to 48% of expenditures.

- As a result of reclassification of some programs and deducting recoveries from program expenditures in New Brunswick, there was a slight decrease in program expenditures whereas the operating expenses showed an increase.

- Increase in program expenditures in British Columbia is mostly a result of a rise in income support and stabilization and ad hoc and cost reduction categories.

- Rise in income support and stabilization and rural and regional development expenditure categories is a source of an increase in total provincial expenditures in Ontario.

- Increases in income support and stabilization, food inspection and financing assistance expenditures category are main sources of a rise of total provincial expenses in Quebec.

- Higher expenditures in the financing assistance category account mainly for a rise in total expenditures in Newfoundland and Labrador.

- Decrease in income support and stabilization expenditure category explains mostly the overall decline in provincial spending in Saskatchewan.
- Reductions in expenditures related to rural and regional development expenditure categories account mostly for overall decrease in spending in Alberta.
- Decrease in total provincial expenditures in Nova Scotia was a result of reduced spending for financing assistance category.
- Slight reduction in total provincial expenditures in Manitoba is mainly a result of reduced spending related to the education.
- Provincial spending is estimated to increase 18.7% in 2003-04, to reach \$3.23 billion. Increase in program expenditures, in particular those from ad hoc and cost reduction programs, as a result of measures undertaken in response to BSE, is a main source for estimated overall rise. All Canadian provinces project increased expenditures in 2003-04. Program payments are estimated to account for 57% of provincial agri-food support in 2003-04.

Table C.1: Federal and Provincial Government Expenditures in Support of the Agri-Food Sector, Canada and Provinces, 1996-97 to 2003-04

Allocated		1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04 Estimates
		(\$ 000)							
Nfld.	Federal	8,292	11,794	6,573	8,424	4,561	7,693	11,779	10,076
	Provincial	12,605	21,503	10,425	9,626	10,247	9,351	10,532	12,510
	% Fed.	39.68	35.42	38.67	46.67	30.80	45.14	52.79	44.61
P.E.I.	Federal	33,262	35,162	26,534	26,941	33,480	39,538	45,964	53,262
	Provincial	20,677	18,329	18,202	23,556	36,396	29,558	29,804	32,602
	% Fed.	61.67	65.73	59.31	53.35	47.91	57.22	60.66	62.03
N.S.	Federal	27,210	27,175	23,908	24,905	22,049	35,613	31,452	48,353
	Provincial	40,105	29,896	38,922	35,439	39,774	44,846	40,476	42,522
	% Fed.	40.42	47.62	38.05	41.27	35.66	44.26	43.73	53.21
N.B.	Federal	30,757	35,161	27,537	24,655	24,964	40,724	33,750	56,787
	Provincial	21,807	22,429	21,597	32,316	24,109	20,814	22,613	22,797
	% Fed.	58.51	61.05	56.05	43.28	50.87	66.18	59.88	71.35
Que.	Federal	253,399	342,078	265,036	392,172	448,436	346,784	326,538	597,535
	Provincial	578,433	521,691	539,308	527,309	732,815	591,705	670,114	697,599
	% Fed.	30.46	39.60	32.95	42.65	37.96	36.95	32.76	46.14
Ont.	Federal	355,724	362,347	355,969	421,156	457,696	581,353	581,962	1,025,100
	Provincial	484,897	469,912	324,654	363,029	451,528	372,421	424,849	455,240
	% Fed.	42.32	43.54	52.30	53.71	50.34	60.95	57.80	69.25
Man.	Federal	343,737	217,740	232,345	351,272	431,952	320,400	385,478	621,918
	Provincial	131,922	137,029	141,458	222,186	204,801	165,555	161,386	187,928
	% Fed.	72.27	61.38	62.16	61.26	67.84	65.93	70.49	76.79
Sask.	Federal	1,060,767	655,277	453,814	860,051	935,063	881,161	830,585	1,323,977
	Provincial	343,546	305,569	463,101	450,605	334,387	501,300	413,485	490,750
	% Fed.	75.54	68.20	49.49	65.62	73.66	63.74	66.76	72.96
Alta.	Federal	597,733	424,298	395,292	479,936	508,864	675,079	739,972	1,528,431
	Provincial	479,271	430,721	440,445	702,307	646,228	895,355	873,631	1,207,898
	% Fed.	55.50	49.62	47.30	40.60	44.05	42.99	45.86	55.71
B.C.	Federal	82,897	81,773	87,053	91,485	95,515	126,092	100,203	242,585
	Provincial	65,384	60,249	69,219	63,694	78,703	73,007	75,983	83,580
	% Fed.	55.91	57.58	55.71	58.95	54.82	63.33	56.87	74.38
Others	Federal	307,033	255,607	288,243	142,319	284,334	270,146	320,697	588,981
	Provincial	-	-	-	-	-	-	-	-
	% Fed.	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Canada	Federal	3,100,811	2,448,411	2,162,305	2,823,315	3,246,914	3,324,582	3,408,379	6,097,005
	Provincial	2,178,646	2,017,329	2,067,332	2,430,066	2,558,987	2,703,913	2,722,873	3,233,426
	% Fed.	58.73	54.83	51.12	53.74	55.92	55.15	55.59	65.30

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

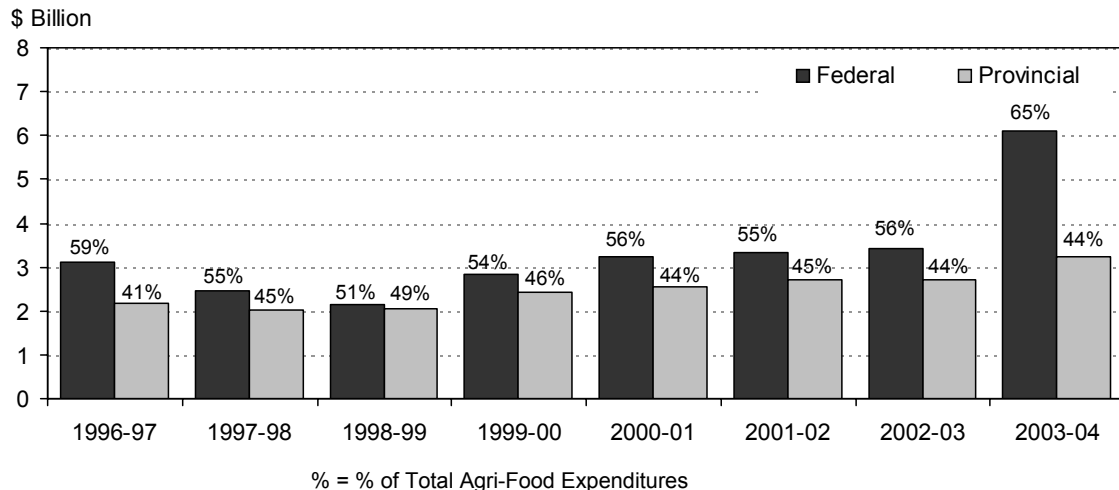
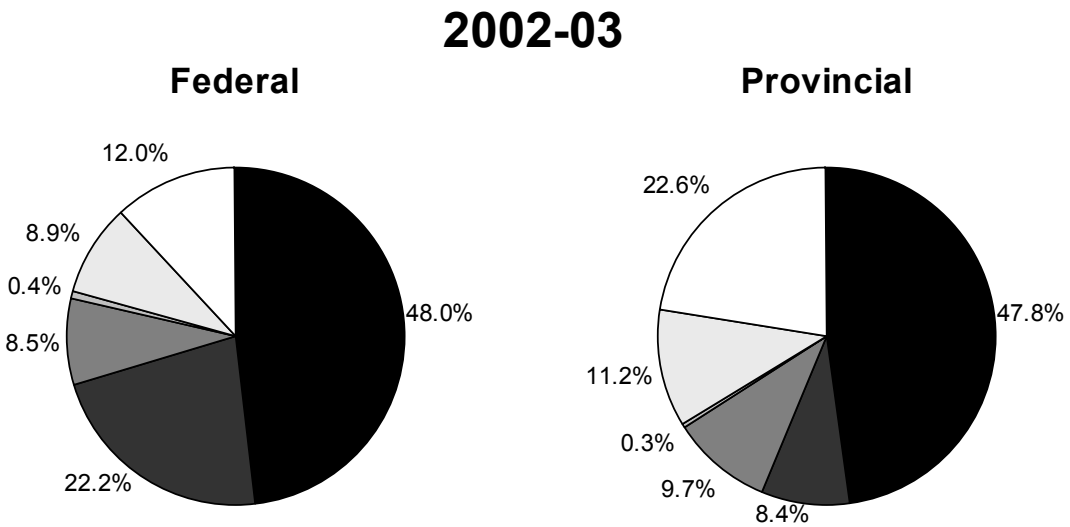
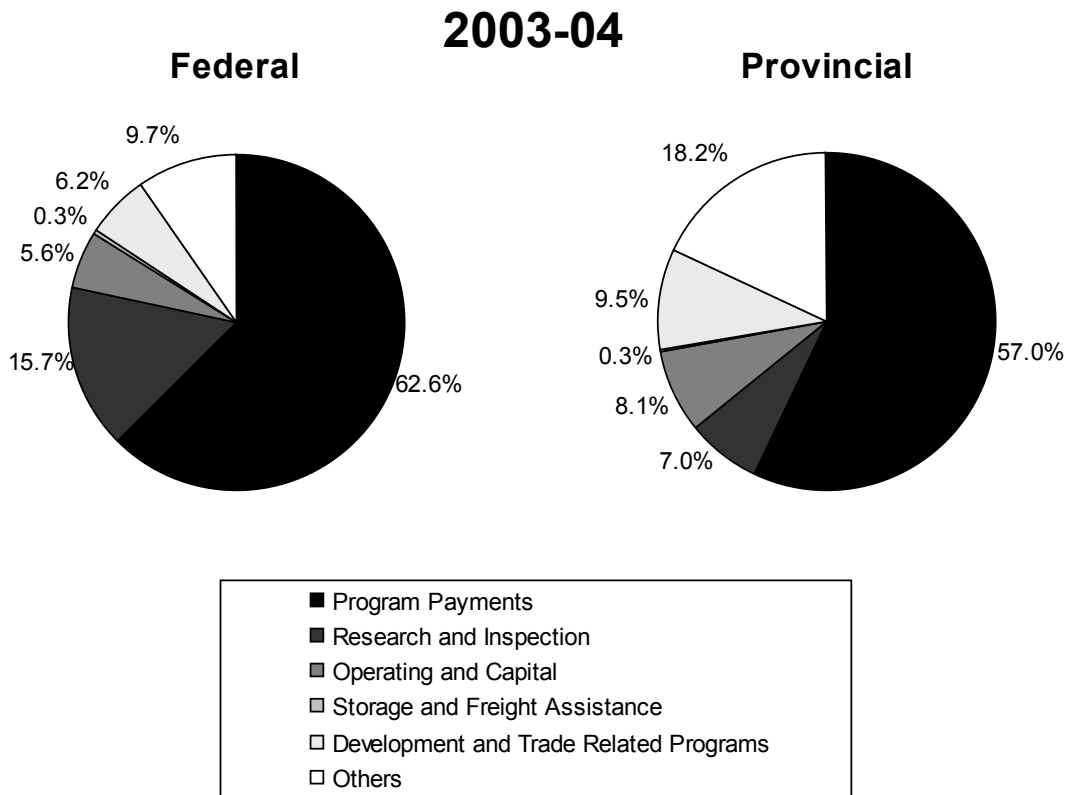
Figure C.1: Federal and Provincial Government Expenditures for the Agri-Food Sector, Canada, 1996-97 to 2003-04

Figure C.2: Federal and Provincial Government Expenditures by Major Category



Program payments include income support and stabilization, ad hoc and cost reduction, crop insurance and financing assistance programs.

Research and inspection include administration (e.g. salaries) and capital expenditures, and grants and contributions.

Operating and capital include general administration and management, policy, information and statistical services.

Storage and freight assistance include program payments for storage and freight.

Development and trade related programs include administration and capital expenditures, and grants and contributions for regional development, marketing and trade and environment.

Others include food aid and international assistance, extension, education, social program payments and tax expenditures.

