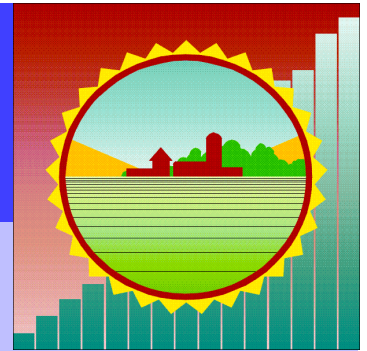


6  
9  
9  
1

# ECONOMIC OVERVIEW OF FARM INCOMES

## Cattle Farms



Economic and Policy Analysis Directorate  
Agriculture and Agri-Food Canada  
Publication No. 1961/B

Vol. 1, No. 3, May 1999  
Bulletin Series, ISSN 1480-9605

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

### CONTENTS

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

To obtain more information on this analysis,  
please contact:

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

To obtain additional data, please call:

*Alain Bertrand*  
Statistics Canada  
Tel.: 1 800 465-1991  
E-mail: [bertala@statcan.ca](mailto:bertala@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 third in the series of bulletins providing an *Economic Overview of Farm Incomes*, a joint publication by Agriculture and Agri-Food Canada (AAFC) and Statistics Canada (STC). This bulletin provides a detailed analysis of cattle farms, which includes information on farm level revenues, expenses and net operating income before depreciation by revenue class and by province. Cattle farms are defined as those farms for which 51% or more of agricultural sales are derived from the sale of cattle. Information on the concentration and specialization of production, as well as on the physical characteristics of cattle 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 cattle farms based on 1996 data. Bulletin 1 provided an overview of all farms and Bulletin 2 presented information on grain and oilseed farms. Bulletins 4 through 9 will present similar information for the other six major farm types: dairy, hog, fruit and vegetable, poultry and egg, greenhouse and nursery, and potato.



Economic Overview of Farm Incomes, 1996 – Cattle Farms

**H**igh feed grain prices in combination with low cattle prices led to tough economic conditions for cattle farms in 1996.

**Cattle farms had the lowest average net operating income of the farm types analyzed. The large share of small farms is a major factor contributing to the low average net operating income.**

**Highly specialized cattle farms were most vulnerable to lower cattle prices and higher feed prices. This group produced about 55% of the total agricultural sales from cattle and semen.**

**Farms in the \$100,000 to \$249,999 revenue class were not as highly specialized in cattle. They reported the highest operating margins, reflecting a lower level of vulnerability to market pressures in the cattle industry.**

Cattle farms have two distinct types of production systems: the cow-calf and feedlot (or feeding) operations. Cow-calf operations breed cattle and raise calves to be sold as feeder calves in the fall or backgrounded through the winter to be sold later the following year. By comparison, feedlot operations buy calves and heavier feeder cattle to feed to slaughter weight. The type of production system chosen has an effect on both operating income and operating margins.

Unfortunately, data derived from the *Taxation Data Program* do not distinguish between cow-calf operations, feedlot operations, or any combination of the two. However, data from the *Farm Financial Survey (FFS)* distinguish between four types of cattle operations: cow-calf, combination feeder and cow-calf, feedlot and other cattle. These data are collected on a biennial basis.

According to the FFS, 62.8% of cattle farms were, in 1995, cow-calf operations, 16.5% feedlots and 12.6% a combination of the two (see Figure 2). Cow-calf operations are heavily concentrated in the lower revenue classes with 68.7% of small farms (\$10,000 to \$49,999) classified as such. Feedlots are heavily concentrated in the highest revenue class (\$500,000 and over), accounting for 74.1% of farms in that revenue class.

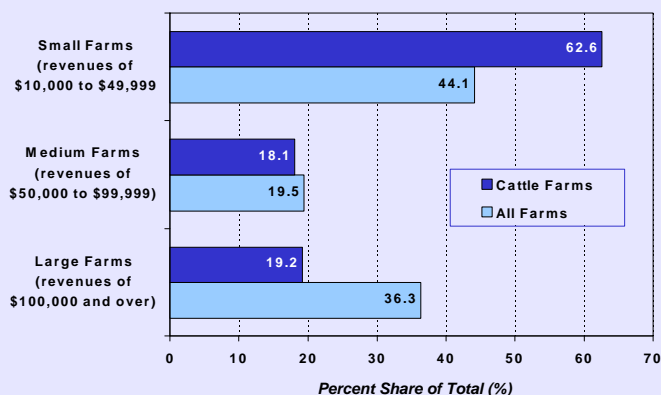
**FARM INCOME BY REVENUE CLASS**

**Distribution of Farms by Revenue Class**

*Cattle farms had the highest proportion of small farms of the farm types covered in this bulletin series.*

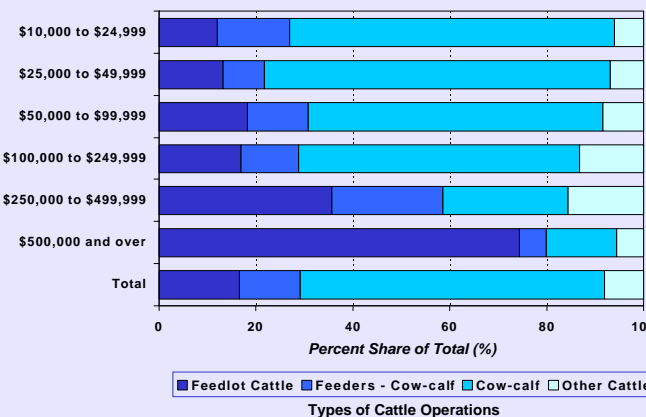
In 1996, cattle farms made up 23.9% of all farms in Canada. Among the farm types covered in the bulletin series, cattle farms posted the highest proportion of small farms (revenues of \$10,000 to \$49,999) at 62.6% or 35,060 farms. By comparison, 44.1% of all farms in Canada were small (see Figure 1). Medium farms (revenues of \$50,000 to \$99,999) and large farms (\$100,000 and over) accounted for 18.1% and 19.2% of cattle farms, respectively. Only 3.0% of cattle farms reported revenues of \$500,000 or more, second lowest only to grain and oilseed farms at 2.2%.

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



Source: Statistics Canada, Whole Farm Data Base.

**Figure 2: Distribution of the Various Types of Cattle Operations, by Revenue Class, 1995**



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

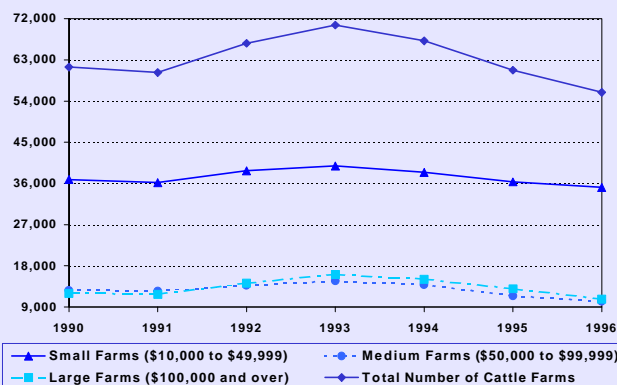
## Economic Overview of Farm Incomes, 1996 – Cattle Farms

### Comparison of 1990 to 1996 Farm Numbers

*The decline in the number of large cattle farms contrasts with the Canada-wide trend exhibited by other farm types.*

In 1996, an estimated 55,975 farms with revenues of \$10,000 or more were classified as cattle farms. This is a decrease of 7.8% from the 60,735 cattle farms reported in 1995 and a decrease of 20.8% from the peak observed in 1993 (see Figure 3).

**Figure 3: Number of Cattle Farms in Canada, 1990 to 1996\***



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

In 1996, the number of large cattle farms declined substantially, down 17.5%. The largest declines occurred in two revenue classes: farms earning \$100,000 to \$249,999 dropped 19.3% and those earning \$250,000 to \$499,999 fell 16.5%. Smaller declines were seen in the other revenue classes. The number of small farms (\$10,000 to \$49,999) declined 3.4%, medium farms (\$50,000 to \$99,999) fell 11.0%, and the largest farms (\$500,000 and over) fell 10.2%.

The decline in the number of large cattle farms contrasts with the Canada-wide trend exhibited by other farm types towards an increasing number of large farms. Small farms declined between 1990 and 1996, but they now make up a larger percentage of total farms because the number of large farms declined faster over this same period.

Given the adverse market conditions for cattle, some farms liquidated their herds. However, most of the decrease in cattle farm numbers was due to farms switching to another farm type. The decline in the price of cattle relative to other agricultural products resulted in farms receiving a lower share of revenues from cattle compared with other agricultural commodities. As a result, some of these farms changed from cattle to grains and oilseeds, particularly those in the \$100,000 to \$249,999 revenue class. For further discussion, see the section on Degree of Specialization.

