



Agriculture and
Agri-Food Canada


Agriculture et
Agroalimentaire Canada



Financial Profile of Canadian Farms (2005 Taxfiler Data – Preliminary Estimates)

March 2007

Canada



**Financial Profile of Canadian Farms
(2005 Taxfiler Data – Preliminary Estimates)**

Research and Analysis Directorate
Strategic Policy Branch
December 2006

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 (AAFC).

AAFC does not control the availability of Internet web sites featured in this report. Therefore, it does not take responsibility for severed hyperlinks or discontinued web pages mentioned herein. Links to these web sites are provided solely for the convenience of users. AAFC does not endorse these sites, nor is it responsible for the accuracy, the currency or the reliability of the content. Users should be aware that information offered by sites other than those of the Government of Canada are not subject to the Official Languages Act.

Project No.: 07-018-dp

Aussi disponible en français sous le titre :
Profil financier des exploitations agricoles canadiennes
(Données des déclarants de 2005 – Estimations provisoires)

Preface

- Taxfiler data are collected from samples of unincorporated and incorporated tax returns and are compiled by Statistics Canada. The Taxation Data Program is funded by Agriculture and Agri-food Canada. This Financial Profile of Canadian Farms (2005 Taxfiler Data – Preliminary Estimates) provides highlights and comparisons of farm level revenues and expenses by farm type, revenue class and province.
- Comments on this information package can be sent to David Culver at culverd@agr.gc.ca, telephone (613) 759-1894 or Mathieu Delorme at delormem@agr.gc.ca, telephone (613) 694-2395.

Table of Contents

• Introduction	5
• Overview	6
• Average Net Operating Income, Canada, 1992-2005.....	8
• Average Net Operating Income, before Capital Cost Allowance, by revenue class, Canada, 2003 to 2005.....	9
• Average Farm Operating Expenses, per Farm, by Categories, Canada, 2005	10
• Average Farm Operating Revenues, per Farm, by Source, Canada, 2005	11
• Average Operating Revenues, Expenses, Net Operating Income and Margins by Farm Type, 2005.....	12
• Average Net Operating Income, before Capital Cost Allowance, by Farm Type, Canada 2005	13
• Average Net Income, after Capital Cost Allowance, by Farm Type, Canada 2005.....	14
• Average Operating Revenues, Expenses, Net Operating Income and Margins by Province, 2005.....	15
• Average Net Operating Income, before Capital Cost Allowance, by Province, Canada 2005.....	16
• Average Net Income, after Capital Cost Allowance, by Province, Canada 2005.....	17
• Distribution of Farms by Revenue Class, Canada, 2005	18
• Glossary	19

Introduction

- The 2005 taxation data presented in this document cover unincorporated farms with farm sales \$10,000 and over, and incorporated farms with total farm sales of \$25,000 and over, based on 50% or more of their sales coming from one agricultural activity. The data also include communal farming organizations.
- Operating margin is defined as net operating income per dollar of revenue.
- In 2001, the Taxation Data Program adopted the North American Industry Classification System (NAICS). Poultry hatcheries are now included with poultry and egg farms. This makes previous-year comparisons difficult for this farm type and the overall Canadian level since the inclusion of poultry hatcheries had a substantial impact on the aggregate data.
- This profile from the taxfiler data is only available on the Internet.

