



Farming
Facts
1999



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Note of appreciation

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

Introduction

Farming Facts is published by the Agriculture Division of Statistics Canada to illustrate the variety of information produced by the organization for the agricultural community. This edition incorporates some of the results of the last (1998) Farm Financial Survey.

Statistics Canada is an independent federal agency with a mandate to collect information on all aspects of Canadian society. Data are assembled on an aggregate basis so that individual responses cannot be identified.

To keep respondent burden to a minimum, the Agriculture Division cooperates with federal and provincial departments of agriculture, provincial statistical agencies and other government agencies to eliminate duplication of effort and exploit administrative data sources wherever possible.

It is the policy of Statistics Canada to make available information on the methods of collecting and producing statistics as well as assessments and measures of quality for each statistical program.

Data are published in a variety of forms. In addition to publications, both standard and special tabulations are offered. Data are available on the Internet, compact disc, diskette, computer printouts, microfiche and microfilm, and magnetic tape. Maps and other geographic reference materials are available for some types of data. Direct online access to aggregated information is possible through CANSIM, Statistics Canada's machine-readable database and retrieval system.

A catalogue of data products and services offered by the Agriculture Division is available on request by calling 1 800 465-1991, by FAX at 1 (613) 951-3868 or by e-mail at agriculture@statcan.ca.

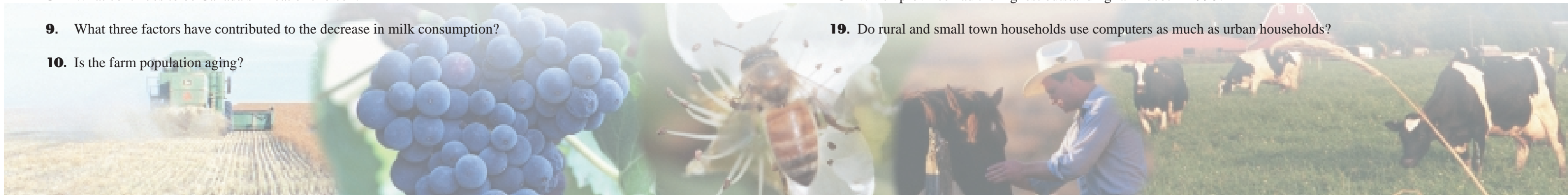


AGRI-QUIZ

1. Which country is the world's largest producer of wheat?
2. Who is the world's largest exporter of wheat?
3. How much of the wine sold in Canada is from domestic grapes?
4. How has the cattle industry in Canada fared since the 1996 Census?
5. Just what is going on in the hog industry in Canada?
6. At what time of year do we find the most sheep and lambs on farms?
7. What has become a popular alternative to potatoes?
8. What continues to be Canada's "meat of choice"?
9. What three factors have contributed to the decrease in milk consumption?
10. Is the farm population aging?

AGRI-QUIZ *(continued)*

11. Which type of farm tops the assets list?
12. Farms in which province have the most valuable assets?
13. How is net worth related to farm size?
14. Which farm types invested most on average?
15. Has spending increased on capital purchases?
16. What were the big-ticket items for capital investments?
17. How has farms' cash flow changed from 1997 to 1998?
18. Which province had the highest outstanding farm debt in 1998?
19. Do rural and small town households use computers as much as urban households?



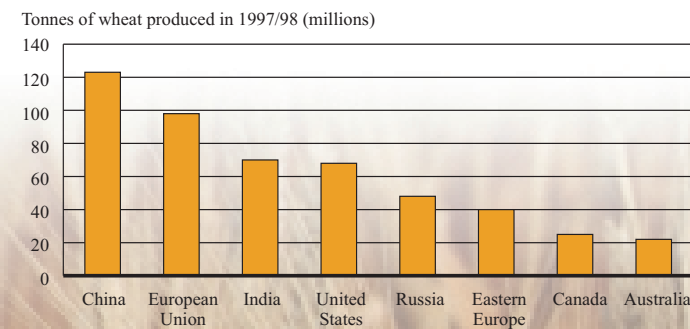
Which country is the world's largest producer of wheat?