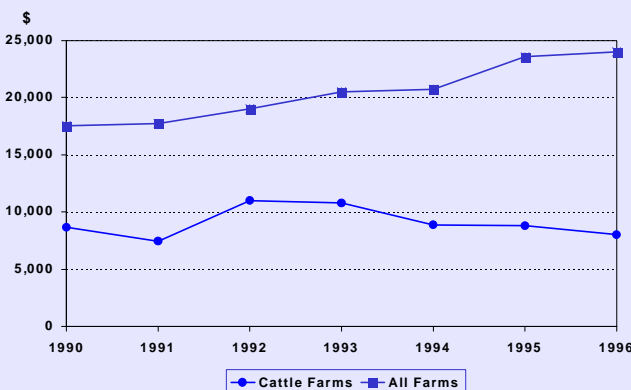
### Net Operating Income

*Cattle farms had the lowest average net operating income of the farm types analyzed. Average net operating income dropped for the fourth consecutive year, to \$8,019 per cattle farm in Canada.*

*Cattle farms had the highest share reporting operating losses in 1996, with over 40% of farms reporting operating losses.*

In 1996, cattle farms reported an average net operating income of \$8,019. This was 8.6% lower than in 1995 and 14.6% lower than the previous five-year average (1991 to 1995) of \$9,387. Of the farm types covered in this series, cattle farms reported the lowest net operating income in 1996. Net operating income for cattle farms was 33.4% lower than the average \$23,974 for all farm types (see Figure 4).

**Figure 4: Average Net Operating Income, 1990 to 1996**



Source: Statistics Canada, Whole Farm Data Base.

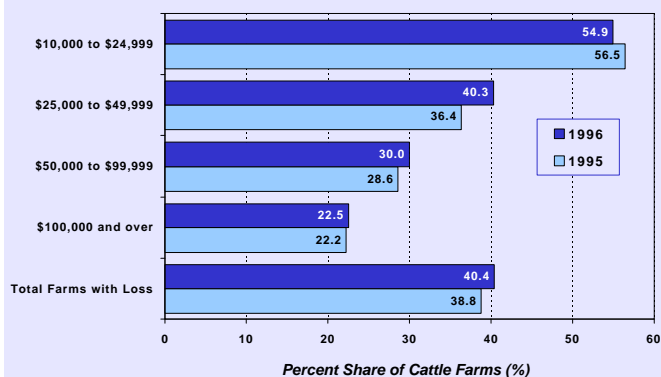
In 1996, average net operating income ranged from a loss of \$3,179 for farms in the lowest revenue class to a profit of \$115,784 for farms in the highest revenue class (see Table 1). Only farms in the highest revenue class (\$500,000 and over) showed an increase in net operating income, up 11.6% from 1995.

Cattle farms have typically reported the lowest average net operating income since 1990, when estimates were produced for the first time for all provinces. The large proportion of small farms (\$10,000 to \$49,999) is a major contributing factor to the low average net operating income of cattle farms.

Operating losses were incurred by 22,630 cattle farms, or 40.4% of cattle farms, up from 38.8% in 1995 (see Figure 5). Of the farm types covered in this series, cattle farms had the highest percentage reporting operating losses in 1996, with fruit and vegetable farms second at 27.9%.

Economic Overview of Farm Incomes, 1996 – Cattle Farms

**Figure 5: Cattle Farms with Net Operating Income Less Than \$1, by Revenue Class, 1995 and 1996**



Source: Statistics Canada, Whole Farm Data Base.

The high percentage of farms reporting losses reflects in part the large share of small farms (revenues \$10,000 to \$49,999) of which cow-calf operations form a high proportion. Small farms represented over three quarters of the cattle farms reporting operating losses: 50.3% were farms with revenues \$10,000 to \$24,999, and 25.5% were farms with revenues \$25,000 to \$49,999 (see Table 2).

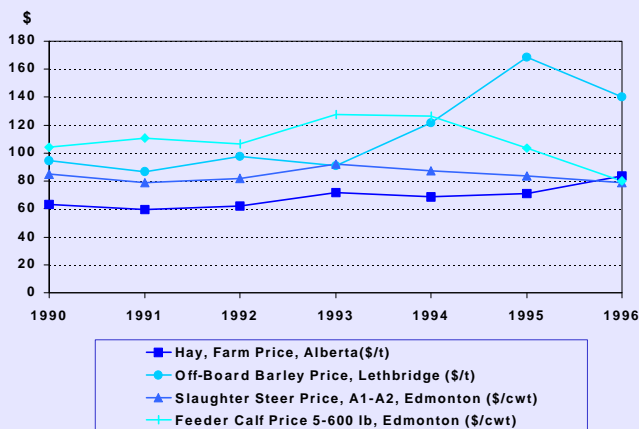
Cattle farms, in particular small farms, depend heavily on off-farm income to make up for the shortfall in net operating income. Of the farm types analyzed, farm operators of cattle farms depend the most on off-farm income, because there is a high percentage of small cattle farms.

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

*Lower revenue from cattle sales along with higher feed costs accounted for the decline in net operating income for cattle farms in 1996.*

Between 1995 and 1996, average operating revenues for cattle farms fell from \$129,267 to \$119,894, a 7.3% decline (see Table 3). Lower revenues from cattle and semen led to a drop of 11.3% to \$91,618 in cattle revenue, largely the result of falling cattle prices (see Figure 6). The decrease in cattle revenue accounted for most of the decline in operating revenues. Crop revenue decreased 0.8% to \$9,355 as declines from all other crop revenues largely neutralized the increase in forage revenue. Other revenues increased 20.5% to \$13,020, largely the result of an increase in custom work and machine rental income, up 45.1%.

**Figure 6: Livestock and Feed Prices\*, 1990 to 1996**



\*Cattle prices are reported on an annual basis. Crop prices are reported on a crop year basis. Source: Agriculture and Agri-Food Canada, Internal Calculations.

Increases in program payments and other revenues also helped to offset declines in crop and livestock revenues. Program payments increased 19.4% to \$3,671, reflecting the poor market returns for cattle farmers in 1996. Program payments do not include NISA withdrawals for unincorporated farms.

Average operating expenses fell from \$120,495 in 1995 to \$111,875 in 1996, a 7.2% drop. This drop was due mainly to lower livestock expenses, which declined 12.2% to \$68,911. In particular, the cost of cattle purchases declined 19.9%, as the result of large decreases in feeder calf prices. Feed costs increased 14.4% as a result of high world feed grain prices during the first half of 1996 and high domestic livestock inventories. Crop production expenses declined 1.5% to \$5,268. There were increases in both machinery and general expenses.

Cow-calf producers were among the hardest hit by high feed grain prices and low feeder calf prices. Feeder calf prices declined 22.7% between 1995 and 1996 (see Figure 6). In contrast, feedlots, which are affected by the spread between feeder and slaughter prices, had more favourable returns. In 1996, this price spread was the smallest that has occurred during the 1990s, as feeder calf prices declined to a greater extent than slaughter steer prices resulting in prices converging. This is translated into an improved income situation for farms in the highest revenue class (\$500,000 and over) where a higher proportion of feedlots reside compared to cow-calf operations.

**Relative Importance of Revenue and Expense Items**

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



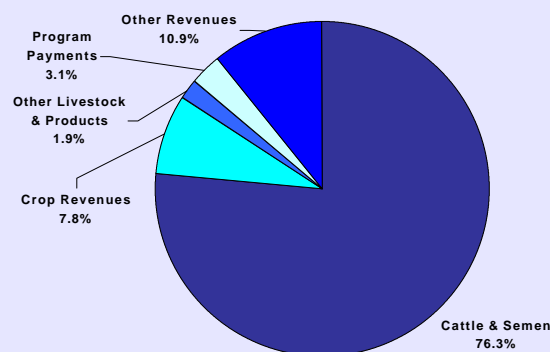
## Economic Overview of Farm Incomes, 1996 – Cattle Farms

### Detailed Operating Revenues

**Cattle revenue made up about three quarters of total operating revenues.**

In 1996, a large proportion of operating revenues came from the sale of cattle and semen (see Figure 7). These sales were higher than average for farms in the highest revenue class (\$500,000 and over), at 82.9%. As noted previously, these very large farms tend to be feedlot operations as opposed to cow-calf farms (see Figure 2).

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



Source: Statistics Canada, Whole Farm Data Base.

Over three quarters of cattle farms (32,360 farms) were diversified to some degree in other agricultural products. Over one third of cattle farms (19,985 farms) reported some revenue from grains and oilseeds and over one quarter (14,565 farms) reported revenue from forage crops. Revenues from grain and oilseed, as a share of total crop revenue, was more important to large farms while forage revenue was more important to small farms, reflecting in part the larger proportion of cow-calf operations in the lower revenue classes. Less than one twentieth of cattle farms reported some revenue from hogs.

An estimated 27,010 cattle farms reported direct program payments in 1996. On average, farms received 3.1% of their total operating revenues from direct program payments in 1996. Program payments declined in relative importance (but increased in absolute amounts) as farm size increased. Farms in the smallest revenue class received 8.1% of their total operating revenues from program payments (\$1,325), while those in the largest revenue class received 1.1% (\$21,235).