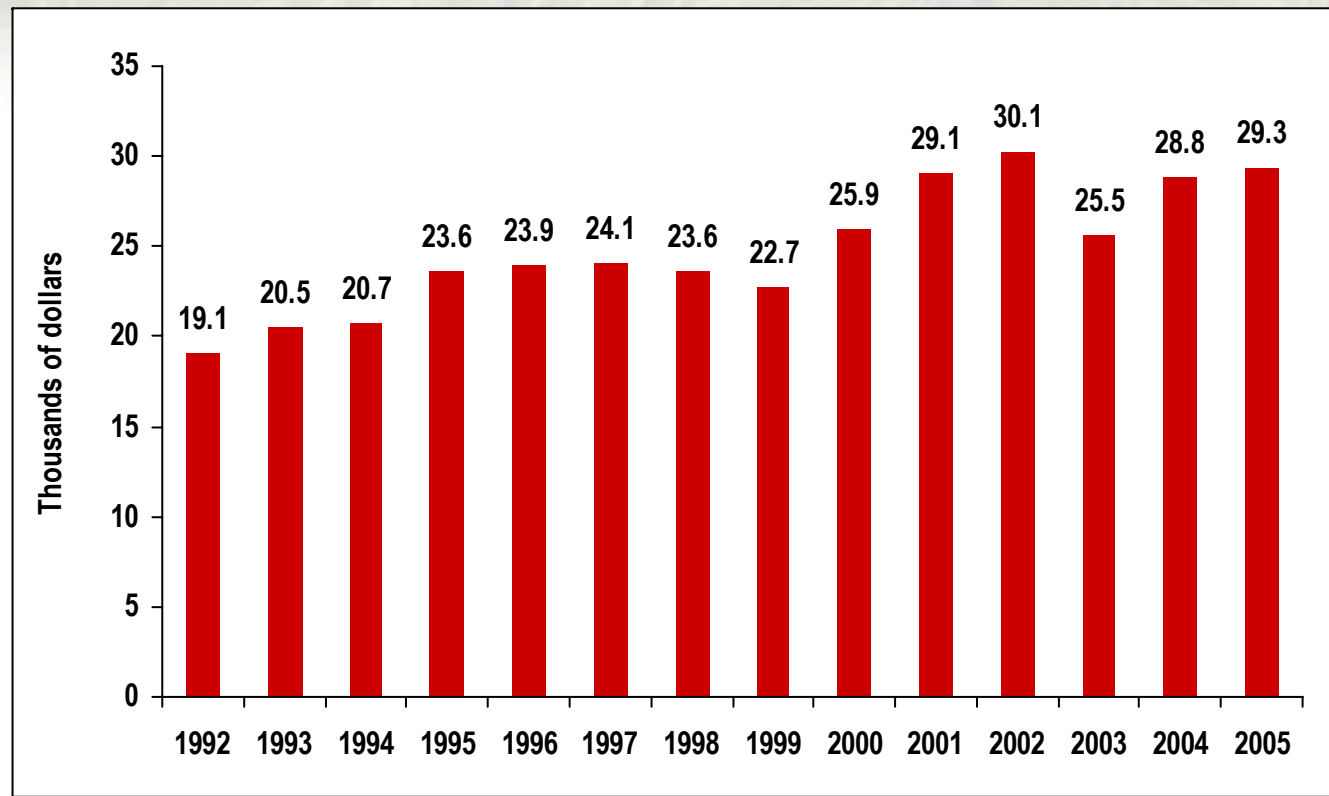
Overview

- Average net operating income per farm increased from \$28,784 in 2004 to \$29,303 in 2005.
- Revenue per farm was up 8.3% on average from 2004 to \$221,211 in 2005. At the same time, average operating expenses increased 8.4% to \$191,905 in 2005.
- Higher revenues from potato (20.8%), hogs (13.8%), and dairy (11.5%) did not entirely offset higher expenses for grain and oilseeds (10.4%) and for fruits and tree nuts. The average operating margins decreased by 0.5 cents to 13.2 cents for Canadian farms in 2005, according to taxation records.
- Revenue from cattle was up 9.2% in 2005 compared to the sales of 2004. This was mainly due to the expansion in slaughter cattle sales following the easing of restrictions on beef trade.
- Average program payments and insurance proceeds increased 14.2%. In 2005, they accounted for 10.2% of the average operating revenue, the highest share since 1992.

Overview

- Among farm types, poultry & egg farms ranked first in term of average net operating income before capital cost allowance (\$125,783) in 2005, followed by potatoes (\$122,866) and hogs (\$100,736). Poultry and egg farms posted the largest profit after capital cost allowance (\$82,700) in 2005, followed by dairy (\$52,999) and hog farms (\$50,390).
- In 2005, Quebec farms ranked first in terms of average net operating income before capital cost allowance (\$50,514), followed by Newfoundland (\$49,138) and New Brunswick (\$45,836). Quebec farms also reported the highest net operating income after capital cost allowance (\$26,229), followed by Newfoundland (\$23,223) and Nova Scotia (\$17,315).
- In 2005, farms with operating revenues below \$100,000, which represented more than 59% of all farms in Canada, accounted for about 12% of total farm revenues and recorded a margin of 7 cents per dollar of revenue.

