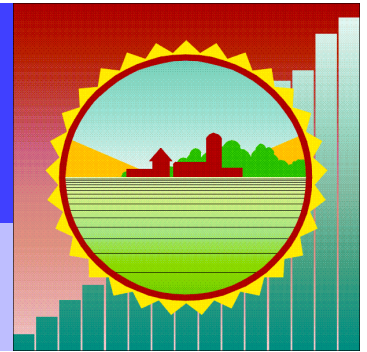


1996

# ECONOMIC OVERVIEW OF FARM INCOMES

## Potato Farms



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### INTRODUCTION

This is the ninth in the series of bulletins that are 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 potato farms, which includes information on farm level revenues, expenses and net operating income before depreciation by revenue class and by province. Potato farms are defined as those farms for which 51% or more of agricultural sales are derived from the sale of potatoes. Information on the concentration and specialization of production, as well as on the physical characteristics of potato farms, is also included by revenue class.

Most of the analysis in this series is based on data derived from STC's *Taxation Data Program (TDP)*. The bulletins also include information from the *June Crops Survey (JCS)* and the *July Livestock Survey (JLS)*. The TDP estimates presented in these bulletins are derived from a random sample of income tax returns of individuals operating unincorporated farms with operating revenues of \$10,000 and over and incorporated farms with revenues of \$25,000 and over and for which 51% or more of their sales come from agricultural activities. Communal farming operations, such as Hutterite colonies, are also included.

Group averages, not individual records, are provided by STC to AAFC, and are subject to confidentiality restrictions prior to release. For further discussion of the methodology behind the STC data, refer to the Methodology section in Bulletin 1.

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

This bulletin provides information on potato farms based on 1996 data. Bulletin 1 provided an overview of all farms in Canada and Bulletins 2 through 8 presented similar information on grain and oilseed, cattle, dairy, hog, fruit and vegetable, poultry and egg, and greenhouse and nursery farms.



## Economic Overview of Farm Incomes, 1996 – Potato Farms

***In 1996, potato farms reported the highest average net operating income of the farm types analyzed. Potato farms, while relatively small in number relative to the total number of farms in Canada, are an important contributor to Canadian agricultural production, especially in certain regions of the country.***

***Potato farms reported only marginally higher average net operating income in 1996 compared with 1995. While potato production was up, prices were on the decline. Operating expenses rose more than operating revenues.***

***Almost one third of potato farms with revenues of \$10,000 and over were concentrated in Prince Edward Island.***

## OVERVIEW OF THE POTATO CROP DURING THE 1996/1997 CROP-YEAR

According to the Potato Area and Yield Survey,<sup>1</sup> farmers in Canada grew 373,300 acres (150,900 hectares) of potatoes in 1996, up 4.2% from 1995. Farmland devoted to potatoes, which peaked at 818,800 acres (331,400 hectares) in 1991, has expanded steadily since 1988, when it stood at 278,900 acres (112,800 hectares).

The majority of the cropland planted to potatoes was in Prince Edward Island (110,000 acres or 44,500 hectares), Manitoba (70,100 acres or 28,400 hectares) and New Brunswick (54,100 acres or 21,900 hectares). Compared with 1995, potato area increased in every province, except in New Brunswick (-1.6%). The growth was particularly strong in Manitoba (+16.8%). This increase coincided with a major expansion of a potato processing plant in Portage la Prairie.

In 1996, an unusually large area of potatoes (8,900 acres or 3,600 hectares) was left unharvested due to wet harvest conditions and disease problems. All provinces recorded some loss. As a result, the harvested area increased only 2.3%, in spite of the area planted being up 4.2%.

Average yield in 1996 was 247.1 cwt./acre (27.73 tonnes/hectare), up 4.1% from 1995. New Brunswick reported the highest yields at 270.0 cwt./acre (30.33 tonnes/hectare) followed closely by Alberta at 268.0 cwt./acre (30.15 tonnes/hectare). Farmers in British Columbia reported a 21.3% decline in their yields (to 240.0 cwt./acre or 27.06 tonnes/hectare) compared with 1995 due to a very late, wet spring.

1. Information on the methodology of the Potato Area and Yield Survey and on other sources of information is available in Canadian Potato Production, Statistics Canada's catalogue no. 22-008-UIB.

Better yields and increased harvested area led to a record Canadian potato production<sup>2</sup> for the third consecutive year, as the demand for processing potatoes continued to grow. In 1996, the production was estimated at 90,047,000 cwt. (4,084,600 tonnes), up 6.5% from 84,523,000 cwt. (3,834,000 tonnes) in 1995.

Four provinces posted a growth in potato production: Manitoba, New Brunswick, Quebec and Saskatchewan. In Manitoba, production leaped 36.4% to reach a new record of 16,783,000 cwt. (761,300 tonnes) due to an increase in both harvested area and yields. Boosted by better yields, production rose 18.3% in New Brunswick and 8.4% in Quebec. In Saskatchewan, expanded harvested area led to a 6.6% increase in production. British Columbia recorded the largest drop (-22.2%) due to lower yields and reduced harvested area.

In Prince Edward Island, production reached 28,340,000 cwt. (1,285,500 tonnes), down 1.0% from 1995 due to lower yields. Prince Edward Island grew 31.5% of total potato production, compared with 18.6% in Manitoba and 15.9% in New Brunswick.

## FARM INCOME BY REVENUE CLASS

### Distribution of Farms by Revenue Class

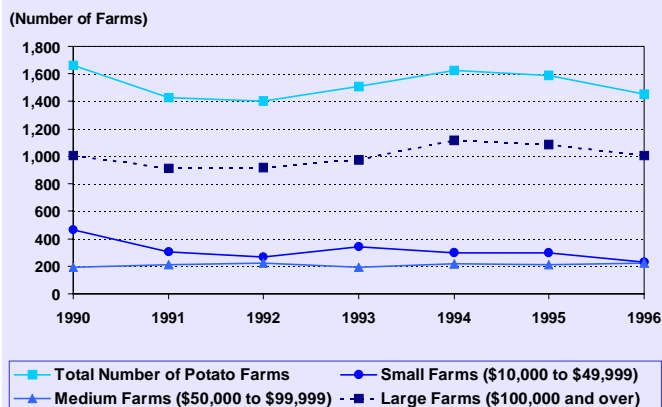
***The number of potato farms in Canada decreased by 8.5% between 1995 and 1996, continuing a long-term trend towards fewer but larger farms. Large farms accounted for 69.1% of potato farms in 1996, a greater share than for most other farm types besides dairy and poultry and egg farms.***

The estimated number of potato farms with revenues of \$10,000 and over declined by 8.5% to 1,455 farms in 1996 compared with 1995 (see Table 1 and Figure 1) and fell 12.6% between 1990 and 1996. Over 1995, the number of small farms (\$10,000 to \$49,999) dropped by 22.0% and the number of large farms (\$100,000 and over) decreased by 7.4%. However, the number of medium farms (\$50,000 to \$99,999) increased by 7.1% in 1996.

2. Production refers to the volume of potatoes harvested out of the field, including culls, but excluding gleanings. It is the product of the area harvested by the average yield. It includes the amount of potatoes sold, consumed on the farm, seed for own use, plus potatoes fed to livestock. If potatoes were destroyed and producers received funds as part of a diversion program, these potatoes would be considered sold and included in the amount utilized.

## Economic Overview of Farm Incomes, 1996 – Potato Farms

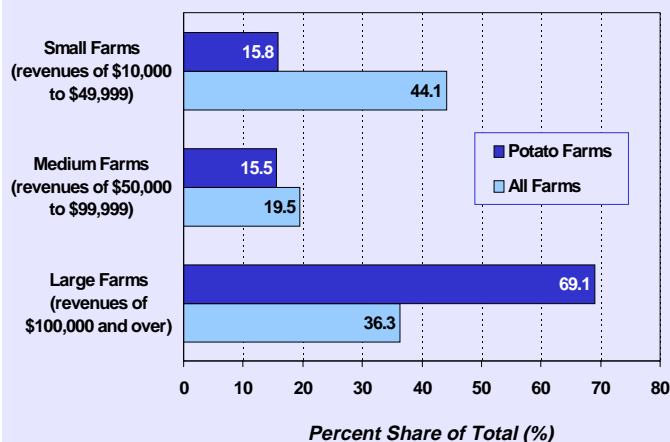
**Figure 1: Number of Potato Farms in Canada, Revenues of \$10,000 and Over, 1990 to 1996**



Source: Statistics Canada, Whole Farm Data Base.

Unlike most other farm types covered in this series of bulletins, besides poultry and egg farms and dairy farms, a greater share of potato farms were large farms: 69.1% compared with 36.3% for all farm types (see Figure 2).

