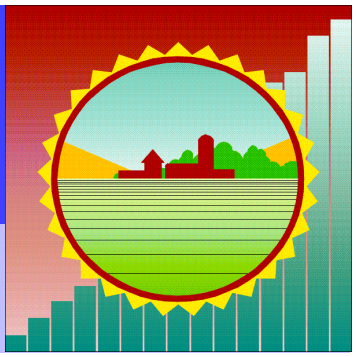
1996

ECONOMIC OVERVIEW OF FARM INCOMES

Dairy Farms



Economic and Policy Analysis Directorate
Agriculture and Agri-Food Canada
Publication No. 1962/B

Vol. 1, No. 4, August 1999
Bulletin Series, ISSN 1480-9605
Catalogue No. A21-42/1-4

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

CONTENTS

To obtain more information on this analysis, please contact:

Cally Abraham
Agriculture and Agri-Food Canada
Tel.: (613) 759-7434
E-mail: abrahamc@em.agr.ca

To obtain additional data, please call:

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

This bulletin is available on the Internet at:

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

INTRODUCTION

This is the fourth in the series of bulletins that is being published jointly by Agriculture and Agri-Food Canada (AAFC) and Statistics Canada (STC). The bulletins replace AAFC's annual publication *An Economic Overview of Farm Incomes by Farm Type, Canada* (publication no. 1946/E) and STC's annual publication *Agricultural Financial Statistics* (catalogue no. 21-205-XPB). This bulletin provides a detailed analysis of dairy farms, which includes information on farm level revenues, expenses and net operating income before depreciation by revenue class and by province. Dairy farms are defined as those farms for which 51% or more of agricultural sales are derived from the sale of dairy products[1]. Information on the concentration and specialization of production, as well as on the physical characteristics of dairy farms, is also included by revenue class.

Most of the analysis in this series is based on data derived from STC's *Taxation Data Program (TDP)*. The bulletins also include information from the *June Crops Survey (JCS)* and the *July Livestock Survey (JLS)*. The TDP estimates presented in these bulletins are derived from a random sample of income tax returns of individuals operating unincorporated farms with operating revenues of $10,000 and over and incorporated farms with revenues of $25,000 and over and for which 51% or more of their sales come from agricultural activities. Communal farming operations, such as Hutterite colonies, are also included. Group averages, not individual records, are provided by STC to AAFC, and are subject to confidentiality restrictions prior to release. For further discussion of the methodology behind the STC data, refer to the Methodology section in Bulletin 1.

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

1. *Included are farms for which 40% or more of agricultural sales are derived from the sale of dairy products and 10% or more of agricultural sales are derived from raising and selling dairy cattle.*

This bulletin provides information on dairy farms based on 1996 data. Bulletin 1 provided an overview of all farms and Bulletins 2 and 3 presented information on grain and oilseed farms and cattle farms. Bulletins 5 through 9 will present similar information for each of the five remaining major farm types: hog, fruit and vegetable, poultry and egg, greenhouse and nursery, and potato.

The year 1996 was a time of change for dairy farms as they sought to meet the challenges presented by changes in domestic policy.

Dairy farms reported significantly lower average net operating income in 1996 (down 5.2%).

Seven out of ten (70.6%) dairy farms are "highly specialized". This may be related to the market structure for dairy products and the capital and labour intensity of dairy farms today.

POLICY ENVIRONMENT AFFECTING THE DAIRY SECTOR IN 1996

The 1995/96 dairy year was one of change as a result of the new trading rules established by the World Trade Organization in their agreement signed in late 1994.[2] Under this agreement, Canada agreed to replace import restrictions with tariffs, which would be gradually decreased over the next few years. While this will make the Canadian market more accessible to imported dairy products, the lowering of international trade barriers will also provide the Canadian dairy industry with export market opportunities and consequently, incentives to become more efficient and competitive in both domestic and global markets. The industry has therefore taken some steps to alter its marketing structure. This includes the All Milk Pooling System, which came into effect on August 1, 1996. Under this system, six participating provinces—Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario and Manitoba—pool the market returns from the sale of fluid and industrial milk in addition to establishing common prices and consolidating quota policies, transportation costs and producer payments. Similarly, a Western pool established for the Western provinces was implemented on March 1, 1997.

2. *Statistics Canada, The Dairy Review, Catalogue no. 23-001QXPB, July-September 1996, pp. ii-iii.*

FARM INCOME BY REVENUE CLASS

Distribution of Farms by Revenue Class

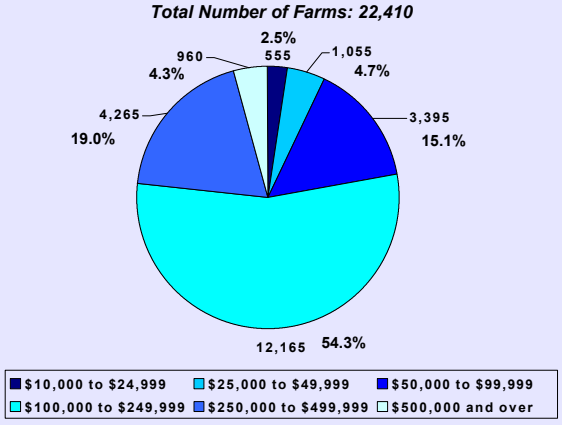
More than three quarters of all dairy farms were large farms. Over half had revenues between $100,000 and $249,999.

The total number of dairy farms declined, but the largest farms ($500,000 and over) increased in number.

In 1996, there were an estimated 22,410 dairy farms with revenues of $10,000 and over in Canada, down 5.8% from 1995 (see Table 1 and Figure 1). Most dairy farms (77.6%) had revenues of $100,000 or more in 1996. Over half (54.3%) were in the $100,000 to $249,999 revenue class, while an additional 19.0% had revenues between $250,000 and $499,999.

Between 1995 and 1996, only farms in the largest revenue class ($500,000 and above) increased in number (+5.5%), from 910 to 960, to represent only 4.3% of all dairy farms in 1996. Medium-sized farms ($50,000 to $99,999), which accounted for 15.1% of dairy farms, declined the most (-14.2%). Small farms (revenues of $10,000 to $49,999) accounted for just 7.2% of farms.

Figure 1: Distribution of Dairy Farms by Revenue Class, 1996



Source: Statistics Canada, Whole Farm Data Base.

Net Operating Income

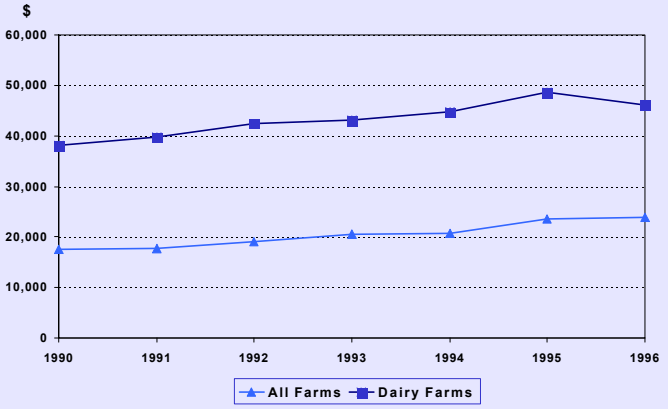
Only the largest farms reported an increase in average net operating income in 1996.

In 1996, dairy farms reported an average net operating income of $46,053, down 5.2% from 1995, but up 5.3% from the 1991 to 1995 five-year average of $43,730 (see Table 1). Among farm types covered in this bulletin series, dairy farms were second only to potato farms in terms of average net operating income in 1996.

Average net operating income for dairy farms ranged from $4,514 for farms in the lowest revenue class ($10,000 to $24,999) to $154,848 for farms in the highest revenue class ($500,000 and above). Only farms in the highest revenue class showed an increase in average net operating income, up 2.0% from 1995.

Compared to all farms, the average net operating income of dairy farms has been consistently higher over the 1990 to 1996 period (see Figure 2). However, in 1996, dairy farms reported a decline in average net income while that of all farm types increased. The important share of large farms ($100,000 and over) partially explains the higher average net operating income of dairy farms.

Figure 2: Average Net Operating Income, 1990 to 1996



Source: Statistics Canada, Whole Farm Data Base.