### Detailed Operating Expenses

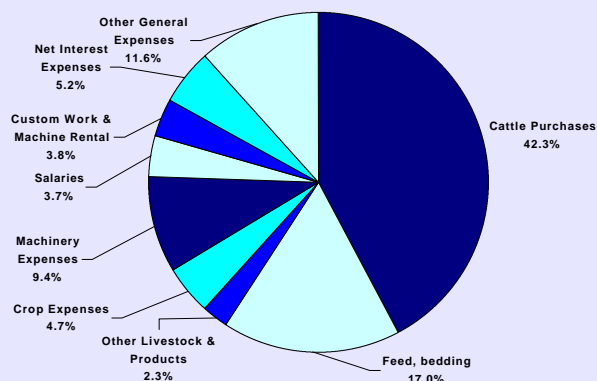
**Cattle purchases made up over 40% of total operating expenses, followed by feed and bedding.**

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

Livestock expenses made up the largest share of total operating expenses (61.6%), followed by general expenses (salaries, rent, insurance, custom work and machine rental, and others), at 24.3%, machinery expenses, at 9.4%, and crop expenses, at 4.7% (see Figure 8).

Of the livestock expenses, cattle purchases made up the largest share, followed by feed and bedding. Of the crop expenses, fertilizer accounted for the largest portion. The major components of general expenses included: net interest expenses, custom work and machine rental and salaries.

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



Source: Statistics Canada, Whole Farm Data Base.

Livestock expenses, as a share of total operating expenses, accounted for a much greater share in the highest revenue class (\$500,000 and over), at 81.9%, compared with 30.2% for farms in the lowest revenue class (\$10,000 to \$24,999). Cattle purchases represented a greater share of total livestock expenses in the higher revenue classes. This again reflects the greater portion of feedlot operations relative to cow-calf operations that fall in the \$500,000 and over revenue class. In order to maintain capacity, feedlots continually purchase feeder cattle to replace fed cattle sold for slaughter. A typical feedlot will run at one and a half to three times capacity.<sup>1</sup>

Feed costs and veterinary expenses as a share of total livestock expenses were greatest in the lowest revenue class, declining in importance as revenues increased.

### Operating Margins

**In 1996, 93.3 cents of each dollar of operating revenue covered operating expenses before depreciation.**

**Cattle farms with revenues of \$100,000 to \$249,999 reported the highest operating margin.**

Operating margins are a measure of profitability and the rate of return to farm capital, labour and management. In 1996, the average operating margin for cattle farms was 6.7 cents per dollar of revenue, slightly down from 6.8 cents in 1995. This is lower than the previous five-year average of 8.5 cents. The low average operating margin is typical of cattle farms; between 1990 and 1995, the average operating margin varied between

1. Depends on the weight of the feeder cattle going into the feedlot to be fed to slaughter weight. For example, a 600 lb. feeder calf with an average rate of gain of 3 lb./day would take approximately 200 days to reach finishing weight. A 900 lb. feeder with the same rate of gain would take approximately 100 days to finish. A number of factors affect rate of gain: age, sex, and breed of cattle.

Economic Overview of Farm Incomes, 1996 – Cattle Farms

6.8 and 10.8 cents. Given significant swings in cattle prices, only efficient operations that manage risk are likely to remain profitable.

By revenue class, operating margins ranged from a deficit of 19.4 cents for the smallest farms to a profit of 13.4 cents for farms with revenues between \$100,000 to \$249,999. The largest farms (\$500,000 and over) had margins that averaged 5.8 cents.

The difference in margins was partially due to the degree to which farms are diversified. Margins vary considerably between farm types. With low cattle prices and high prices for feed, cattle farms that were diversified to a greater extent in other farm products were less vulnerable to prices affecting operating margins. A larger proportion of farms with revenues of \$100,000 to \$249,999 were more diversified in other agricultural products, in particular grains and oilseeds, where higher operating margins are the norm (see Bulletin 2). The smallest farms (\$10,000 to \$49,999) and the largest farms (\$500,000 and over) had low margins. A larger proportion of these farms were “highly specialized” in cattle with a very low level of diversification (see Degree of Specialization/ Diversification).

Other factors also affect margins. Very small farms tend to operate less efficiently than larger operations. Because they are unable to achieve economies of size, they have very low to negative margins. Very large cattle farms, on average, operate on low margins due to the high concentration of feedlot operations. Lower operating margins are typically reported by feedlot operations as opposed to cow-calf operations due to differences in their cost and operating structures. According to the 1996 Farm Financial Survey, almost three quarters of farms in the largest revenue class (\$500,000 and over) were feedlot operations.

**FARM INCOME BY PROVINCE**

*Cattle farms in all provinces experienced declines in farm numbers, except New Brunswick.*

Of the 55,975 cattle farms in Canada, the largest share was in Alberta (38.1%), followed by Ontario (20.9%) and Saskatchewan (13.6%). The provincial breakdown by revenue class is provided in Table 5.

In 1996, all provinces experienced declines in the number of cattle farms, except New Brunswick. Provinces which experienced the largest declines in absolute numbers included:

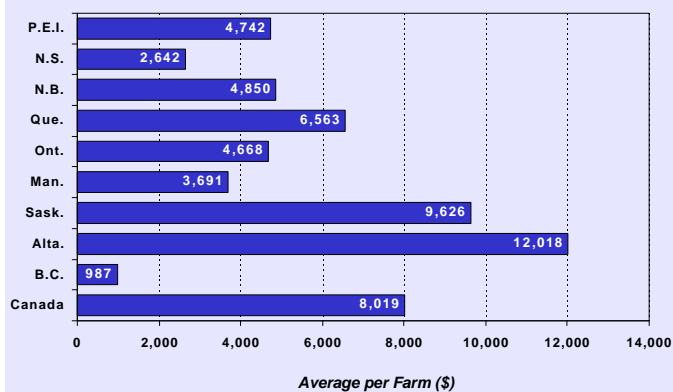
	<i>decline in number (1996/1995)</i>	<i>% change (1996/1995)</i>
Alberta	-1,705 farms	-7.4%
Saskatchewan	-1,180 farms	-13.4%
Ontario	-800 farms	-6.4%
British Columbia	-600 farms	-16.9%

**Net Operating Income**

*Only Alberta and Saskatchewan cattle farms had net operating income above the national average in 1996.*

When compared provincially, there was considerable variation in the average net operating income for cattle farms. Only Alberta and Saskatchewan farms reported net operating income above the national average at \$12,018 and \$9,626, respectively (see Figure 9). British Columbia reported the lowest net operating income at \$987.

**Figure 9: Average Net Operating Income for Cattle Farms, by Province, 1996**



Source: Statistics Canada, Whole Farm Data Base.

Alberta cattle farms were larger in terms of average operating revenues, explaining to some extent their high average net operating income (see Table 4). Cattle sales were substantially higher in Alberta than the Canadian average, reflecting the relatively larger size of cattle farms in that province.

Saskatchewan cattle farms reported a higher level of diversification, as measured by the lower share of total agricultural sales from cattle, which has resulted in a stronger average net operating income compared to the national average.<sup>2</sup> In Saskatchewan, cattle and semen revenues as a share of total agricultural sales were among the lowest of all provinces, at 72.6%<sup>3</sup>, while a larger share came from grains and oilseeds, at 13.3%.

Cattle farms in British Columbia, in contrast, had a smaller share of large farms, compared with other provinces, which resulted in a lower than average net operating income.

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

*Only New Brunswick, Prince Edward Island and Ontario farms showed increases in net operating income.*

Between 1995 and 1996, the only increases in net operating income, were observed on cattle farms in New Brunswick (+124.7% to \$4,850), Prince Edward Island (+12.3% to \$4,742)

2. Saskatchewan farms were third largest in terms of operating revenues.  
3. New Brunswick reported the same share.

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

and Ontario (+16.0% to \$4,668). Net operating income declined in all other provinces. British Columbia farms showed the most significant decline in net operating income (-72.7%), followed by Manitoba (-49.2%).

Only cattle farms in New Brunswick experienced increases in total operating revenues, while total operating expenses declined. Farms in Prince Edward Island, Ontario and Alberta had reductions in total operating expenses, which outpaced reductions in total operating revenues. In Quebec, the increase in expenses outpaced the increase in revenues.

### Relative Importance of Revenue and Expense Items

*The importance of various sources of revenues and expenses varies considerably by province.*

#### Detailed Operating Revenues

The relative importance of the various sources of revenues and expenses by province is shown in Table 4. Revenue earned from the sale of cattle and semen, as a percentage of total operating revenues, ranged from a high of 80.9% in Prince Edward Island to a low of 64.0% in Quebec.

Crop revenue was a much less important source of total revenue, averaging 7.8% for all cattle farms. Crop sales accounted for a higher share of total revenues in Saskatchewan (14.5%) and Manitoba (12.2%) and for a lower share in New Brunswick (3.3%) and British Columbia (3.2%). Grain and oilseed revenues as a proportion of total crop revenue were more important to cattle farms in the Prairie provinces and Ontario compared with other provinces. Forage was important to farms in British Columbia and New Brunswick. Other crops, which were important sources of revenue for particular provinces, include potatoes in Prince Edward Island and fruit and vegetables in Nova Scotia.

Other revenues also varied in importance. As a share of total revenues, they were highest in Nova Scotia (23.1%), New Brunswick (20.5%), and British Columbia (19.8%). Forest and maple products were a major component of other revenues for cattle farms in these provinces.

Program payments accounted for a relatively small share of total revenues for cattle farms in all provinces, except Quebec. Quebec farms received 22.0% of total operating revenues from direct program payments in 1996. Quebec has a small level of participation in NISA. Quebec offers provincial programs for agricultural commodities not covered by NISA in that province, such as cattle and calves, and these contribute to the higher program payments. Cattle and calves are also not qualifying commodities under NISA in Alberta and British Columbia.