Table C.2: Government Expenditures in Support of the Agri-Food Sector, by Category, Canada and Provinces, 2000-01 to 2003-04

	PROVINCIAL				FEDERAL			
	2000-01	2001-02	2002-03	2003-04 Estimates	2000-01	2001-02	2002-03	2003-04 Estimates
	(\$000)							
CANADA								
A. Operating Expenditures	557,573	546,574	601,924	633,476	971,458	1,019,038	1,138,804	1,260,579
B. Capital Expenditures	20,705	89,958	131,313	61,133	49,631	61,538	50,613	60,599
C. Program Expenditures	1,659,211	1,766,058	1,754,306	2,299,710	2,270,633	2,378,167	2,491,419	4,808,727
c.1 Income Support & Stabilization	785,637	979,573	1,026,175	857,426	1,429,276	1,489,419	1,504,210	3,159,097
c.2 Ad hoc and Cost Reduction	132,231	29,223	24,159	734,871	14,887	4,882	6,915	363,631
c.3 Crop Insurance	203,260	240,537	252,609	284,440	182,545	195,196	213,406	189,769
c.4 Financing Assistance	101,229	57,334	69,928	60,084	46,060	51,600	42,655	126,732
c.5 Storage and Freight	176	8,018	7,784	8,515	19,604	16,605	16,045	17,495
c.6 Social and Labour	30,016	41,547	14,928	12,274	3,255	4,371	5,364	3,667
c.7 Research	90,317	92,962	79,313	78,288	6,283	8,376	16,490	9,669
c.8 Food Inspection	21,253	27,327	54,770	44,585	16,781	30,258	10,273	68,384
c.9 Food Aid	-	-	-	-	283,406	268,782	318,178	586,640
c.10 Marketing and Trade	16,075	30,858	22,287	39,965	196,789	198,374	119,366	105,973
c.11 Rural and Regional Devt.	94,417	93,949	58,444	53,013	58,075	87,919	100,562	89,505
c.12 Environment	76,471	42,051	22,017	47,853	6,323	15,603	19,588	84,354
c.13 Education	96,198	106,677	98,659	50,705	1,023	284	113,000	788
c.14 Extension	11,930	16,002	23,233	20,593	6,325	6,499	5,367	3,020
D. Tax Expenditures	426,303	413,930	385,136	408,864	-	-	-	-
Sub-Total Gross Expenditures	2,663,791	2,816,521	2,872,679	3,403,183	3,291,722	3,458,743	3,680,835	6,129,905
Recoveries	(104,804)	(112,608)	(149,807)	(162,657)	(44,808)	(134,160)	(272,456)	(32,900)
Total Net Expenditures	2,558,987	2,703,913	2,722,873	3,233,426	3,246,914	3,324,582	3,408,379	6,097,005
NEWFOUNDLAND								
A. Operating Expenditures	7,474	7,238	6,302	6,481	2,158	2,336	2,656	3,052
B. Capital Expenditures	616	623	506	576	178	137	123	153
C. Program Expenditures	2,597	1,981	3,724	6,005	2,339	5,554	9,661	6,955
c.1 Income Support & Stabilization	302	243	438	139	1,542	1,628	747	1,411
c.2 Ad hoc and Cost Reduction	138	189	50	143	1	0	1	167
c.3 Crop Insurance	200	194	62	51	62	67	137	28
c.4 Financing Assistance	1,000	315	2,155	4,500	9	-	131	0
c.5 Storage and Freight	-	-	-	-	195	-	-	-
c.6 Social and Labour	-	-	-	36	2	735	2,827	88
c.7 Research	-	-	-	8	5	6	7	23
c.8 Food Inspection	-	-	-	24	2	4	9	140
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	257	254	205	204	96	16	34	56
c.11 Rural and Regional Devt.	-	-	-	-	401	2,778	5,743	4,837
c.12 Environment	-	-	-	70	0	251	6	196
c.13 Education	464	516	543	508	-	-	-	1
c.14 Extension	235	270	270	322	25	69	20	7
D. Tax Expenditures	-	-	-	-	-	-	-	-
Sub-Total Gross Expenditures	10,686	9,841	10,532	13,061	4,676	8,028	12,440	10,159
Recoveries	(440)	(491)	-	(551)	(114)	(335)	(662)	(83)
Total Net Expenditures	10,247	9,351	10,532	12,510	4,561	7,693	11,779	10,076

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

Table C.2: Government Expenditures in Support of the Agri-Food Sector, by Category, Canada and Provinces, 2000-01 to 2003-04 (cont'd)

	PROVINCIAL				FEDERAL			
	2000-01	2001-02	2002-03	2003-04 Estimates	2000-01	2001-02	2002-03	2003-04 Estimates
	(\$000)							
PRINCE EDWARD ISLAND								
A. Operating Expenditures	10,995	10,461	10,321	13,089	9,414	9,413	10,645	12,121
B. Capital Expenditures	-	-	35	1,500	596	552	490	608
C. Program Expenditures	26,508	19,714	17,480	19,969	23,961	30,920	37,466	40,863
c.1 Income Support & Stabilization	8,296	10,943	5,803	5,200	5,868	27,694	12,459	30,601
c.2 Ad hoc and Cost Reduction	10,060	60	1,087	2,953	14,603	1	2	2,756
c.3 Crop Insurance	932	1,001	1,668	1,286	1,448	735	1,677	629
c.4 Financing Assistance	26	22	1,051	150	411	514	534	1,421
c.5 Storage and Freight	13	13	9	-	27	-	-	-
c.6 Social and Labour	226	236	-	-	10	9	10	6
c.7 Research	2,353	2,249	2,271	2,119	245	20	24	167
c.8 Food Inspection	303	586	153	-	7	110	46	720
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	591	982	388	3,153	165	109	181	223
c.11 Rural and Regional Devt.	155	154	141	85	1,106	1,428	4,387	3,503
c.12 Environment	459	181	1,512	1,809	13	192	35	802
c.13 Education	2,838	3,062	3,207	3,036	-	-	18,030	4
c.14 Extension	256	226	189	178	58	108	81	30
D. Tax Expenditures	1,968	1,968	1,968	1,968	-	-	-	-
Sub-Total Gross Expenditures	39,471	32,144	29,804	36,527	33,971	40,886	48,600	53,592
Recoveries	(3,075)	(2,586)	-	(3,925)	(491)	(1,348)	(2,636)	(330)
Total Net Expenditures	36,396	29,558	29,804	32,602	33,480	39,538	45,964	53,262
NOVA SCOTIA								
A. Operating Expenditures	9,064	9,988	10,560	9,099	11,266	12,142	13,741	15,278
B. Capital Expenditures	-	531	521	543	691	715	637	768
C. Program Expenditures	28,810	32,872	27,884	31,369	10,682	24,500	20,500	32,724
c.1 Income Support & Stabilization	9,711	8,037	7,126	8,629	5,340	14,693	12,254	22,925
c.2 Ad hoc and Cost Reduction	200	-	13	414	4	2	22	1,441
c.3 Crop Insurance	490	475	186	216	168	176	210	149
c.4 Financing Assistance	6,496	8,084	617	401	165	238	326	645
c.5 Storage and Freight	70	348	50	97	631	165	-	-
c.6 Social and Labour	184	683	-	-	187	1,327	13	504
c.7 Research	130	118	1,000	1,000	287	1,611	1,572	114
c.8 Food Inspection	1,203	2,260	1,849	3,207	8	64	45	704
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	1,407	2,874	1,910	2,121	1,528	567	615	281
c.11 Rural and Regional Devt.	-	-	-	-	2,149	5,234	5,140	4,818
c.12 Environment	-	-	3,347	2,853	148	321	113	1,100
c.13 Education	8,816	9,739	9,459	10,169	-	-	-	5
c.14 Extension	104	253	2,327	2,262	67	102	190	37
D. Tax Expenditures	1,900	1,456	1,511	1,511	-	-	-	-
Sub-Total Gross Expenditures	39,774	44,846	40,476	42,522	22,639	37,357	34,878	48,770
Recoveries	-	-	-	-	(590)	(1,744)	(3,426)	(417)
Total Net Expenditures	39,774	44,846	40,476	42,522	22,049	35,613	31,452	48,353

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

Table C.2: Government Expenditures in Support of the Agri-Food Sector, by Category, Canada and Provinces, 2000-01 to 2003-04 (cont'd)

	PROVINCIAL				FEDERAL			
	2000-01	2001-02	2002-03	2003-04 Estimates	2000-01	2001-02	2002-03	2003-04 Estimates
	(\$000)							
NEW BRUNSWICK								
A. Operating Expenditures	15,927	10,399	11,496	11,985	11,114	11,922	13,629	15,572
B. Capital Expenditures	1,143	1,101	638	309	698	689	628	773
C. Program Expenditures	7,142	10,004	9,366	8,917	13,710	29,794	22,875	40,862
c.1 Income Support & Stabilization	1,570	2,559	2,314	3,580	4,442	7,611	12,304	24,572
c.2 Ad hoc and Cost Reduction	-	-	111	731	4	2	3	1,686
c.3 Crop Insurance	1,763	1,655	748	547	1,279	1,170	755	1,048
c.4 Financing Assistance	4	-	-	-	737	622	383	1,578
c.5 Storage and Freight	-	-	-	330	-	-	-	-
c.6 Social and Labour	639	231	112	668	187	248	208	209
c.7 Research	-	-	1,973	376	21	27	32	115
c.8 Food Inspection	73	3,332	226	238	3,758	25	73	710
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	183	84	-	-	187	207	197	283
c.11 Rural and Regional Devt.	1,771	363	98	209	3,030	19,538	8,743	9,624
c.12 Environment	35	106	1,155	398	2	270	38	994
c.13 Education	923	1,359	2,175	1,060	-	-	-	4
c.14 Extension	181	317	454	780	64	74	140	37
D. Tax Expenditures	2,019	1,714	1,564	1,597	-	-	-	-
Sub-Total Gross Expenditures	26,231	23,218	23,064	22,808	25,522	42,405	37,132	57,207
Recoveries	(2,122)	(2,404)	(450)	(11)	(558)	(1,681)	(3,382)	(420)
Total Net Expenditures	24,109	20,814	22,613	22,797	24,964	40,724	33,750	56,787
QUEBEC								
A. Operating Expenditures	166,934	168,212	185,869	199,974	143,985	153,708	177,752	199,870
B. Capital Expenditures	3,463	7,996	19,416	1,258	6,743	8,726	7,978	9,793
C. Program Expenditures	472,784	326,952	379,761	401,583	304,708	205,642	183,754	393,189
c.1 Income Support & Stabilization	271,454	164,613	219,121	221,772	271,228	169,706	115,146	281,319
c.2 Ad hoc and Cost Reduction	15,933	16,738	60	46,211	45	20	35	46,294
c.3 Crop Insurance	17,464	19,479	21,253	9,086	10,491	11,680	11,847	12,197
c.4 Financing Assistance	42,492	17,488	25,290	27,528	5,675	5,251	4,559	13,879
c.5 Storage and Freight	-	-	-	-	5	22	-	-
c.6 Social and Labour	2,558	1,031	841	510	782	689	675	656
c.7 Research	11,329	22,912	16,114	16,255	281	505	451	1,510
c.8 Food Inspection	4,454	4,454	34,793	19,763	2,253	2,843	2,000	10,313
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	5,226	10,819	13,505	11,827	3,872	3,850	3,030	3,604
c.11 Rural and Regional Devt.	2,909	7,823	5,348	4,000	9,042	8,552	8,459	10,260
c.12 Environment	71,032	30,493	8,941	14,449	398	1,471	1,293	12,606
c.13 Education	20,781	21,184	20,239	18,227	-	-	35,460	63
c.14 Extension	7,150	9,918	14,257	11,955	636	1,054	799	486
D. Tax Expenditures	89,634	88,546	85,069	94,783	-	-	-	-
Sub-Total Gross Expenditures	732,815	591,705	670,114	697,599	455,436	368,075	369,483	602,852
Recoveries	-	-	-	-	(7,000)	(21,291)	(42,945)	(5,317)
Total Net Expenditures	732,815	591,705	670,114	697,599	448,436	346,784	326,538	597,535

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

Table C.2: Government Expenditures in Support of the Agri-Food Sector, by Category, Canada and Provinces, 2000-01 to 2003-04 (cont'd)