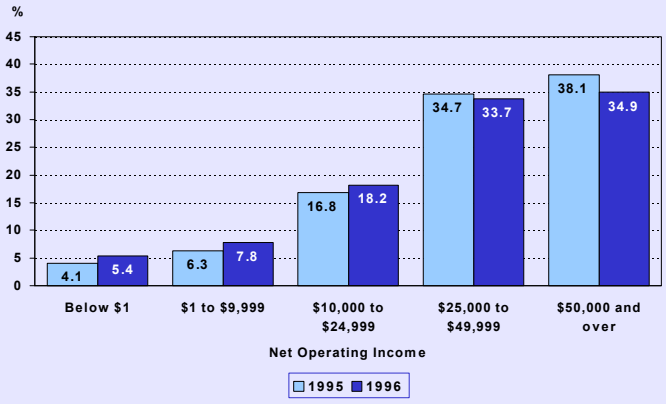
Distribution of Farms by Net Operating Income

A significantly smaller share of dairy farms (5.4%) reported operating losses in 1996 relative to all farms.

Compared to all farms, a significantly smaller share of dairy farms reported operating losses (net operating income below $1) in 1996. Only 5.4% of dairy farms compared with 24.8% of all farms reported losses that year (see Figure 3 and Table 2). However, this is up from 1995, when only 4.1% of dairy farms reported losses. Unlike all farms, where losses are primarily reported by small farms, over half (51.9%) of dairy farms reporting losses earned $100,000 or more in gross revenues.

At the other extreme, 34.9% of dairy farms reported average net operating income of $50,000 or more. Almost all of these were large farms (with revenues of $100,000 and above).

Figure 3: Distribution of Dairy Farms, by Net Operating Income, 1995 and 1996



Source: Statistics Canada, Whole Farm Data Base.

Comparison of 1995 and 1996 Major Revenues and Expenses

Revenues rose in response to higher dairy product and subsidy revenues. Expenses were higher because of increased feed, machinery and general expenses.

Between 1995 and 1996, average operating revenues for dairy farms increased from $193,634 to $200,324, an increase of 3.5% (see Table 3). All but small farms (revenues $10,000 to $49,999) experienced increases in average operating revenues. All increases were marginal.

Higher revenues from dairy products and subsidies (+4.1%), which represented almost four fifths of total revenues for the average Canadian dairy farm in 1996, were primarily responsible for the overall increase. Crop revenues were also up (+21.6%) primarily as a result of higher grain and oilseed prices in the first half of 1996. Revenues from cattle and semen were down 9.5% in response to lower cattle prices in 1996. Program payments declined 4.1%.

Dairy product and subsidy revenues are influenced by the target return to producers for industrial milk, which is established by the Canadian Dairy Commission (CDC). This price is set at a level to provide producers with the opportunity to recover their costs and receive an equitable return on their investment for the production of industrial milk. This price was increased from $53.22 to $54.23 per hectolitre of milk on August 1, 1996.[3]

3. *Statistics Canada, The Dairy Review, Catalogue no. 23-001QXPB, July-September 1996, p. iii.*

In order to meet the target price, the CDC, in consultation with its Consultative Committee, determines the support price for butter and skim milk powder[4], a processor margin[5] and a direct payment to milk producers.

As a result of the 1995 federal budget announcement, the federal dairy subsidy was reduced by 15% in August 1995, and again in August 1996. It will be further reduced in five equal steps over the next five years, starting in February 1998.[6]

Program payments, which include insurance payments for crop or livestock losses due to adverse weather conditions, disease or other reasons, fell from $4,838 per farm in 1995 to $4,642 per farm in 1996. All but the largest farms ($500,000 and over) experienced lower average program payments: the largest farms received an average $1,751 more per farm in 1996, up 17.5% over a year earlier. There was also an increase reported by the smallest farms, but data are unreliable.

Average operating expenses rose more than average operating revenues, rising by 6.3% from $145,076 to $154,271 between 1995 and 1996. Farms in all revenue classes experienced higher expenses.

All major expense categories increased, led by crop expenses (+9.2%), machinery expenses (+8.1%) and general expenses (+6.4%). Prices for fertilizer, pesticide, seed, hired farm labour and custom work all increased in 1996. Livestock expenses rose a moderate 4.9%. Feed costs increased 12.8% due to continuing high livestock inventories and rising feed prices.

Relative Importance of Revenue and Expense Items

The relative importance of revenue and expense items reflects both the production mix of dairy farms as well as the effect of relative prices on input costs and returns to farming.

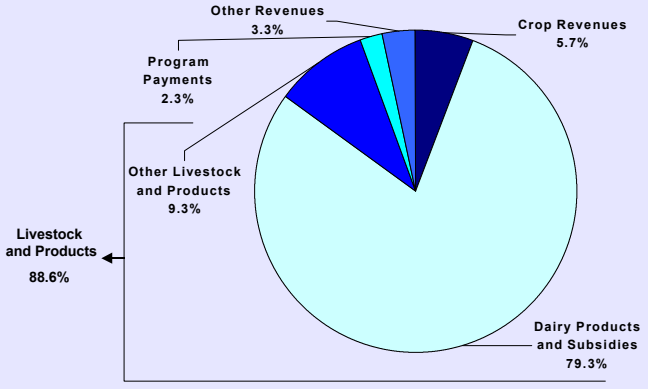
Detailed Operating Revenues

Dairy farms rely to a large extent on dairy product revenues, as reflected in the importance (79.3%) of these revenues.

In 1996, livestock and product revenues accounted for 88.6% of total operating revenues for the average dairy farm in Canada (see Figure 4). Dairy products and subsidies made up the largest share of this revenue item, at 79.3% of the total, followed by cattle and semen, at 8.2%.

Revenues from the sale of grains and oilseeds (4.9%), program payments (2.3%), and other revenues (3.3%) were less important. Obviously, dairy farms tend to be less diversified than most farm types, other than in grains and oilseeds and forage crops in order to grow their own feed. In 1996, over two fifths of dairy farms (9,825 farms) reported some revenue from grains and oilseeds, and over one quarter (7,050 farms) reported revenue from forage crops.

Figure 4: Operating Revenues for Dairy Farms, 1996



Source: Statistics Canada, Whole Farm Data Base.

Dairy products and subsidies contributed more to total revenues for farms with revenues between $50,000 and $249,999 (81%) and less for the smallest and largest farms. The importance of crop revenues rose with revenues, from 1.7% for farms in the $25,000 to $49,999 class to 8.1% for the largest farms ($500,000 and above). Program payments tended to decline in importance as revenues rose, falling from 5.4% for the smallest farms ($10,000 to $24,999) to 1.6% for the largest farms ($500,000 and above).

4. *Support prices are the prices at which the CDC offers to purchase domestic butter and skim milk powder from processors. Effective August 1, 1996, the support price for skim milk powder increased to $4.20 per kilogram, while the price for butter remained unchanged at $5.32 per kilogram.*
5. *The processor margin is set to cover the costs of producing butter and skim milk powder and is intended to provide processors a fair return on their investment. Effective August 1, 1996, this margin increased to $8.12 per hectolitre.*
6. *The Federal Government agreed to delay by six months the subsidy rate reductions, which were originally scheduled to start in August 1997.*

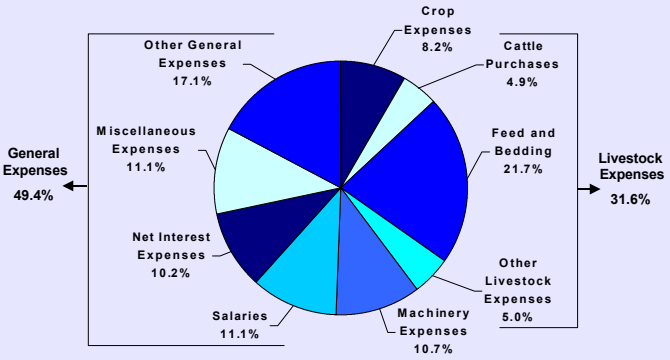
Detailed Operating Expenses

Because dairy farms are relatively more capital-intensive than other farm types, interest expenses tend to be more important for these farms.

Livestock expenses (31.6%) were a relatively important expense item for dairy farms in 1996 with the cost of feed and bedding accounting for most of these expenses (21.7% of total) (see Table 3 and Figure 5). Crop expenses (8.2%) were a less important item. Because dairy farming tends to be very capital-intensive, expenses related to machinery (10.7%), such as repairs, licenses and insurance, and fuel, were fairly significant.

General expenses made up the largest share of total operating expenses at 49.4%. This category includes such important items as salaries, net interest expenses and miscellaneous expenses, which in the case of dairy farms, includes marketing board fees, in-quota and export levies, transportation and advertising costs.

Figure 5: Operating Expenses for Dairy Farms, 1996



Source: Statistics Canada, Whole Farm Data Base.

By revenue class, some of the more important expense items, such as feed and bedding, salaries, net interest expenses, and crop expenses represented an increasing share as farms got larger. The importance of feed expenses tends to rise with herd size. Large dairy farms also have greater labour and capital requirements than small farms and consequently, higher salary and interest expenses as a share of the total. On the other hand, cattle purchases and machinery expenses tend to decline in importance as farms get larger, since bigger herds ensure a steady rejuvenation of the herd and the cost of machinery can be spread over more assets.