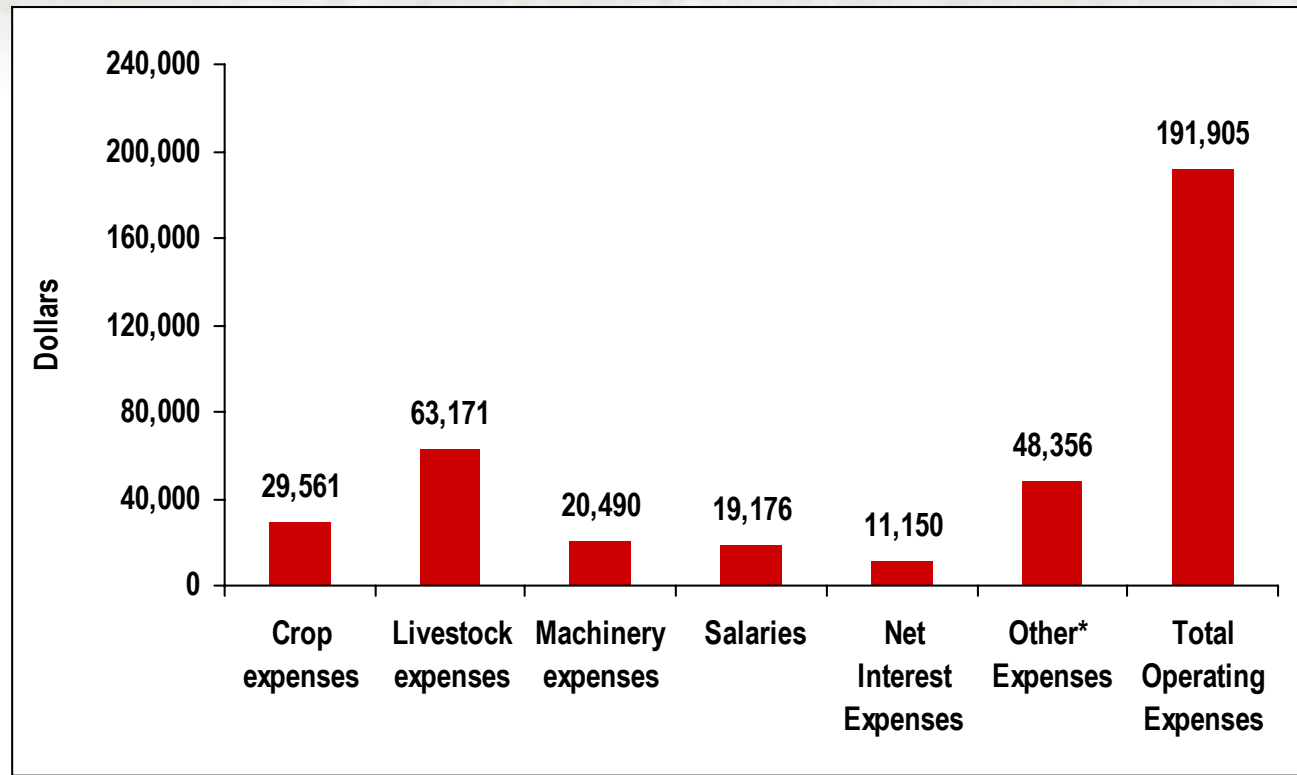
Average Net Operating Income, Before Capital Cost Allowance in Current Dollars, Canada, 1992-2005



Average Net Operating Income, Before Capital Cost Allowance, by Revenue Class, Canada, 2003 to 2005

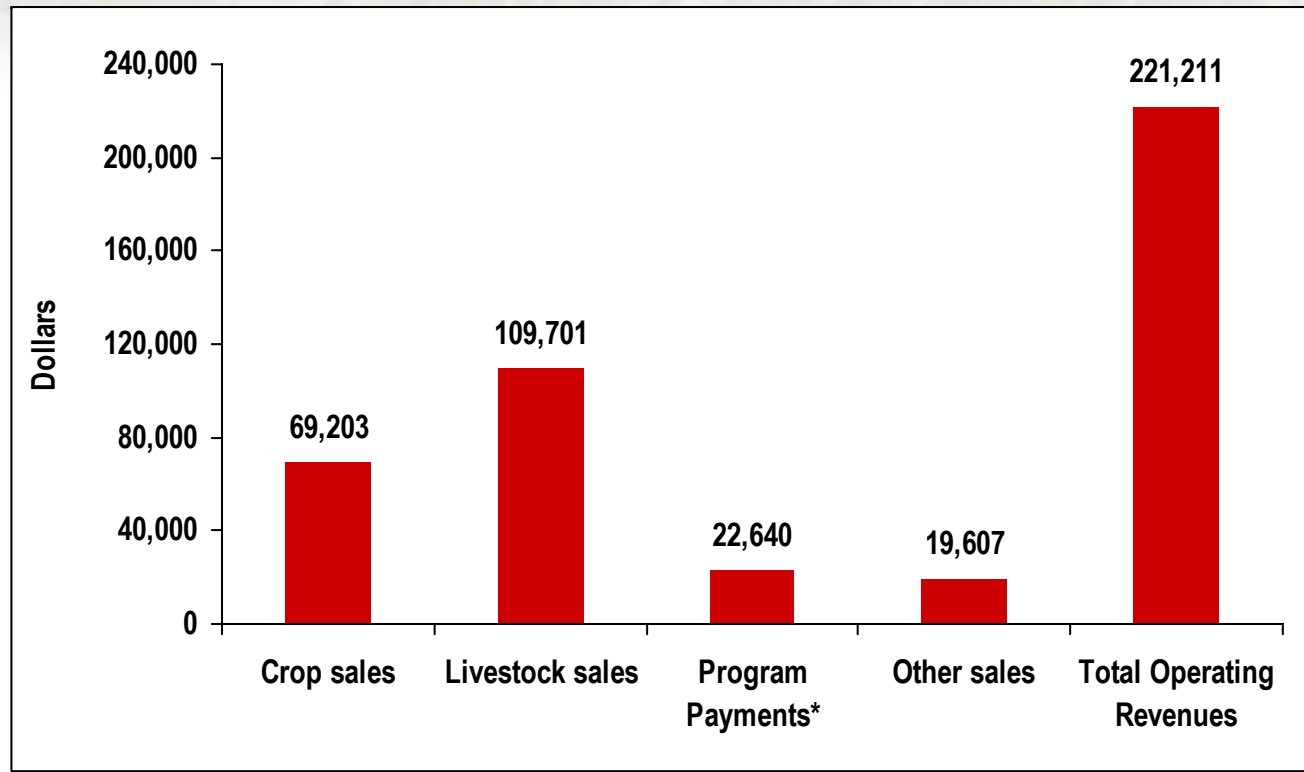
	Average Net Operating Income 2003	Average Net Operating Income 2004	Average Net Operating Income 2005
Revenues Class	Dollars		
\$10,000-\$49,999	(1,215)	(1,304)	(68)
\$50,000-\$99,999	13,672	9,416	10,213
\$100,000-\$249,000	27,932	29,249	28,060
\$250,000-\$499,999	62,590	64,278	64,601
\$500,000 and over	161,090	187,605	172,060
All farms	25,167	28,784	29,314