#### Detailed Operating Expenses

Livestock expenses varied among provinces from 68.0% in Alberta to 44.4% in Nova Scotia. Cattle purchases accounted for the majority of the livestock expenses. Farms in Alberta, Prince Edward Island and Ontario reported the highest share of

livestock expenses but the lowest share of machinery expenses. This is the result of less demand for extensive mechanization required for crop production.

Crop expenses as a share of operating expenses were higher in provinces that reported a higher share of revenues from crop sales, namely Manitoba (8.7%) and Saskatchewan (6.9%).

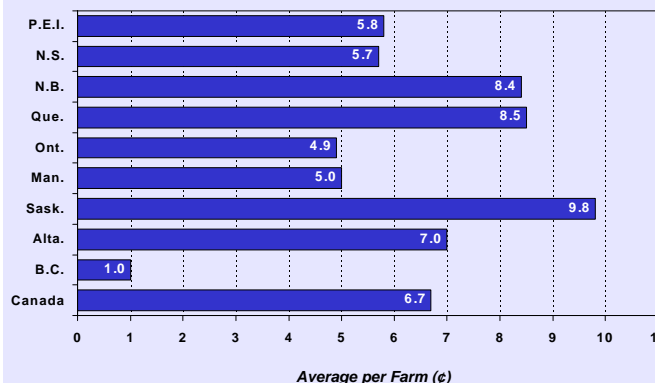
General expenses (overhead) were the second highest expense item for cattle producers in all provinces. They were highest in British Columbia (36.1%) and lowest in Alberta (20.7%) and Prince Edward Island (19.4%). Salaries, as a share of total expenses, were highest in British Columbia (10.3%) and lowest in Ontario (2.7%). Custom work and machine rental expenses were also highest in British Columbia (5.0%), followed closely by Saskatchewan (4.9%). Interest expenses were highest in Manitoba, at 7.2% of total operating expenses.

### Operating Margins

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

Cattle farms in Saskatchewan had the highest operating margin, at 9.8 cents per dollar of revenue, due to the diversification in grain and oilseed production by cattle farms in this province (see Figure 10). Quebec was second highest, at 8.5 cents, which in part reflects the higher program payments in Quebec. British Columbia showed the lowest operating margin, at 1 cent per dollar of revenue, reflecting the smaller scale of operations in that province. Farms in all other provinces had operating margins slightly above or below the national average of 6.7 cents.

**Figure 10: Average Operating Margins for Cattle Farms, by Province, 1996**



Source: Statistics Canada, Whole Farm Data Base.

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

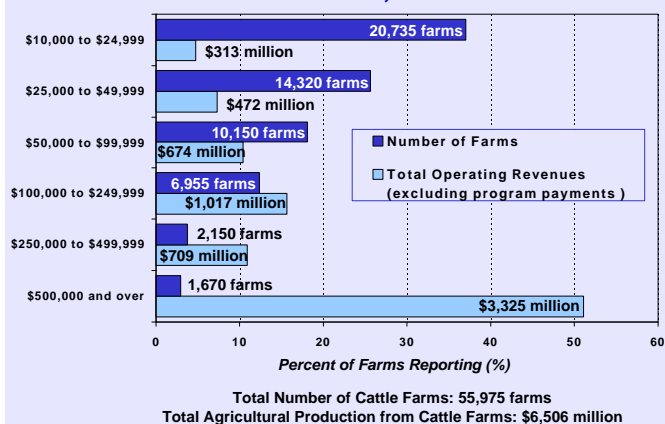
### CONCENTRATION OF PRODUCTION

*Small farms contributed little to total agricultural production, while very large farms contributed a lot.*

Cattle farms represent an important segment of Canadian agriculture. Of the total 234,370 farms in Canada, 23.9% were classified as cattle farms. Total revenues from cattle farms (excluding program payments) were \$6.5 billion compared with \$32.3 billion for all farm types.

The concentration of production describes the contribution of all cattle farms to total agricultural production<sup>4</sup> by revenue class (see Figure 11). The production was concentrated on the largest farms earning \$500,000 and over in revenues. Only 3.0% of farms were in this revenue class but they accounted for 51.1% of total agricultural production (\$3.3 billion). At the other extreme, small farms (\$10,000 to \$49,999) represented 62.6% of all cattle farms but they produced only 12.1% of farm output (\$0.8 billion). Farms within these classes (\$50,000 to \$499,999) produced 36.9% of total farm output.

**Figure 11: Concentration of Production, Cattle Farms, 1996**



Source: Statistics Canada, Whole Farm Data Base.

4. Total agricultural production equals total operating revenues excluding program payments.

### DEGREE OF SPECIALIZATION/ DIVERSIFICATION

#### Cattle Farms

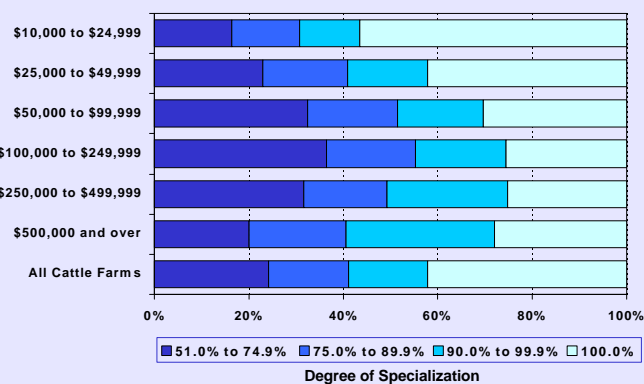
*Highly specialized cattle farms were most vulnerable to lower cattle prices and higher feed prices. This group produced about 55% of the total agricultural sales from cattle and semen.*

*Fewer cattle farms in the \$100,000 to \$249,999 revenue class were highly specialized. This group was the least vulnerable to deteriorating cattle markets.*

*A large share of small farms were 100% specialized in cattle.*

Cattle farms that are highly specialized are most vulnerable to adverse changes in cattle and feed prices. Of the estimated 55,975 cattle farms in 1996, 32,930 farms (58.8%) were described as “highly specialized”, earning 90% or more of their agricultural sales from the sale of cattle (two highest specialization categories in Figure 12).<sup>5</sup> This group produced \$3.6 billion in cattle and semen revenues, or 55.7% of the total agricultural sales from cattle and semen.

**Figure 12: Distribution of Cattle Farms, by Degree of Specialization and Revenue Class, 1996**



Source: Statistics Canada, Whole Farm Data Base.

A large proportion of cattle farms (42.2%) were classified as 100% specialized, deriving all their sales from cattle. A larger proportion of small cattle farms (revenues less than \$50,000) were 100% specialized, at 50.6%, compared with only 27.8% for the largest farms (\$500,000 and over).

On the other hand, in the \$100,000 to \$249,999 revenue class, there was a larger share of farms (36.3%) that fell in the 51.0%-74.9% category of specialization. Cattle farms in this revenue class were more diversified in other agricultural commodities, in particular grains and oilseeds. This group reported the highest operating margins, reflecting a lower level of vulnerability to market pressures in the cattle industry.

5. Semen is not considered when assigning the degree of specialization.



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

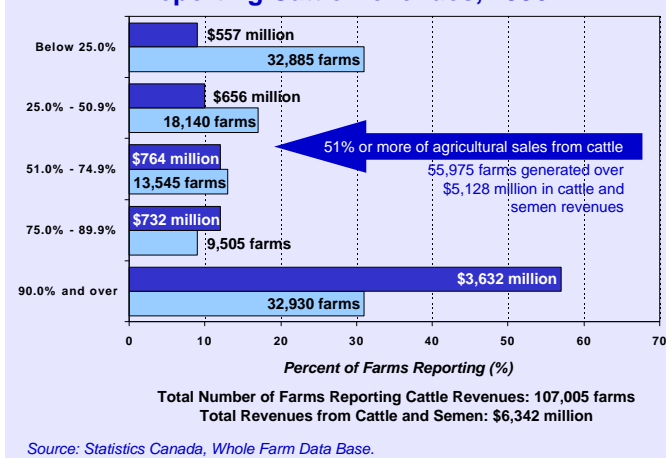
### All Farms Reporting Cattle Revenues

*Slightly over half of farms reporting revenues from cattle were specialized in cattle, accounting for about 80% of the total agricultural sales from cattle.*

The degree to which Canadian farms were specialized in producing cattle in 1996 is shown in Figure 13. Farms reporting any revenue from cattle are included in this section, unlike the previous sections that looked only at cattle farms (i.e., those farms with 51% or more of agricultural sales from cattle). Between 1995 and 1996, the number of farms that reported cattle sales declined 3.6%. In 1996, 107,005 farms, or 45.7% of all farms in Canada, reported some revenues from cattle and semen, totaling \$6.3 billion<sup>6</sup> (see Table 6). Of this group, 55,975 farms (52.3%) were defined as cattle farms, producing \$5.1 billion in cattle and semen revenues, about 80% of the total agricultural sales from cattle and semen in 1996.