Operating Margins

Average operating margins for dairy farms remained slightly under those of grain and oilseed farms.

Operating margins are a measure of profitability and the rate of return to farm capital, labour and management. They reflect to some degree the efficiency of the farm operation, especially when comparing similar farm types.

In 1996, dairy farms reported an average operating margin of 23.0 cents per dollar of revenue, a decline from 25.1 cents in 1995 and a decrease from the previous five-year average of 25.6 cents (see Table 3). Among farm types covered in this series, dairy farms ranked second only to grain and oilseed farms in 1996 in terms of profitability. Historically, dairy farms have generally reported the highest operating margins.

In general, there was less variability in profitability across revenue classes than for most other farm types. Farms in the $10,000 to $24,999 revenue class reported the highest average operating margin at 26.5 cents per dollar of revenue. Farms in the largest revenue class reported the lowest average operating margin (20.5 cents).

Once interest was excluded, average operating margins rose from 23.0 cents to 30.8 cents per dollar of revenue in 1996. All revenue classes experienced this increase, with the highest rate of return (32.3 cents) reported by farms in the $100,000 to $249,999 revenue class.

FARM INCOME BY PROVINCE

Distribution of Farms by Province

Most dairy farms are concentrated in Quebec and Ontario.

In 1996, the majority of dairy farms were in Quebec (45.5%) and Ontario (35.4%). The remainder was divided between the Prairie provinces (9.8%), British Columbia (4.0%) and the Atlantic provinces (5.4%).

Between 1995 and 1996, all provinces experienced declines in the number of dairy farms, except Newfoundland.

Net Operating Income

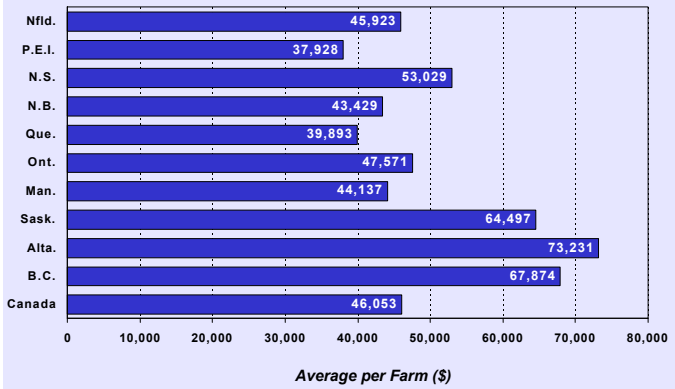
Average net operating income was highest for dairy farms in Alberta, British Columbia and Saskatchewan.

Net operating income varied widely across provinces. This may be the result of differences in the regulations governing provincial dairy marketing or different cost structures that influence profitability, such as whether farms grow more of their own feed.

In 1996, dairy farms in Alberta, British Columbia and Saskatchewan reported net operating income substantially above the national average, at $73,231, $67,874 and $64,497, respectively (see Table 4 and Figure 6). The larger size of farms and their higher level of diversification, particularly in grain and oilseed production, due to high prices in early 1996, resulted in higher net operating income in these provinces.

Dairy farms in Alberta and British Columbia were larger in terms of operating revenues[7], explaining to some extent their higher average net operating income. Revenues from dairy products and subsidies were much higher in Alberta and British Columbia than in the other provinces, reflecting the larger size of dairy farms in these provinces. In 1996, 23.0% of farms were very large ($500,000 and above) in British Columbia compared to 16.1% in Alberta. In the provinces that dominate the dairy sector, the share of very large farms was very low: 1.5% in Quebec and 3.8% in Ontario.

Figure 6: Average Net Operating Income for Dairy Farms, by Province, 1996



Source: Statistics Canada, Whole Farm Data Base.

Saskatchewan's dairy farms reported a higher level of diversification as measured by the lower share of total agricultural sales from dairy products and subsidies, which has resulted in an average net operating income well above the national average. Revenues from dairy products and subsidies as a share of total agricultural sales were the lowest of all provinces, at 76.4%, while the share from grains and oilseeds was the highest, at 11.8%.

Comparison of 1995 and 1996 Revenues, Expenses and Net Operating Income

In the major dairy-producing provinces, expenses grew at a faster pace than revenues, lowering dairy farms' average net operating income.

The decline in average net operating income for dairy farms in Canada between 1995 and 1996 was primarily due to large decreases in net operating income in the major dairy-producing provinces such as British Columbia (-9.2%), Quebec (-8.0%) and Ontario (-6.7%). On the other hand, dairy farms in Saskatchewan (+29.2%), Prince Edward Island (+7.2%), Alberta (+6.7%) and New Brunswick (+4.3%) all experienced increases in average net operating income in 1996.

The large increase in Saskatchewan occurred as a result of higher revenues, particularly from dairy products and subsidies (+16.1%) and program payments (+89.5%). Both average total revenues and expenses were up in this province, but revenues rose more (+19.3%) than expenses (+16.4%). In those provinces that experienced declines, such as Quebec, Ontario and British Columbia, expenses increased more than revenues.

Operating revenues increased in all provinces but Manitoba (-0.1%) and British Columbia (unchanged) primarily because of higher crop revenues resulting from higher grain and oilseed prices in 1996, and higher dairy product and subsidy revenues, particularly in Saskatchewan and Alberta. A large percentage decline in other crop revenue in British Columbia resulted in a 10.5% decline in total crop revenues in that province.

Program payments increased sharply in all provinces, except Quebec and Manitoba. In Quebec, program payments declined by 20.8% in response to relatively healthy hog and crop sectors, while they were down 29.0% in Manitoba, because of reduced crop insurance payments. Increases in most of the other provinces resulted from specific crop failures (potatoes in the Atlantic provinces) or lower cattle prices (Alberta). Program payments include crop insurance and provincial stabilization programs. They do not include NISA withdrawals for unincorporated farms.

Operating expenses were up in all provinces with significant increases occurring in the Atlantic provinces, Saskatchewan and Alberta. Expenses related to feed, supplements, straw and bedding were higher in all provinces in response to higher feed grain prices which led to increased feed costs. Crop expenses increased in all provinces, except in British Columbia, as prices rose for fertilizers, pesticides and seeds. Machinery expenses were also up strongly in most provinces.

7. *Farms in British Columbia and Alberta were second and third, respectively, in terms of average operating revenues and dairy product and subsidy revenues. Farms in Newfoundland ranked first, but there are few dairy farms in this province.*

Relative Importance of Revenue and Expense Items

Detailed Operating Revenues

Dairy farms in Newfoundland were more reliant on dairy products, and those in Saskatchewan, less reliant than dairy farms in other provinces.

The importance of dairy products and subsidies as a percentage of total operating revenues varied across provinces, ranging from a low of 70.8% in Saskatchewan to a high of 92.5% in Newfoundland (based on numbers reported in Table 4). The next largest source of operating revenues was cattle and semen, which ranged from 3.7% of total operating revenues in Newfoundland to 11.0% in Alberta. Total crop revenues accounted for 5.7% for Canada and ranged from a low of 1.1% in British Columbia to a high of 12.1% in Saskatchewan.

Program payments varied from 3.7% of revenues in Quebec to 0.3% in British Columbia. In Quebec, provincial stabilization programs cover commodities that are not covered by NISA. Program payments include these provincial stabilization programs, but not NISA withdrawals for unincorporated farms.

Detailed Operating Expenses

In Saskatchewan, Manitoba and Ontario, where dairy farms were more diversified in the production of grains and oilseeds, feed costs represented a much smaller share of total operating expenses.

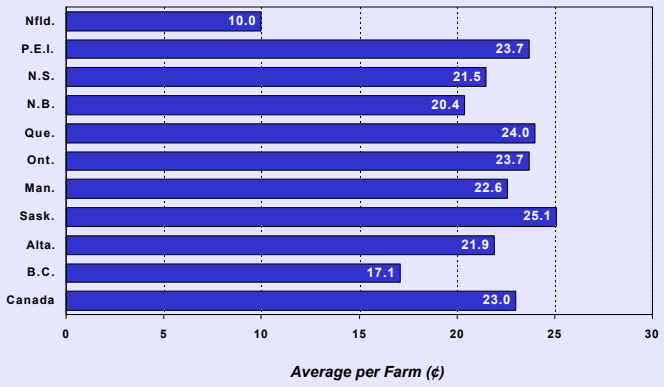
The relative importance of certain operating expenses varied across provinces. In particular, crop expenses made up a greater share of total operating expenses in Saskatchewan, Manitoba and Ontario[8]. The share of total livestock expenses was much higher in Newfoundland, possibly as a result of higher feed costs. Feed costs represented a much smaller share of total operating expenses in Ontario, Manitoba and Saskatchewan, where farmers may grow more of their own feed. These provinces also earned more revenues from grains and oilseeds indicating that dairy farms in these provinces were more diversified in grain and oilseed production. Total general expenses were noticeably higher in British Columbia (52.2%), mostly because salary expenses accounted for a greater share of the total, at 19.1%, compared to 11.1% for the national average.