	PROVINCIAL				FEDERAL			
	2000-01	2001-02	2002-03	2003-04 Estimates	2000-01	2001-02	2002-03	2003-04 Estimates
(\$000)								
ONTARIO								
A. Operating Expenditures	101,068	103,622	118,088	113,636	210,078	228,176	266,332	303,228
B. Capital Expenditures	-	44,600	43,402	194	14,028	13,316	12,230	14,977
C. Program Expenditures	333,226	204,387	285,607	333,324	244,474	372,352	369,235	715,026
c.1 Income Support & Stabilization	105,589	79,343	169,901	142,706	202,260	322,813	263,096	552,516
c.2 Ad hoc and Cost Reduction	91,000	-	774	68,196	70	4,787	6,675	69,347
c.3 Crop Insurance	22,451	23,095	25,983	24,980	14,442	19,154	27,056	22,177
c.4 Financing Assistance	6,882	4,950	3,694	2,724	6,774	6,019	4,385	15,158
c.5 Storage and Freight	-	-	-	-	-	-	-	-
c.6 Social and Labour	18,421	25,723	8,335	1,247	1,086	362	832	517
c.7 Research	43,387	36,220	38,690	38,620	405	2,539	8,759	2,538
c.8 Food Inspection	9,386	10,374	10,885	18,808	874	1,926	3,459	17,805
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	1,869	1,909	1,829	10,640	3,532	2,774	3,444	5,516
c.11 Rural and Regional Devt.	25,921	11,134	17,071	8,173	13,122	8,156	11,634	8,620
c.12 Environment	5	125	125	8,913	154	2,427	1,467	19,603
c.13 Education	8,200	11,400	8,200	8,200	510	224	37,270	492
c.14 Extension	115	115	120	115	1,245	1,171	1,157	735
D. Tax Expenditures	22,553	23,578	23,380	23,275	-	-	-	-
Sub-Total Gross Expenditures	456,848	376,187	470,477	470,428	468,579	613,843	647,797	1,033,231
Recoveries	(5,319)	(3,766)	(45,628)	(15,188)	(10,884)	(32,490)	(65,835)	(8,131)
Total Net Expenditures	451,528	372,421	424,849	455,240	457,696	581,353	581,962	1,025,100
MANITOBA								
A. Operating Expenditures	36,248	36,391	39,706	39,904	125,497	100,463	118,305	138,902
B. Capital Expenditures	1,245	1,165	1,085	849	4,447	6,307	5,201	6,526
C. Program Expenditures	135,425	90,358	87,453	111,465	306,345	226,694	289,972	480,032
c.1 Income Support & Stabilization	87,284	44,912	43,853	53,993	201,975	142,516	202,643	324,816
c.2 Ad hoc and Cost Reduction	1,649	929	1,170	10,042	28	12	23	20,204
c.3 Crop Insurance	29,118	26,876	27,978	31,694	34,088	29,414	35,907	43,587
c.4 Financing Assistance	480	1,098	1,353	1,266	27,822	10,340	8,225	43,225
c.5 Storage and Freight	-	60	-	-	3,094	2,893	2,833	3,648
c.6 Social and Labour	406	393	399	364	91	88	105	61
c.7 Research	1,326	1,101	1,101	1,101	158	211	880	976
c.8 Food Inspection	1,507	1,819	1,978	2,347	322	547	717	6,297
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	1,113	535	700	1,000	31,195	33,031	18,975	19,468
c.11 Rural and Regional Devt.	1,755	1,719	1,165	1,135	5,426	5,024	13,520	7,447
c.12 Environment	1,463	1,213	674	1,075	1,304	1,993	5,639	9,946
c.13 Education	9,284	9,650	7,040	7,405	-	-	-	40
c.14 Extension	43	53	43	43	842	626	505	318
D. Tax Expenditures	34,515	40,439	36,678	38,268	-	-	-	-
Sub-Total Gross Expenditures	207,432	168,353	164,922	190,486	436,289	333,464	413,478	625,461
Recoveries	(2,632)	(2,798)	(3,537)	(2,558)	(4,337)	(13,064)	(28,000)	(3,543)
Total Net Expenditures	204,801	165,555	161,386	187,928	431,952	320,400	385,478	621,918

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

Table C.2: Government Expenditures in Support of the Agri-Food Sector, by Category, Canada and Provinces, 2000-01 to 2003-04 (cont'd)

	PROVINCIAL				FEDERAL			
	2000-01	2001-02	2002-03	2003-04 Estimates	2000-01	2001-02	2002-03	2003-04 Estimates
(\$000)								
SASKATCHEWAN								
A. Operating Expenditures	29,654	34,063	45,555	45,730	197,035	210,134	203,490	215,252
B. Capital Expenditures	1,506	1,049	1,590	652	9,524	13,951	8,428	9,622
C. Program Expenditures	193,477	366,803	287,606	363,745	736,417	679,885	664,037	1,104,326
c.1 Income Support & Stabilization	46,658	197,476	106,298	168,776	519,783	424,990	462,941	868,208
c.2 Ad hoc and Cost Reduction	3,200	-	-	27,200	51	21	50	35,825
c.3 Crop Insurance	78,799	91,878	98,462	90,000	79,137	79,055	64,445	57,023
c.4 Financing Assistance	17,056	11,741	23,887	13,261	1,037	18,534	16,492	32,791
c.5 Storage and Freight	93	7,597	7,725	8,089	9,626	8,655	8,556	9,102
c.6 Social and Labour	180	71	64	4,449	227	162	170	1,089
c.7 Research	16,900	20,483	15,944	16,277	3,863	2,411	2,249	1,533
c.8 Food Inspection	4,326	4,503	4,466	127	7,750	17,565	1,552	9,964
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	1,734	1,493	140	1,952	95,325	97,218	54,895	47,956
c.11 Rural and Regional Devt.	20,405	20,722	23,156	27,280	15,072	25,295	24,739	25,624
c.12 Environment	3,478	9,933	6,206	4,555	2,422	5,051	4,920	14,641
c.13 Education	370	15	85	1,017	514	60	22,240	68
c.14 Extension	277	893	1,173	762	1,611	868	788	502
D. Tax Expenditures	150,600	145,433	125,178	125,070	-	-	-	-
Sub-Total Gross Expenditures	375,237	547,349	459,929	535,198	942,975	903,970	875,955	1,329,201
Recoveries	(40,850)	(46,049)	(46,444)	(44,448)	(7,913)	(22,809)	(45,370)	(5,224)
Total Net Expenditures	334,387	501,300	413,485	490,750	935,063	881,161	830,585	1,323,977
ALBERTA								
A. Operating Expenditures	133,329	136,157	145,862	161,306	203,275	226,764	260,115	273,324
B. Capital Expenditures	9,317	29,885	62,577	54,480	9,809	13,172	11,530	13,154
C. Program Expenditures	437,868	679,815	616,145	979,734	305,782	465,650	530,395	1,249,095
c.1 Income Support & Stabilization	245,945	464,647	458,013	229,057	189,463	330,166	396,336	927,952
c.2 Ad hoc and Cost Reduction	3,537	5,469	3,577	572,449	64	28	89	176,703
c.3 Crop Insurance	52,043	75,255	69,715	114,678	36,632	42,721	63,476	49,745
c.4 Financing Assistance	26,793	13,636	11,880	10,253	3,027	9,654	6,673	16,586
c.5 Storage and Freight	-	-	-	-	5,926	4,773	4,544	4,596
c.6 Social and Labour	7,100	12,129	4,924	5,000	383	499	349	317
c.7 Research	14,892	9,088	1,658	1,810	536	842	788	2,026
c.8 Food Inspection	-	-	-	-	1,668	6,853	1,931	15,364
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	667	677	2,985	8,613	59,053	58,883	35,219	26,345
c.11 Rural and Regional Devt.	38,801	47,911	11,465	12,130	5,959	6,856	14,353	10,263
c.12 Environment	-	-	-	13,731	1,577	2,355	5,273	18,448
c.13 Education	44,521	47,286	47,710	1,083	-	-	-	86
c.14 Extension	3,569	3,717	4,218	3,830	1,494	2,021	1,362	664
D. Tax Expenditures	116,080	104,012	102,795	115,454	-	-	-	-
Sub-Total Gross Expenditures	696,594	949,869	927,379	1,310,974	518,866	705,586	802,039	1,535,573
Recoveries	(50,366)	(54,514)	(53,748)	(95,976)	(10,002)	(30,507)	(62,068)	(7,142)
Total Net Expenditures	646,228	895,355	873,631	1,207,898	508,864	675,079	739,972	1,528,431

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

Table C.2: Government Expenditures in Support of the Agri-Food Sector, by Category, Canada and Provinces, 2000-01 to 2003-04 (cont'd)

	PROVINCIAL				FEDERAL			
	2000-01	2001-02	2002-03	2003-04 Estimates	2000-01	2001-02	2002-03	2003-04 Estimates
(\$000)								
BRITISH COLUMBIA								
A. Operating Expenditures	46,880	30,044	28,166	32,272	57,635	63,980	72,139	83,977
B. Capital Expenditures	3,415	3,008	1,543	772	2,918	3,974	3,368	4,225
C. Program Expenditures	21,374	33,172	39,280	43,598	37,881	67,029	42,826	156,677
c.1 Income Support & Stabilization	8,828	6,800	13,308	23,575	27,375	47,490	25,990	124,137
c.2 Ad hoc and Cost Reduction	6,514	5,838	17,317	6,531	19	8	15	9,208
c.3 Crop Insurance	-	630	6,554	11,901	4,798	11,025	7,897	3,186
c.4 Financing Assistance	-	-	-	-	404	428	946	1,448
c.5 Storage and Freight	-	-	-	-	100	95	111	149
c.6 Social and Labour	303	1,051	253	0	300	253	68	183
c.7 Research	-	791	562	721	109	144	1,389	667
c.8 Food Inspection	-	-	420	72	40	321	442	6,366
c.9 Food Aid	-	-	-	-	-	-	-	-
c.10 Marketing and Trade	3,030	11,231	626	454	1,835	1,718	2,776	2,242
c.11 Rural and Regional Devt.	2,700	4,124	-	-	2,313	4,036	2,529	3,315
c.12 Environment	-	-	58	-	306	1,105	341	5,549
c.13 Education	-	2,466	-	-	-	-	-	25
c.14 Extension	-	240	181	345	283	406	324	202
D. Tax Expenditures	7,033	6,784	6,994	6,937	-	-	-	-
Sub-Total Gross Expenditures	78,703	73,007	75,983	83,580	98,434	134,984	118,334	244,879
Recoveries	-	-	-	-	(2,920)	(8,892)	(18,131)	(2,294)
Total Net Expenditures	78,703	73,007	75,983	83,580	95,515	126,092	100,203	242,585

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

Table C.3: Research and Inspection in Support of the Agri-Food Sector, Canada and Provinces, 2000-01 to 2003-04

	PROVINCIAL				FEDERAL			
	2000-01	2001-02	2002-03	2003-04 Estimates	2000-01	2001-02	2002-03	2003-04 Estimates
	(\$000)							
CANADA								
Research Expenditures								
- Operating	35,844	39,095	44,754	43,158	259,215	266,424	258,650	317,884
- Capital	3,113	1,638	1,949	3,459	34,444	39,632	32,524	29,968
- Program	90,317	92,962	79,313	78,288	6,283	8,376	16,490	9,669
Total Research	129,274	133,695	126,016	124,905	299,942	314,433	307,664	357,521
Inspection Expenditures								
- Operating	52,961	56,020	57,906	66,373	396,949	422,582	493,332	512,903
- Capital	2,573	2,885	2,264	302	9,617	8,278	6,254	21,906
- Program	21,253	27,327	54,770	44,585	16,781	30,258	10,273	68,384
Total Inspection	76,787	86,231	114,939	111,260	423,347	461,118	509,859	603,194
NEWFOUNDLAND								
Research Expenditures								
- Operating	-	-	-	-	662	664	628	801
- Capital	-	-	22	6	87	99	79	76
- Program	-	-	-	8	5	6	7	23
Total Research	-	-	22	14	754	769	714	899
Inspection Expenditures								
- Operating	1,204	1,282	932	949	968	1,001	1,125	1,190
- Capital	-	84	44	2	85	21	15	55
- Program	-	-	-	24	2	4	9	140
Total Inspection	1,204	1,367	976	975	1,054	1,026	1,149	1,385
PRINCE EDWARD ISLAND								
Research Expenditures								
- Operating	429	479	386	424	2,838	2,677	2,503	3,190
- Capital	-	-	-	1,500	373	398	315	301
- Program	2,353	2,249	2,271	2,119	245	20	24	167
Total Research	2,782	2,727	2,657	4,043	3,456	3,095	2,842	3,658
Inspection Expenditures								
- Operating	3,857	3,877	3,391	3,076	4,150	4,059	4,522	4,794
- Capital	-	-	-	-	193	83	61	220
- Program	303	586	153	-	7	110	46	720
Total Inspection	4,160	4,463	3,545	3,076	4,350	4,252	4,628	5,734

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

Table C.3: Research and Inspection in Support of the Agri-Food Sector, Canada and Provinces, 2000-01 to 2003-04 (cont'd)