If you said Canada, you would be incorrect. If you said the United States, you would be wrong too. The People's Republic of China is the world's largest producer of wheat.

China is not only the largest producer, but it is also the largest consumer of wheat, frequently having to import to meet its domestic demand. In the 1997/98 crop year, China's production exceeded 123 million tonnes and its consumption required an additional 2 million tonnes of imported grain.

Most of the wheat grown in the world is consumed in the country where it is grown. World wheat production approaches 600 million tonnes per year while only about 100 million tonnes is traded to other countries.

World's major wheat growers

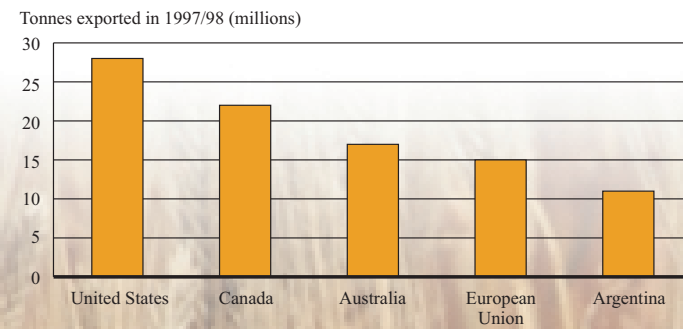


Source: Grain Trade of Canada (Statistics Canada Catalogue no. 22-201-XPB)

Who is the world's largest exporter of wheat?

Canada and the United States are important players in the world wheat market because they are among the largest exporters. Of the 100 million tonnes traded between countries in the 1997/98 crop year, the United States provided 28% and slightly more than 20% originated in Canada. The United States has been the world's largest exporter in recent years, while Canada shares second place with Australia and the European Union.

Canada and the United States are leaders in wheat trade



Source: Grain - World Markets and Trade (USDA)

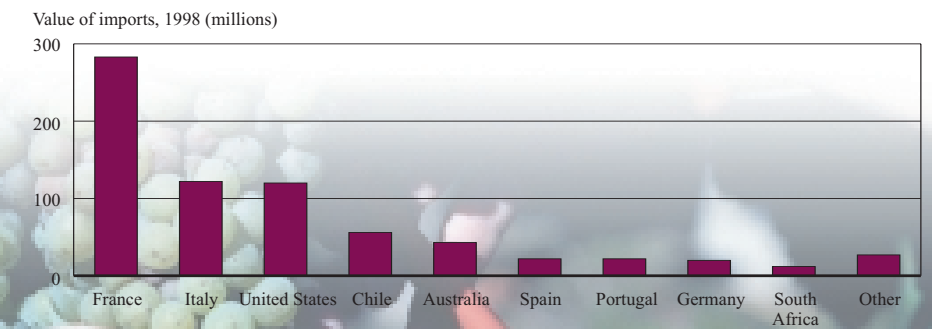
How much of the wine sold in Canada is from domestic grapes?

Canadian wineries produce a little less than half the wine sold in Canada. The market share of domestic wineries has slipped from around 50% in the 1980s to its present level of around 40%. The other wines sold in Canada are imported, mostly from France and, to a lesser extent, Italy and the United States.