Operating Margins

Dairy farms in Saskatchewan were the most profitable, followed by those in Quebec.

Operating margins, which measure the rate of return to the factors of production, varied from 10.0 cents per dollar of revenue in Newfoundland to 25.1 cents in Saskatchewan, which in part reflects their greater diversification in grain and oilseed production (see Table 4 and Figure 7). Dairy farms in Quebec were a close second at 24.0 cents, reflecting the greater share of more highly profitable medium and large-sized farms and higher program payments in that province. Dairy farms in British Columbia were also much less profitable (17.1 cents) than the national average. Much of the variation between provinces also reflects the cost structure of these farms, and the comparative advantage some provinces have in producing and marketing dairy products due to their accessibility to inputs and/or proximity to markets.

Figure 7: Average Operating Margins for Dairy Farms, by Province, 1996



Source: Statistics Canada, Whole Farm Data Base.

CONCENTRATION OF PRODUCTION

Dairy production is more concentrated among farms with revenues between $100,000 and $499,999.

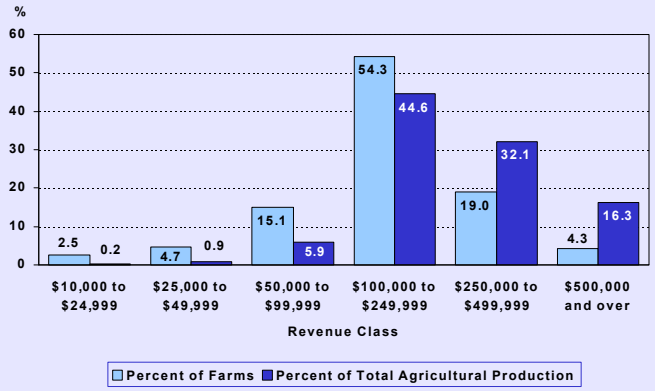
The concentration of production describes the contribution of dairy farms to total agricultural production by revenue class as measured by total operating revenues net of program payments. In 1996, total operating revenues from dairy farms (excluding program payments) stood at $4.4 billion, 13.6% of the total for all farms ($32.3 billion).

Unlike most farm types, where production is concentrated among the larger farms, dairy farms are unique among farm types in that both the distribution of farms and the distribution of production are concentrated in the middle ($100,000 to $499,999) revenue classes. Almost three quarters (73.3%) of

8. *Dairy farms in Prince Edward Island reported the second highest share of crop expenses, but the share of revenues related to crop production was less important than in these three provinces.*

farms earned revenues between $100,000 and $499,999 (see Figure 8). At the same time, these farms accounted for 76.8% of total agricultural production ($3.4 billion).

Figure 8: Concentration of Production, Dairy Farms, 1996



Source: Statistics Canada, Whole Farm Data Base.

By revenue class, those farms with revenues under $100,000 made up 22.4% of farms, but produced less than one tenth of farm output ($0.3 billion). On the other hand, the remaining 4.3% of farms had revenues of $500,000 and over, and produced 16.3% of dairy farm output ($0.7 billion).

DEGREE OF SPECIALIZATION

Over two thirds of dairy farms were "highly specialized" in 1996. They accounted for 69.3% of the total agricultural sales from dairy products and subsidies.

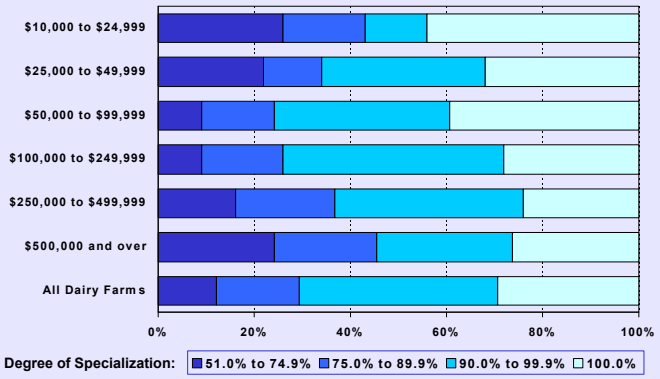
Most of the "highly specialized" dairy farms earned between $50,000 and $249,999 in revenues.

Specialization measures the degree to which a farm's sales are derived from any one particular commodity. This will normally influence a farm's ability to respond to changing market conditions or price shocks. More specialized farms, which depend to a greater extent on a particular commodity, will be more vulnerable to its price declines. However, in the case of dairy farms, which operate in orderly markets because of supply management, there is less variability in prices. Increased specialization in this case results in economies of scale in producing dairy products up to a point.

Dairy Farms

The degree to which dairy farms were specialized in producing dairy products[9] in 1996 is shown in Figure 9. Of the estimated 22,410 dairy farms in 1996, 15,830 farms or 70.6% were "highly specialized" in dairy products, earning 90% or more of their agricultural sales from dairy products and subsidies (the two highest specialization categories in Figure 9). A greater percentage of dairy farms are "highly specialized" than almost any other farm type. This group produced $2.6 billion in dairy products and subsidies, or 69.3% of the total agricultural sales from these products. Almost three quarters (73.2%) of these farms had revenues between $50,000 and $249,999.

Figure 9: Distribution of Dairy Farms, by Degree of Specialization and Revenue Class, 1996



Source: Statistics Canada, Whole Farm Data Base.

Those dairy farms reporting 100% of their agricultural sales from dairy products and subsidies represented 29.3% of dairy farms in 1996 (see Table 5). A larger proportion of the small and medium-sized farms (revenues less than $100,000) were 100% specialized, at 38.2% compared with 26.6% for the very large farms ($500,000 and above).

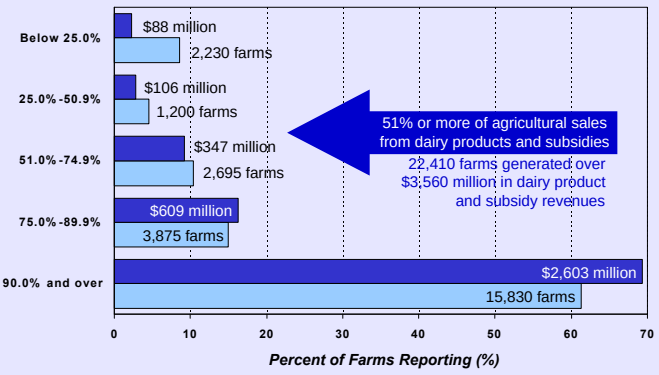
Dairy farms that were more diversified (i.e. deriving between 51.0% and 89.9% of sales from dairy products and subsidies) accounted for 29.3% of dairy farms. Almost half (48.1%) of these farms had revenues between $100,000 and $249,999.

All Farms Reporting Dairy Product and Subsidy Revenues

Dairy products are produced by other farm types as well. This section encompasses any farms reporting dairy products and subsidies. In 1996, 25,840 farms (11.0% of all farms in Canada) reported some revenue from these products, totaling $3.8 billion (see Table 5 and Figure 10). This represents a drop of 4.6% in the number of farms reporting these revenues between 1995 and 1996. Of these farms, 22,410 farms (86.7%) were classified as dairy farms (9.6% of all farms in Canada). They produced 94.8% of the total revenues from dairy products and subsidies, amounting to $3.6 billion in 1996.

9. *Dairy subsidies are considered when assigning the degree of specialization. It may also include a small percentage of cattle sales.*

Figure 10: Degree of Specialization, Farms Reporting Dairy Product Revenues, 1996



Total Number of Farms Reporting Dairy Product and Subsidy Revenues: 25,840 farms
Total Revenues from Dairy Products and Subsidies: $3,754 million

Source: Statistics Canada, Whole Farm Data Base.

The remaining 3,425 farms (13.3%) were not classified as dairy farms and accounted for only 5.2% of these revenues. Of these farms, 2,230 received less than 25.0% of their revenues from this source, equaling $88.1 million in revenues (see Figure 10). The remaining 4.6% of non-specialized farms (25.0% to 50.9% of agricultural sales) received $106.2 million in revenues from this source. These latter farms are the ones that could switch between farm types in any given year, depending on prices and revenues. Between 1995 and 1996, only 6.2% of dairy farms changed farm type classification, with 3.0% switching to cattle and 1.2% switching to grains and oilseeds. Fewer dairy farms switch to other farm type categories than do other farm types primarily because the quota required to produce dairy products acts as a barrier to entry.