**Figure 2: Distribution of Farms by Revenue Class, Potato Farms and All Farms, 1996**



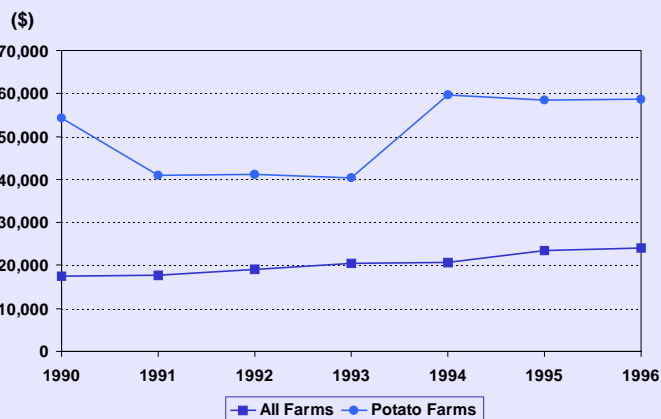
Source: Statistics Canada, Whole Farm Data Base.

### Net Operating Income

*In 1996, potato farms reported the highest net operating income of the farm types analyzed.*

In 1996, average net operating income rose only marginally over 1995 (up 0.1%), to average \$58,607 per farm (see Table 1 and Figure 3). This is 21.7% higher than the previous five-year average (1991 to 1995) of \$48,170. Among farm types covered in this bulletin series, potato farms ranked first in terms of average net operating income in 1996.

**Figure 3: Average Net Operating Income, 1990 to 1996**



Source: Statistics Canada, Whole Farm Data Base.

Average operating revenues rose 10.5% in response to increased Canadian production (or marketings). However, operating expenses rose more (+12.6%), leading to the marginally higher average net operating income (+0.1%).

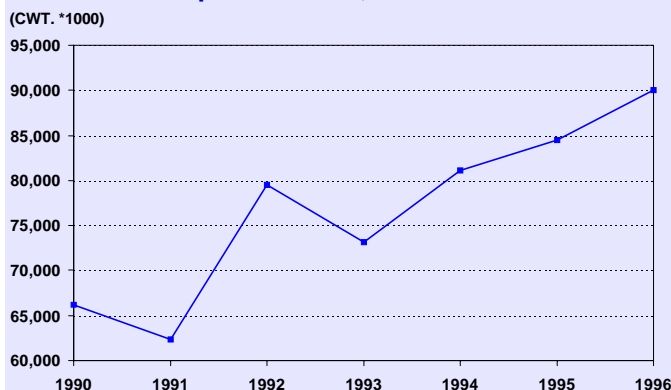
Over the period 1990 to 1996, the average net operating income of potato farms was up only 7.9% (see Figure 3). Potato production rose by 36.0% over this period with most of the increase occurring since 1993 (see Figure 4).<sup>3</sup> A potato virus (PVYn) in 1990 destroyed much of the Maritime crop and resulted in lower production in 1991.<sup>4</sup> This was followed by significantly higher Canadian production in 1992 as yields rose again and producers received government support for losses due to the virus. Crop failures in some of the other major-producing countries such as the United States and Russia led to shortages and hence higher prices in North American markets in 1993. Increased Canadian production subsequently led to a large increase in net operating income between 1993 and 1994 (+48.2%).

3. Data on prices, marketed production, and therefore revenues reported on a crop-year basis may differ from data reported on a calendar year basis, as the latter may come from two different crop-years. This is particularly true for crops that can be stored, such as potatoes. In the subsequent pages of the bulletin, any reference to prices and marketings for potato crops are on a calendar year basis. These data were extracted from the Farm Cash Receipts Unit Data Base.

4. In 1991, the potato production declined by 5.8%.

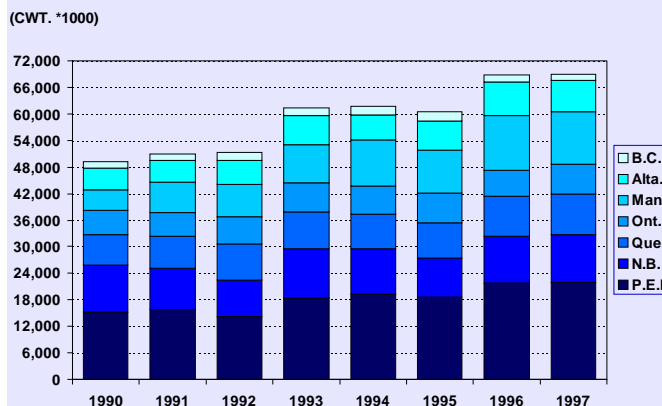
Economic Overview of Farm Incomes, 1996 – Potato Farms

**Figure 4: Canadian Potato Production, Crop-Year Basis, 1990 to 1996**



Source: Statistics Canada, Potato Area and Yield Survey, Canadian Potato Production, Catalogue no. 22-008-UIB.

**Figure 5: Marketed Production of Potatoes for Selected Provinces, Calendar Year Basis, 1990 to 1997**



Source: Statistics Canada, Farm Cash Receipts Unit Data Base.

Only the smallest farms (\$10,000 to \$24,999) reported an increase in average net operating income (+46.4%) in 1996 (from losses of \$2,483 in 1995).

**Distribution of Farms by Net Operating Income**

*Almost one quarter of potato farms reported operating losses in 1996.*

In 1996, 22.0% of potato farms (320 farms) reported operating losses (net operating income below \$1) (see Table 2). While most (53.1%) were large farms with revenues of \$100,000 and over, there was also a substantial share (18.8%) of medium farms (\$50,000 to \$99,999) and small farms (\$25,000 to \$49,999) (14.1%) that reported losses.

In comparison, 545 farms, or 37.5%, reported average net operating income of \$50,000 and over. Of these farms, 99.1% earned revenues of \$100,000 and more.

**Comparison of 1995 and 1996 Major Revenues and Expenses**

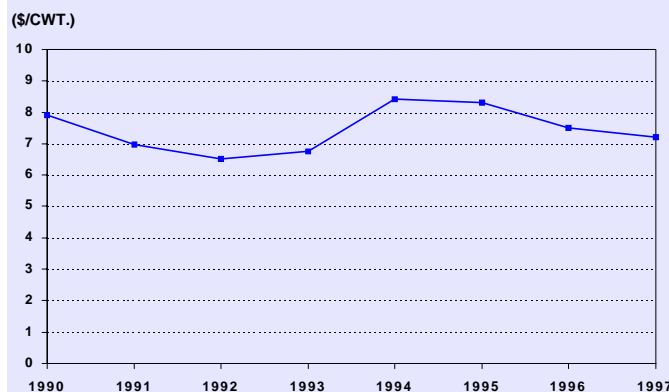
*Mainly due to an increase in potato revenues, average operating revenues increased by 10.5% in 1996, with most of the increase reported by farms earning \$25,000 to \$49,999 (+12.4%).*

*An increase in the major expenses (crop and general expenses) led to higher average operating expenses in 1996 (+12.6%).*

Average operating revenues rose by 10.5% per farm between 1995 and 1996, from \$353,272 to \$390,406, as a result of an increase in potato revenues (see Table 1). Average revenues from potato sales rose by 11.3% due to increased marketings (see Figure 5).<sup>5</sup> A growing demand for processed potato products in Canada and the United States explains the rise in deliveries throughout the 1990s.

Year-over-year potato prices decreased by 9.4% in 1996 as potato production increased in the North American market (see Figure 6).<sup>6</sup>

**Figure 6: Average Potato Prices in Canada, Calendar Year Basis, 1990 to 1997**



Source: Statistics Canada, Farm Cash Receipts Unit Data Base.

Of the remaining sources of revenues, other crop revenues fell by 2.9%, total livestock revenues declined by 1.6%, program payments dropped by 19.1% and total other revenues<sup>7</sup> increased by 6.8%.

5. Marketed production refers to the quantity of potatoes sold on the domestic or the international market. Inter-farm sales within the province are excluded.
6. The average price for potatoes is based on the transaction price received by the producer. This price includes bonuses and premiums which can be attributed to specific commodities and excludes fees deducted before the farmer is paid (e.g. storage, transport, marketing and administrative costs, etc.).
7. Other revenues: custom work and machine rental, rental income, forest and maple products, and miscellaneous revenues.



## Economic Overview of Farm Incomes, 1996 – Potato Farms

The increase in average operating revenues was more apparent for farms with reported revenues of \$25,000 to \$49,999 where average operating revenues rose by 12.4%. Farms earning between \$100,000 and \$249,999 in revenues posted a marginal 1.0% increase. Across the remaining revenue classes, declines ranged from -4.5% for medium farms (\$50,000 to \$99,999) to -0.6% for farms earning between \$250,000 and \$499,999. The largest farms (\$500,000 and over) experienced a 1.0% decrease.

In the case of potato revenues, growth has been observed in all revenue classes, except for the largest one (\$500,000 and over), where farms experienced a 1.1% drop compared with 1995. Farms in all revenue classes received less in program payments. Small farms (\$25,000 to \$49,999) reported the highest decrease, down 56.3%.

Average operating expenses for potato farms increased by 12.6%, going from \$294,712 in 1995 to \$331,799 in 1996, partly due to an increase in potato production resulting in a rise of crop,<sup>8</sup> machinery and general expenses<sup>9</sup> (see Table 1). At the disaggregated level, significant increases were seen by rent and pesticide expenses, which rose by 35.8% and 20.4%, respectively. Small farms (\$25,000 to \$49,999) experienced the greatest increase (+24.4%) in average operating expenses.