	PROVINCIAL				FEDERAL			
	2000-01	2001-02	2002-03	2003-04 Estimates	2000-01	2001-02	2002-03	2003-04 Estimates
	(\$000)							
NOVA SCOTIA								
Research Expenditures								
- Operating	-	-	-	-	3,414	3,463	3,253	4,028
- Capital	-	-	-	-	449	514	409	380
- Program	130	118	1,000	1,000	287	1,611	1,572	114
Total Research	130	118	1,000	1,000	4,150	5,588	5,233	4,522
Inspection Expenditures								
- Operating	2,168	1,688	1,163	1,211	4,993	5,224	5,839	6,012
- Capital	-	-	-	-	207	108	79	278
- Program	1,203	2,260	1,849	3,207	8	64	45	704
Total Inspection	3,370	3,947	3,011	4,418	5,207	5,396	5,963	6,994
NEW BRUNSWICK								
Research Expenditures								
- Operating	-	-	638	684	3,228	3,338	3,211	4,055
- Capital	-	-	-	-	424	496	404	382
- Program	-	-	1,973	376	21	27	32	115
Total Research	-	-	2,611	1,060	3,672	3,860	3,647	4,552
Inspection Expenditures								
- Operating	-	-	2,235	2,337	4,719	5,042	5,770	6,053
- Capital	-	89	83	-	240	104	78	279
- Program	73	3,332	226	238	3,758	25	73	710
Total Inspection	73	3,421	2,544	2,575	8,717	5,171	5,920	7,042
QUEBEC								
Research Expenditures								
- Operating	9,173	90	6,835	6,733	40,494	42,282	40,769	51,369
- Capital	50	-	321	-	5,320	6,281	5,127	4,843
- Program	11,329	22,912	16,114	16,255	281	505	451	1,510
Total Research	20,551	23,002	23,270	22,988	46,095	49,067	46,346	57,723
Inspection Expenditures								
- Operating	23,493	25,111	26,992	28,132	60,129	64,802	74,647	78,765
- Capital	1,893	2,195	1,827	-	998	1,314	986	3,540
- Program	4,454	4,454	34,793	19,763	2,253	2,843	2,000	10,313
Total Inspection	29,840	31,760	63,612	47,895	63,380	68,958	77,632	92,618

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

Table C.3: Research and Inspection in Support of the Agri-Food Sector, Canada and Provinces, 2000-01 to 2003-04 (cont'd)

	PROVINCIAL				FEDERAL			
	2000-01	2001-02	2002-03	2003-04 Estimates	2000-01	2001-02	2002-03	2003-04 Estimates
	(\$000)							
ONTARIO								
Research Expenditures								
- Operating	11,183	-	-	-	62,962	64,522	62,499	78,566
- Capital	-	-	-	194	8,271	9,584	7,859	7,407
- Program	43,387	36,220	38,690	38,620	405	2,539	8,759	2,538
Total Research	54,570	36,220	38,690	38,814	71,638	76,645	79,117	88,512
Inspection Expenditures								
- Operating	-	-	-	-	93,578	100,355	116,454	123,301
- Capital	-	-	-	-	5,097	2,005	1,511	5,414
- Program	9,386	10,374	10,885	18,808	874	1,926	3,459	17,805
Total Inspection	9,386	10,374	10,885	18,808	99,549	104,286	121,424	146,520
MANITOBA								
Research Expenditures								
- Operating	-	-	-	-	25,090	25,943	26,581	34,231
- Capital	-	-	-	-	3,296	3,854	3,342	3,227
- Program	1,326	1,101	1,101	1,101	158	211	880	976
Total Research	1,326	1,101	1,101	1,101	28,544	30,008	30,804	38,434
Inspection Expenditures								
- Operating	5,543	5,711	3,001	3,117	49,561	42,207	52,545	58,238
- Capital	300	300	300	300	491	806	643	2,359
- Program	1,507	1,819	1,978	2,347	322	547	717	6,297
Total Inspection	7,350	7,830	5,279	5,764	50,374	43,560	53,904	66,894
SASKATCHEWAN								
Research Expenditures								
- Operating	801	839	892	1,282	45,775	45,295	43,071	50,476
- Capital	28	32	5	22	6,405	6,785	5,416	4,759
- Program	16,900	20,483	15,944	16,277	3,863	2,411	2,249	1,533
Total Research	17,729	21,353	16,841	17,581	56,043	54,492	50,736	56,768
Inspection Expenditures								
- Operating	1,356	1,517	1,583	3,107	67,376	76,702	88,963	90,125
- Capital	47	(42)	9	-	731	1,407	1,041	3,478
- Program	4,326	4,503	4,466	127	7,750	17,565	1,552	9,964
Total Inspection	5,729	5,977	6,058	3,234	75,857	95,675	91,556	103,568

Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

Table C.3: Research and Inspection in Support of the Agri-Food Sector, Canada and Provinces, 2000-01 to 2003-04 (cont'd)

	PROVINCIAL				FEDERAL			
	2000-01	2001-02	2002-03	2003-04 Estimates	2000-01	2001-02	2002-03	2003-04 Estimates
	(\$000)							
ALBERTA								
Research Expenditures								
- Operating	14,259	37,352	35,509	33,621	57,862	60,583	58,923	69,002
- Capital	3,035	1,215	1,408	1,446	7,601	8,999	7,409	6,505
- Program	14,892	9,088	1,658	1,810	536	842	788	2,026
Total Research	32,186	47,655	38,575	36,877	65,999	70,424	67,119	77,533
Inspection Expenditures								
- Operating	11,634	13,003	14,252	19,132	85,235	96,493	112,493	111,272
- Capital	333	259	-	-	1,121	1,882	1,425	4,755
- Program	-	-	-	-	1,668	6,853	1,931	15,364
Total Inspection	11,967	13,262	14,252	19,132	88,024	105,228	115,849	131,391
BRITISH COLUMBIA								
Research Expenditures								
- Operating	-	336	494	415	16,890	17,658	17,212	22,164
- Capital	-	391	193	292	2,219	2,623	2,164	2,089
- Program	-	791	562	721	109	144	1,389	667
Total Research	-	1,518	1,249	1,427	19,218	20,426	20,765	24,920
Inspection Expenditures								
- Operating	3,707	3,831	4,357	5,312	26,239	26,697	30,975	33,154
- Capital	-	-	-	-	455	549	416	1,527
- Program	-	-	420	72	40	321	442	6,366
Total Inspection	3,707	3,831	4,778	5,384	26,735	27,567	31,833	41,047

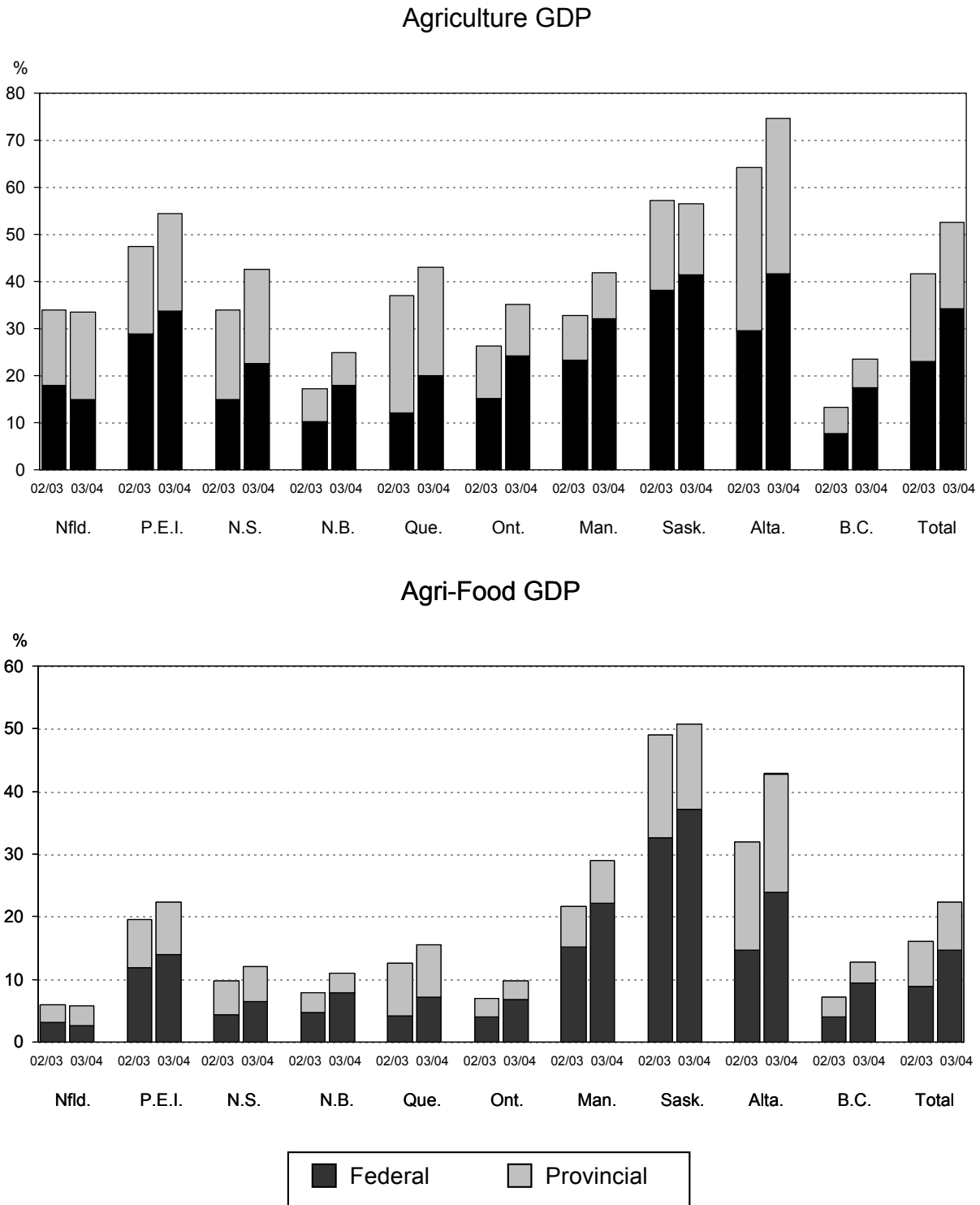
Source: Agriculture and Agri-Food Canada, Strategic Policy Branch.

Table C.4: Government Expenditures to the Agri-Food Sector as a Percentage of Agriculture and Agri-Food GDPs, Canada and Provinces, 2000-01 to 2003-04

	Agriculture				Agri-Food			
	2000-01	2001-02	2002-03	2003-04 Estimates	2000-01	2001-02	2002-03	2003-04 Estimates
NEWFOUNDLAND								
Provincial GDP (\$ million)	56.6	59.2	65.6	67.6	361.2	350.5	380.5	385.5
Federal (%)	8.1	13.0	17.9	14.9	1.3	2.2	3.1	2.6
Provincial (%)	18.1	15.8	16.0	18.5	2.8	2.7	2.8	3.2
PRINCE EDWARD ISLAND								
Provincial GDP (\$ million)	151.4	129.8	159.9	157.4	353.3	348.3	384.9	383.2
Federal (%)	22.1	30.5	28.8	33.8	9.5	11.4	11.9	13.9
Provincial (%)	24.0	22.8	18.6	20.7	10.3	8.5	7.7	8.5
NOVA SCOTIA								
Provincial GDP (\$ million)	228.9	198.6	212.0	213.6	730.9	710.7	736.6	750.0
Federal (%)	9.6	17.9	14.8	22.6	3.0	5.0	4.3	6.4
Provincial (%)	17.4	22.6	19.1	19.9	5.4	6.3	5.5	5.7
NEW BRUNSWICK								
Provincial GDP (\$ million)	314.2	320.5	328.7	319.6	689.3	706.9	723.4	723.6
Federal (%)	7.9	12.7	10.3	17.8	3.6	5.8	4.7	7.8
Provincial (%)	7.7	6.5	6.9	7.1	3.5	2.9	3.1	3.2
QUEBEC								
Provincial GDP (\$ million)	2,414.2	2,506.3	2,704.0	3,006.3	7,253.9	7,639.5	7,945.6	8,270.7
Federal (%)	18.6	13.8	12.1	19.9	6.2	4.5	4.1	7.2
Provincial (%)	30.4	23.6	24.8	23.2	10.1	7.7	8.4	8.4
ONTARIO								
Provincial GDP (\$ million)	3,753.7	3,512.7	3,828.9	4,210.2	13,840.8	14,102.3	14,717.2	15,164.3
Federal (%)	12.2	16.6	15.2	24.3	3.3	4.1	4.0	6.8
Provincial (%)	12.0	10.6	11.1	10.8	3.3	2.6	2.9	3.0
MANITOBA								
Provincial GDP (\$ million)	1,687.7	1,514.4	1,663.9	1,929.7	2,495.1	2,369.5	2,538.5	2,805.9
Federal (%)	25.6	21.2	23.2	32.2	17.3	13.5	15.2	22.2
Provincial (%)	12.1	10.9	9.7	9.7	8.2	7.0	6.4	6.7
SASKATCHEWAN								
Provincial GDP (\$ million)	3,045.8	2,284.8	2,175.7	3,209.5	3,373.1	2,625.1	2,543.6	3,573.1
Federal (%)	30.7	38.6	38.2	41.3	27.7	33.6	32.7	37.1
Provincial (%)	11.0	21.9	19.0	15.3	9.9	19.1	16.3	13.7
ALBERTA								
Provincial GDP (\$ million)	3,524.9	2,961.2	2,510.2	3,667.9	5,890.5	5,438.6	5,049.5	6,388.2
Federal (%)	14.4	22.8	29.5	41.7	8.6	12.4	14.7	23.9
Provincial (%)	18.3	30.2	34.8	32.9	11.0	16.5	17.3	19.0
BRITISH COLUMBIA								
Provincial GDP (\$ million)	1,308.1	1,264.3	1,323.7	1,385.7	2,445.6	2,411.9	2,487.5	2,559.5
Federal (%)	7.3	10.0	7.6	17.5	3.9	5.2	4.0	9.5
Provincial (%)	6.0	5.8	5.7	6.0	3.2	3.0	3.1	3.3
CANADA								
Federal GDP (\$ million)	16,139.3	14,481.4	14,729.6	17,782.6	38,258.8	37,565.6	38,419.0	41,802.8
Federal (%)	20.1	23.0	23.1	34.3	8.5	8.9	8.9	14.6
Provincial (%)	15.9	18.7	18.5	18.2	6.7	7.2	7.1	7.8

Sources: Agriculture and Agri-Food Canada, Strategic Policy Branch and Conference Board of Canada for GDP data.