PHYSICAL CHARACTERISTICS

In 1996, the average dairy farm was 329 acres in size with a significant proportion of land (65.3%) in crop production, especially grains and oilseeds and tame hay.

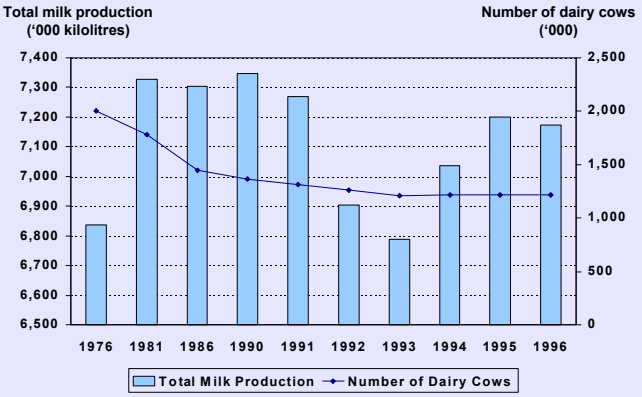
There were slightly over 1.2 million dairy cows in Canada, down 7.1% from 1991 and down 39.1% from twenty years ago. However, milk production increased over this period due to improved feeding, breeding and milking techniques, which have resulted in higher output per cow.

In 1996, the average dairy farm was 329 acres in size (see Table 6).[10] Of this total acreage, 65.3% was in crop production, including 29.2% in grains and oilseeds, 32.5% in tame hay and 3.6% in other crops. The remaining acreage was divided between seeded pasture (7.0%) and "other land" (summerfallow, woodland, wild hay, unimproved pasture, wasteland) (28.0%).

The smallest farms ($10,000 to $24,999) averaged 183 acres while the largest farms ($500,000 and over) averaged 785 acres. In general, the percentage of total acreage sown in crops increased with increasing revenue, ranging from 50.3% for the smallest farms to 76.1% for the largest farms, while the share of total land devoted to seeded pasture and "other land" decreased with increasing revenue. The share of total crop area in grains and oilseeds also increased with increasing revenue, ranging from 35.9% for the smallest farms to 58.6% for the largest farms.

The average herd size of a Canadian dairy farm was 89 head of cattle, ranging from 46 head for the smallest farms ($10,000 to $24,999) to 284 head for the largest farms ($500,000 and above). Of the total number of cattle and calves, 44.9% were dairy cows; 19.1% were dairy replacement heifers and 22.5% were calves. Other cattle and calves accounted for 12.4% of the total. Dairy cows accounted for a larger share of total cattle and calves on the larger dairy farms, ranging from 26.1% for the smallest farms to 47.1% for farms in the $250,000 to $499,999 revenue class. Dairy cows accounted for 43.0% of the total herd on the largest farms ($500,000 and over).

Figure 11: Total Milk Production* and Number of Dairy Cows**, 1976 to 1996



*Source: *Total Milk Production: Statistics Canada, The Dairy Review, Catalogue no. 23-001QXPB.*
***Number of Dairy Cows: Statistics Canada, Livestock Statistics, Catalogue no. 23-603-XPE.*

According to the July Livestock Survey, there were slightly over 1.2 million dairy cows in 1996, up marginally (+0.3%) from 1995. This is a decrease of 7.1% from 1991 and a drop of 39.1% from 1976. Despite the lower number of dairy cows in Canada, milk production has remained relatively constant, increasing 4.9% between 1976 and 1996 (see Figure 11). Improved feeding, breeding and milking techniques have resulted in higher production per dairy cow.

10. The estimates presented in Table 6, which are derived from the Whole Farm Data Base, have not been adjusted to take into account administrative data and to reflect the results of the 1996 Census of Agriculture. They are survey indicators and may differ from the estimates released by the Livestock and Animal Products Section and the Crops Section of the Agriculture Division at Statistics Canada.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Symbols

The following standard symbols are used in the tabulations:

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

TABLES

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

		$10,000 to $24,999	$25,000 to $49,999	$50,000 to $99,999	$100,000 to $249,999	$250,000 to $499,999	$500,000 and over	All Farms
Number of Farms	1996	555 *	1,055	3,395	12,165	4,265	960	22,410
	1995	580	1,135	3,955	12,745	4,470	910	23,800
		Revenues - Average per Farm ($)						
Total Crops	1996	333 **	639 **	2,036	7,458	23,158	61,223	11,428
	1995	80 *	1,056 **	1,455	6,358	20,123	50,227	9,400
Total Livestock	1996	14,178	33,989	70,717	148,107	295,855	657,256	177,587
	1995	16,641	33,027	69,465	147,416	292,953	661,897	172,826
Program Payments	1996	913 **	859 *	2,291	4,370	7,109	11,784	4,642
	1995	467 **	952 *	2,478	4,893	7,265	10,033	4,838
Total Other Revenues	1996	1,593 *	1,325 *	3,007	5,348	10,932	26,203	6,666
	1995	1,260 *	1,880 *	3,442	5,438	10,608	25,417	6,570
Total Revenues[1]	1996	17,017	36,813	78,051	165,283	337,054	756,465	200,324
	1995	18,448	36,915	76,840	164,106	330,950	747,574	193,634
		Expenses - Average per Farm ($)						
Total Crops	1996	453 **	1,840	4,283	10,611	22,608	43,097	12,660
	1995	679 *	1,575	4,021	9,881	21,543	39,189	11,598
Total Livestock	1996	4,496 **	10,234	20,245	39,062	78,496	208,806	48,764
	1995	3,772 *	10,983	19,136	38,351	76,109	205,172	46,480
Total Machinery	1996	2,157 *	5,239	9,165	14,552	25,515	49,784	16,583
	1995	2,379	4,799	7,953	13,638	24,194	49,080	15,335
Total General Expenses	1996	5,396	11,886	25,131	60,848	135,864	299,930	76,262
	1995	5,518	10,769	23,799	57,801	130,633	302,354	71,663
Total Expenses[1]	1996	12,503 *	29,199	58,824	125,073	262,483	601,617	154,271
	1995	12,348	28,126	54,909	119,671	252,480	595,796	145,076
		Net Operating Income - Average per Farm ($)						
Net Operating Income[2]	1996	4,514	7,614	19,227	40,210	74,571	154,848	46,053
	1995	6,099	8,789	21,931	44,434	78,470	151,778	48,558

1. *Totals may not add up due to rounding and/or confidentiality restrictions.*
2. *Net operating income does not include depreciation.*

**Use with caution.*
***Unreliable.*

Source: Statistics Canada, Whole Farm Data Base.

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

Revenue Class	Net Operating Income[1]					
	Below $1	$1 to $9,999	$10,000 to $24,999	$25,000 to $49,999	$50,000 and over	Total
	Number of Farms					
$10,000 to $24,999	115 **	220 **	215 **	-	-	555 *
$25,000 to $49,999	190 *	405 *	385 *	80 **	-	1,055
$50,000 to $99,999	270	455	1,320	1,285	65 **	3,395
$100,000 and over	625	670	2,135	6,190	7,770	17,395
Total Farms[2]	1,205	1,750	4,070	7,555	7,830	22,410
Percent of Total Farms	5.4	7.8	18.2	33.7	34.9	100.0

1. *Net operating income does not include depreciation.*
2. *Totals may not add up due to rounding and/or confidentiality restrictions.*

**Use with caution.*
***Unreliable.*

Source: Statistics Canada, Whole Farm Data Base.