### Relative Importance of Revenue and Expense Items

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

#### Detailed Operating Revenues

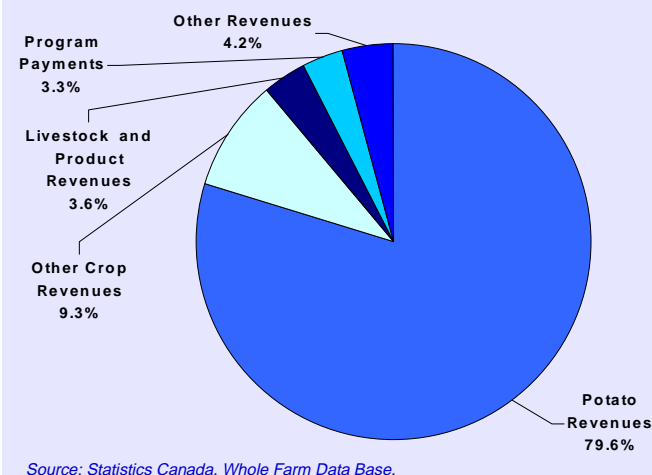
*Total crop revenues, primarily from potato sales, accounted for almost 90% of total operating revenues.*

The relative importance of the various sources of revenues and expenses is based on information in Table 3. In 1996, a large proportion of operating revenues came from the sale of potatoes (79.6% of total operating revenues) and other crops (9.3%). Revenues from program payments and other revenues represented a small share of total operating revenues (see Table 3 and Figure 7).

8. Crop expenses: fertilizer and lime, pesticides, seed and plants, and other crop expenses.

9. General expenses: salaries, rent, insurance, utilities, custom work and machine rental, net interest expenses, net property taxes, building and fence repairs, and miscellaneous expenses.

**Figure 7: Operating Revenues for Potato Farms, 1996**



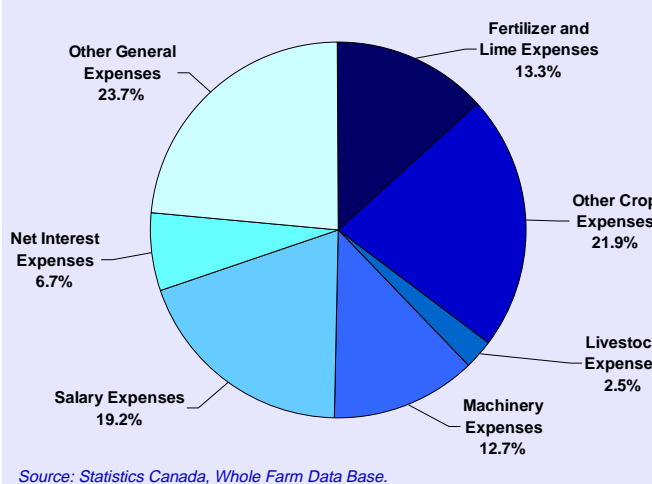
Large farms (\$100,000 to \$249,999) reported the highest share of revenues from potatoes, at 81.6% of total operating revenues. Medium farms (\$50,000 to \$99,999) reported the largest share of revenues from program payments (4.7%) in 1996.

#### Detailed Operating Expenses

*Salary expenses are an important component of operating expenses for potato farms.*

General expenses made up the greatest share of total operating expenses (49.6%) (see Table 3 and Figure 8). A large portion of this was salaries, which accounted for 19.2% of operating expenses, followed by net interest expenses (6.7%) and miscellaneous expenses (5.6%). Horticulture farms (fruit and vegetable, greenhouse and nursery, and potato farms) rely to a much greater degree on hired labour, though potato farms were the least reliant of these farm types.

**Figure 8: Operating Expenses for Potato Farms, 1996**



Of the other major expense categories, crop expenses accounted for 35.2%, while machinery expenses and livestock expenses were less important.

## Economic Overview of Farm Incomes, 1996 – Potato Farms

### Operating Margins

*In 1996, the operating margin was estimated at 15.0 cents per dollar of revenue. The profitability of potato farms decreased between 1990 and 1996 (from 20.9 cents to 15.0 cents per dollar of revenue).*

Operating margins are a measure of the relative profitability and the rate of return to farming. In 1996, the average operating margin for potato farms was 15.0 cents per dollar of revenue, down slightly from 16.6 cents in 1995 (see Table 3).

Between 1990 and 1996, operating margins decreased from 20.9 cents per dollar of revenue in 1990 to 15.0 cents per dollar of revenue in 1996. Potato farms tended to be less profitable in 1996. Compared with 1990, operating expenses (+61.0%) increased more than operating revenues (+49.9%), resulting in a lower performance in 1996.

Operating margins ranged from a deficit of 8.3 cents for very small farms (\$10,000 to \$24,999) to a profit of 16.2 cents for very large farms (\$500,000 and over). Farms generally become more efficient as they become larger.

## FARM INCOME BY PROVINCE

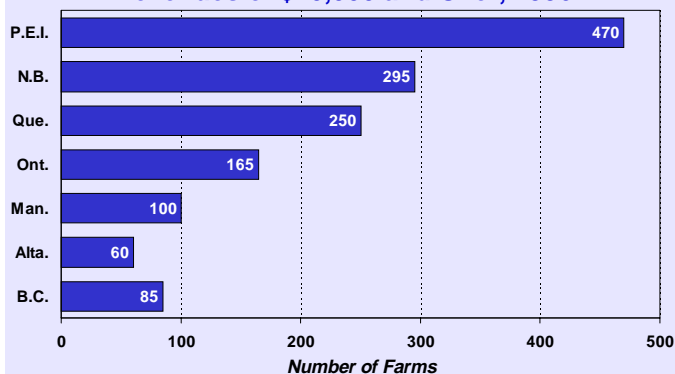
### Distribution of Farms by Province

*Prince Edward Island and New Brunswick reported the largest number of potato farms with revenues of \$10,000 and over.*

Almost 55% of the estimated 1,455 potato farms with revenues of \$10,000 and over were in the Atlantic provinces. Of the remaining potato farms, 28.5% were located in Central Canada, and 17.9% in Western Canada.

Provincially, Prince Edward Island ranked first in terms of potato farms with 32.3% (470 farms), followed by New Brunswick (20.3%), Quebec (17.2%), Ontario (11.3%) and Manitoba (6.9%) (see Figure 9).

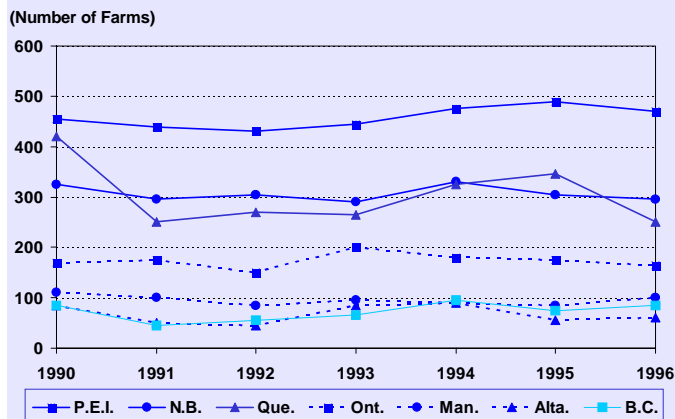
**Figure 9: Number of Potato Farms by Province, Revenues of \$10,000 and Over, 1996\***



\*Due to confidentiality restrictions, some provinces were excluded.  
Source: Statistics Canada, Whole Farm Data Base.

Between 1990 and 1996, the number of potato farms decreased in the major producing provinces in Eastern and Central Canada (except Prince Edward Island) but increased slightly in Western Canada (see Figure 10).<sup>10</sup>

**Figure 10: Number of Potato Farms by Province, Revenues of \$10,000 and Over, 1990 to 1996\***



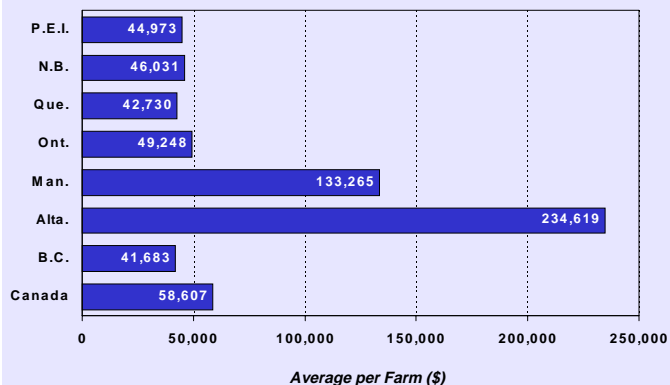
\*Due to confidentiality restrictions, some provinces were excluded.  
Source: Statistics Canada, Whole Farm Data Base.

### Net Operating Income

*Only Alberta and Manitoba potato farms reported net operating income above the national average in 1996.*

When compared provincially, there was considerable variation in the average net operating income for potato farms. Only two provinces were above the national average (\$58,607). Farms in Alberta (\$234,619 per farm), which at four times the national average, were well ahead of Manitoba farms (\$133,265 per farm) (see Table 4 and Figure 11). Potato farms in the remaining provinces all recorded net operating income far below the national average. British Columbia farms reported the lowest net operating income in 1996 (\$41,683 per farm).