Figure C.3: Government Expenditures to the Agri-Food Sector as a Percentage of Agriculture and Agri-Food GDPs



Sources: Agriculture and Agri-Food Canada, Strategic Policy Branch and Conference Board of Canada for GDP data.

Table C.5: Total GDP and Total Government Expenditures, Canada and Provinces, 2000-01 to 2003-04

	Total GDP				Total Expenditures			
	2000-01	2001-02	2002-03	2003-04 Estimates	2000-01	2001-02	2002-03	2003-04 Estimates
NEWFOUNDLAND								
Total Provincial (\$ million)	12,787	13,238	15,647	16,556	3,989	4,191	4,426	3,931
Agri-Food GDP as % of Total GDP	2.82	2.65	2.43	2.33				
Agri-Food Exp. as % of Total Exp.					0.26	0.22	0.24	0.32
PRINCE EDWARD ISLAND								
Total Provincial (\$ million)	3,090	3,217	3,386	3,497	996	1,041	1,061	1,106
Agri-Food GDP as % of Total GDP	11.43	10.83	11.37	10.96				
Agri-Food Exp. as % of Total Exp.					3.65	2.84	2.81	2.95
NOVA SCOTIA								
Total Provincial (\$ million)	23,116	23,761	25,149	26,153	4,174	4,405	4,417	4,799
Agri-Food GDP as % of Total GDP	3.16	2.99	2.93	2.87				
Agri-Food Exp. as % of Total Exp.					0.95	1.02	0.92	0.89
NEW BRUNSWICK								
Total Provincial (\$ million)	18,864	18,543	19,606	20,337	4,719	5,073	5,292	5,312
Agri-Food GDP as % of Total GDP	3.65	3.81	3.69	3.56				
Agri-Food Exp. as % of Total Exp.					0.51	0.41	0.43	0.43
QUEBEC								
Total Provincial (\$ million)	212,946	218,335	232,068	240,006	47,808	49,152	52,820	55,841
Agri-Food GDP as % of Total GDP	3.41	3.50	3.42	3.45				
Agri-Food Exp. as % of Total Exp.					1.53	1.20	1.27	1.25
ONTARIO								
Total Provincial (\$ million)	413,309	419,351	448,474	460,296	61,940	63,442	65,907	70,566
Agri-Food GDP as % of Total GDP	3.35	3.36	3.28	3.29				
Agri-Food Exp. as % of Total Exp.					0.73	0.59	0.64	0.65
MANITOBA								
Total Provincial (\$ million)	32,313	33,162	34,699	35,423	6,615	6,737	6,993	7,341
Agri-Food GDP as % of Total GDP	7.72	7.15	7.32	7.92				
Agri-Food Exp. as % of Total Exp.					3.10	2.46	2.31	2.56
SASKATCHEWAN								
Total Provincial (\$ million)	32,287	31,663	33,912	35,330	6,630	7,423	6,402	6,621
Agri-Food GDP as % of Total GDP	10.45	8.29	7.50	10.11				
Agri-Food Exp. as % of Total Exp.					5.04	6.75	6.46	7.41
ALBERTA								
Total Provincial (\$ million)	143,468	144,795	150,572	165,807	19,038	20,948	20,756	21,883
Agri-Food GDP as % of Total GDP	4.11	3.76	3.35	3.85				
Agri-Food Exp. as % of Total Exp.					3.39	4.27	4.21	5.52
BRITISH COLUMBIA								
Total Provincial (\$ million)	122,399	120,545	126,643	131,581	22,465	24,735	24,991	25,148
Agri-Food GDP as % of Total GDP	2.00	2.00	1.96	1.95				
Agri-Food Exp. as % of Total Exp.					0.35	0.30	0.30	0.33
TOTAL - PROVINCIAL								
Total Provincial (\$ million)	1,014,579	1,026,610	1,090,155	1,134,985	178,375	187,149	193,066	202,548
Agri-Food GDP as % of Total GDP	3.69	3.58	3.44	3.61				
Agri-Food Exp. as % of Total Exp.					1.43	1.44	1.41	1.60
CANADA - FEDERAL								
Total Federal (\$ million)	1,018,797	1,030,434	1,094,740	1,140,184	161,442	164,408	168,325	173,055
Agri-Food GDP as % of Total GDP	3.76	3.65	3.51	3.67				
Agri-Food Exp. as % of Total Exp.					2.01	2.02	2.02	3.52

Sources: Public Accounts / Main Estimates and Conference Board of Canada for GDP data.

Methodology for Government Expenditures

Definition of Government Expenditures in Support of the Agri-Food Sector

Government expenditures (GE) estimate how much governments spend on the agri-food sector (primary agriculture, agricultural input industries plus food and beverage processing, excluding expenses related to aquaculture and fish processing) in a given fiscal year. They consist of charges paid for purchased goods and rendered services and monies paid directly or indirectly to individuals, agencies or other entities in the agri-food sector as part of a transfer payment or existing program by the federal and provincial governments. They also take into account transfer of funds to Crown Corporations, between departments and to other levels of government. The various sources of information, supplemented by officers working in departments, are federal and provincial public accounts, estimates and/or expenditure plans, Statistics Canada and other internal reports that cover areas of agri-food programs both inside and outside provincial and federal agriculture ministries.

Accrual accounting: Since fiscal year 2001–02, federal and provincial governments have used full accrual accounting, which conforms with generally accepted accounting principles (GAAP), recognized worldwide as a universal set of standards to record and report financial transactions. It is also in accordance with the Canadian Institute of Chartered Accountants (CICA). For GEs, this change affects the capitalization of tangible assets. Capital expenditures will therefore reflect the amortization costs of tangible assets over their useful life.

Treatment of program deficits/surpluses: Program deficits, forgiveness of international food aid debts and/or debt reductions are shown as expenditures in the year in which they are recorded in the public accounts. Current program deficits or defaults not yet recognized by a transfer of funds from governments are excluded from the expenditure estimates. In cases where surpluses generated from government funded programs are returned to both levels of government upon the termination of a program, the refunds or recoveries for the program are accounted for in the year they are reported in official documents.

Treatment of Crown Corporations: Only transfers of funds by governments to Crown Corporations are included in the expenditure estimates. Crown Corporation expenditures, revenues and outstanding deficits/losses are excluded.

Expenditures outside Canada: Expenditures for food aid and support of international agricultural organizations are included only in the total federal expenditures and are identified as "outside Canada" expenditures. Therefore, the sum of federal expenditures by province does not add up to the total federal expenditure tables. These expenditures "outside Canada" include the purchase of Canadian agricultural commodities for distribution abroad and funds provided to international agricultural organizations.

Treatment of special program accounts: In the case of programs which are operated by a fund with contributions from governments and producers, only the governments' contribution to administration fees and to the funds are included. Producers' share of participation and payouts made to producers are excluded. Examples are Crop Insurance and the Net Income Stabilization Account (NISA).

Treatment of Loans and Advances: Loans and advances made to producers and organizations are not included as they are eventually recovered. However, interest subsidies and defaults on loans as reported in public accounts are included because they represent a cost to governments. The accrual accounting system also allows provisions for doubtful accounts and valuation allowances that are part of the GE estimates. Similarly, provisions for probable losses on loan guarantees issued by the government are established whenever collectibility is considered doubtful and these valuations are included in the GE estimates.

Government Recoveries: Government recoveries include revenues from user fees for services, from licenses and permits, leases and rentals, sales and royalties, land sales, transfers from one level of government to another, refunds of previous years' expenditures and previous years' recoveries, including government share of program surpluses, and from other miscellaneous forms of recoveries. These recoveries are deducted from the program expenditures or the total expenditures

to generate an estimate of net expenditures. Repayments of loans and advances and return on investments are not included in recoveries.

Treatment of Tax Expenditures: Provincial tax expenditures are limited to fuel tax rebates and exemptions and property tax rebates. Sales and income taxes are excluded from federal and provincial estimates.

Table C.1 and Figure C.1: Federal and Provincial Government Expenditures in Support of the Agri-Food Sector

The figures included in this table are government expenditures by various departments such as Agriculture and Agri-Food Canada, Health Canada, Transport Canada, Industry Canada and the Department of Finance.

Allocation of federal expenditures

- Federal expenditures by province are available for some programs only. Where allocation of such federal expenditures by province is required, the methods explained below are used.
- Program expenditures which are not available from estimates or expenditure plans are projected according to the previous three-year average program expenditures in each province.
- Operating and capital expenditures that were originally identified by province on the basis of administration centre or that were simply assigned to the National Capital Region and transfers to national organizations are allocated provincially as follows:
 - Operating and capital expenditures for the Prairie Farm Rehabilitation Administration and the Market and Industry Services Branch are allocated by province on the basis of program payments made by these organizations in each province. It is assumed that the operating and capital expenditures are proportional to program expenditures.
 - All other operating and capital expenditures and transfers to national organizations are allocated by province using a three-year moving average of the provincial distribution of Total Market Receipts (TMR) or market receipts for specific commodities, where

more appropriate. Relative levels of TMR are therefore used as a proxy value for the relative benefits derived from these programs by each province. For example, the distribution by province of Total Market Receipts from grains and oilseeds is used for the allocation by province of Canadian Grain Commission operating and capital expenditures. Total Market Receipts have been used as a basis since 2000–2001 only. Total cash receipts were used prior to that time.

- All transportation expenditures, except expenditures for the Atlantic Region Freight Assistance Transition Program, are allocated to provinces on the basis of the volume of rail shipments by province.
- The "Others" category includes monies paid to the Yukon, Northwest Territories and Nunavut as well as outside Canada for food aid assistance and monies to international organizations.

Table C.2: Government Expenditures in Support of the Agri-Food Sector, by Category

Operating expenditures include all expenditures associated with the day-to-day operations of the department, including salaries, employee benefits, travel and purchases of goods and services, as well as the cost of administering various programs from various departments.

Capital expenditures include charges for acquisition, construction and renovation of buildings and acquisition of physical assets such as land, property, large equipment and furnishings. Also included are amortization costs of tangible assets over their useful life.

Program expenditures include monies paid directly or indirectly to individuals, agencies or other agricultural entities as part of a transfer payment or existing program instituted by federal and/or provincial departments or ministries.

- **Income Support and Stabilization programs** include subsidies and contributions paid under programs such as NISA, the Dairy Subsidy Program, Safety Nets programs, most of the Companion programs and the income stabilization programs at the provincial level.