Economic Overview of Farm Incomes, 1996 – Dairy Farms

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

	$10,000 to $24,999	$25,000 to $49,999	$50,000 to $99,999	$100,000 to $249,999	$250,000 to $499,999	$500,000 and over	All Farms
Number of Farms	**555 ***	**1,055**	**3,395**	**12,165**	**4,265**	**960**	**22,410**
	Revenues - Average per Farm ($)						
Total Grains & Oilseeds	267 **	325 **	1,425	6,186	20,537	53,921	9,816
Potatoes	-	x	78 **	140 **	206	x	164 *
Fruits & Vegetables	x	x	91 **	142 *	451 *	2,093 *	267
Tobacco	-	x	-	x	x	x	x
Greenhouse & Nursery Products	-	x	17	28	220 **	x	73 **
Forage Crops (including seed)	49 **	221 *	425	959	1,742	3,483	1,078
Other Crops	x	-	-	x	x	539 **	x
Total Other Crops	67 **	314 *	611	1,273	2,621	7,302	1,612
Total Crop Revenues	333 **	639 **	2,036	7,458	23,158	61,223	11,428
Cattle & Semen	1,994 *	4,766	7,019	12,472	27,942	72,131	16,521
Swine	74 **	356 **	259 **	1,037	2,332	8,531	1,430
Poultry & Eggs	x	23	87 **	138 *	548 **	7,863	530
Dairy Products & Subsidies	12,072	28,723	63,242	134,158	264,797	568,477	158,863
Other Livestock & Products	x	122 **	110 *	302 *	235	254	243
Total Livestock & Product Revenues	14,178	33,989	70,717	148,107	295,855	657,256	177,587
Program Payments	913 **	859 *	2,291	4,370	7,109	11,784	4,642
Custom Work & Machine Rental	566 **	445 **	634	1,423	4,130	11,571	2,186
Rental Income	x	111 **	117 **	365	1,165	4,237	625
Forest & Maple Products	x	279 **	1,068	1,430	1,229	825	1,227
Miscellaneous Revenues	789 **	490	1,187	2,131	4,408	9,569	2,629
Total Other Revenues	1,593 *	1,325 *	3,007	5,348	10,932	26,203	6,666
Total Operating Revenues [1]	**17,017**	**36,813**	**78,051**	**165,283**	**337,054**	**756,465**	**200,324**
	Expenses - Average per Farm ($)						
Fertilizer & Lime	186 **	736	1,951	5,597	12,055	23,559	6,679
Pesticides	10 *	72 *	410	1,119	3,224	8,724	1,661
Seed & Plants	158 **	859 *	1,489	3,265	6,570	9,699	3,710
Other Crop Expenses	98 **	173	433	630	760	1,115	611
Total Crop Expenses	453 **	1,840	4,283	10,611	22,608	43,097	12,660
Cattle Purchases	2,428 **	3,090 *	3,771	5,550	11,372	38,178	7,592
Swine Purchases	14 **	x	36 *	183 *	303	2,344	264
Poultry & Egg Purchases	-	x	3 **	16 *	48 **	x	63
Other Livestock Purchases	x	x	22	53 **	31 *	x	39 **
Feed, Supplements, Straw & Bedding	1,658 *	6,002	13,744	27,109	54,128	140,083	33,435
Vet Fees, Medicine & Breeding Fees	394 *	1,119	2,643	5,718	10,971	22,039	6,601
Other Livestock Expenses	x	x	25 *	433	1,643	5,093	770
Total Livestock Expenses	4,496 **	10,234	20,245	39,062	78,496	208,806	48,764
Small Tools	184 **	618	892	937	836	868	874
Net Fuel Expenses, Machinery, Truck, Auto	995 *	1,814	3,117	4,798	8,552	16,425	5,520
Repairs, Licenses and Insurance	978 *	2,807	5,156	8,817	16,127	32,491	10,189
Total Machinery Expenses	2,157 *	5,239	9,165	14,552	25,515	49,784	16,583
Salaries (including CPP, QPP, EI)	248 *	1,104 *	3,194	10,863	34,618	94,991	17,101
Rent	105 **	241 *	617 *	1,394	4,876	13,772	2,383
Insurance	400 **	934	1,857	3,448	6,402	12,613	3,967
Utilities	1,042 *	1,732	2,778	4,700	8,273	15,955	5,339
Custom Work & Machine Rental	480 **	1,080 *	2,216	5,913	12,761	23,748	7,057
Net Interest Expenses	913 **	2,155 *	4,603	13,234	27,766	55,749	15,683
Net Property Taxes	883 **	982	1,399	2,412	4,213	7,712	2,723
Building & Fence Repairs	374 **	1,101	2,105	4,191	7,988	16,175	4,870
Miscellaneous Expenses	953 *	2,555	6,362	14,692	28,966	59,215	17,139
Total General Expenses	5,396	11,886	25,131	60,848	135,864	299,930	76,262
Total Operating Expenses[1]	**12,503 ***	**29,199**	**58,824**	**125,073**	**262,483**	**601,617**	**154,271**
	Net Operating Income - Average per Farm ($)						
Net Operating Income [2]	**4,514**	**7,614**	**19,227**	**40,210**	**74,571**	**154,848**	**46,053**
	Operating Margins per $ of Revenue						
Operating Margin	0.27	0.21	0.25	0.24	0.22	0.20	0.23
Operating Margin (excluding interest)	0.32	0.27	0.31	0.32	0.30	0.28	0.31

1. *Totals may not add up due to rounding and/or confidentiality restrictions.*
2. *Net operating income does not include depreciation.*

** Use with caution.*
*** Unreliable.*

Source: Statistics Canada, Whole Farm Data Base.

Table 4: Operating Revenues and Expenses by Province, 1996

	Newfoundland		Prince Edward Island		Nova Scotia		New Brunswick	
	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995
Number of Farms	**50**	**11.1**	**360**	**-8.9**	**435**	**-9.4**	**360**	**-7.7**
	Revenues - Average per Farm ($)							
Total Grains & Oilseeds	x	x	4,288	90.4	1,005	36.5	1,107	55.9
Potatoes	x	x	4,180	3.2	-	...	x	x
Fruits & Vegetables	x	x	x	x	1,424	-7.5	x	x
Tobacco	-	...	-	...	-	...	-	...
Greenhouse & Nursery Products	-	...	x	x	x	x	x	x
Forage Crops (including seed)	x	x	452	-25.0	1,708	-0.2	825	36.1
Other Crops	-	...	-	x	x	x	-	x
Total Other Crops	x	x	4,914	-3.7	3,151	-3.2	2,573	79.9
Total Crop Revenues	x	x	9,201	25.1	4,156	4.1	3,680	72.0
Cattle & Semen	16,937	19.2	17,470	-3.2	16,657	-7.7	14,308	-8.7
Swine	-	...	1,320	-51.4	x	x	709	-2.6
Poultry & Eggs	x	x	x	x	x	x	144 *	24.1
Dairy Products & Subsidies	425,245	11.1	121,749	13.9	206,719	4.2	180,782	10.1
Other Livestock & Products	x	x	x	x	199	x	129	-6.5
Total Livestock & Product Revenues	442,264	10.9	140,772	9.8	225,578	3.0	196,073	8.4
Program Payments	8,273	x	5,117	59.6	5,865	61.9	5,212	...
Custom Work & Machine Rental	1,084 *	x	1,165	2.6	3,106	31.1	2,075	41.1
Rental Income	x	x	860 *	...	470	-33.8	122	-10.3
Forest & Maple Products	x	...	174 **	-14.7	2,138	9.4	2,160	2.5
Miscellaneous Revenues	2,286	5.9	2,479	21.2	5,780	-2.3	3,399	8.7
Total Other Revenues	x	x	4,678	26.1	11,493	4.9	7,756	13.3
Total Operating Revenues [1]	**459,870**	**11.8**	**159,768**	**12.2**	**247,092**	**4.0**	**212,720**	**11.1**
	Expenses - Average per Farm ($)							
Fertilizer & Lime	9,503	53.2	8,125	25.5	8,304	7.9	6,233	5.5
Pesticides	1,652	0.7	967	-1.9	671	13.2	832	...
Seed & Plants	847	...	1,729	3.7	1,676	0.6	1,528	42.3
Other Crop Expenses	954	1.6	1,270	4.9	840	-5.2	1,259 *	55.2
Total Crop Expenses	12,956	41.7	12,090	17.0	11,490	6.0	9,852	21.2
Cattle Purchases	24,190	0.4	8,303	14.2	6,917	24.3	5,742	3.5
Swine Purchases	x	x	x	x	x	x	x	x
Poultry & Egg Purchases	-	...	x	x	x	x	x	x
Other Livestock Purchases	x	x	26 **	x	x	x	x	x
Feed, Supplements, Straw & Bedding	151,177	19.4	28,409	18.2	52,004	12.4	50,651	18.1
Vet Fees, Medicine & Breeding Fees	9,011	31.7	4,830	4.3	6,798	5.7	6,584	14.7
Other Livestock Expenses	1,288 *	-62.9	197 *	-80.4	801	-73.7	1,195	-50.6
Total Livestock Expenses	185,681	15.2	41,804	12.7	66,646	8.0	64,209	13.2
Small Tools	665	78.8	761	...	850	...	766	...
Net Fuel Expenses, Machinery, Truck, Auto	8,577	0.7	5,634	9.4	6,602	6.8	6,578	18.0
Repairs, Licenses and Insurance	20,168	67.1	8,078	15.0	11,578	5.2	11,786	14.0
Total Machinery Expenses	29,409	40.3	14,472	15.8	19,031	8.9	19,130	18.0
Salaries (including CPP, QPP, EI)	64,816	8.7	13,974	17.1	29,477	3.1	28,025	7.5
Rent	5,670	26.1	2,333	10.7	2,005	-1.9	1,430	3.2
Insurance	6,212	18.5	2,142	7.3	3,539	1.7	3,557	6.2
Utilities	8,935	7.5	3,663	4.8	5,956	6.6	4,934	10.7
Custom Work & Machine Rental	9,874	...	4,229	28.5	4,777	7.8	3,567	20.8
Net Interest Expenses	28,145	21.8	11,903	11.2	22,014	6.2	16,668	19.3
Net Property Taxes	1,523	2.6	1,686	12.4	1,894	10.5	1,471	-1.1
Building & Fence Repairs	6,599	12.1	2,948	14.1	4,456	10.4	3,518	9.3
Miscellaneous Expenses	54,128	16.1	10,598	11.4	22,779	10.3	12,930	9.3
Total General Expenses	185,901	16.8	53,475	13.5	96,896	6.2	76,100	10.8
Total Operating Expenses[1]	**413,947**	**18.1**	**121,841**	**13.8**	**194,063**	**7.1**	**169,291**	**13.0**
	Net Operating Income - Average per Farm ($)							
Net Operating Income [2]	**45,923**	**-24.5**	**37,928**	**7.2**	**53,029**	**-5.8**	**43,429**	**4.3**
	Operating Margins per $ of Revenue							
Operating Margin	0.10		0.24		0.21		0.20	
Operating Margin (excluding interest)	0.16		0.31		0.30		0.28	