Average Farm Operating Expenses, per Farm, by Categories, Canada, 2005



* Other general expenses include such items as utilities, insurance, rent, custom work, net property taxes, building maintenance, miscellaneous and marketing expenses. Exclude salaries and net interest expenses.

Average Farm Operating Revenues, per Farm, by Source, Canada, 2005

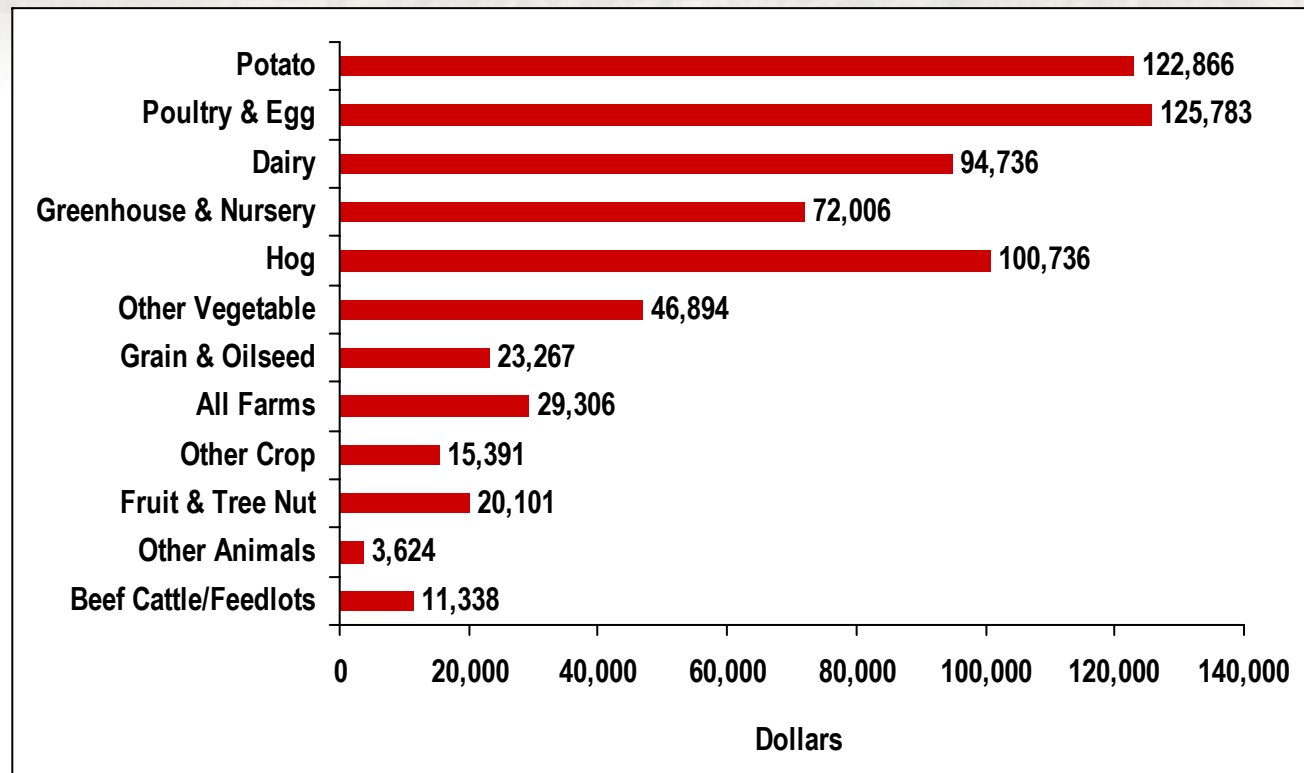


* Includes gross crop insurance proceeds.