- **Ad hoc and Cost Reduction programs** include subsidies and contributions paid under ad hoc programs such as the Farm Support and Adjustment Measures (FSAM) program, BSE crisis and flood assistance programs, and adjustment/transition programs, as well as subsidies aimed at reducing production costs, such as artificial insemination and land leasing assistance. Excluded are cost reduction programs included in the categories below, such as interest rebate subsidies.
 - **Crop Insurance program** includes government premiums paid to funds associated with the program.
 - **Financing Assistance** includes the Agricultural Marketing Programs Act (AMPA), which provides for the Advance Payments Program (APP) and the Price Pooling Program (PPP). It also includes the Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA) and interest rebate programs, as well as provisions for doubtful accounts and provisions for probable losses on loan guarantees issued by the government.
 - **Storage and Freight programs** include subsidies and contributions made under transportation assistance programs.
 - **Social and Labour programs** include subsidies and contributions to community organizations and for general skills training, such as support to agricultural labour.
 - **Research programs** are restricted to subsidies and contributions for research activities including research for product quality improvement. Administrative costs (e.g.: researchers' salaries) are excluded. See Table C.3 for further information on research and inspection expenditures.
 - **Food Inspection programs** are restricted to subsidies and contributions paid for animal health, veterinary services, product testing, disease and pest control and food quality. This category does not include administrative costs (e.g.: inspectors' salaries). See Table C.3 for further information on research and inspection expenditures.
 - **Food aid and international development programs** include subsidies and contributions for activities related to international agricultural organizations. International development projects considered are farming, agricultural processing and food projects. Also included in this category is the forgiveness of debts owed by developing countries and negotiated through the Canadian International Development Agency (CIDA). Forgiveness of debts in this category of expenditures is based on loans and lines of credit originally agreed to for agriculture and agri-food development projects in those countries. This forgiveness of international food aid debt is incorporated in the federal time series of expenditures since 1990–91.
 - **Marketing and Trade programs** include subsidies for activities related to product promotion and product and market development. This category also takes into account debt service reduction and/or reduction of the debt owed to the Canadian Wheat Board (CWB) and negotiated at the Paris Club. The debt reduction payments to the CWB are incorporated in the federal time series since 1991–92. It does not include payments made to the Export Development Corporation (EDC) in respect of the Paris Club agreement since these payments cover non-agricultural debt.
 - **Rural and Regional Development programs** include subsidies and contributions for general irrigation projects and community pastures as well as general development projects under federal/provincial agreements.
 - **Environment programs** include subsidies and contributions for activities related to the conservation of farm-related resources and wildlife, as well as expenditures for securing water supplies.
 - **Education programs** include grants paid to agricultural educational institutions.
 - **Extension programs** include subsidies and contributions paid for activities related to the provision of information, training and services to farmers such as those paid to the Canadian 4-H Council and for management of manure surpluses. Excluded is administration in the form of salaries paid to government employees for extension work. These costs are included in operating expenditures.
- Tax expenditures:** Provincial tax expenditures include fuel tax rebates and exemptions, and property tax rebates. Sales and income taxes are excluded from both federal and provincial estimates.

Recoveries include revenues from user fees paid for services and from licenses and permits, leases and rentals, sales and royalties, land sales, transfers from one level of government to another, refunds of previous years' expenditures and previous years' recoveries including government share of program surpluses, and from other miscellaneous forms of recoveries. These recoveries are deducted from the program expenditures or the total expenditures to generate an estimate of net expenditures. The repayments of loans and advances and return on investments are not included in the recoveries.

Table C.3: Research and Inspection in Support of the Agri-Food Sector

Operating expenditures for research include as a large part researcher salaries and expenses associated with the day-to-day operations of research branches and centres working, for example, to improve production technology and product attributes, in support of a competitive agri-food sector.

Operating expenditures for inspection and regulation of agricultural products include expenses associated with the day-to-day operations of inspection and control branches and centres, maintenance and coordination of network facilities and, as a large part, salaries of inspectors working in prevention and in verification and certification of commercially traded agri-food products.

Capital expenditures for research include expenditures for the acquisition of capital items such as research centres, furniture and large equipment as well as amortization costs.

Capital expenditures for inspection and regulation include expenditures for the acquisition of capital items such as inspection plants, furniture and large equipment and amortization costs.

Research program expenditures include grants and contributions for scientific and technological development in the agricultural sector provided to universities, scientific organizations and individuals. Also included are expenditures related to the Matching Investment Initiative.

Inspection program expenditures include grants and contributions as well as compensation for plant and animal losses such as those paid under the Health of Animals Act and the Plant Protection Act.

Table C.4 and Figure C.3: Government Expenditures to the Agri-Food Sector as a Percentage of Agriculture and Agri-Food GDPs, and Table C.5: Total GDP and Total Government Expenditures

GDP is the total unduplicated value of the goods and services produced in a country or region during a given period.

GDP data are provided by the Conference Board of Canada in 1997 dollars. These data correspond to GDP data at Factor Cost reported by Statistics Canada. They are expressed in current dollars using the aggregate GDP (implicit price index) deflator also provided by the Conference Board of Canada. GDP data are presented on a quarterly basis and are grouped into fiscal years.

The overall GDP data include all sectors of activities for the total Canadian economy and are available for all provinces and Canada. Primary agriculture GDP data include all Agricultural and related services industries. Food GDP data include all Food industries within the manufacturing industries. Beverage GDP data include all beverage industries within the manufacturing industries and are only available for Quebec, Ontario and Alberta for confidentiality reasons. Agri-food GDP is defined as the sum of agriculture, food and beverage GDPs. It does not include sectors such as the transportation and storage industries, the wholesale trade industries and the retail trade industries.

The totals for Canada, at the federal level, include the provinces as well as Yukon, Nunavut and Northwest Territories.

SECTION D

Estimates of Support to Agriculture

SUMMARY

- In 2003, according to the OECD document entitled *OECD Agricultural Policies 2004: At a Glance*, overall in Canada, transfers from taxpayers and consumers associated with agricultural policies, calculated on the basis of the Total Support Estimate (TSE), were estimated at \$10.45 billion, or 0.9% of Gross Domestic Product (GDP) during 2003. This means that total support for agriculture in Canada, expressed as a percentage of GDP, represented three-quarters of the OECD average.

- According to OECD estimates, transfers to Canadian producers rose by \$716 million in 2003, increasing the Producer Support Estimate (PSE), in percentage of the value of production, from 20% to 21%. This transfer increase, despite a significant drop in crop insurance payments, can be explained by the establishment of the Canadian Agricultural Income Stabilization Program and the Bovine Spongiform Encephalopathy (BSE) Recovery Program.

- For the second consecutive year, Canada's percentage PSE in 2003 (21%) was higher than that of the United States (18%), although still well below the OECD average (32%).

- In 2003, the overall increase in market price support was related primarily to a reduction in the world reference prices for poultry and an increase in the domestic reference price of milk. The drop in the reference prices for poultry was due mainly to the strength of the Canadian dollar against the US dollar.

- The gap between the domestic market price and world market prices resulted in the imposition of an additional implicit tax on consumers. On average, consumer spending in 2003 was 17%

higher (Nominal Assistance Coefficient, or NAC) than it would have been without market price support for producers.

- The percentage PSE in maize increased 7 points in 2003 owing to an increase in payments associated with this crop and a drop in the adjusted production value.

- On account of the bovine spongiform encephalopathy crisis, the percentage PSE in 2003 for beef rose 7 points primarily as a result of payments made under the Recovery Program.

- The percentage PSE for the "Other grains" category dropped by 17 points in 2003 because of a decline in crop insurance payments combined with an increase in the adjusted production value.

- The percentage PSE in 2003 for milk rose by 4 points as a result of an increase in domestic market prices. The dairy industry continues to enjoy the highest level of support in Canada, accounting for over one third of the total PSE and two-thirds of market price support.

- The percentage PSE of eggs dropped 19 points owing to a decline in the domestic market price along with an increase in world reference prices. This increase was mitigated by the strength of the Canadian dollar against the US dollar in 2003.

- In 2003, 48% of the support given to Canadian producers derived from market price support.

- Transfers for general services provided to agriculture dropped slightly in 2003, accounting for only 25% of the Total Support Estimate, compared with 27% in 2002.

Table D.1: Estimate of Support to Agriculture, Canada, 2001 to 2003

	2001	2002	2003 Preliminary
	(\$ Million)		
Total value of production (at farm gate)	32,563	32,600	32,621
of which share of MPS commodities (%)	78	75	74
Total value of consumption (at farm gate)	23,418	24,020	25,745
Producer Support Estimate (PSE)	6,115	7,087	7,803
Market price support	2,932	3,471	3,746
of which MPS commodities	2,278	2,592	2,788
Payments based on output	364	229	418
Payments based on area planted/animal numbers	671	1,216	477
Payments based on historical entitlements	810	844	1,314
Payments based on input use	483	479	489
Payments based on input constraints	0	0	2
Payments based on overall farming income	888	725	1,112
Miscellaneous payments	-34	124	245
Percentage PSE	17	20	21
Producer Nominal Assistance Coefficient (NAC)	1.21	1.24	1.27
General Services Support Estimate (GSSE)	2,225	2,576	2,564
Research and development	442	405	493
Agricultural schools	247	301	195
Inspection services	518	614	640
Infrastructure	441	636	536
Marketing and promotion	578	619	700
Public stockholding	0	0	0
Miscellaneous	0	0	0
Consumer Support Estimate (CSE)	-3,080	-3,789	-3,750
Transfers to producers from consumers	-2,931	-3,422	-3,620
Other transfers from consumers	-149	-366	-248
Transfers to consumers from taxpayers	0	0	85
Excess feed cost	0	0	32
Percentage CSE	-13	-16	-15
Consumer Nominal Assistance Coefficient (NAC)	1.15	1.19	1.17
Total Support Estimate (TSE)	8,340	9,663	10,452
Transfers from consumers	3,080	3,789	3,868
Transfers from taxpayers	5,409	6,241	6,833
Budget revenues	-149	-366	-248

Source: OECD "Agricultural Policies in OECD Countries: At a Glance - 2004 Edition".

- From 2002 to 2003, the Total Support Estimate (TSE) increased by 8.2%, from \$9.66 to \$10.45 billion.
- The percentage Producer Support Estimate (PSE) rose from 20% to 21%. This change is basically the result of an increase in the level of support, from \$7.09 to \$7.80 billion.
- The General Services Support Estimate (GSSE) dropped only slightly, from \$2.58 to \$2.56 billion.
- The consumer Nominal Assistance Coefficient (NAC) for 2003 indicates that consumers were implicitly taxed and on average paid prices 17% higher than they would have paid without market price support.
- The producer NAC indicates that gross farm receipts (support included) were 27% higher than they would have been without support.

Table D.2: Producer Support Estimate for Selected OECD Countries, 2001 to 2003

	2001	2002	2003 Preliminary
	(% PSE)		
Australia	3	4	4
Canada	17	20	21
European Union	34	35	37
Japan	59	57	58
Mexico	20	25	19
New Zealand	0	2	2
USA	23	19	18
OECD	31	31	32

Source: OECD "Agricultural Policies in OECD Countries: At a Glance - 2004 Edition".

- From 2002 to 2003, the PSE, in percentage of the value of production, rose 1 point in Canada, to 21%, whereas in the United States it fell 1 point, to 18%.
- Program payments were higher in Canada owing to the drought of 2002 and the BSE crisis of 2003, resulting in a higher PSE for those two years than for previous years.
- Despite the increase, the percentage PSE in Canada remains well below the average for OECD countries (32%).
- The percentage PSE is lowest in New Zealand, at only 2%.

Table D.3: General Services Support Estimate for Selected OECD Countries, 2001 to 2003

	2001	2002	2003 Preliminary
	(% Share of TSE)		
Australia	40	40	40
Canada	27	27	25
European Union	8	8	8
Japan	21	22	22
Mexico	9	7	9
New Zealand	75	46	40
USA	25	29	32
OECD	18	18	18

Source: OECD "Agricultural Policies in OECD Countries: At a Glance - 2004 Edition".

- For the period from 2001 to 2003, the level of support for general services remained stable in the OECD.
- The share of support for general services was highest in New Zealand and Australia.
- In spite of a slight decline in the level of Canadian support for general services in 2003 compared with 2002, this share remained higher than that observed in the OECD, but lower than that in the United States.

Table D.4: Consumer Support Estimate for Selected OECD Countries, 2001 to 2003

	2001	2002	2003 Preliminary
	(% CSE)		
Australia	-2	-2	-2
Canada	-13	-16	-15
European Union	-25	-28	-30
Japan	-51	-51	-53
Mexico	-16	-23	-15
New Zealand	-1	-6	-9
USA	0	4	5
OECD	-23	-24	-24

Source: OECD "Agricultural Policies in OECD Countries: At a Glance - 2004 Edition".

- For the period from 2001 to 2003, the Consumer Support Estimate (CSE), expressed as a percentage of the value of production, varied slightly, whereas it remained relatively stable for the OECD.
- Canada's CSE continues to be below that of the OECD. Thus Canadian consumers are on average less implicitly taxed than consumers in OECD countries.
- Of the countries presented above, Japan had the highest implicit taxes on consumers. Japan's CSE, at 53%, is more than twice that of the OECD.
- The United States is the only country with a net consumer subsidy, owing primarily to budgetary support to food consumption under the Food Stamp Program.