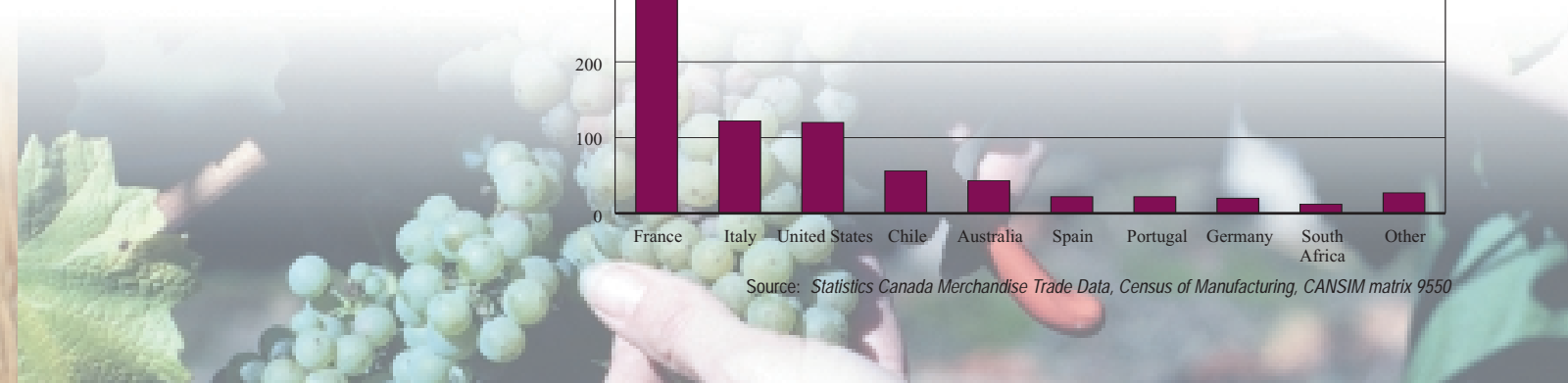
The first commercial vineyard in Canada was planted on Pelee Island in Lake Erie in the 1860s and is still in production. However,

cultivating grapes did not begin in earnest until after the turn of the century. It bloomed during Prohibition in the United States when wine, unlike other alcoholic beverages, was socially acceptable. By 1927, 60 wineries operated in southern Ontario, producing the high alcohol (20% minimum) wine demanded by consumers. Many of those wineries have since disappeared, and others have been established. About 60 wineries still operate in Canada, although the 4 largest account for most of the production.

French wines dominate the imports



Source: Statistics Canada Merchandise Trade Data, Census of Manufacturing, CANSIM matrix 9550



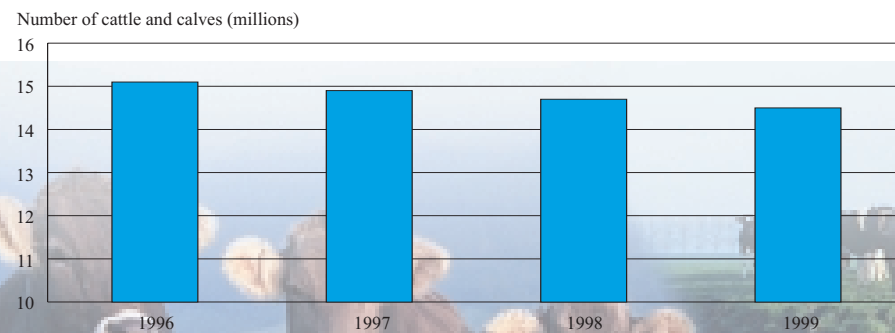
How has the cattle industry in Canada fared since the 1996 Census?

The cattle industry is in a cyclical contraction, following the longest expansion phase in history. The cattle herd has been declining since it reached a high of 15.1 million in 1996 after recovering from low inventories during the mid-1980s.

Canada's cattle herd shrank in 1999, the third consecutive year of decline since 1996. Estimated total cattle and calves inventories at July 1, 1999 were 14.5 million head, down 1.4% from 14.7 million in July 1998.

Shrinking inventories coincided with aggressive marketing and fewer breeding animals to replenish the herd. Abundant supplies of beef in North America, declining international exports, and weak prices since 1993 have meant low profits for cattle producers. After the low prices of 1996, market prices improved in 1997 and 1998, although they remain well below the peaks of 1993.

Cattle and calves, July 1 inventories - Canada



Source: *Livestock Statistics Binder* (Statistics Canada Catalogue no. 23-603-UPE)

Just what is going on in the hog industry in Canada?

Hog production has expanded rapidly. Advances in technology coupled with improved management practices have allowed producers to become far more efficient. Pork exports have risen and fallen, the number of pigs going to market has sky-rocketed and come back down, and over the last two years, hog prices have plummeted so low that some producers have been forced out of business.