The other 51,020 farms (47.7%) did not receive the majority of their revenue from cattle production. Of these farms, 32,885 reported less than 25% of their total agricultural sales from cattle. This indicates a low specialization in cattle for many farms. Also in the “not cattle” category, 18,140 farms reported between 25.0%–50.9% of their agricultural sales from cattle. Many farms in this group change farm type depending on the relative price of cattle compared to other agricultural commodities. They switch from the cattle category to another product type (i.e., they switch between a specialization level of 25.0%–50.9% and 51.0%–74.9%).<sup>7</sup> Since farms are classified by cattle revenue as a share of a farm’s total agricultural sales, part of the decline in cattle farm numbers was due to the effect that lower cattle prices had on cattle revenue.

**Figure 13: Degree of Specialization, Farms Reporting Cattle Revenues, 1996**



6. Because of the methodology used to distribute the farms reporting the sale of selected products by degree of specialization, many of the dairy farms that derived some revenues from the sale of cattle are not included in this total. In 1996, 123,710 farms reported revenues from cattle and semen, which amounted to \$6,524 million.

7. Farms can switch to another farm type without changing actual quantities produced and sold.

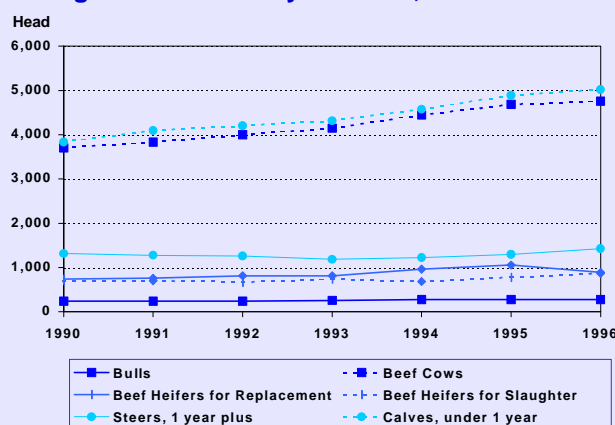
### PHYSICAL CHARACTERISTICS

*Despite depressed cattle prices, the cattle herd continued its expansion for the tenth consecutive year.*

The average size of cattle farms in 1996 was 833 acres, ranging from 330 acres for small farms (\$10,000 to \$24,999) to 3,427 acres for the largest farms (\$500,000 and over) (see Table 7). On average, 32.2% of the farmland on cattle farms was cultivated with grains and oilseeds, and tame hay. In addition, cattle farms had an average of 99 acres of seeded pasture.

The average size of the cattle herd was 204 head, ranging from 61 for the smallest farms (\$10,000 to \$24,999) to 1,081 for the largest farms (\$500,000 or more). In 1996, farms handled more cattle per acre of farm than in previous years. Cattle farms reported 4.1 acres of land per head in 1996, a decline of 30.5% from the area reported in 1994.

**Figure 14: Inventory of Cattle, 1990 to 1996**



Source: Statistics Canada, Livestock Statistics Update, Catalogue no. 23-603-UPE.

The cattle herd continued its expansion for the tenth consecutive year, reaching 15 million head as of July 1, 1996, up 2.0% compared to the same period in 1995.<sup>8</sup> Although the total cattle herd increased, the number of beef replacement heifers declined between 1995 and 1996, signaling the beginning of the contraction phase in the cattle cycle (see Figure 14).

Although the number of cattle farms continued to decline in 1996, the remaining farms continued to expand to gain scale economies with fewer farms handling a larger number of head. This resulted in the largest average number of cattle reported per farm in 1996.

8. Cattle inventories include dairy.

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

## 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 (excluding program payments). Farms are highly specialized in cattle production when 90% or more of their sales are derived from the sale of cattle. Farms are not specialized in cattle when less than 51% of their agricultural sales are from the sale of cattle.

**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 cattle are considered cattle 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 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 of 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).

## Economic Overview of Farm Incomes, 1996 – Cattle 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	20,735	14,320	10,150	6,955	2,150	1,670	55,975
	1995	20,845	15,435	11,400	8,620	2,575	1,860	60,735
<b>Revenues - Average per Farm (\$)</b>								
Total Crops	1996	920	3,084	8,325	20,965	35,874	91,772	9,355
	1995	899	3,085	8,196	18,545	38,704	82,451	9,431
Total Livestock	1996	11,795	24,773	49,169	108,558	263,494	1,699,196	93,849
	1995	12,355	26,122	51,239	113,468	267,683	1,892,863	105,956
Program Payments	1996	1,325	2,397	3,769	6,417	11,811	21,235	3,671
	1995	936	2,000	2,835	5,059	8,483	20,741	3,075
Total Other Revenues	1996	2,381	5,114	8,932	16,761	30,549	199,879	13,020
	1995	2,192	4,822	7,814	15,297	27,860	130,816	10,805
<b>Total Revenues<sup>1</sup></b>	1996	16,421	35,368	70,194	152,701	341,729	2,012,082	119,894
	1995	16,382	36,029	70,084	152,368	342,730	2,126,871	129,267
<b>Expenses - Average per Farm (\$)</b>								
Total Crops	1996	922	1,924	4,956	11,207	20,137	46,009	5,268
	1995	915	2,072	4,667	10,003	19,817	44,791	5,349
Total Livestock	1996	5,927	10,927	21,055	56,638	176,841	1,553,220	68,911
	1995	7,023	11,880	24,034	63,994	182,630	1,688,403	78,506
Total Machinery	1996	4,735	7,715	12,078	17,977	24,691	46,308	10,478
	1995	4,380	7,325	10,904	16,261	23,529	44,030	10,066
Total General Expenses	1996	8,016	13,986	23,857	46,380	81,068	250,762	27,217
	1995	7,444	12,880	21,979	41,306	75,975	245,892	26,573
<b>Total Expenses<sup>1</sup></b>	1996	19,600	34,552	61,948	132,202	302,737	1,896,298	111,875
	1995	19,762	34,157	61,585	131,565	301,951	2,023,116	120,495
<b>Net Operating Income - Average per Farm (\$)</b>								
<b>Net Operating Income<sup>2</sup></b>	1996	(3,179)	816	8,247	20,498	38,992	115,784	8,019
	1995	(3,380)	1,872	8,499	20,803	40,779	103,755	8,773

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

2. Net operating income does not include depreciation.

Source: Statistics Canada, Whole Farm Data Base.

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	11,390	7,750	1,600	-	-	20,735
\$25,000 to \$49,999	5,775	4,445	3,475	625 *	-	14,320
\$50,000 to \$99,999	3,040	1,970	2,795	2,035	315	10,150
\$100,000 and over	2,420	990	1,660	2,600	3,100	10,770
Total Farms <sup>2</sup>	22,630	15,160	9,530	5,255	3,415	55,975
Percent of Total Farms	40.4	27.1	17.0	9.4	6.1	100.0

1. Net operating income does not include depreciation.

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

Source: Statistics Canada, Whole Farm Data Base.

\* Use with caution

\*\* Unreliable.