**Figure 11: Average Net Operating Income for Potato Farms, by Province, 1996\***



\*Due to confidentiality restrictions, some provinces were excluded.  
Source: Statistics Canada, Whole Farm Data Base.

10. Farm numbers increased by 3.3% in Prince Edward Island.

## Economic Overview of Farm Incomes, 1996 – Potato Farms

The big difference between Alberta and Manitoba, and the rest of the provinces can be partly attributed to their size. The portion of very large farms (\$500,000 and over) is much larger in these two provinces than in the other provinces—65% of farms in Manitoba and 50% of farms in Alberta are in this highest revenue class. Farms in this highest revenue class are larger in Alberta compared with Manitoba, which accounts for the higher net operating income reported by Alberta. Potato farms in Manitoba are also slightly more diversified than farms in Alberta.

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

*In 1996, average net operating income for potato farms declined in two of the major potato-producing provinces (Prince Edward Island and Manitoba), but it increased in the remaining provinces.*

Between 1995 and 1996, Prince Edward Island (-38.0%) and Manitoba (-32.1%) were the only provinces which saw a decrease in average net operating income. The large decline in these provinces occurred as a result of lower revenues for most of the revenue sources, including potatoes (see Table 4).

In both provinces, average operating revenues decreased by a higher percentage than average operating expenses, pushing the net operating income down.

In Prince Edward Island, potato revenues dropped by 5.1% because of lower prices in 1996. Program payments were down 66.5%. Overall, average operating revenues declined by 7.9% and average operating expenses edged down by 0.6%.

In Manitoba, average operating revenues were down 8.2%, largely due to lower revenues from potatoes (-3.6%), livestock and product revenues (-34.3%) and program payments (-29.1%). The trend observed for the average operating revenues from the sale of potatoes (-3.6%) in this province does not reflect the trend observed for the total operating revenues from the sale of this crop (+13.4%) for potato farms. This can partly be explained by a smaller increase in the number of very large farms (\$500,000 and over) than in the number of farms with revenues below \$500,000. In Manitoba, total potato revenues increased in the wake of higher prices and deliveries.

In the provinces that experienced growth in average net operating income, average operating revenues rose more than average operating expenses, except in Alberta and Manitoba, where expenses increased slightly more than revenues. In all these provinces, average operating revenues rose largely because of higher crop revenues.

Changes in average operating expenses varied widely by province with significant increases occurring in Alberta (+70.1%), Quebec (+25.9%) and British Columbia (+19.3%). Crop expenses increased in all provinces, except Manitoba, as prices rose for fertilizers, pesticides and seeds. Machinery expenses and general expenses were also up in most provinces.

### Relative Importance of Revenue and Expense Items

#### Detailed Operating Revenues

*In 1996, Manitoba potato farms were more diversified than those in the other provinces. Manitoba reported the lowest share of potato revenues (71.2% of total operating revenues).*

Revenues earned from the sale of potatoes, as a percentage of total operating revenues, varied little from province to province, except for Manitoba. Potato revenues accounted for a smaller share in Manitoba (71.2%) where the sale of other crops, mainly grains and oilseeds, is also important (20.1%). In the other provinces, the share of revenues from potatoes ranged from a high of 83.3% in Ontario to a low of 79.5% in Alberta. This compares with the average of 79.6% for all provinces.

The contribution of program payments to total operating revenues was less than 3% for most provinces, except New Brunswick (4.9%) and Quebec (8.9%). The importance of livestock sales also varied by province, from 0.5% in Quebec to 7.4% in Prince Edward Island. No major variations appeared in the provincial distribution of other revenues.

#### Detailed Operating Expenses

*General expenses were more important in British Columbia (60.8%) and Alberta (59.3%).*

General expenses (overhead) were the most important expense item for potato producers in all provinces. They were higher in British Columbia (60.8%) and Alberta (59.3%) and lower in Prince Edward Island (44.0%). Salaries, as a share of total expenses, were higher in British Columbia (27.9%) and lower in Prince Edward Island (17.1%).

Crop expenses made up a greater share of total operating expenses in Quebec (39.6%), Prince Edward Island and Ontario (both at 38.6%). They made up a smaller portion of expenses in British Columbia, at 24.8%. No major variations appeared in the provincial distributions of machinery expenses and livestock expenses, which averaged 12.7% and 2.5%, respectively.

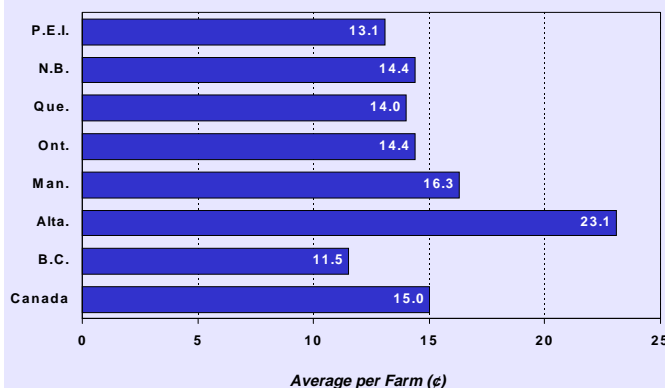
## Economic Overview of Farm Incomes, 1996 – Potato Farms

### Operating Margins

*Alberta and Manitoba reported the best performance in 1996 due to their higher revenues per farm, resulting in higher operating margins per farm.*

Potato farms in Alberta reported the highest operating margin, at 23.1 cents per dollar of revenue, followed by Manitoba farms, at 16.3 cents per dollar of revenue (see Figure 12). This situation was partly due to their higher revenues per farm. British Columbia had the lowest operating margin, at 11.5 cents per dollar of revenue, reflecting the smaller scale of operations in this province. Farms in all other provinces had operating margins slightly below the national average of 15.0 cents.

**Figure 12: Average Operating Margins for Potato Farms, by Province, 1996\***



\*Due to confidentiality restrictions, some provinces were excluded.  
Source: Statistics Canada, Whole Farm Data Base.

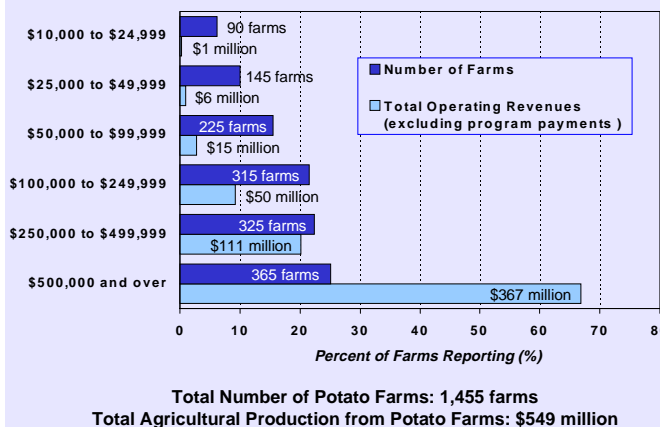
### CONCENTRATION OF PRODUCTION

*In 1996, most potato farms were large farms (\$100,000 and over). They accounted for 96.4% of total potato production.*

The concentration of production describes the contribution of potato farms to total agricultural production (total operating revenues excluding program payments) by revenue class. In 1996, potato farms represented 0.6% of all farms in Canada and 11.7% of horticulture farms (fruit and vegetable farms, greenhouses and nurseries, and potato farms). Total operating revenues from potato farms (excluding program payments) stood at \$549.1 million, 1.7% of the total agricultural production for all farms (\$32.3 billion). This dollar amount also represents 19.7% of the total for the horticulture sector (\$2.8 billion).

Production was concentrated among large farms (\$100,000 and over) similar to the distribution shown by all farms (see Bulletin 1). Sixty-nine percent of potato farms accounted for 96.4% of total agricultural production for potato farms (see Figure 13). In particular, very large farms (\$500,000 and over) represented 25.1% of potato farms and they produced two-thirds (66.8%) of total potato farm output (\$366.9 million) for potato farms. Small- and medium-sized farms with revenues between \$10,000 and \$99,999 accounted for 31.6% of potato farms, but they earned only 4.0% of total potato farm output (\$21.9 million).

**Figure 13: Concentration of Production, Potato Farms, 1996**



Source: Statistics Canada, Whole Farm Data Base.



## Economic Overview of Farm Incomes, 1996 – Potato Farms

### DEGREE OF SPECIALIZATION

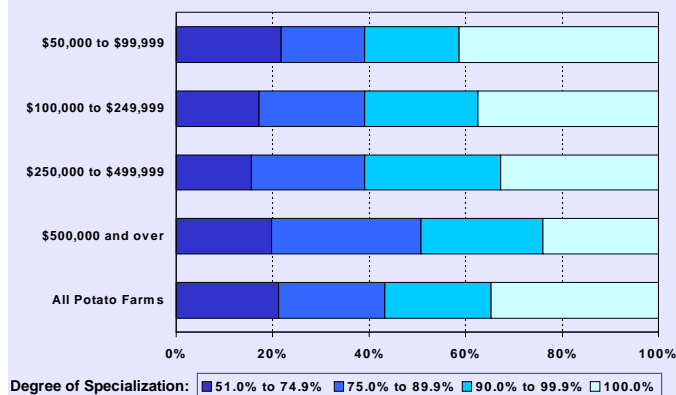
*Potato farms are one of the most diversified farm types in Canada along with hog and cattle farms. Only 57.0% of potato farms were highly specialized in 1996.*

The degree of specialization of farms 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 the commodity's price decline. However, increased specialization also increases the cost efficiency in producing that commodity.