Production roughly follows a four-year cycle of ups and downs. The continued expansion has been fuelled by exports of both live animals and pork. Canada's quarterly production now exceeds 12 million hogs.

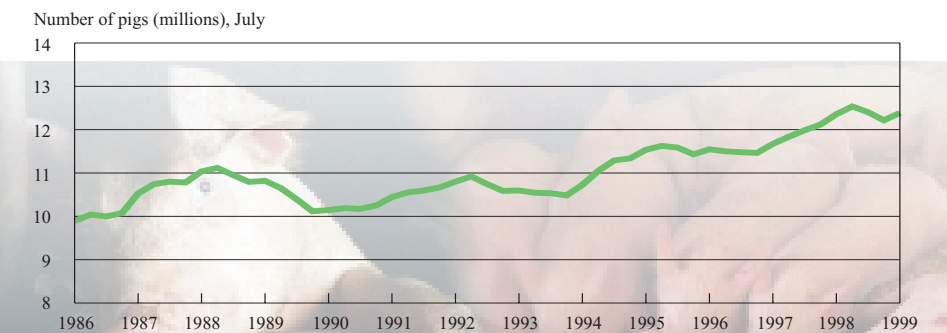
Hog production in Canada has evolved from many small family farms in the past to fewer larger operations (some are corporations) in the

late 1990s. Many producers today are involved in contract farming: some may just raise sows to produce young pigs; others may have barns strictly for feeding growing pigs; still others may keep only larger hogs to finish before they are shipped to market.

Canada exports pork to over 80 countries in the world. Canadian pork continues to build on its reputation for a high quality and consistent product, and for production under strict health and safety standards.

By the fall of 1999, one of the largest hog processing plants in the world will open in western Canada. Other processing plants in Canada have also been expanding in anticipation of increasing their market share.

Pig inventories, Canada, 1986-1999



Source: *Livestock Statistics Binder* (Statistics Canada Catalogue no. 23-603-UPE)

At what time of the year do we find the most sheep and lambs on farms?

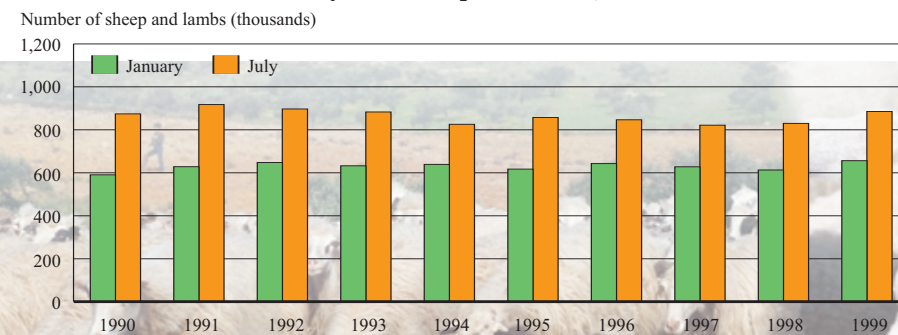
The number of sheep on farms in Canada varies with the seasons. Sheep inventories are cyclical, with summer being the peak season since most lambs are born in the spring. Sheep and lambs are sent to market later in the year, so that total numbers are lower in the winter.

Sheep are raised for both their wool and meat. Farmers have been building their herds throughout the 1990s, increasing the average

number of sheep per farm. The estimated total inventory of sheep and lambs is now at 885,400 head. Most sheep are raised in Alberta, Ontario, and Quebec.

Farm production has increased by over 6% during the 1990s. Exports of live animals have also increased, both in number and value.

Seasonal "cyclical" sheep inventories, 1986-1999



Source: Livestock Statistics Binder (Statistics Canada Catalogue no. 23-603-UPE)

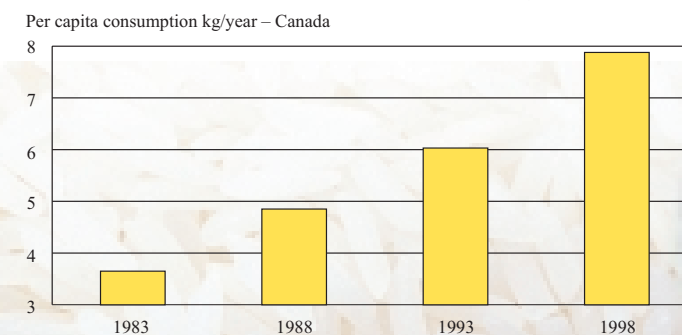
What has become a popular alternative to potatoes?