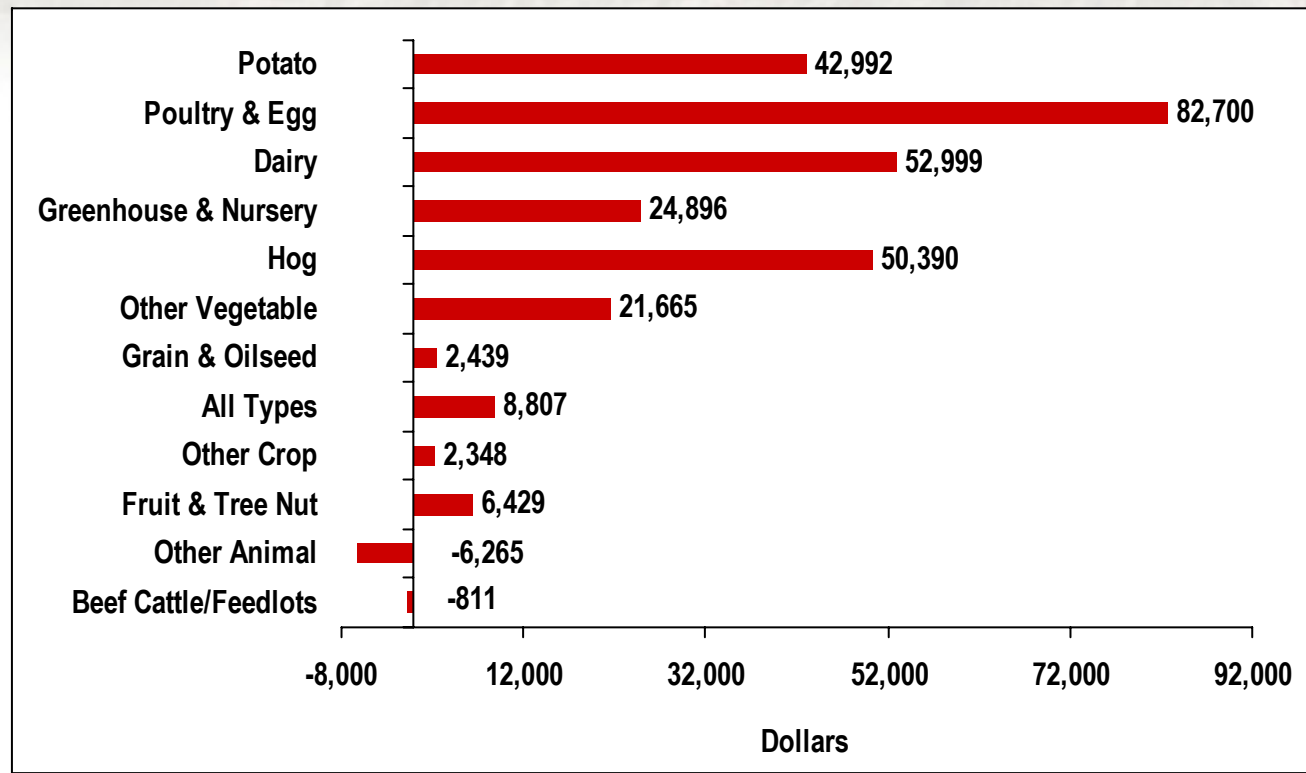
Operating Revenues, Expenses, Net Operating Income and Margins, per Farm, Before Capital Cost Allowance, by Farm Type, 2005

	Avg. Operating Revenues	Avg. Operating Expenses	Avg. Net Operating Income	Operating Margin
Farm Type	Dollars			cents per \$ of revenue
Grain and oilseed	150,636	127,369	23,267	15.4
Potato	746,060	623,194	122,866	16.5
Other vegetable and melon	340,767	293,873	46,894	13.8
Fruit and tree nut	179,648	159,547	20,101	11.2
Greenhouse, nursery and floriculture	746,796	674,790	72,006	9.6
Other crop	92,542	77,151	15,391	16.6
Beef cattle and feedlots	169,967	158,629	11,338	6.7
Dairy and milk production	379,343	284,607	94,736	25.0
Hog and pig	943,158	842,607	100,736	10.7
Poultry and egg	832,090	706,307	125,783	15.1
Other animal	102,346	98,722	3,624	3.5
All farms	221,211	191,905	29,306	13.2