### Potato Farms

The degree to which potato farms were specialized in producing potatoes in 1996 is shown in Figure 14. Potato farms tend to be diversified. Of the estimated 1,455 potato farms in 1996, 57.0% (830 farms) were "highly specialized" in potato production.<sup>11</sup> They were classified among the most diversified farm types in Canada, ranking second behind hog farms and ahead of cattle farms. This group of "highly specialized" farms generated \$254.4 million in potato revenues, 52.1% of the total agricultural sales from potatoes. As Figure 14 shows, medium (\$50,000 to \$99,999) and large (\$100,000 to \$499,999) farms tended to be more highly specialized than very large farms (\$500,000 and over) in 1996.

**Figure 14: Distribution of Potato Farms, by Degree of Specialization and Revenue Class, 1996\***



\*Due to confidentiality restrictions, farms with revenues of \$10,000 to \$49,999 were excluded. Source: Statistics Canada, Whole Farm Data Base.

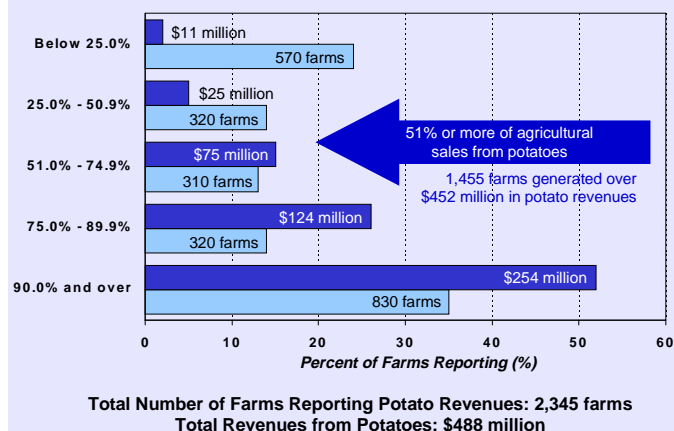
11. A farm is considered highly specialized when 90% or more of its agricultural sales are derived from the sale of potatoes.

### All Farms Reporting Potato Revenues

*While the number of farms reporting revenues from potatoes decreased, some potato farms became larger in 1996 compared with 1995. More medium and very large farms reported revenues from potatoes.*

Of the 2,345 farms reporting revenues from potatoes, 62.0% (1,455 farms) were classified as "potato farms".<sup>12</sup> These 1,455 farms earned 92.6% of total potato revenues. An additional 890 non-specialized farms,<sup>13</sup> 570 farms reported less than 25.0% of their total agricultural sales from potatoes. They received \$10.6 million from this source. A further 320 farms earned between 25.0% and 50.9% of their agricultural sales from potatoes, equaling \$25.0 million in revenues (see Table 5 and Figure 15).

**Figure 15: Degree of Specialization, Farms Reporting Potato Revenues, 1996**



Source: Statistics Canada, Whole Farm Data Base.

Overall, the number of farms reporting potato sales decreased by 6.0% between 1995 and 1996. The number of farms decreased in both the "non-specialized in potato" category (-2.2%) and the "potato farms" category (-8.5%). In the "non-specialized in potato" category, the number of small farms (\$25,000 to \$49,999), medium farms (\$50,000 to \$99,999) and large farms (\$100,000 to \$249,999) rose by 11.4%, 7.4% and 5.1%, respectively. For farms reporting potatoes, only medium farms (+7.1%) and very large farms (+10.6%) increased in number.

12. A farm is considered to be a "potato farm" when 51% or more of its agricultural sales are derived from the sale of potatoes.

13. Farms with less than 51% of agricultural sales derived from the sale of potatoes.

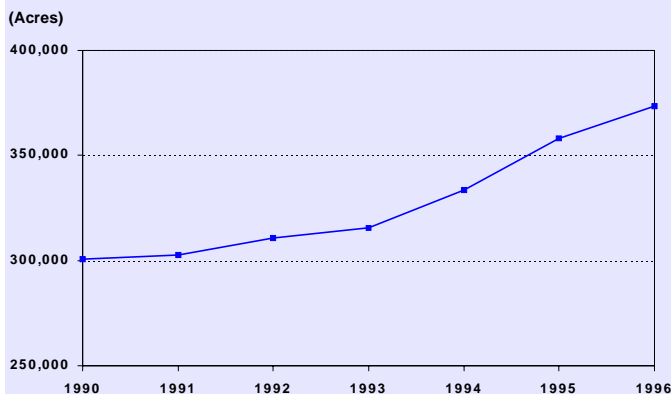
## Economic Overview of Farm Incomes, 1996 – Potato Farms

### PHYSICAL CHARACTERISTICS

*While the number of potato farms decreased in Canada, the area of potato seeded in Canada steadily increased between 1990 and 1996.*

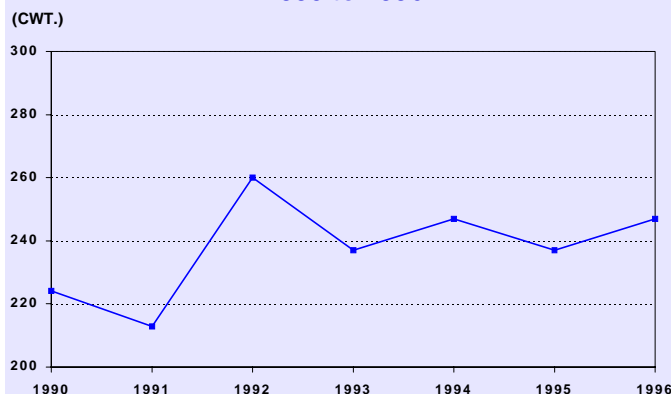
Between 1990 and 1996, the number of potato farms with revenues of \$10,000 and over declined by 12.6%. However, the area of potato seeded by all farms rose by 24.2% (see Figure 16). The average yield per acre also increased during that period, but not steadily. As figure 17 shows, the average yield per acre tends to fluctuate following a cycle that increases one year and decreases the following year. This situation is partly due to the weather and the soil (crop rotation). Potato farms need to rotate their crops. Therefore, as the section on specialization showed, potato farms tend to diversify their production. They are mostly diversified in grain and oilseed production. Grain and oilseed production area represented 39.7% of the total crop area per farm (547 acres per farm on average) (see Table 6). This type of production also accounted for 7.0% of the total operating revenues in 1996.

**Figure 16: Seeded Area in Canada, 1990 to 1996**



Source: Statistics Canada, Potato Area and Yield Survey, Canadian Potato Production, Catalogue no. 22-008-UIB.

**Figure 17: Average Yield per Acre in Canada, 1990 to 1996**



Source: Statistics Canada, Potato Area and Yield Survey, Canadian Potato Production, Catalogue no. 22-008-UIB.

### 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 potato production when 90% or more of their sales are derived from the sale of potatoes. Farms are not specialized in potato production when less than 51% of their agricultural sales are from the sale of potatoes.

**Depreciation.** Measures the loss in value of an asset over its estimated life due to wear and tear and obsolescence. In these 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 potatoes are considered potato 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.

## Economic Overview of Farm Incomes, 1996 – Potato Farms

**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 the calculation of concentration of production).

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

### Symbols

The following standard symbols are used in the tabulations:

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

## Economic Overview of Farm Incomes, 1996 – Potato Farms

## TABLES

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

		\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and over	All Farms
Number of Farms	1996	90	145 *	225	315	325	365	1,455
	1995	125 *	165 *	210	390	380	330	1,590
<b>Revenues - Average per Farm (\$)</b>								
Total Crops	1996	12,629	32,229	60,014	146,835	313,678	927,285	347,129
	1995	11,857	28,509	57,001	141,566	310,136	922,814	307,731
Total Livestock	1996	817 **	3,866 **	2,531 *	7,286	12,089	35,703	14,030
	1995	265 **	2,192 *	5,275 *	6,066	14,085	41,667	14,265
Program Payments	1996	685 *	635 *	3,302 *	7,236	14,994	29,929	13,006
	1995	874 **	1,452 *	6,162	10,829	19,581	38,103	16,074
Total Other Revenues	1996	1,947 *	2,141 *	4,055 *	6,085	15,111	42,339	16,241
	1995	3,590 *	2,418 *	4,758	7,345	14,179	43,540	15,203
<b>Total Revenues<sup>1</sup></b>	1996	16,078	38,871	69,903	167,442	355,871	1,035,255	390,406
	1995	16,586	34,571	73,196	165,806	357,981	1,046,124	353,272
<b>Expenses - Average per Farm (\$)</b>								
Total Crops	1996	5,286	13,250	22,825	50,737	115,121	299,935	116,878
	1995	4,670	8,477	21,780	49,372	108,345	295,910	102,199
Total Livestock	1996	353 **	2,026 *	1,074 *	4,026	5,805	23,573	8,458
	1995	501 **	2,016 *	3,861	2,977	7,422	31,124	9,602
Total Machinery	1996	4,555	8,190	11,907	22,702	41,767	99,398	42,007
	1995	4,362	5,821	11,362	21,257	42,572	102,619	38,652
Total General Expenses	1996	7,214	14,302	29,220	65,632	145,759	444,793	164,457
	1995	9,536	14,042	25,943	65,412	144,953	432,816	144,258
<b>Total Expenses<sup>1</sup></b>	1996	17,408	37,769	65,026	143,096	308,452	867,700	331,799
	1995	19,069	30,356	62,946	139,019	303,293	862,469	294,712
<b>Net Operating Income - Average per Farm (\$)</b>								
<b>Net Operating Income<sup>2</sup></b>	1996	(1,330)	1,102	4,877	24,346	47,419	167,555	58,607
	1995	(2,483)	4,215	10,250	26,787	54,688	183,655	58,560

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

\*Use with caution.