Table D.5: Total Support Estimate for Selected OECD Countries, 2001 to 2003

	2001	2002	2003 Preliminary
	(% of GDP)		
Australia	0.3	0.3	0.3
Canada	0.8	0.8	0.9
European Union	1.3	1.2	1.3
Japan	1.4	1.4	1.3
Mexico	1.3	1.5	1.1
New Zealand	0.2	0.4	0.4
USA	1	0.9	0.9
OECD	1.2	1.2	1.2

Source: OECD "Agricultural Policies in OECD Countries: At a Glance - 2004 Edition".

- The Total Support Estimate (TSE) as a percentage of Gross Domestic Product (GDP) is relatively stable for each of the countries presented above, as well as for the OECD.
- In 2003, Canada and the United States had the third lowest TSE as a percentage of GDP, after Australia and New Zealand.

Table D.6: Producer Support Estimate (Percentage PSE) by Commodity for Selected OECD Countries, 2001 to 2003

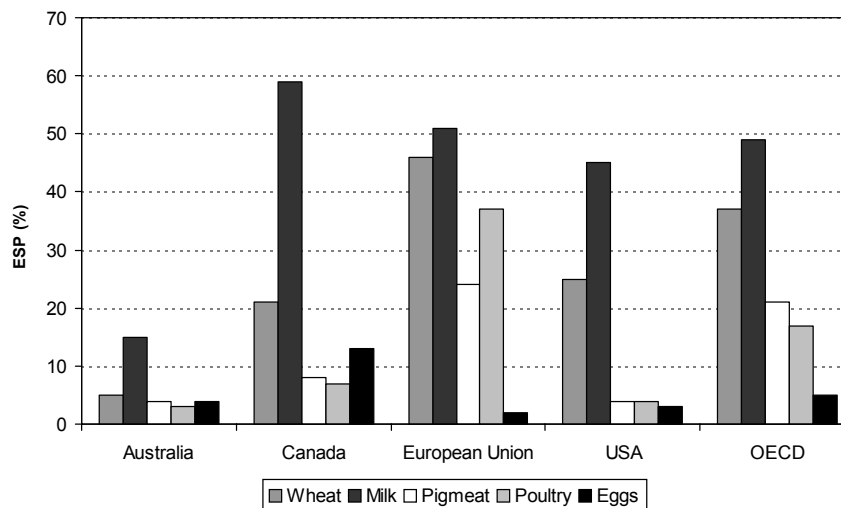
	Wheat			Maize			Other grains			Oilseeds			Milk		
	2001	2002	2003p	2001	2002	2003p	2001	2002	2003p	2001	2002	2003p	2001	2002	2003p
Australia	3	5	5	n.c.	n.c.	n.c.	3	4	4	3	4	3	12	15	15
Canada	16	21	21	15	8	15	12	26	9	19	15	9	51	55	59
European Union	47	43	46	36	30	41	52	50	53	42	33	34	42	49	51
Japan	86	86	87	n.c.	n.c.	n.c.	81	81	81	42	46	55	76	77	77
Mexico	28	34	30	37	44	36	32	37	26	52	43	65	43	43	33
New Zealand	0	0	0	0	0	0	0	0	0	n.c.	n.c.	n.c.	1	1	1
USA	43	36	25	27	20	15	40	37	29	27	14	19	53	46	45
OECD	37	36	37	28	23	21	40	41	41	30	19	22	46	48	49

	Beef and veal			Pigmeat			Poultry			Eggs			All commodities		
	2001	2002	2003p	2001	2002	2003p	2001	2002	2003p	2001	2002	2003p	2001	2002	2003p
Australia	3	4	4	3	4	4	3	3	3	3	4	4	3	4	4
Canada	8	11	18	5	6	8	2	3	7	24	32	13	17	20	21
European Union	72	74	77	22	21	24	35	38	37	2	3	2	34	35	37
Japan	32	32	33	45	57	55	11	11	11	16	16	16	59	57	58
Mexico	4	12	9	8	22	7	18	34	19	2	0	2	20	25	19
New Zealand	1	1	1	0	0	0	-5	42	55	27	30	21	0	2	2
USA	5	4	3	4	4	4	5	4	4	4	4	3	23	19	18
OECD	30	34	35	19	23	21	15	19	17	9	8	5	31	31	32

Source: OECD "Agricultural Policies in OECD Countries: At a Glance - 2004 Edition".

p: preliminary

- For the period from 2001 to 2003, support as expressed by percentage PSE was highly variable across commodities for any given country. For example, percentage PSE in 2003 for Canada was 59% for milk, but only 7% for poultry.
- The percentage PSE was also highly variable across countries for any given commodity. For example, for wheat in 2003, there was a difference of 87 points between Japan (87%) and New Zealand (0%). The average for OECD countries was 37%.
- In some cases, the percentage PSE for one commodity in a given country has seen major changes over the years. For example, the percentage PSE for milk in Canada rose from 51% to 59% during the period considered. The percentage PSE for wheat in the United States fell from 43% to 25%. In New Zealand, the percentage PSE for poultry rose from -5% to 55%.

Figure D.1: Producer Support Estimate by Commodity for Selected OECD Countries, 2003

Source: OECD "Agricultural Policies in OECD Countries: At a Glance - 2004 Edition".

Table D.7: Composition of Producer Support Estimate for Selected OECD Countries, 2001 to 2003

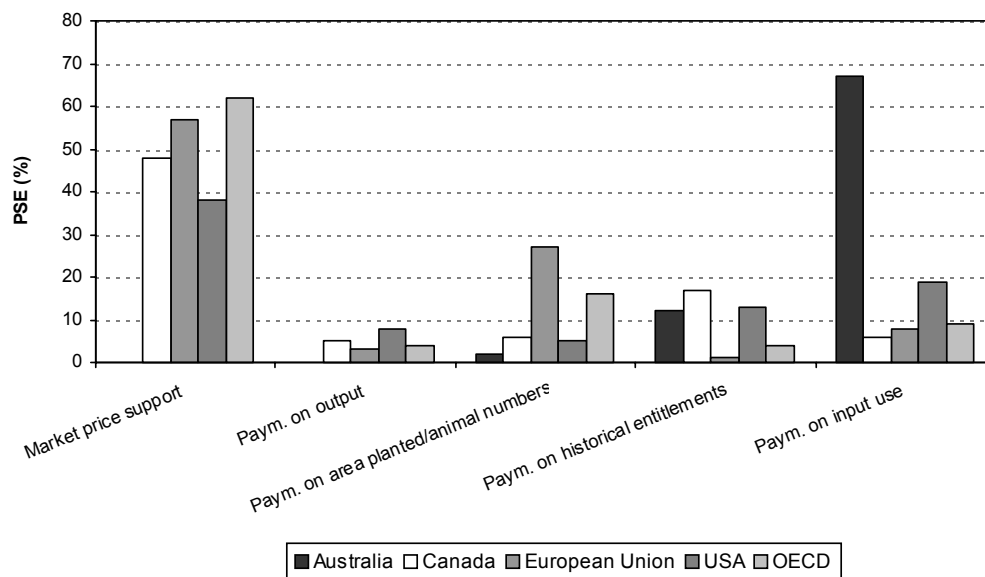
		2001	2002	2003 Preliminary
		(% Share in PSE)		
Australia	Market price support	0	0	0
	Payments based on output	0	0	0
	Payments based on area planted/animal numbers	2	2	2
	Payments based on historical entitlements	12	12	12
	Payments based on input use	67	67	67
	Payments based on input constraints	0	0	0
	Payments based on overall farm income	18	19	19
	Miscellaneous payments	0	0	0
Canada	Market price support	48	49	48
	Payments based on output	6	3	5
	Payments based on area planted/animal numbers	11	17	6
	Payments based on historical entitlements	13	12	17
	Payments based on input use	8	7	6
	Payments based on input constraints	0	0	0
	Payments based on overall farm income	15	10	14
	Miscellaneous payments	-1	2	3
European Union	Market price support	56	58	57
	Payments based on output	4	4	3
	Payments based on area planted/animal numbers	28	26	27
	Payments based on historical entitlements	1	1	1
	Payments based on input use	8	8	8
	Payments based on input constraints	4	4	4
	Payments based on overall farm income	0	0	0
	Miscellaneous payments	0	0	0
Japan	Market price support	90	90	90
	Payments based on output	3	3	3
	Payments based on area planted/animal numbers	0	0	0
	Payments based on historical entitlements	0	0	0
	Payments based on input use	5	5	4
	Payments based on input constraints	2	2	3
	Payments based on overall farm income	0	0	0
	Miscellaneous payments	0	0	0
Mexico	Market price support	63	74	60
	Payments based on output	6	4	5
	Payments based on area planted/animal numbers	1	1	4
	Payments based on historical entitlements	16	14	22
	Payments based on input use	12	7	9
	Payments based on input constraints	0	0	0
	Payments based on overall farm income	1	1	0
	Miscellaneous payments	0	0	0
New Zealand	Market price support	31	83	86
	Payments based on output	0	0	0
	Payments based on area planted/animal numbers	0	0	0
	Payments based on historical entitlements	0	0	0
	Payments based on input use	68	17	14
	Payments based on input constraints	0	0	0
	Payments based on overall farm income	0	0	0
	Miscellaneous payments	0	0	0

Table D.7: Composition of Producer Support Estimate for Selected OECD Countries, 2001 to 2003 (cont'd)

		2001	2002	2003 Preliminary
		(% Share in PSE)		
USA	Market price support	38	38	38
	Payments based on output	18	5	8
	Payments based on area planted/animal numbers	5	10	5
	Payments based on historical entitlements	16	16	13
	Payments based on input use	14	17	19
	Payments based on input constraints	4	5	5
	Payments based on overall farm income	4	4	6
	Miscellaneous payments	0	4	6
OECD	Market price support	61	64	62
	Payments based on output	7	4	4
	Payments based on area planted/animal numbers	13	14	16
	Payments based on historical entitlements	5	5	4
	Payments based on input use	9	9	9
	Payments based on input constraints	3	3	3
	Payments based on overall farm income	2	1	2
	Miscellaneous payments	0	0	0

Source: OECD "Agricultural Policies in OECD Countries: At a Glance - 2004 Edition".

- The composition of support for producers is very different from one country to another. For example, in New Zealand, transfers derive mainly from market price support and payments based on input use. Australia has no transfers derived from market price support, but 67% of transfers are associated with payments based on input use.
- Although there has been no real change in the composition of support for OECD countries in general over the last three years, some countries have significantly modified their type of support.
- In the United States, support in the form of payments based on production fell from 18% to 8% from 2001 to 2003. During the same period, support in the form of payments based on input use in New Zealand dropped from 68% to 14%, while transfers derived from market price support rose from 31% to 86%.

Figure D.2: Composition of Producer Support Estimate for Selected OECD Countries, 2003

Source: OECD "Agricultural Policies in OECD Countries: At a Glance - 2004 Edition".

Table D.8: Composition of General Services Support Estimate for Selected OECD Countries, 2001 to 2003

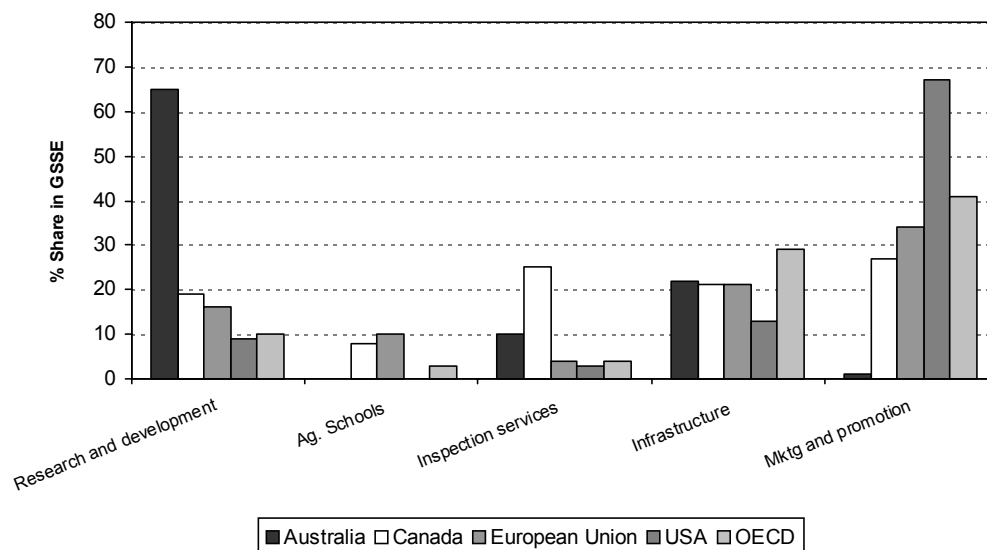
		2001	2002	2003 Preliminary
		(% Share in GSSE)		
Australia	Research and development	66	65	65
	Agricultural schools	0	0	0
	Inspection services	10	10	10
	Infrastructure	22	22	22
	Marketing and promotion	1	1	1
	Public stockholding	0	0	0
	Miscellaneous	2	2	2
Canada	Research and development	22	16	19
	Agricultural schools	11	12	8
	Inspection services	23	24	25
	Infrastructure	20	25	21
	Marketing and promotion	26	24	27
	Public stockholding	0	0	0
	Miscellaneous	0	0	0
European Union	Research and development	18	16	16
	Agricultural schools	9	9	10
	Inspection services	3	4	4
	Infrastructure	21	21	21
	Marketing and promotion	33	33	34
	Public stockholding	14	15	13
	Miscellaneous	1	1	1
Japan	Research and development	4	4	4
	Agricultural schools	4	4	3
	Inspection services	1	1	1
	Infrastructure	78	73	70
	Marketing and promotion	2	2	2
	Public stockholding	3	3	3
	Miscellaneous	9	14	18
Mexico	Research and development	19	23	20
	Agricultural schools	25	29	28
	Inspection services	14	19	14
	Infrastructure	31	13	20
	Marketing and promotion	10	14	18
	Public stockholding	0	0	0
	Miscellaneous	1	3	1
New Zealand	Research and development	57	54	45
	Agricultural schools	5	5	7
	Inspection services	26	29	35
	Infrastructure	12	12	13
	Marketing and promotion	0	0	0
	Public stockholding	0	0	0
	Miscellaneous	1	0	0