Consumers are buying more rice as an alternative to potatoes and other side dishes. Consumption has more than doubled over the past 15 years, partly because of the many convenient, packaged selections now available, and partly because of growing demand from an increasing population of Asian origin. Canadians have also embraced ethnic cuisine, which often contains rice or other cereals.

What continues to be Canada's "meat of choice"?

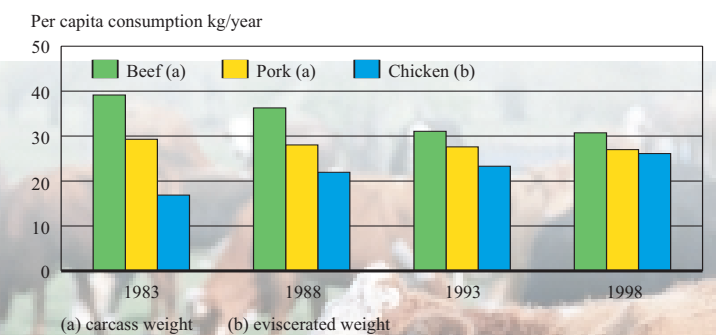
Moderate declines in beef consumption over the last several years may be leveling off. The demand for pork increased 6.5% from 1997 to 1998. Consumers perceive chicken as a healthy choice, and appreciate the growing number of convenient and prepared products available. But beef continues to be the meat of choice.

Consumption of rice is increasing



Source: Food Consumption in Canada, Part I (Statistics Canada Catalogue no. 32-229-XPB)

Canadians meat of choice



Source: Food Consumption in Canada, Part I (Statistics Canada Catalogue no. 32-229-XPB)

What three factors have contributed to the decrease in milk consumption?

Consumers concerned about their fat intake are increasingly choosing low-fat milks over standard milk. A general decrease in the amount of milk consumed can be attributed to several factors, including an aging population, fewer

children, a growing ethnic population that traditionally does not drink much milk, and a preference for other beverages such as soft drinks and juices.

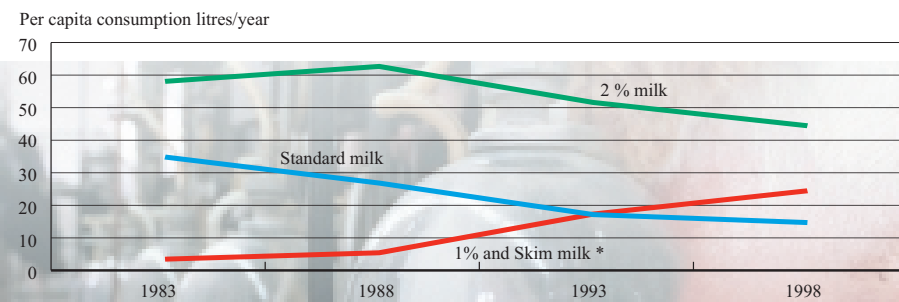
Is the farm population* aging?

Like the general population, the farm population is getting older too. People aged 65 and over made up 8.3% of the farm population in 1996, compared with 6.1% in 1971. During that 25-year period, the proportion of people 65 and over in the general population grew at a slightly faster rate, rising to 11.5% from 7.8%.

On the other hand, the proportion of children under the age of 15 decreased. They represented 24.3% of the total farm population in 1996, down from 32.3% in 1971. In the general population the decline was more pronounced: the share of children under 15 dropped to 20.6% in 1996 from 29.7% in 1971.

* Farm population refers to all persons living in a household with an operator of a census farm. When this person retires, the household is classified as part of the non-farm population. Thus, the farm population appears younger because there must be an active census farm operator in the household to be classified in the farm population.