2. Net operating income does not include depreciation.

\*\*Unreliable.

Source: Statistics Canada, Whole Farm Data Base.

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

Revenue Class	Net Operating Income <sup>1</sup>					
	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	35	40 *	x	-	-	90
\$25,000 to \$49,999	45	65 **	25 *	x	-	145 *
\$50,000 to \$99,999	60 *	45 *	90 *	x	x	225
\$100,000 and over	170	35	90	170	540	1,005
Total Farms <sup>2</sup>	320	190	220	200	545	1,455
Percent of Total Farms	22.0	13.1	15.1	13.7	37.5	100.0

1. Net operating income does not include depreciation.

\*Use with caution.

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

\*\*Unreliable.

Source: Statistics Canada, Whole Farm Data Base.

## Economic Overview of Farm Incomes, 1996 – Potato 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
<b>Number of Farms</b>	<b>90</b>	<b>145 *</b>	<b>225</b>	<b>315</b>	<b>325</b>	<b>365</b>	<b>1,455</b>
<b>Revenues - Average per Farm (\$)</b>							
Total Grains & Oilseeds	220 *	1,426 *	2,145	7,287	18,187	84,173	27,223
Potatoes	11,985	30,040	54,905	136,701	289,640	816,747	310,820
Fruits & Vegetables	318	686 *	2,050 **	2,392	5,119 *	19,547	6,959
Tobacco	x	-	-	-	x	x	x
Greenhouse & Nursery Products	x	-	x	x	-	x	x
Forage Crops (including seed)	x	x	239 *	384	344 *	2,010	712
Other Crops	-	x	x	x	x	4,790	1,250
Total Other Crops	12,409	30,803	57,869	139,549	295,491	843,112	319,906
Total Crop Revenues	12,629	32,229	60,014	146,835	313,678	927,285	347,129
Cattle & Semen	708 **	3,298 **	1,685	4,758	7,600	26,226	9,919
Swine	x	x	406 **	1,892	2,025 *	3,558	1,866
Poultry & Eggs	x	x	x	x	x	x	344 *
Dairy Products & Subsidies	-	x	432	416	1,993	4,433	1,713
Other Livestock & Products	-	-	x	x	x	x	187 *
Total Livestock & Product Revenues	817 **	3,866 **	2,531 *	7,286	12,089	35,703	14,030
Program Payments	685 *	635 *	3,302 *	7,236	14,994	29,929	13,006
Custom Work & Machine Rental	368 **	998 **	1,434 *	1,568 *	6,691 *	26,868	8,909
Rental Income	x	x	x	230 *	1,736 **	5,018	1,731
Forest & Maple Products	x	x	x	1,697 **	1,894 **	578	1,076 *
Miscellaneous Revenues	555	884 *	2,000 **	2,590	4,790	9,874	4,525
Total Other Revenues	1,947 *	2,141 *	4,055 *	6,085	15,111	42,339	16,241
<b>Total Operating Revenues<sup>1</sup></b>	<b>16,078</b>	<b>38,871</b>	<b>69,903</b>	<b>167,442</b>	<b>355,871</b>	<b>1,035,255</b>	<b>390,406</b>
<b>Expenses - Average per Farm (\$)</b>							
Fertilizer & Lime	2,393	5,830	9,949	22,971	46,228	106,597	44,200
Pesticides	1,075	3,351	5,656	12,888	30,654	89,340	33,266
Seed & Plants	1,444	2,615	5,671	11,579	29,729	80,326	30,468
Other Crop Expenses	373	1,455 **	1,549 *	3,299	8,509	23,672	8,944
Total Crop Expenses	5,286	13,250	22,825	50,737	115,121	299,935	116,878
Cattle Purchases	x	436 **	300	1,767	2,344	16,425	5,118
Swine Purchases	x	37 **	178 **	308 *	376 *	x	347
Poultry & Egg Purchases	-	-	-	276 **	x	-	70 **
Other Livestock Purchases	-	x	x	x	x	x	144
Feed, Supplements, Straw & Bedding	221 *	1,444 **	490 *	1,423	2,348	5,459	2,427
Vet Fees, Medicine & Breeding Fees	46 **	88 *	89 *	185	394	759	343
Other Livestock Expenses	-	x	x	x	x	x	8 **
Total Livestock Expenses	353 **	2,026 *	1,074 *	4,026	5,805	23,573	8,458
Small Tools	156	391 **	406 **	326	317	460	366
Net Fuel Expenses, Machinery, Truck, Auto	2,001	2,520 *	4,813	8,711	16,493	35,333	15,508
Repairs, Licenses and Insurance	2,399	5,279 *	6,689	13,665	24,958	63,605	26,133
Total Machinery Expenses	4,555	8,190	11,907	22,702	41,767	99,398	42,007
Salaries (including CPP, QPP, EI)	1,633	2,739	8,131 *	25,521	54,830	176,356	63,550
Rent	426 *	1,211 *	2,159 *	3,765	12,799	56,716	18,368
Insurance	447	964	1,659	3,315	8,999	23,010	8,863
Utilities	689	1,265 *	1,567	2,966	5,812	16,420	6,456
Custom Work & Machine Rental	759 *	2,096 *	2,368	7,000	15,216	47,108	17,324
Net Interest Expenses	1,280	2,533 *	5,577	10,020	22,104	56,368	22,392
Net Property Taxes	644	608	1,306	1,505 *	3,300	8,263	3,429
Building & Fence Repairs	359	967	1,473 *	2,449	6,106	13,673	5,657
Miscellaneous Expenses	976	1,919	4,980 *	9,091	16,593	46,880	18,417
Total General Expenses	7,214	14,302	29,220	65,632	145,759	444,793	164,457
<b>Total Operating Expenses<sup>1</sup></b>	<b>17,408</b>	<b>37,769</b>	<b>65,026</b>	<b>143,096</b>	<b>308,452</b>	<b>867,700</b>	<b>331,799</b>
<b>Net Operating Income - Average per Farm (\$)</b>							
<b>Net Operating Income<sup>2</sup></b>	<b>(1,330)</b>	<b>1,102</b>	<b>4,877</b>	<b>24,346</b>	<b>47,419</b>	<b>167,555</b>	<b>58,607</b>
<b>Operating Margins per \$ of Revenue</b>							
Operating Margin	(0.08)	0.03	0.07	0.15	0.13	0.16	0.15
Operating Margin (excluding interest)	(-)	0.09	0.15	0.21	0.20	0.22	0.21

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

\* Use with caution.

2. Net operating income does not include depreciation.

\*\* Unreliable.

Source: Statistics Canada, Whole Farm Data Base.