## Economic Overview of Farm Incomes, 1996 – Cattle 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	20,735	14,320	10,150	6,955	2,150	1,670	55,975
<b>Revenues - Average per Farm (\$)</b>							
Total Grains & Oilseeds	536	2,208	6,573	17,432	30,472	79,658	7,664
Potatoes	2 **	11 **	17 **	59 **	188 *	x	35 *
Fruits & Vegetables	11 **	16 **	46 *	59 *	326 *	1,376	77
Tobacco	x	x	-	x	x	x	x
Greenhouse & Nursery Products	10 **	11 **	19 **	7 **	x	389 *	24 *
Forage Crops (including seed)	360	838	1,670	3,380	4,678	9,350	1,528
Other Crops	x	x	-	x	x	480 *	x
Total Other Crops	384	876	1,752	3,532	5,403	12,114	1,691
Total Crop Revenues	920	3,084	8,325	20,965	35,874	91,772	9,355
Cattle & Semen	11,522	24,245	47,797	105,517	252,094	1,667,964	91,618
Swine	52	159 *	425 *	1,754	6,567	14,035	1,025
Poultry & Eggs	48 *	73 **	86 **	120 *	818 **	3,457	201
Dairy Products & Subsidies	29 **	80 **	387 *	462 *	2,846	10,464	580
Other Livestock & Products	144	214	473	706	1,169	3,276	424
Total Livestock & Product Revenues	11,795	24,773	49,169	108,558	263,494	1,699,196	93,849
Program Payments	1,325	2,397	3,769	6,417	11,811	21,235	3,671
Custom Work & Machine Rental	861	2,222	3,993	8,244	16,629	175,074	8,490
Rental Income	277	835	1,371	2,488	4,995	9,754	1,356
Forest & Maple Products	294	525 *	1,204	2,062 *	2,275 *	2,306	874
Miscellaneous Revenues	949	1,532	2,364	3,967	6,650	12,744	2,300
Total Other Revenues	2,381	5,114	8,932	16,761	30,549	199,879	13,020
<b>Total Operating Revenues<sup>1</sup></b>	<b>16,421</b>	<b>35,368</b>	<b>70,194</b>	<b>152,701</b>	<b>341,729</b>	<b>2,012,082</b>	<b>119,894</b>
<b>Expenses - Average per Farm (\$)</b>							
Fertilizer & Lime	458	955	2,553	6,134	10,472	24,640	2,775
Pesticides	91	243	857	2,136	4,073	10,566	988
Seed & Plants	262	528	1,172	2,435	4,942	9,854	1,230
Other Crop Expenses	112	198	375	503	651	949	276
Total Crop Expenses	922	1,924	4,956	11,207	20,137	46,009	5,268
Cattle Purchases	2,935	5,931	12,441	36,901	122,270	1,114,634	47,348
Swine Purchases	20 *	29 **	95 *	605 *	1,929 *	5,527	346
Poultry & Egg Purchases	8 **	9	27 **	31	213 *	1,445	65
Other Livestock Purchases	51 *	52 *	185 **	287	893 *	1,652	185
Feed, Supplements, Straw & Bedding	2,372	3,931	6,601	15,579	46,135	409,425	18,986
Vet Fees, Medicine & Breeding Fees	540	970	1,695	3,192	5,303	20,174	1,957
Other Livestock Expenses	-	5 **	11 **	42 *	97 *	362	23
Total Livestock Expenses	5,927	10,927	21,055	56,638	176,841	1,553,220	68,911
Small Tools	321	449	614	716	723	680	482
Net Fuel Expenses, Machinery, Truck, Auto	2,080	3,492	5,386	7,940	10,821	18,924	4,606
Repairs, Licenses and Insurance	2,335	3,774	6,078	9,321	13,147	26,704	5,391
Total Machinery Expenses	4,735	7,715	12,078	17,977	24,691	46,308	10,478
Salaries (including CPP, QPP, EI)	470	1,188	2,708	6,789	14,618	58,808	4,125
Rent	402	958	1,818	3,875	6,613	17,019	1,966
Insurance	642	934	1,359	2,166	3,873	9,500	1,424
Utilities	982	1,349	1,894	2,630	4,200	9,802	1,832
Custom Work & Machine Rental	762	1,522	3,187	6,836	13,364	54,342	4,231
Net Interest Expenses	1,608	3,288	5,625	10,414	17,723	47,004	5,831
Net Property Taxes	882	1,148	1,624	2,406	3,482	5,934	1,524
Building & Fence Repairs	890	1,155	1,663	2,500	3,671	8,834	1,641
Miscellaneous Expenses	1,378	2,445	3,981	8,764	13,523	39,520	4,643
Total General Expenses	8,016	13,986	23,857	46,380	81,068	250,762	27,217
<b>Total Operating Expenses<sup>1</sup></b>	<b>19,600</b>	<b>34,552</b>	<b>61,948</b>	<b>132,202</b>	<b>302,737</b>	<b>1,896,298</b>	<b>111,875</b>
<b>Net Operating Income - Average per Farm (\$)</b>							
<b>Net Operating Income<sup>2</sup></b>	<b>(3,179)</b>	<b>816</b>	<b>8,247</b>	<b>20,498</b>	<b>38,992</b>	<b>115,784</b>	<b>8,019</b>
<b>Operating Margins per \$ of Revenue</b>							
Operating Margin	(0.19)	0.02	0.12	0.13	0.11	0.06	0.07
Operating Margin (excluding interest)	(0.10)	0.12	0.20	0.20	0.17	0.08	0.12

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

2. Net operating income does not include depreciation.

Source: Statistics Canada, Whole Farm Data Base.

\* Use with caution.

\*\* Unreliable.



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

Table 4: Operating Revenues and Expenses by Province, 1996

	Newfoundland		Prince Edward Island		Nova Scotia		New Brunswick	
	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995
Number of Farms	x	x	370	(8.6)	590	(4.1)	450	3.4
<b>Revenues - Average per Farm (\$)</b>								
Total Grains & Oilseeds	x	x	1,832	45.4	305	2.3	518	27.3
Potatoes	x	x	3,822 *	(11.7)	x	x	410 **	...
Fruits & Vegetables	x	x	78 **	(53.8)	1,052	(18.8)	150 *	7.9
Tobacco	x	x	-	...	x	...	-	...
Greenhouse & Nursery Products	x	x	-	...	x	x	x	...
Forage Crops (including seed)	x	x	250 **	25.6	557	10.5	828	66.3
Other Crops	x	x	-	...	-	...	x	...
Total Other Crops	x	x	4,151 *	(11.6)	1,623	(17.9)	1,401	87.3
Total Crop Revenues	x	x	5,983	0.5	1,928	(15.3)	1,919	66.1
Cattle & Semen	x	x	65,826	(0.8)	31,568	(14.0)	41,136	(5.4)
Swine	x	x	x	x	45 **	(60.5)	480 *	96.7
Poultry & Eggs	x	x	131	(61.6)	85 *	(45.2)	x	x
Dairy Products & Subsidies	x	x	884 *	x	703 **	(7.1)	x	x
Other Livestock & Products	x	x	x	x	332 *	36.1	219 *	(4.4)
Total Livestock & Product Revenues	x	x	68,829	(2.7)	32,733	(13.8)	42,893	(4.2)
Program Payments	x	x	2,393	19.8	1,217	(17.5)	937	(19.0)
Custom Work & Machine Rental	x	x	1,967	(11.0)	3,913	45.2	4,442	12.6
Rental Income	x	x	354 *	(17.1)	95 **	1.1	143 *	(59.0)
Forest & Maple Products	x	x	194 **	(13.8)	5,158	(18.1)	5,629	20.0
Miscellaneous Revenues	x	x	1,692	(2.2)	1,610	4.4	1,611	43.3
Total Other Revenues	x	x	4,207	(8.4)	10,777	1.4	11,825	17.0
<b>Total Operating Revenues<sup>1</sup></b>	<b>x</b>	<b>x</b>	<b>81,411</b>	<b>(2.3)</b>	<b>46,654</b>	<b>(10.9)</b>	<b>57,573</b>	<b>0.7</b>
<b>Expenses - Average per Farm (\$)</b>								
Fertilizer & Lime	x	x	3,146	(2.2)	1,835	(13.6)	1,673	11.0
Pesticides	x	x	424	(51.8)	233	48.4	86	(46.6)
Seed & Plants	x	x	688	(40.2)	341	0.9	288	(19.6)
Other Crop Expenses	x	x	433	29.6	421	(6.0)	398	8.7
Total Crop Expenses	x	x	4,691	(15.9)	2,830	(7.7)	2,446	2.3
Cattle Purchases	x	x	39,464	(2.1)	14,475	(17.8)	21,769	(8.6)
Swine Purchases	x	x	x	x	x	x	x	x
Poultry & Egg Purchases	x	x	98 **	(57.8)	-	...	x	x
Other Livestock Purchases	x	x	x	x	14 **	x	35	(47.0)
Feed, Supplements, Straw & Bedding	x	x	8,045	(0.9)	4,115	11.9	4,573	(20.8)
Vet Fees, Medicine & Breeding Fees	x	x	1,215	7.2	938	7.8	829	1.8
Other Livestock Expenses	x	x	-	...	x	x	x	x
Total Livestock Expenses	x	x	50,073	(0.4)	19,544	(12.1)	27,229	(11.0)
Small Tools	x	x	171	23.0	339	81.3	217	57.2
Net Fuel Expenses, Machinery, Truck, Auto	x	x	3,243	(2.1)	3,091	5.7	3,633	13.6
Repairs, Licenses and Insurance	x	x	3,618	(4.3)	3,828	0.2	4,516	7.5
Total Machinery Expenses	x	x	7,032	(2.8)	7,258	4.7	8,367	11.0
Salaries (including CPP, QPP, EI)	x	x	2,371	(2.8)	3,436	(18.6)	4,000	7.9
Rent	x	x	719	(43.3)	852 **	60.8	389	(36.4)
Insurance	x	x	889	(7.7)	858	4.4	969	10.5
Utilities	x	x	1,024	(8.6)	1,041	(13.6)	1,048	3.7
Custom Work & Machine Rental	x	x	1,518	13.3	1,681	2.9	1,724	(6.8)
Net Interest Expenses	x	x	4,280	(9.7)	2,733	9.8	2,535	3.1
Net Property Taxes	x	x	905	(6.7)	693	12.3	776	(0.4)
Building & Fence Repairs	x	x	1,216	3.1	886	(15.9)	925	(1.8)
Miscellaneous Expenses	x	x	1,951	(2.3)	2,200	(26.7)	2,317	1.7
Total General Expenses	x	x	14,873	(7.1)	14,379	(7.7)	14,681	1.1
<b>Total Operating Expenses<sup>1</sup></b>	<b>x</b>	<b>x</b>	<b>76,669</b>	<b>(3.1)</b>	<b>44,012</b>	<b>(8.0)</b>	<b>52,723</b>	<b>(4.2)</b>
<b>Net Operating Income - Average per Farm (\$)</b>								
<b>Net Operating Income<sup>2</sup></b>	<b>x</b>	<b>x</b>	<b>4,742</b>	<b>12.3</b>	<b>2,642</b>	<b>(41.5)</b>	<b>4,850</b>	<b>...</b>
<b>Operating Margins per \$ of Revenue</b>								
Operating Margin	x		0.06		0.06		0.08	
Operating Margin (excluding interest)	x		0.11		0.12		0.13	

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

\* Use with caution.

2. Net operating income does not include depreciation.

\*\* Unreliable.

Source: Statistics Canada, Whole Farm Data Base.