Average Net Operating Income, Before Capital Cost Allowance, by Farm Type, Canada, 2005



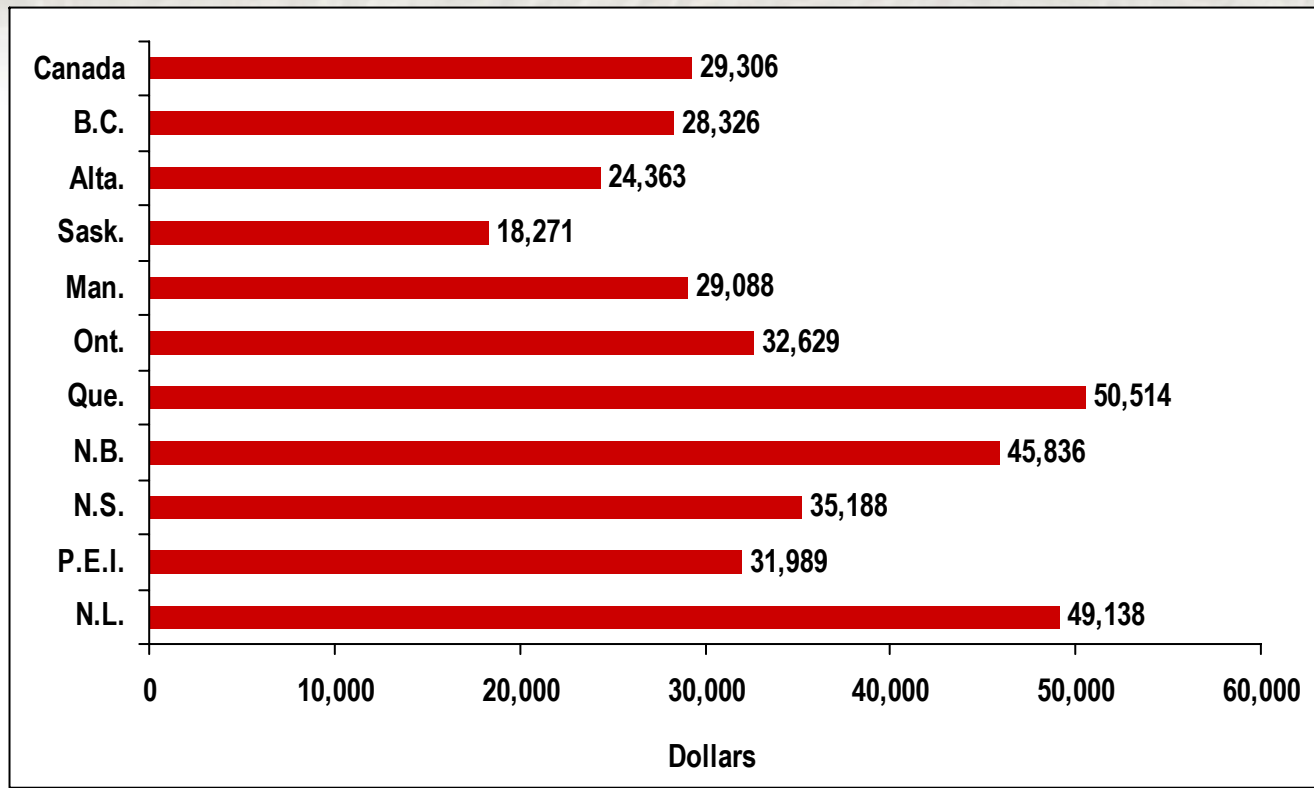
Net Income, per Farm, After Capital Cost Allowance, by Farm Type, Canada, 2005