## Economic Overview of Farm Incomes, 1996 – Potato Farms

Table 4: Operating Revenues and Expenses by Province, 1996

	Newfoundland		Prince Edward Island		Nova Scotia		New Brunswick	
	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995
<b>Number of Farms</b>	x	x	470	-4.1	x	x	295	-3.3
<b>Revenues - Average per Farm (\$)</b>								
Total Grains & Oilseeds	x	x	16,728	23.1	x	x	19,016	25.0
Potatoes	x	x	280,956	-5.1	x	x	255,422	1.4
Fruits & Vegetables	x	x	926 *	-4.7	x	x	8,048	...
Tobacco	x	x	-	x	x	x	x	...
Greenhouse & Nursery Products	x	x	-	x	x	x	x	x
Forage Crops (including seed)	x	x	355	-22.7	x	x	547	28.1
Other Crops	x	x	-	...	x	x	-	x
Total Other Crops	x	x	282,238	-5.2	x	x	264,030	3.5
Total Crop Revenues	x	x	298,965	-4.0	x	x	283,046	4.7
Cattle & Semen	x	x	16,969	-6.5	x	x	5,682	8.9
Swine	x	x	3,972	26.2	x	x	646	x
Poultry & Eggs	x	x	x	x	x	x	x	x
Dairy Products & Subsidies	x	x	4,380	-23.9	x	x	x	x
Other Livestock & Products	x	x	x	x	x	x	-	...
Total Livestock & Product Revenues	x	x	25,541	-6.5	x	x	7,251	-2.3
Program Payments	x	x	6,739	-66.5	x	x	15,769	7.9
Custom Work & Machine Rental	x	x	7,579	-15.3	x	x	7,135	13.6
Rental Income	x	x	719	x	x	x	616	-24.8
Forest & Maple Products	x	x	748 **	x	x	x	2,236	-23.9
Miscellaneous Revenues	x	x	2,714	-24.2	x	x	3,900	-28.1
Total Other Revenues	x	x	11,759	-13.7	x	x	13,887	-10.2
<b>Total Operating Revenues<sup>1</sup></b>	<b>x</b>	<b>x</b>	<b>343,004</b>	<b>-7.9</b>	<b>x</b>	<b>x</b>	<b>319,953</b>	<b>4.0</b>
<b>Expenses - Average per Farm (\$)</b>								
Fertilizer & Lime	x	x	47,187	1.0	x	x	36,026	-0.7
Pesticides	x	x	36,253	24.6	x	x	29,264	7.4
Seed & Plants	x	x	22,003	-15.1	x	x	25,679	-1.2
Other Crop Expenses	x	x	9,454	24.7	x	x	5,589	35.9
Total Crop Expenses	x	x	114,898	5.1	x	x	96,558	3.1
Cattle Purchases	x	x	9,279	-21.1	x	x	1,882	-26.4
Swine Purchases	x	x	987	79.8	x	x	100 *	x
Poultry & Egg Purchases	x	x	x	x	x	x	-	x
Other Livestock Purchases	x	x	x	x	x	x	x	x
Feed, Supplements, Straw & Bedding	x	x	3,984	-24.7	x	x	1,084	-13.2
Vet Fees, Medicine & Breeding Fees	x	x	550	-38.3	x	x	173	-2.3
Other Livestock Expenses	x	x	-	...	x	x	x	x
Total Livestock Expenses	x	x	15,036	-19.4	x	x	3,248	-20.5
Small Tools	x	x	325	36.0	x	x	214	20.9
Net Fuel Expenses, Machinery, Truck, Auto	x	x	14,280	3.4	x	x	16,772	13.5
Repairs, Licenses and Insurance	x	x	22,375	-7.1	x	x	26,476	-3.3
Total Machinery Expenses	x	x	36,979	-3.1	x	x	43,462	2.7
Salaries (including CPP, QPP, EI)	x	x	51,022	-2.0	x	x	54,735	5.5
Rent	x	x	15,366	1.9	x	x	9,584	17.3
Insurance	x	x	5,154	-1.8	x	x	11,202	-5.2
Utilities	x	x	4,237	-7.3	x	x	4,449	6.1
Custom Work & Machine Rental	x	x	10,838	1.8	x	x	11,995	5.2
Net Interest Expenses	x	x	23,324	4.2	x	x	17,208	5.1
Net Property Taxes	x	x	2,456	5.2	x	x	1,893	3.1
Building & Fence Repairs	x	x	4,326	12.0	x	x	3,933	-0.6
Miscellaneous Expenses	x	x	14,396	-17.3	x	x	15,655	-12.5
Total General Expenses	x	x	131,118	-1.9	x	x	130,654	2.5
<b>Total Operating Expenses<sup>1</sup></b>	<b>x</b>	<b>x</b>	<b>298,031</b>	<b>-0.6</b>	<b>x</b>	<b>x</b>	<b>273,922</b>	<b>2.4</b>
<b>Net Operating Income - Average per Farm (\$)</b>								
<b>Net Operating Income<sup>2</sup></b>	<b>x</b>	<b>x</b>	<b>44,973</b>	<b>-38.0</b>	<b>x</b>	<b>x</b>	<b>46,031</b>	<b>14.5</b>
<b>Operating Margins per \$ of Revenue</b>								
Operating Margin	x		0.13		x		0.14	
Operating Margin (excluding interest)	x		0.20		x		0.20	

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.

## Economic Overview of Farm Incomes, 1996 – Potato Farms

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

	Quebec		Ontario		Manitoba		Saskatchewan	
	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995
<b>Number of Farms</b>	<b>250</b>	<b>-27.5</b>	<b>165 *</b>	<b>-5.7</b>	<b>100</b>	<b>17.6</b>	<b>x</b>	<b>x</b>
<b>Revenues - Average per Farm (\$)</b>								
Total Grains & Oilseeds	6,058 *	18.0	19,609 *	96.8	146,326	2.2	x	x
Potatoes	246,077	27.7	285,209	6.9	581,957	-3.6	x	x
Fruits & Vegetables	5,036 **	...	7,370 **	24.6	x	x	x	x
Tobacco	-	...	x	...	-	...	x	x
Greenhouse & Nursery Products	x	...	x	x	x	x	x	x
Forage Crops (including seed)	69 **	-77.4	x	x	x	x	x	x
Other Crops	x	...	x	...	x	x	x	x
Total Other Crops	251,783	28.8	293,411	7.0	600,024	-7.3	x	x
Total Crop Revenues	257,842	28.5	313,020	10.1	746,350	-5.6	x	x
Cattle & Semen	901 **	-40.5	5,009 *	-41.8	14,296	-26.5	x	x
Swine	x	x	x	x	x	x	x	x
Poultry & Eggs	x	x	-	x	x	x	x	x
Dairy Products & Subsidies	x	x	-	x	-	...	x	x
Other Livestock & Products	x	x	x	...	x	x	x	x
Total Livestock & Product Revenues	1,662 *	-23.5	5,198 *	-41.3	22,018	-34.3	x	x
Program Payments	27,090	18.1	8,191 *	52.3	10,997	-29.1	x	x
Custom Work & Machine Rental	11,376 **	...	7,309 **	82.4	22,123	24.1	x	x
Rental Income	1,592 **	82.6	x	x	4,612	-11.3	x	x
Forest & Maple Products	1,952 **	-17.3	x	...	-	...	x	x
Miscellaneous Revenues	4,079 *	42.6	5,018 *	29.4	11,667	-59.7	x	x
Total Other Revenues	18,999 **	...	15,792 **	75.1	38,402	-26.1	x	x
<b>Total Operating Revenues<sup>1</sup></b>	<b>305,593</b>	<b>30.6</b>	<b>342,201</b>	<b>11.3</b>	<b>817,767</b>	<b>-8.2</b>	<b>x</b>	<b>x</b>
<b>Expenses - Average per Farm (\$)</b>								
Fertilizer & Lime	42,384	68.5	34,573	-5.7	68,510	-14.3	x	x
Pesticides	18,678	-0.2	30,887 *	30.6	77,822	7.2	x	x
Seed & Plants	30,247	13.5	36,412	0.8	59,021	5.2	x	x
Other Crop Expenses	12,809	76.7	11,187	-17.4	4,624	-19.3	x	x
Total Crop Expenses	104,117	33.9	113,059	2.8	209,978	-2.0	x	x
Cattle Purchases	x	x	1,949 *	-42.8	x	x	x	x
Swine Purchases	x	...	x	x	x	x	x	x
Poultry & Egg Purchases	x	x	-	...	x	x	x	x
Other Livestock Purchases	x	x	-	...	x	x	x	x
Feed, Supplements, Straw & Bedding	583	-59.1	1,148 **	-1.4	x	x	x	x
Vet Fees, Medicine & Breeding Fees	41 **	-67.2	117	-3.3	807	-6.5	x	x
Other Livestock Expenses	x	x	x	x	x	x	x	x
Total Livestock Expenses	794	-57.6	3,216	-31.7	18,940	-21.3	x	x
Small Tools	286 **	...	602 *	64.0	733	...	x	x
Net Fuel Expenses, Machinery, Truck, Auto	11,387	32.9	12,505 *	12.9	30,907	-9.8	x	x
Repairs, Licenses and Insurance	20,774	30.3	24,165	19.8	47,892	-14.5	x	x
Total Machinery Expenses	32,447	31.7	37,272	17.9	79,532	-12.2	x	x
Salaries (including CPP, QPP, EI)	45,244	28.8	51,790 *	2.5	148,523	11.8	x	x
Rent	4,851	18.3	17,394	39.4	49,635	5.0	x	x
Insurance	11,081	15.5	5,501	5.7	19,179	-14.1	x	x
Utilities	6,171	35.7	6,841	3.7	13,812	-15.5	x	x
Custom Work & Machine Rental	8,742	42.4	15,073 *	39.0	51,721	4.7	x	x
Net Interest Expenses	19,984	9.8	18,558 *	-7.2	47,085	1.2	x	x
Net Property Taxes	4,287	33.6	3,885 *	3.8	5,770	-14.8	x	x
Building & Fence Repairs	6,934	18.8	5,436 *	55.8	7,626	-16.9	x	x
Miscellaneous Expenses	18,210	2.8	14,930 *	-4.1	32,702	-7.8	x	x
Total General Expenses	125,504	20.1	139,407	8.5	376,053	2.7	x	x
<b>Total Operating Expenses<sup>1</sup></b>	<b>262,863</b>	<b>25.9</b>	<b>292,954</b>	<b>6.6</b>	<b>684,503</b>	<b>-1.5</b>	<b>x</b>	<b>x</b>
<b>Net Operating Income - Average per Farm (\$)</b>								
<b>Net Operating Income<sup>2</sup></b>	<b>42,730</b>	<b>68.8</b>	<b>49,248</b>	<b>50.4</b>	<b>133,265</b>	<b>-32.1</b>	<b>x</b>	<b>x</b>
<b>Operating Margins per \$ of Revenue</b>								
Operating Margin	0.14		0.14		0.16		x	
Operating Margin (excluding interest)	0.21		0.20		0.22		x	

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

\* Use with caution.