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

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

	Quebec		Ontario		Manitoba		Saskatchewan	
	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995
Number of Farms	5,475	(1.2)	11,695	(6.4)	5,515	(5.7)	7,615	(13.4)
<b>Revenues - Average per Farm (\$)</b>								
Total Grains & Oilseeds	2,148	64.1	5,171	8.5	7,755	(4.0)	12,567	(6.3)
Potatoes	x	x	7 **	(50.0)	x	x	x	x
Fruits & Vegetables	156	47.2	153	(24.3)	x	x	10 *	(61.5)
Tobacco	-	x	x	x	-	...	-	...
Greenhouse & Nursery Products	x	x	16 **	(54.3)	x	x	x	x
Forage Crops (including seed)	536	23.8	920	26.4	1,144	(0.1)	1,668	72.7
Other Crops	-	x	x	...	x	...	-	...
Total Other Crops	781	23.8	1,107	8.8	1,169	(0.2)	1,678	69.2
Total Crop Revenues	2,928	51.0	6,279	8.6	8,924	(3.5)	14,245	(1.2)
Cattle & Semen	49,542	(1.7)	74,319	(15.9)	56,574	(5.9)	68,677	(10.3)
Swine	408	x	3,197	(6.4)	235	(24.7)	203 *	(35.4)
Poultry & Eggs	310	x	315	(23.0)	36 *	(52.6)	54 **	86.2
Dairy Products & Subsidies	941	(29.5)	1,062	(5.9)	156 *	(40.0)	222 **	...
Other Livestock & Products	175 *	34.6	449	(12.1)	245	(36.2)	446	(8.4)
Total Livestock & Product Revenues	51,377	(2.1)	79,342	(15.5)	57,246	(6.4)	69,602	(10.1)
Program Payments	17,040	20.8	1,570	48.4	1,271	(36.8)	3,319	30.8
Custom Work & Machine Rental	2,104	2.5	4,355	34.5	3,254	17.6	6,927	66.6
Rental Income	406 *	29.3	476 *	5.1	455	0.7	1,083 *	34.4
Forest & Maple Products	2,403	24.4	616 **	63.0	83 **	...	133 **	56.5
Miscellaneous Revenues	1,177	(20.1)	1,945	(1.9)	1,931	(12.3)	2,657	(44.5)
Total Other Revenues	6,089	5.5	7,392	22.1	5,723	5.0	10,801	9.8
<b>Total Operating Revenues<sup>1</sup></b>	<b>77,435</b>	<b>4.2</b>	<b>94,582</b>	<b>(11.4)</b>	<b>73,163</b>	<b>(6.0)</b>	<b>97,967</b>	<b>(6.0)</b>
<b>Expenses - Average per Farm (\$)</b>								
Fertilizer & Lime	1,824	23.0	2,261	3.3	2,999	(10.4)	2,674	(2.9)
Pesticides	187 *	34.5	821	26.3	1,142	(0.7)	1,701	11.9
Seed & Plants	951	(0.6)	1,436	9.4	1,551	7.6	1,427	2.2
Other Crop Expenses	245	19.5	235	(25.4)	319	(3.9)	296	20.3
Total Crop Expenses	3,206	15.2	4,753	6.4	6,010	(4.1)	6,099	3.1
Cattle Purchases	21,734	3.5	39,619	(26.9)	22,345	(11.9)	29,240	(24.4)
Swine Purchases	102 *	x	1,044	27.9	45 **	(6.3)	43	(34.8)
Poultry & Egg Purchases	58	x	90	(38.8)	x	x	x	x
Other Livestock Purchases	124 *	...	244 **	6.6	94	(55.7)	140	(56.0)
Feed, Supplements, Straw & Bedding	13,332	0.7	13,905	2.5	8,049	29.4	11,045	25.0
Vet Fees, Medicine & Breeding Fees	1,751	3.2	1,546	(9.9)	1,637	(5.5)	1,795	0.9
Other Livestock Expenses	18 **	(88.1)	9	(86.4)	x	x	x	x
Total Livestock Expenses	37,119	2.2	56,457	(20.2)	32,189	(4.3)	42,276	(15.1)
Small Tools	298	...	397	58.8	418	11.5	529	20.5
Net Fuel Expenses, Machinery, Truck, Auto	2,689	9.0	3,301	11.7	5,257	0.6	5,954	0.9
Repairs, Licenses and Insurance	4,495	5.6	3,915	3.9	5,263	(1.0)	6,027	6.8
Total Machinery Expenses	7,482	9.5	7,613	9.2	10,938	0.2	12,511	4.4
Salaries (including CPP, QPP, EI)	2,987	19.2	2,404	2.3	2,336	(8.9)	3,444	9.8
Rent	629	(25.5)	1,257	(2.3)	1,531	0.4	2,842	7.0
Insurance	2,582	6.8	1,529	1.1	914	(13.8)	1,098	9.5
Utilities	1,544	0.3	1,917	(2.2)	1,728	6.4	1,941	14.2
Custom Work & Machine Rental	2,030	(2.1)	3,138	2.6	2,663	7.8	4,343	29.6
Net Interest Expenses	4,369	(5.7)	3,871	(8.6)	4,977	0.6	5,834	(4.1)
Net Property Taxes	1,255	3.0	1,846	6.7	1,540	6.3	1,900	4.2
Building & Fence Repairs	1,875	(1.5)	1,715	9.2	1,234	(7.4)	1,232	2.2
Miscellaneous Expenses	5,794	28.4	3,414	20.3	3,412	21.8	4,820	32.2
Total General Expenses	23,065	6.5	21,091	2.7	20,334	2.8	27,456	11.6
<b>Total Operating Expenses<sup>1</sup></b>	<b>70,872</b>	<b>4.9</b>	<b>89,914</b>	<b>(12.5)</b>	<b>69,472</b>	<b>(1.6)</b>	<b>88,341</b>	<b>(4.3)</b>
<b>Net Operating Income - Average per Farm (\$)</b>								
<b>Net Operating Income<sup>2</sup></b>	<b>6,563</b>	<b>(2.6)</b>	<b>4,668</b>	<b>16.0</b>	<b>3,691</b>	<b>(49.2)</b>	<b>9,626</b>	<b>(19.2)</b>
<b>Operating Margins per \$ of Revenue</b>								
Operating Margin	0.08		0.05		0.05		0.10	
Operating Margin (excluding interest)	0.14		0.09		0.12		0.16	

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

2. Net operating income does not include depreciation.

Source: Statistics Canada, Whole Farm Data Base.

\* Use with caution.

\*\* Unreliable.

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

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

	Alberta		British Columbia		Canada	
	1996	Change 1996/1995	1996	Change 1996/1995	1996	Change 1996/1995
Number of Farms	21,330	(7.4)	2,945	(16.9)	55,975	(7.8)
<b>Revenues - Average per Farm (\$)</b>						
Total Grains & Oilseeds	10,030	(4.5)	1,127	11.7	7,664	(2.7)
Potatoes	x	x	21 **	...	35 *	(42.6)
Fruits & Vegetables	29 *	31.8	94 *	(58.6)	77	(16.3)
Tobacco	x	x	x	...	x	x
Greenhouse & Nursery Products	11 **	(83.6)	184 **	x	24 *	(50.0)
Forage Crops (including seed)	2,205	10.4	1,712	(1.5)	1,528	16.7
Other Crops	60 *	(24.1)	x	x	x	x
Total Other Crops	2,306	3.2	2,014	(5.8)	1,691	9.0
Total Crop Revenues	12,336	(3.2)	3,140	(0.2)	9,355	(0.8)
Cattle & Semen	134,996	(11.8)	72,120	(6.3)	91,618	(11.3)
Swine	661	(50.3)	85 *	(14.1)	1,025	(23.3)
Poultry & Eggs	217	(40.9)	x	x	201	(25.8)
Dairy Products & Subsidies	289	28.4	x	x	580	3.4
Other Livestock & Products	461	(6.1)	770	59.8	424	(6.4)
Total Livestock & Product Revenues	136,624	(12.1)	74,849	(5.0)	93,849	(11.4)
Program Payments	2,674	10.3	854	(7.6)	3,671	19.4
Custom Work & Machine Rental	14,334	53.9	10,669	18.2	8,490	45.1
Rental Income	2,541	0.1	996	17.5	1,356	4.3
Forest & Maple Products	275 *	20.6	5,307	5.4	874	16.7
Miscellaneous Revenues	2,769	(18.2)	2,488	6.0	2,300	(20.8)
Total Other Revenues	19,919	28.8	19,459	12.8	13,020	20.5
<b>Total Operating Revenues<sup>1</sup></b>	<b>171,552</b>	<b>(7.8)</b>	<b>98,302</b>	<b>(1.8)</b>	<b>119,894</b>	<b>(7.3)</b>
<b>Expenses - Average per Farm (\$)</b>						
Fertilizer & Lime	3,481	(9.2)	1,620	10.2	2,775	(4.3)
Pesticides	1,158	0.9	131	5.6	988	6.5
Seed & Plants	1,170	(3.3)	649	(3.0)	1,230	1.7
Other Crop Expenses	278	(18.7)	278	(20.6)	276	(11.3)
Total Crop Expenses	6,087	(6.8)	2,679	2.5	5,268	(1.5)
Cattle Purchases	75,091	(19.0)	29,743	(19.9)	47,348	(19.9)
Swine Purchases	266	(24.4)	24 *	x	346	3.6
Poultry & Egg Purchases	97	x	x	x	65	(27.0)
Other Livestock Purchases	202	(43.3)	243	(29.6)	185	(32.0)
Feed, Supplements, Straw & Bedding	30,390	17.5	14,631	11.4	18,986	14.4
Vet Fees, Medicine & Breeding Fees	2,441	(4.4)	1,959	0.4	1,957	(3.9)
Other Livestock Expenses	35	x	x	x	23	(74.7)
Total Livestock Expenses	108,522	(11.1)	46,704	(11.5)	68,911	(12.2)
Small Tools	592	6.5	470	22.7	482	21.1
Net Fuel Expenses, Machinery, Truck, Auto	5,152	2.4	5,315	17.4	4,606	3.8
Repairs, Licenses and Insurance	6,107	1.4	6,990	14.1	5,391	3.1
Total Machinery Expenses	11,851	2.1	12,775	15.8	10,478	4.1
Salaries (including CPP, QPP, EI)	5,302	(3.3)	10,040	19.4	4,125	1.3
Rent	2,564	7.4	2,107	22.4	1,966	3.6
Insurance	1,339	(8.5)	1,513	6.9	1,424	(1.0)
Utilities	1,908	2.0	1,780	11.7	1,832	3.2
Custom Work & Machine Rental	5,846	3.4	4,833	37.5	4,231	7.7
Net Interest Expenses	7,720	(10.9)	5,570	12.6	5,831	(7.5)
Net Property Taxes	1,393	(0.9)	1,054	15.7	1,524	3.3
Building & Fence Repairs	1,784	(6.0)	2,016	2.8	1,641	(1.1)
Miscellaneous Expenses	5,218	7.6	6,243	10.7	4,643	15.4
Total General Expenses	33,075	(1.8)	35,157	16.8	27,217	2.4
<b>Total Operating Expenses<sup>1</sup></b>	<b>159,534</b>	<b>(8.3)</b>	<b>97,315</b>	<b>0.8</b>	<b>111,875</b>	<b>(7.2)</b>
<b>Net Operating Income - Average per Farm (\$)</b>						
<b>Net Operating Income<sup>2</sup></b>	<b>12,018</b>	<b>(1.0)</b>	<b>987</b>	<b>(72.7)</b>	<b>8,019</b>	<b>(8.6)</b>
<b>Operating Margins per \$ of Revenue</b>						
Operating Margin	0.07		0.01		0.07	
Operating Margin (excluding interest)	0.12		0.07		0.12	