1. *Totals may not add up due to rounding and/or confidentiality restrictions.*
2. *Net operating income does not include depreciation.*

** Use with caution.*
*** Unreliable.*

Source: Statistics Canada, Whole Farm Data Base.

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

	Quebec		Ontario		Manitoba		Saskatchewan	
	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995
Number of Farms	**10,195**	**-9.2**	**7,930**	**-0.4**	**800**	**-3.0**	**495**	**-8.3**
	Revenues - Average per Farm ($)							
Total Grains & Oilseeds	7,072	40.9	12,934	8.8	15,945	0.2	28,101	30.4
Potatoes	143 **	50.5	x	x	-	...	-	...
Fruits & Vegetables	180 *	10.4	332 *	36.6	x	x	x	x
Tobacco	x	x	x	x	-	...	-	...
Greenhouse & Nursery Products	64 *	...	20 **	-64.3	x	x	x	...
Forage Crops (including seed)	820	39.7	886	1.5	2,750	38.5	2,018 **	48.3
Other Crops	x	x	x	...	-	...	-	...
Total Other Crops	1,207	37.8	1,263	4.8	2,759	38.8	3,024 **	...
Total Crop Revenues	8,279	40.5	14,197	8.4	18,704	4.5	31,125	35.1
Cattle & Semen	11,708	-8.8	18,916	-9.0	17,896	-22.9	24,553	9.5
Swine	1,424	28.1	1,760	-4.8	738	16.0	x	x
Poultry & Eggs	277 *	45.8	590 *	-14.4	494	59.9	x	x
Dairy Products & Subsidies	131,178	4.5	157,124	0.5	149,917	3.6	181,476	16.1
Other Livestock & Products	243	73.6	258 **	47.4	133 *	-80.1	313 **	...
Total Livestock & Product Revenues	144,830	3.6	178,648	-0.6	169,178	-0.2	206,428	15.3
Program Payments	6,226	-20.8	2,961	66.6	2,136	-29.0	8,801	89.5
Custom Work & Machine Rental	1,789	5.5	2,243	14.1	2,358	94.2	3,921 **	...
Rental Income	390	22.6	764	53.4	x	x	391 **	x
Forest & Maple Products	2,398	9.4	122 **	-56.6	x	x	-	x
Miscellaneous Revenues	2,134	-13.7	2,197	-14.5	2,657	-24.2	5,809	-1.5
Total Other Revenues	6,711	0.5	5,325	0.2	5,260	3.5	10,120	22.7
Total Operating Revenues [1]	**166,046**	**3.6**	**201,131**	**0.6**	**195,278**	**-0.1**	**256,475**	**19.3**
	Expenses - Average per Farm ($)							
Fertilizer & Lime	5,951	7.6	6,873	1.1	8,068	-1.5	9,869	33.4
Pesticides	729	54.4	2,509	21.1	3,232	20.9	5,439	41.5
Seed & Plants	3,518	16.3	4,506	6.2	5,038	-5.1	4,511	20.3
Other Crop Expenses	478	19.2	709	-28.2	594	-18.1	624 *	76.3
Total Crop Expenses	10,676	13.2	14,597	3.5	16,933	0.2	20,444	33.2
Cattle Purchases	5,180	-11.6	8,389	0.3	8,138	-21.8	9,828	-11.1
Swine Purchases	288	74.5	291	-14.9	x	x	x	x
Poultry & Egg Purchases	6 **	x	83 *	-50.0	x	x	x	x
Other Livestock Purchases	4	x	62 **	8.8	58 *	-92.6	429 **	...
Feed, Supplements, Straw & Bedding	26,730	12.7	29,581	9.7	28,064	11.1	34,833	17.5
Vet Fees, Medicine & Breeding Fees	5,765	6.4	7,169	3.0	5,861	2.0	5,523	12.2
Other Livestock Expenses	699	-65.8	524	-68.9	795	-65.4	762 **	-69.7
Total Livestock Expenses	38,673	3.8	46,100	3.5	43,244	-2.9	51,445	6.7
Small Tools	854	...	914	50.6	871	59.8	995	46.1
Net Fuel Expenses, Machinery, Truck, Auto	3,954	7.2	6,145	8.4	8,520	7.3	10,734	11.8
Repairs, Licenses and Insurance	9,100	1.4	9,921	-0.5	11,895	3.3	14,788	25.4
Total Machinery Expenses	13,908	8.7	16,980	4.5	21,286	6.4	26,517	20.2
Salaries (including CPP, QPP, EI)	12,716	14.8	14,146	7.8	16,241	-5.9	23,642	19.0
Rent	950	1.1	3,199	-1.3	2,778	-12.8	4,688 *	63.2
Insurance	4,076	-0.3	3,632	-1.3	3,584	-2.7	4,180	33.5
Utilities	4,188	7.9	6,202	6.4	5,505	3.0	7,039	20.4
Custom Work & Machine Rental	5,374	25.8	7,862	1.1	7,407	-4.5	11,203	28.6
Net Interest Expenses	13,826	2.8	14,411	1.7	15,993	1.5	15,603	5.2
Net Property Taxes	2,286	11.9	3,366	6.8	2,630	3.2	2,831	43.7
Building & Fence Repairs	4,770	3.8	4,715	7.5	4,045	1.6	4,747	51.3
Miscellaneous Expenses	14,709	12.4	18,351	-2.0	11,495	14.3	19,639	3.6
Total General Expenses	62,896	9.5	75,884	2.4	69,679	0.1	93,572	18.0
Total Operating Expenses[1]	**126,153**	**7.9**	**153,560**	**3.1**	**151,141**	**0.1**	**191,978**	**16.4**
	Net Operating Income - Average per Farm ($)							
Net Operating Income [2]	**39,893**	**-8.0**	**47,571**	**-6.7**	**44,137**	**-0.7**	**64,497**	**29.2**
	Operating Margins per $ of Revenue							
Operating Margin	0.24		0.24		0.23		0.25	
Operating Margin (excluding interest)	0.32		0.31		0.31		0.31	

1. *Totals may not add up due to rounding and/or confidentiality restrictions.*
2. *Net operating income does not include depreciation.*

** Use with caution.*
*** Unreliable.*

Source: Statistics Canada, Whole Farm Data Base.