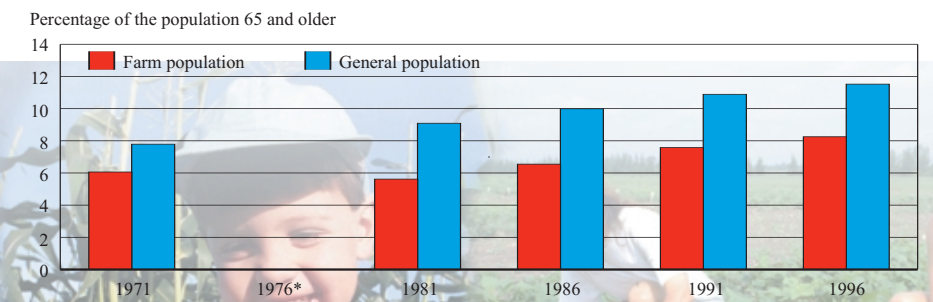
Decrease in milk consumption, Canada.



* 1% milk: data not available prior to 1990.

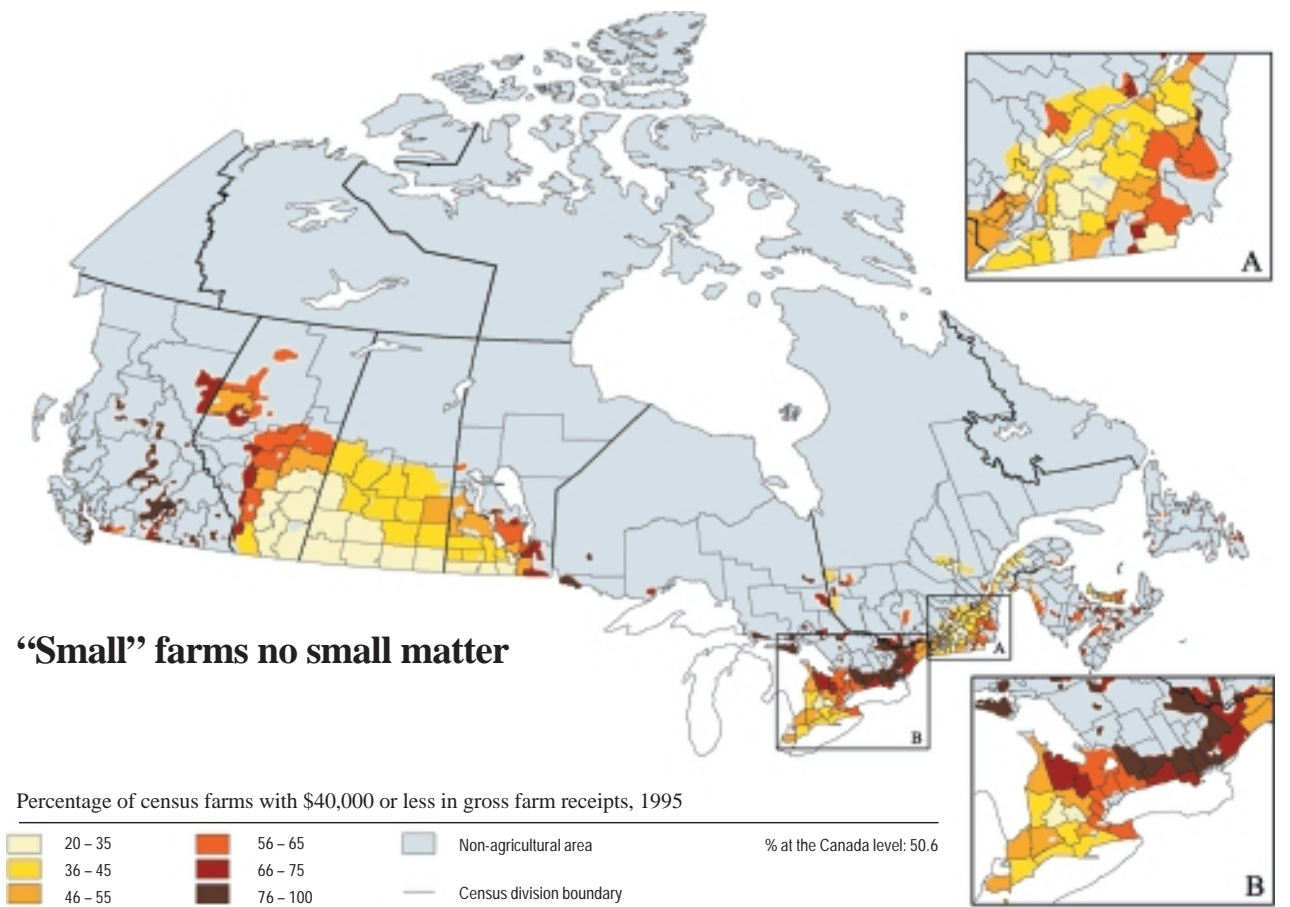