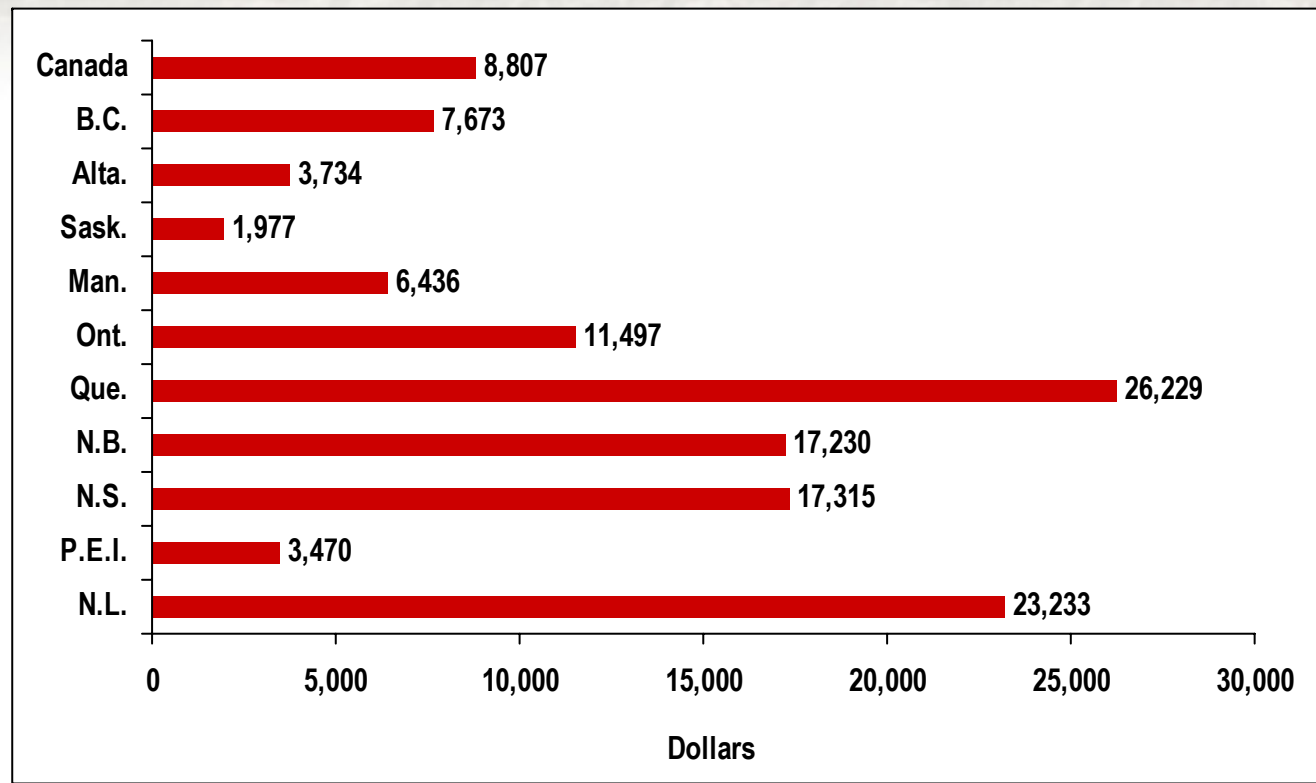
Operating Revenues, Expenses, Net Operating Income and Margins, per Farm, Before Capital Cost Allowance, by Province, 2005

	Average per farm			
	Operating Revenues	Operating Expenses	Net operating* income	Operating margin
Provinces	Dollars			Cents per \$ of revenue
Newfoundland	479,843	430,705	49,138	10.2
Prince Edward Island	320,322	288,333	31,989	10.0
Nova Scotia	232,257	197,069	35,188	15.2
New Brunswick	310,808	264,972	45,836	14.7
Quebec	301,933	251,419	50,514	16.7
Ontario	240,959	208,333	32,629	13.5
Manitoba	225,429	196,341	29,088	12.9
Saskatchewan	138,140	119,869	18,271	13.2
Alberta	219,935	195,572	24,363	11.1
British Columbia	264,547	236,221	28,326	10.7
All Farms	221,211	191,905	29,306	13.2