Table D.8: Composition of General Services Support Estimate for Selected OECD Countries, 2001 to 2003 (cont'd)

		2001	2002	2003 Preliminary
		(% Share in GSSE)		
USA	Research and development	10	10	9
	Agricultural schools	0	0	0
	Inspection services	3	3	3
	Infrastructure	18	14	13
	Marketing and promotion	60	64	67
	Public stockholding	0	0	0
	Miscellaneous	9	8	7
OECD	Research and development	10	10	10
	Agricultural schools	3	3	3
	Inspection services	3	4	4
	Infrastructure	33	30	29
	Marketing and promotion	40	41	41
	Public stockholding	4	4	4
	Miscellaneous	7	8	8

Source: OECD "Agricultural Policies in OECD Countries: At a Glance - 2004 Edition".

- For the period from 2001 to 2003, the composition of general services support was relatively similar for the whole of OECD countries and for each country in particular. However, the composition of this support was very different from one country to another.
- In 2003, the United States allocated 67% of its support to the "marketing and promotion" category, while Australia and New Zealand respectively allocated 65% and 45% of their support to the "research and development" category.
- In Canada, the "marketing and promotion" and "inspection services" categories respectively received 27% and 25% of support, while the "research and development" and "infrastructures" categories received 21% and 19% of support respectively.

Figure D.3: Composition of General Services Support Estimate for Selected OECD Countries, 2003

Source: OECD "Agricultural Policies in OECD Countries: At a Glance - 2004 Edition".

Methodology for of OECD Support Indicators

Since 1987, the Organisation for Economic Cooperation and Development (OECD) has measured support for agriculture using the Producer Support Estimate and Consumer Support Estimate. This method makes it possible to evaluate government measures or programs arising from the agricultural policies of the various OECD member countries according to their implementation criteria, independently of their objectives and effects.

Classification and definitions

The current classification of total transfers associated with agricultural policies (TSE) groups government policy measures into three main categories: transfers to producers (PSE), transfers to consumers (CSE) and transfers to general services to agriculture (GSSE).

Producer Support Estimate (PSE): indicator of the value of gross transfers from consumers and taxpayers to agricultural producers arising from policy measures that support agriculture, regardless of their nature, objectives or impacts on farm production or income.

The PSE measures support arising from policies targeted at agriculture relative to a situation without such policies, i.e. one in which producers are subject only to general policies (including economic, social, environmental and tax policies) of the country. Its main components are described in the paragraphs below.

- **Market Price Support (MPS):** indicator of the value of gross transfers from consumers and taxpayers to agricultural producers arising from policy measures that create a gap between domestic market prices and border prices of a specific agricultural commodity. Hence MPS takes the form of an increase in the price levied by the producers and paid by the consumers of the commodity. The total amount of the support paid is increased as the volumes produced are increased. MPS is the only form of support that has a simultaneous impact on the production and consumption of a product.
- **Payments based on output:** indicator of the value of gross transfers from taxpayers to agricultural producers arising from policy measures based on current output of a specific agricultural commodity or a specific group of agricultural commodities. This type of payment

increases the price levied by producers, and consequently has the same impact as MPS on current output, but has no impact on consumption.

- **Payments based on area planted/animal numbers:** indicator of the value of gross transfers from taxpayers to agricultural producers arising from policy measures based on area or number of animals, in respect of a specific agricultural commodity or a specific group of agricultural commodities. This type of payment is determined in terms of areas planted or animal numbers in the year considered.
- **Payments based on historical entitlements:** indicator of the value of gross transfers from taxpayers to agricultural producers arising from policy measures based on historical support, area, animal numbers or production of a specific agricultural commodity or a specific group of agricultural commodities, without any obligation to continue planting or producing such commodities.
- **Payments based on input use:** indicator of the value of gross transfers from taxpayers to agricultural producers arising from policy measures based on the use of a specific input or a specific group of inputs. This type of payment reduces the cost of the inputs used by producers.
- **Payments based on input constraints:** indicator of the value of gross transfers from taxpayers to agricultural producers arising from policy measures based on constraints on the use of a specific input or a specific group of inputs, through constraining the choice of production techniques. These payments are conditional on the farmers' application of certain constraints (reduction, replacement, or withdrawal) on the use of inputs.
- **Payments based on overall farming income:** indicator of the value of transfers from taxpayers to agricultural producers arising from policy measures based on overall farming income (or revenue), without constraints or conditions to produce specific commodities or to use specific inputs.
- **Miscellaneous payments:** indicator of the value of all transfers from taxpayers to agricultural producers that cannot be

disaggregated and allocated to the other categories of transfers to producers. These are payments to producers which cannot be disaggregated due to lack of adequate information.

The Producer Support Estimate (PSE) by country and by commodity can be expressed in different ways:

- In monetary terms: **PSE**;
- As a ratio to the value of total gross farm receipts, measured by the value of total production plus budgetary support: **Percentage PSE**;
- A ratio between the value of total gross farm receipts including support, and production valued at world market prices without support: **Producer Nominal Assistance Coefficient (NAC)**

General Services Support Estimate (GSSE): indicator of the value of gross transfers to general services provided to agriculture. These payments are intended for the agriculture sector generally, and not individual farmers.

The payments include transfers for improving agricultural production (Research and development), agricultural training and education (Agricultural schools), control of quality and safety of food, agricultural inputs and the environment (Inspection services), improvement of off-farm collective infrastructures, including downstream and upstream industry (Infrastructures), marketing and promotion assistance (Marketing and promotion), depreciation and disposal of public storage of agricultural products (Public stockholding) and other general services that cannot be disaggregated and allocated to the above categories due to lack of adequate information (Miscellaneous).

Unlike the PSE and CSE transfers, these transfers are not received by producers or consumers individually, and do not directly affect farm receipts (revenue) or consumption expenditure, although they can affect the production and consumption of agricultural commodities.

The percentage GSSE is defined as the share of support to general services provided to agriculture in the total support to agriculture (TSE).

Consumer Support Estimate (CSE): indicator of the value of gross transfers to (or from) consumers of agricultural commodities, arising from policy

measures which support agriculture, regardless of their nature, objectives or impacts on consumption of farm products.

The CSE is composed of explicit and implicit transfers from consumers to agricultural producers associated with market price support for agricultural products produced and consumed domestically (Transfers to producers from consumers), as well as transfers to the budget and/or to importers on the share of consumption that is imported (Other transfers from consumers).

This indicator is measured net of any transfer to consumers to offset their contribution to market price support of a specific commodity (Transfers to consumers from taxpayers) as well as the contribution of producers (as consumers of domestically produced crops) to market price support on crops used in animal feed (Excess feed cost).

When the CSE is negative, this indicates transfers from consumers, and measures the implicit tax on consumption associated with policies promoting the agricultural sector. Although consumption expenditure is increased or reduced by the amount of the implicit tax or payments, this indicator is not in itself an estimate of the impact on consumption expenditure.

The Consumer Support Estimate (CSE) by country and by commodity can be expressed in different ways:

- In monetary terms: **CSE**;
- As ratio of the total value of consumption expenditure on commodities domestically produced, measured by the value of total consumption, minus budgetary support to consumers: **Percentage CSE**
- A ratio between the total value of consumption expenditure on commodities domestically produced, including support to producers, and consumption valued at world market prices, without budgetary support to consumers: **Consumer Nominal Assistance Coefficient (NAC)**

Total Support Estimate (TSE): indicator of the value of all gross transfers from taxpayers and consumers arising from policy measures that support agriculture, net of the associated budgetary receipts, regardless of their objectives and impacts on farm production and income or on consumption of farm products.

The TSE is the sum of the following transfers:

- Explicit and implicit gross transfers from consumers of agricultural commodities to agricultural producers, net of producer financial contributions (which appear in MPS and CSE);
- Gross transfers from taxpayers to agricultural producers (in the PSE);
- Gross transfers from taxpayers to general services provided to agriculture (GSSE); and
- Gross transfers from taxpayers to consumers of agricultural commodities (in the CSE).

As transfers from consumers to producers are included in the MPS, the TSE is also the sum of the PSE, the GSSE and the transfers from taxpayers to consumers (in CSE). The TSE measures the overall cost of agricultural support financed by consumers (Transfers from consumers) and taxpayers (Transfers from taxpayers) net of import receipts (Budget revenues).

The percentage TSE is defined as the share of total support to agriculture in the total GDP.

Treatment of taxes and levies

The PSE and CSE are defined as net of producer contributions which help finance policy measures that provide support to producers. In the same way, the receipts from production taxes and levies designed to finance a given measure are also deducted from the total amount of the payment provided to producers as a result of that measure.

The case of negative support

The concept of the PSE as a "gross" measure allows for cases of negative support. This is the case with agricultural policy measures that act as a tax on producers relative to the situation in the absence of such measures - i.e. if only general economy-wide policies were in place. The typical example of negative support is an export tax, or any other agricultural policy measure discouraging exports and resulting in a domestic price lower than the world price.

Meaning and interpretation of the main indicators

PSE and producer NAC

The PSE is a static measure of support provided to agricultural producers in a given time period (e.g. one year or season) as defined by general macro-economic conditions in the context of economy-wide policies.

For example, a situation of zero support to agriculture would occur when there are only general economy-wide policies in place with no policies specifically altering the transmission of the general macro-economic conditions for agriculture. In such a situation, current total farm receipts would be generated entirely in the market without any policy-linked transfers to farmers. This can be seen as an extreme situation.

Thus, a percentage PSE of 60%, for example, expresses the share of transfers to agricultural producers in the total value of gross farm receipts (as measured by the PSE), or the share of gross farm receipts derived from policies. Hence 40% of gross farm receipts is derived from the market without any support.

When the producer NAC is equal to one, this means that gross farm receipts are entirely derived from the market without any budgetary support. Therefore, the higher the producer NAC, the lower the share of gross farm receipts derived from the market. For instance, a producer NAC of 2.50 means that the value of gross farm receipts is two and a half times what it would be if entirely obtained at world prices without any budgetary support.

CSE and consumer NAC

A percentage CSE of -60% indicates that 60% of total consumption expenditure on agricultural commodities represents a transfer from consumers to producers, or the share of the consumption expenditure created by policies.

When the consumer NAC is equal to one, this means that total consumption expenditure on agricultural commodities is at market prices, without any support to producers and consumers. Therefore, the higher the consumer NAC, the less the share of consumption expenditure reflects the market. For example, a consumer NAC of 2.50 indicates that consumer spending is two and a half times what it would be if conducted entirely at world market prices without any budgetary support to consumers.

Calculating MPS

Market price support is only calculated where there are policies that alter the transmission of the general macro-economic conditions to agricultural producers and create a "price gap" with transfers from consumers to producers.

Percentage GSSE and TSE

The percentage GSSE measures the share of transfers to general services provided to agriculture in the total support to agriculture (TSE), and thus indicates the relative weight of the transfers that fall under the TSE and GSSE in each country.

All other things being equal, the lower the percentage GSSE, the higher the share of PSE transfers within total support to agriculture and the greater the associated impacts on production and trade.

The percentage TSE measures the share of total support to agriculture in a country's GDP or the share of national income used to support agriculture. It is influenced by the importance of the agricultural sector in the economy.

Therefore, the higher the percentage TSE, the larger the share of national income used to support agriculture.