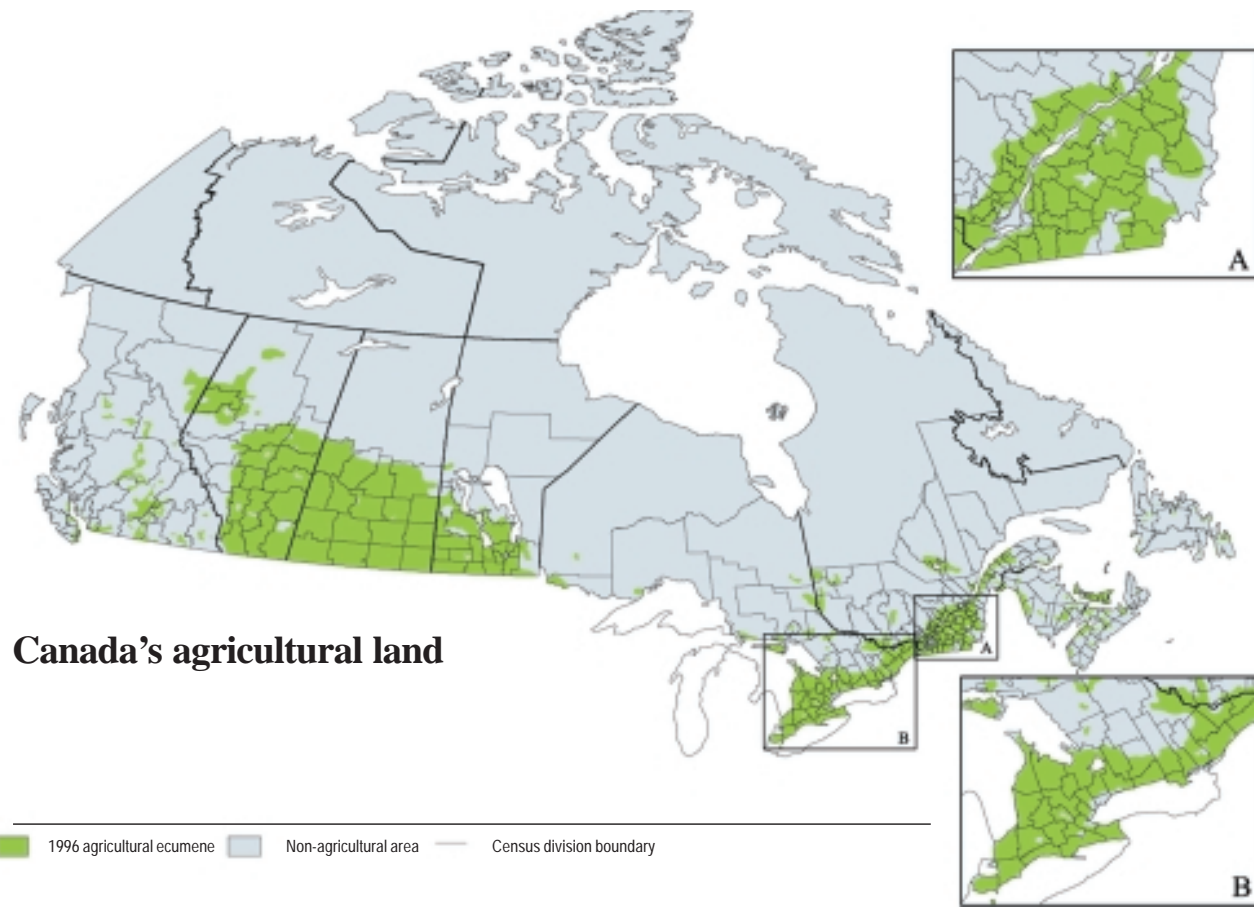
Source: *Food Consumption in Canada, Part I* (Statistics Canada Catalogue no. 32-229-XPB)