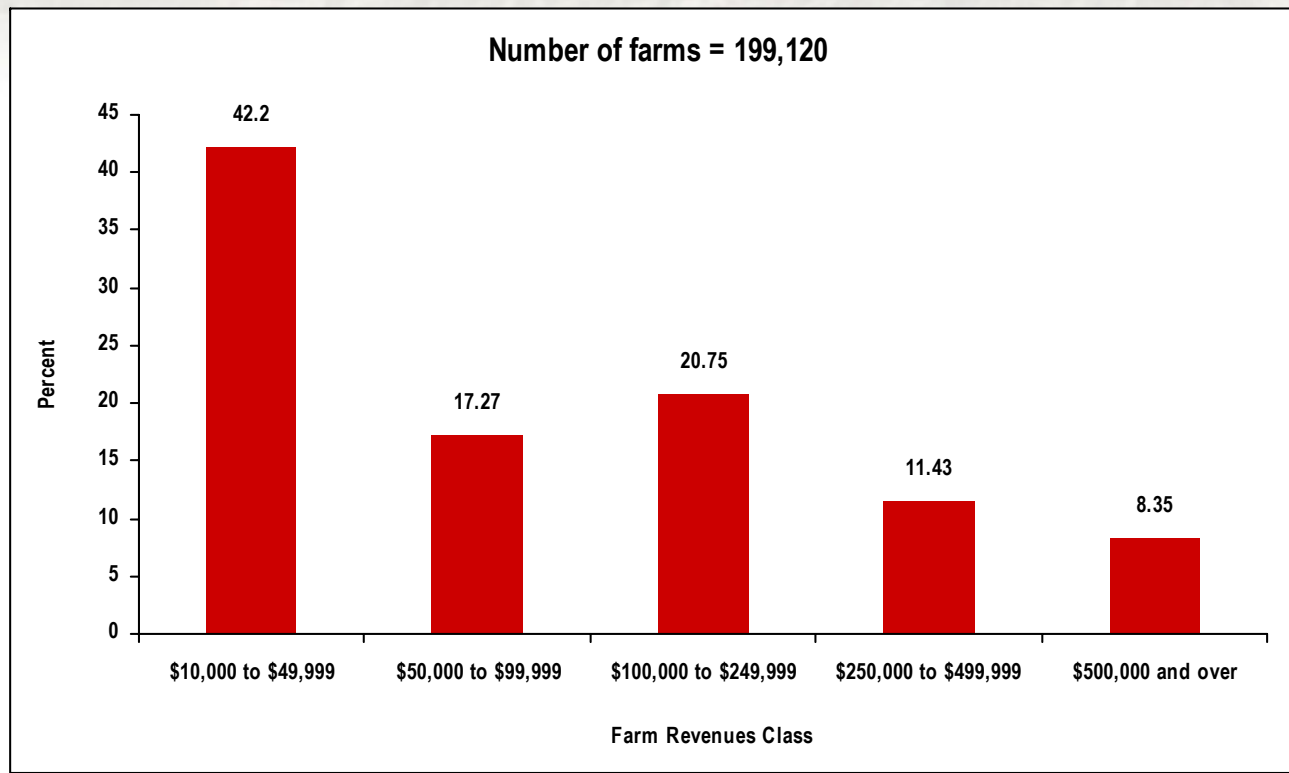
Average Net Operating Income, per Farm, Before Capital Cost Allowance, by Province, Canada, 2005



Net Income, per Farm, After Capital Cost Allowance, by Province, Canada, 2005



Distribution of Farms by Revenue Class, Canada, 2005



Glossary

The following definitions appear in Statistics Canada, Statistics on income of farm families, 2001. Catalogue no. 21-207-XIE. For further information please contact: Whole Farm Data Projects Section, Agriculture Division, Statistics Canada. www.statcan.ca.

- **Net market income:** is the sum of total operating revenues less total operating expenses minus net program payments.
- **Net program payments:** program payments and insurance proceeds after deducting stabilization levies or fees (government levies).
- **Net operating income:** The profit or loss of the farm operation measured by total operating revenues less total operating expenses, excluding capital cost allowance, the value of inventory adjustments and other adjustments, for tax purposes. Or the sum of the preceding components: net market income and net program payments.
- **Capital Cost Allowance (CCA):** A tax term for depreciation used to define the portion of the cost of the depreciable property, such as equipment and buildings, that is tax-deductible. After the calculation of the capital cost allowance, farmers may deduct any amount up to the maximum allowable.
- **Total income:** The total income of each tax filing member of the family. It is the sum of the net operating income and the off-farm income of a family involved in a single, unincorporated farm.

Glossary (cont'd)

The following definitions appear in Statistics Canada, Statistics on income of farm families, 2001. Catalogue no. 21-207-XIE. For further information please contact: Whole Farm Data Projects Section, Agriculture Division, Statistics Canada. www.statcan.ca.

- **Median income:** The value of income for which half of the units in the population have lower incomes and half have higher incomes.
- **Total income adjusted for CCA:** The total income adjusted for capital cost allowance of each tax filing member of the family. It is the sum of the net operating income adjusted for capital cost allowance (e.g., net operating income less capital cost allowance) and the off-farm income of a family involved in a single, unincorporated farm.



Glossary (cont'd)

Program payments and insurance proceeds: Income from the following six sources:

- Provincial stabilization programs,
- Federal and provincial disaster assistance programs such as the Agricultural Income Disaster Assistance (AIDA) Program and the Canadian Farm Income Program (CFIP),
- Gross Revenue Insurance Program (GRIP), now terminated,
- Government payments and other subsidies (such as hog incentive programs, acreage payments, assistance for clearing land and government grants),
- Aggregate amounts reported for subsidies, patronage dividends and reimbursements,
- Insurance proceeds from programs (private and government) for crops and livestock due to adverse weather conditions, disease and other reasons,
- Dairy subsidies are not included in programs payments nor are NISA withdrawals for unincorporated farms.



Canada 