2. Net operating income does not include depreciation.

\*\* Unreliable.

Source: Statistics Canada, Whole Farm Data Base.

## Economic Overview of Farm Incomes, 1996 – Potato Farms

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

	Alberta		British Columbia		Canada	
	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995
<b>Number of Farms</b>	<b>60</b>	<b>9.1</b>	<b>85</b>	<b>13.3</b>	<b>1,455</b>	<b>-8.5</b>
	<b>Revenues - Average per Farm (\$)</b>					
Total Grains & Oilseeds	99,620	...	3,196 *	-39.3	27,223	37.7
Potatoes	805,974	68.6	297,015	27.0	310,820	11.3
Fruits & Vegetables	x	x	21,139 *	-22.2	6,959	8.8
Tobacco	x	x	-	...	x	x
Greenhouse & Nursery Products	-	...	-	x	x	x
Forage Crops (including seed)	5,089 *	-44.9	x	x	712	-26.6
Other Crops	19,130	64.1	x	x	1,250	26.1
Total Other Crops	847,866	66.4	319,485	20.3	319,906	11.1
Total Crop Revenues	947,485	70.1	322,681	19.1	347,129	12.8
Cattle & Semen	19,565	...	13,378 **	x	9,919	-0.7
Swine	-	...	x	x	1,866	26.9
Poultry & Eggs	x	...	x	...	344 *	x
Dairy Products & Subsidies	-	...	x	x	1,713	-25.2
Other Livestock & Products	x	...	x	x	187 *	x
Total Livestock & Product Revenues	20,823	...	18,426 *	13.3	14,030	-1.6
Program Payments	21,220	...	6,464	...	13,006	-19.1
Custom Work & Machine Rental	4,731	-71.4	9,219 *	-26.6	8,909	23.2
Rental Income	7,936 *	87.6	x	x	1,731	52.1
Forest & Maple Products	-	...	x	x	1,076 *	-21.6
Miscellaneous Revenues	11,474	40.5	4,280 *	-24.2	4,525	-17.1
Total Other Revenues	24,141	-16.6	15,547 *	-18.7	16,241	6.8
<b>Total Operating Revenues<sup>1</sup></b>	<b>1,013,669</b>	<b>69.1</b>	<b>363,118</b>	<b>17.8</b>	<b>390,406</b>	<b>10.5</b>
	<b>Expenses - Average per Farm (\$)</b>					
Fertilizer & Lime	94,208	...	27,301	27.0	44,200	15.8
Pesticides	49,812	48.3	20,992	28.7	33,266	20.4
Seed & Plants	75,799	47.3	23,193	31.2	30,468	4.5
Other Crop Expenses	3,324 *	59.7	8,280	55.7	8,944	23.9
Total Crop Expenses	223,142	77.0	79,766	31.2	116,878	14.4
Cattle Purchases	7,342	...	x	x	5,118	-11.7
Swine Purchases	-	x	-	...	347	24.4
Poultry & Egg Purchases	-	...	x	...	70 **	x
Other Livestock Purchases	x	...	x	...	144	x
Feed, Supplements, Straw & Bedding	2,536 *	...	3,915 *	7.0	2,427	-18.2
Vet Fees, Medicine & Breeding Fees	731 *	...	426 *	12.7	343	-19.9
Other Livestock Expenses	x	x	-	x	8 **	-86.7
Total Livestock Expenses	11,957	...	11,210 *	x	8,458	-11.9
Small Tools	697	-15.3	196	-33.3	366	46.4
Net Fuel Expenses, Machinery, Truck, Auto	24,440	37.3	13,283	5.1	15,508	12.9
Repairs, Licenses and Insurance	57,040	27.6	21,561	-1.4	26,133	5.9
Total Machinery Expenses	82,177	29.8	35,040	x	42,007	8.7
Salaries (including CPP, QPP, EI)	142,819	39.4	89,644	36.0	63,550	15.1
Rent	96,379 *	...	19,655	15.2	18,368	35.8
Insurance	19,121	42.4	4,890	1.7	8,863	2.7
Utilities	22,573	74.9	5,529	9.3	6,456	12.7
Custom Work & Machine Rental	63,465 *	...	33,984	14.7	17,324	26.6
Net Interest Expenses	41,451	41.3	10,502	8.5	22,392	7.8
Net Property Taxes	10,018	58.6	3,773	14.5	3,429	13.2
Building & Fence Repairs	20,261	...	4,700	1.8	5,657	17.9
Miscellaneous Expenses	45,688	90.0	22,741	7.7	18,417	-2.4
Total General Expenses	461,774	74.3	195,420	21.2	164,457	14.0
<b>Total Operating Expenses<sup>1</sup></b>	<b>779,050</b>	<b>70.1</b>	<b>321,435</b>	<b>19.3</b>	<b>331,799</b>	<b>12.6</b>
	<b>Net Operating Income - Average per Farm (\$)</b>					
<b>Net Operating Income<sup>2</sup></b>	<b>234,619</b>	<b>66.0</b>	<b>41,683</b>	<b>7.0</b>	<b>58,607</b>	<b>0.1</b>
	<b>Operating Margins per \$ of Revenue</b>					
Operating Margin	0.23		0.11		0.15	
Operating Margin (excluding interest)	0.27		0.14		0.21	

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

\* Use with caution.

2. Net operating income does not include depreciation.

\*\* Unreliable.

Source: Statistics Canada, Whole Farm Data Base.

## Economic Overview of Farm Incomes, 1996 – Potato Farms

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

Revenue Class		Degree of Specialization <sup>1</sup>						
		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 "Potato Farms"				
\$10,000 to \$24,999	1996	105 *	55 **	x	x	x	45 *	250
	1995	185 **	40 **	30 **	x	30 **	65 *	360 *
\$25,000 to \$49,999	1996	140 **	60 *	60 **	x	x	55 *	335
	1995	105 **	65 **	50 *	x	x	100 *	345
\$50,000 to \$99,999	1996	115 *	35 *	50 *	40	45 **	95 *	375
	1995	95 *	40 *	60 **	35 *	30	85 *	340
\$100,000 to \$249,999	1996	110 *	100 *	55	70	75	120	515
	1995	105 *	85 *	55	80	90	160	575
\$250,000 to \$499,999	1996	50 *	35 *	50	75	90	105	415
	1995	60	25 *	80	75	105	110	470
\$500,000 and over	1996	50	30	70	110	90	85	445
	1995	55	30	80	85	80	85	410
Total <sup>2</sup>	1996	570	320	310	320	320	505	2,345
	1995	615	295	345	305	340	610	2,495
Distribution by degree of specialization (%)	1996	24.3	13.6	13.2	13.6	13.6	21.5	100.0
	1995	24.6	11.8	13.8	12.2	13.6	24.4	100.0

1. Percent of total sales derived from potatoes.

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

Source: Statistics Canada, Whole Farm Data Base.

\* Use with caution.

\*\* Unreliable.

Table 6: Physical Characteristics of Potato 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
<b>Average per Farm (Acres)</b>									
Total Area of Farms	x	146 **	189 **	313 *	661	1,502	679	640	617
Total Crops	x	121 **	133 **	231 *	470	1,288	547	510	459
Grains and Oilseeds	x	x	84 **	100 **	150 *	526	217	203	182
Potatoes	x	x	37 **	99 *	207	602	249	226	208
Other Crops	x	19 **	13 **	32 **	113	161	81	80	69
Other Land <sup>1</sup>	x	25 **	56 **	82 **	190 *	214 *	132	130	158
<b>Average per Farm Reporting</b>									
Cattle and Calves (Head)	x	191 **	60 *	61	87 *	171 **	110 *	108 *	79 *
No. of Farms Reporting	x	30 **	55 **	50 **	60 **	70 **	270	315	380 *
% of Farms Reporting	x	12.8	30.6	13.0	23.1	14.9	17.4	17.8	22.7
Hogs (Head)	x	-	x	x	x	x	423 **	265 **	289 **
No. of Farms Reporting	x	-	x	x	x	x	45 **	55 **	60 **
% of Farms Reporting	x	-	x	x	x	x	2.9	3.1	3.6

1. Includes seeded pasture, summerfallow and other land.

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

\* Use with caution.

\*\* Unreliable.

# ECONOMIC OVERVIEW OF FARM INCOMES

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**Bulletin No. 6: Fruit and Vegetable Farms**

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**Bulletin No. 8: Greenhouse and Nursery Farms**

***Bulletin No. 9: Potato Farms***

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