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

	Alberta		British Columbia		Canada	
	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995
Number of Farms	**900**	**-7.7**	**890**	**-7.8**	**22,410**	**-5.8**
	Revenues - Average per Farm ($)					
Total Grains & Oilseeds	16,618	21.9	1,409	73.1	9,816	22.1
Potatoes	x	...	x	x	164 *	12.3
Fruits & Vegetables	x	x	567 *	-59.6	267	0.4
Tobacco	-	...	-	...	x	x
Greenhouse & Nursery Products	x	x	x	x	73 **	62.2
Forage Crops (including seed)	3,429	47.3	1,389	-12.6	1,078	21.8
Other Crops	x	x	x	x	x	x
Total Other Crops	3,648	49.0	2,788	-28.1	1,612	18.4
Total Crop Revenues	20,266	26.0	4,197	-10.5	11,428	21.6
Cattle & Semen	36,809	-12.7	24,471	-20.9	16,521	-9.5
Swine	645 **	-21.2	1,460 **	x	1,430	9.5
Poultry & Eggs	1,326 **	38.3	2,473 *	...	530	15.2
Dairy Products & Subsidies	261,589	15.5	350,887	1.2	158,863	4.1
Other Livestock & Products	213	-64.4	311	x	243	24.0
Total Livestock & Product Revenues	300,582	10.9	379,601	-0.1	177,587	2.8
Program Payments	3,444	17.8	1,380	15.6	4,642	-4.1
Custom Work & Machine Rental	2,581	-4.9	4,757	16.6	2,186	14.6
Rental Income	x	x	1,536	-5.8	625	29.1
Forest & Maple Products	x	x	329 **	40.6	1,227	0.6
Miscellaneous Revenues	5,625	-1.5	5,544	-4.0	2,629	-11.1
Total Other Revenues	10,037	1.5	12,165	3.8	6,666	1.5
Total Operating Revenues [1]	**334,329**	**11.5**	**397,344**	**--**	**200,324**	**3.5**
	Expenses - Average per Farm ($)					
Fertilizer & Lime	8,648	11.3	6,916	-2.5	6,679	5.8
Pesticides	2,896	11.3	1,097	38.3	1,661	30.7
Seed & Plants	2,291	1.8	1,425	-8.9	3,710	10.7
Other Crop Expenses	778	15.8	446	-45.8	611	-8.3
Total Crop Expenses	14,612	9.9	9,884	-3.7	12,660	9.2
Cattle Purchases	21,663	-6.5	12,015	-24.3	7,592	-6.7
Swine Purchases	56 **	x	x	x	264	25.1
Poultry & Egg Purchases	271 **	x	415 *	...	63	-18.2
Other Livestock Purchases	7 *	-95.1	x	x	39 **	-49.4
Feed, Supplements, Straw & Bedding	63,613	24.9	97,572	12.9	33,435	12.8
Vet Fees, Medicine & Breeding Fees	8,096	8.6	11,374	1.0	6,601	5.3
Other Livestock Expenses	2,104	-38.1	2,429	-35.8	770	-63.0
Total Livestock Expenses	95,811	12.4	124,225	5.4	48,764	4.9
Small Tools	1,102	42.6	579	25.3	874	...
Net Fuel Expenses, Machinery, Truck, Auto	9,147	12.1	7,439	6.9	5,520	9.0
Repairs, Licenses and Insurance	14,718	13.9	15,313	1.7	10,189	2.9
Total Machinery Expenses	24,967	14.2	23,331	3.8	16,583	8.1
Salaries (including CPP, QPP, EI)	32,982	18.0	62,852	-0.2	17,101	9.1
Rent	5,338	11.7	7,305	10.0	2,383	4.7
Insurance	5,015	7.2	5,854	5.5	3,967	0.6
Utilities	7,536	12.1	7,854	1.4	5,339	7.9
Custom Work & Machine Rental	16,120	18.2	10,857	23.4	7,057	13.8
Net Interest Expenses	29,704	12.4	31,205	-0.7	15,683	3.2
Net Property Taxes	2,157	12.2	3,989	4.2	2,723	10.2
Building & Fence Repairs	5,996	3.5	8,501	10.9	4,870	6.3
Miscellaneous Expenses	20,859	10.3	33,612	-10.7	17,139	4.7
Total General Expenses	125,708	13.4	172,029	-0.1	76,262	6.4
Total Operating Expenses[1]	**261,098**	**12.9**	**329,470**	**2.1**	**154,271**	**6.3**
	Net Operating Income - Average per Farm ($)					
Net Operating Income [2]	**73,231**	**6.7**	**67,874**	**-9.2**	**46,053**	**-5.2**
	Operating Margins per $ of Revenue					
Operating Margin	0.22		0.17		0.23	
Operating Margin (excluding interest)	0.31		0.25		0.31	

1. *Totals may not add up due to rounding and/or confidentiality restrictions.*
2. *Net operating income does not include depreciation.*

** Use with caution.*
*** Unreliable.*

Source: Statistics Canada, Whole Farm Data Base.

Table 5: Farms with Sales of Dairy Products by Degree of Specialization and Revenue Class, 1995 and 1996

Revenue Class		Degree of Specialization[1]						
		Below 25.0%	25.0% to 50.9%	51.0% to 74.9%	75.0% to 89.9%	90.0% to 99.9%	100.0%	Total
		Number of Farms						
		Not Specialized		Specialized "Dairy Farms"				
$10,000 to $24,999	1996	375 *	90 **	145 **	95 **	70 **	245 *	1,020
	1995	320 *	165 **	45 **	75 **	90 **	355 *	1,055
$25,000 to $49,999	1996	490 *	155 **	230 **	125 **	365 *	345 *	1,705
	1995	440 *	120 **	180 *	205 *	395 *	360 *	1,695
$50,000 to $99,999	1996	465	195 *	305	520	1,235	1,335	4,060
	1995	450	190 **	275	610	1,560	1,510	4,585
$100,000 to $249,999	1996	355	255	1,100	2,065	5,640	3,365	12,775
	1995	370	295	1,020	2,135	5,955	3,635	13,415
$250,000 to $499,999	1996	200	305	690	880	1,675	1,025	4,770
	1995	145	285	680	885	1,820	1,090	4,895
$500,000 and over	1996	350	190	235	200	275	255	1,500
	1995	325	190	215	175	260	260	1,430
Total[2]	1996	2,230	1,200	2,695	3,875	9,270	6,565	25,840
	1995	2,050	1,245	2,415	4,090	10,080	7,210	27,090
Distribution by degree of specialization (%)	1996	8.6	4.6	10.4	15.0	35.9	25.4	100.0
	1995	7.6	4.6	8.9	15.1	37.2	26.6	100.0

1. *Percent of total sales derived from dairy products, including subsidies.*
2. *Totals may not add up due to rounding and/or confidentiality restrictions.*

** Use with caution.*
*** Unreliable.*

Source: Statistics Canada, Whole Farm Data Base.

Table 6: Physical Characteristics of Dairy Farms, Canada, 1994–1996

	1996							1995	1994
	$10,000 to $24,999	$25,000 to $49,999	$50,000 to $99,999	$100,000 to $249,999	$250,000 to $499,999	$500,000 and over	All Classes	All Classes	All Classes
	Average per Farm (Acres)								
Total Area of Farms	183	270	268	305	444	785	329	325	330
Total Crops	92	152	148	199	318	597	215	211	211
Grains and Oilseeds	33 *	60 *	51	84	163	350	96	92	89
Tame Hay	56	87	92	103	134	212	107	108	113
Other Crops	3 *	5 **	5	12	22	36	12	11	10
Seeded Pasture	16 **	19 *	21	23	25	35 *	23	25	27
Other Land[1]	75	99	99	83	101	153 *	92	89	93
	Average per Farm (Head)								
Total Cattle and Calves	46	52	54	82	136	284	89	86	85
Dairy Cows	12 *	19	25	38	64	122	40	40	39
Dairy Heifers (>1 year)	6 *	7	9	16	28	57	17	17	17
Calves (<1 year)	13	13	12	19	31	65	20	20	20
Other Cattle and Calves	14 *	12	8	10	12	39	11	9	9
	Average per Farm Reporting								
Beef Cows (Head)	20	16	20	25	34	54	24	25	26
No. of Farms Reporting	470 *	630	950	2,400	595	165 *	5,215	4,635	4,705
% of Farms Reporting	46.1	39.7	22.5	18.4	15.0	21.4	21.2	18.1	17.6
Hogs (Head)	28 **	91 **	66 **	243 *	274 *	921 **	248	173	172
No. of Farms Reporting	75 **	40 **	115 **	590	190 *	60 *	1,065	1,390	1,500
% of Farms Reporting	7.4	2.5	2.7	4.5	4.8	7.8	4.3	5.4	5.6

1. *Includes summerfallow.*

** Use with caution.*
*** Unreliable.*

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

ECONOMIC OVERVIEW OF FARM INCOMES

BULLETIN SERIES

CURRENT RELEASES

Bulletin No. 1: All Farms

Bulletin No. 2: Grain and Oilseed Farms

Bulletin No. 3: Cattle Farms

Bulletin No. 4: Dairy Farms

UPCOMING RELEASES

Bulletin No. 5: Hog Farms

Bulletin No. 6: Fruit and Vegetable Farms

Bulletin No. 7: Poultry and Egg Farms

Bulletin No. 8: Greenhouse and Nursery Farms

Bulletin No. 9: Potato Farms

NOTE OF APPRECIATION

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