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 – Cattle Farms

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

		\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and over	Total Farms <sup>1</sup>
Newfoundland	No. of Farms	X	X	-	-	-	X	X
	(%)	X	X	-	-	-	X	X
Prince Edward Island	No. of Farms	185	80	50	25	X	X	370
	(%)	50.0	21.6	13.5	6.8	X	X	100.0
Nova Scotia	No. of Farms	355	140	50	30	X	X	590
	(%)	60.2	23.7	8.5	5.1	X	X	100.0
New Brunswick	No. of Farms	250	95	55	35	X	X	450
	(%)	55.6	21.1	12.2	7.8	X	X	100.0
Quebec	No. of Farms	2,465	1,430	825	455	195	110	5,475
	(%)	45.0	26.1	15.1	8.3	3.6	2.0	100.0
Ontario	No. of Farms	5,510	2,505	1,690	1,110	540	345	11,695
	(%)	47.1	21.4	14.5	9.5	4.6	2.9	100.0
Manitoba	No. of Farms	2,150	1,490	1,095	580	115	80	5,515
	(%)	39.0	27.0	19.9	10.5	2.1	1.5	100.0
Saskatchewan	No. of Farms	2,305	2,165	1,450	1,190	320	185	7,615
	(%)	30.3	28.4	19.0	15.6	4.2	2.4	100.0
Alberta	No. of Farms	6,430	5,715	4,335	3,130	865	850	21,330
	(%)	30.1	26.8	20.3	14.7	4.1	4.0	100.0
British Columbia	No. of Farms	1,075	700	600	400	95	75	2,945
	(%)	36.5	23.8	20.4	13.6	3.2	2.5	100.0
Canada	No. of Farms	20,735	14,320	10,150	6,955	2,150	1,670	55,975
	(%)	37.0	25.6	18.1	12.4	3.8	3.0	100.0

1. Totals may not add up due to rounding and/or confidentiality restrictions.  
Source: Statistics Canada, Whole Farm Data Base.

Table 6: Farms with Sales of Cattle 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 "Cattle Farms"				
\$10,000 to \$24,999	1996	3,600	3,330	3,395	2,975	2,670	11,695	27,665
	1995	3,485	3,340	3,275	2,890	2,865	11,815	27,665
\$25,000 to \$49,999	1996	4,275	4,000	3,300	2,575	2,405	6,045	22,590
	1995	4,670	4,260	3,515	2,645	2,685	6,580	24,365
\$50,000 to \$99,999	1996	7,905	4,610	3,305	1,930	1,825	3,095	22,670
	1995	6,975	5,010	3,705	2,145	2,080	3,460	23,375
\$100,000 to \$249,999	1996	11,590	4,530	2,525	1,305	1,335	1,775	23,075
	1995	10,715	5,445	2,910	1,620	1,870	2,220	24,775
\$250,000 to \$499,999	1996	3,945	1,255	675	380	545	540	7,355
	1995	3,400	1,305	845	530	610	595	7,280
\$500,000 and over	1996	1,560	415	335	340	525	465	3,645
	1995	1,260	380	340	350	620	560	3,500
Total <sup>2</sup>	1996	32,885	18,140	13,545	9,505	9,305	23,620	107,005
	1995	30,510	19,725	14,595	10,180	10,735	25,225	110,970
Distribution by degree of specialization (%)	1996	30.7	17.0	12.7	8.9	8.7	22.1	100.0
	1995	27.5	17.8	13.2	9.2	9.7	22.7	100.0

1. Percent of total sales derived from cattle.  
2. Totals may not add up due to rounding and/or confidentiality restrictions.  
Source: Statistics Canada, Whole Farm Data Base.



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

Table 7: Physical Characteristics, Cattle 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	330	532	888	1,512	2,261	3,427 *	833	803	864
Total Crops	120	186	305	507	638	932	274	300	309
Grains and Oilseeds	47	82	158	297	434	717	150	163	170
Tame Hay	72	101	144	196	188	177	118	131	133
Other Crops	1 *	3 *	3 *	14 *	17 *	38	6	6	6
Seeded Pasture	33	67	119 *	178	286 *	335 *	99	96	95
Other Land <sup>1</sup>	177	279	464	827	1,338	2,159 **	461	406	460
<b>Average per Farm (Head)</b>									
Total Cattle and Calves	61	113	373 **	266	350	1,081	204 *	165	146
Bulls (> 1 year)	1	3	6 **	5	6	12	4	3	3
Beef Cows	26	47	119 **	103	109	162	67	57	55
Beef Heifers (> 1 year)	5	9	23 **	19	22	49	13 *	12	11
Slaughter/Feeder Heifers	1	3	22 **	14	37 *	241	16 *	11	9
Steers (> 1 year)	3	6	14 **	21	55	393	21	24	17
Calves (< 1 year)	23	44	148 **	100	116	212	73 *	55	50
Other Cattle and Calves	2 *	3 *	41 **	4 *	5 *	13 **	10 **	2	2
<b>Average per Farm Reporting</b>									
Dairy Cows (Head)	19 *	18 *	242 **	25	30 *	82 **	72 **	19	16
No. of Farms Reporting	1,045	1,030	850 *	580	210 *	120 *	3,840	4,060	3,745
% of Farms Reporting	6.0	8.7	8.7	8.4	9.5	8.9	7.7	7.6	6.8
Hogs (Head)	63 *	31 *	208 **	246 *	409	623 *	157 *	127	123
No. of Farms Reporting	875	750 *	595	470	220 *	105 *	3,015	4,205	4,335
% of Farms Reporting	5.0	6.3	6.1	6.8	9.9	7.7	6.1	7.9	7.9

1. Includes summerfallow.

\* Use with caution.

\*\* Unreliable.

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

### Symbols

The following standard symbols are used in the tabulations:

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

# ECONOMIC OVERVIEW OF FARM INCOMES

## BULLETIN SERIES

### CURRENT RELEASES

**Bulletin No. 1: All Farms**

**Bulletin No. 2: Grain and Oilseed Farms**

***Bulletin No. 3: Cattle Farms***

### UPCOMING RELEASES

**Bulletin No. 4: Dairy Farms**

**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**

**Bulletin No. 10: Sources of Income for Farm Operators\***

**Bulletin No. 11: Farm Family Income\***

*\*These bulletins have been cancelled.*

### NOTE OF APPRECIATION

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

Published by authority of the Minister of Agriculture and Agri-Food Canada and the Minister responsible for Statistics Canada. © Minister of Industry, 1999. Reproduction is permitted subject to the requirements that it is not for monetary gain; reproduced material remains in context; and the source is acknowledged on all copies as follows: Agriculture and Agri-Food Canada and Statistics Canada, Economic Overview of Farm Incomes, publication no. 1961/B and catalogue no. 21-005-XIE, along with date and page references.

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