Farm and general population are getting older



* No Agriculture-Population linkage database was created for 1976.

Source: *Agriculture-Population Linkage databases*



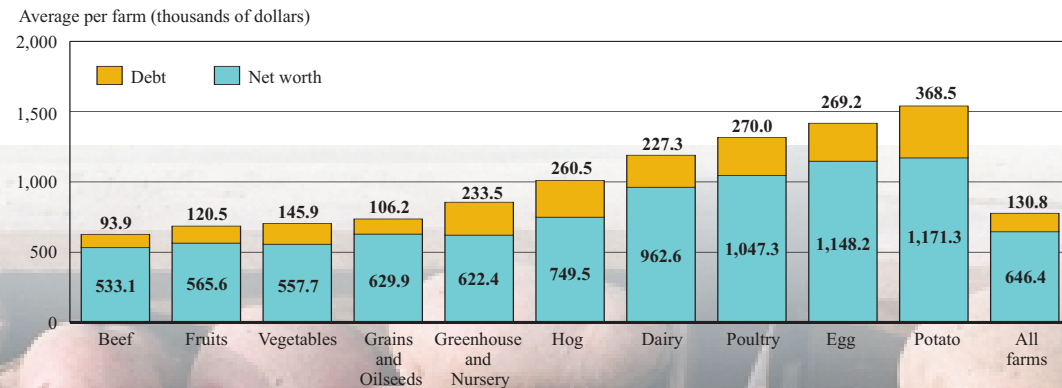
Which type of farm tops the assets list?

In 1997, potato farms had the highest average total assets (just over \$1.5 million), liabilities (about \$368,000) and net worth (approximately \$1.2 million). Potato farms are generally large, with average gross farm receipts around \$455,000. The average for all farms was just \$176,000.

Even though the debt of potato farms had increased significantly (29%), and the ratio of debt-to-assets was high (24%), their net worth (assets minus debt) increased more than 9% between 1995 and 1997.

Supply-managed farms (dairy, poultry, egg) also tend to have high net worth, assets and debt, partly because of the value of quota. Quota is the entitlement, or right, to sell or deliver a product and is required to do business in the case of supply-managed farms.

Potato farms reported the highest average assets*, debt and net worth in 1997



* Assets = Debt + Net worth

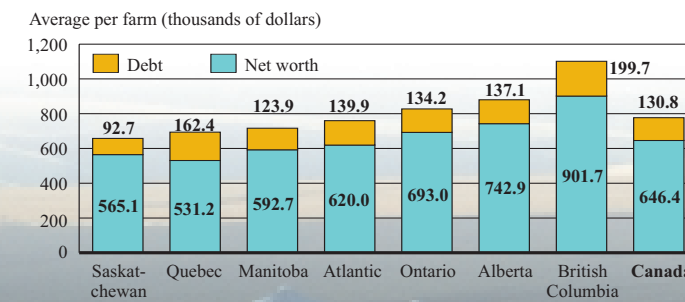
Source: Farm Financial Survey (Statistics Canada Catalogue no. 21F0008XIB)

Farms in which province have the most valuable assets?

British Columbia was the province with the highest average value for total assets. The high market value of farmland and buildings accounted for most of the difference (the average market value of \$710,000, compared to the national average of \$404,000). The average value of quota assets was also high for British Columbia, compared with the national average.

Most provinces reported higher average total assets in 1997 than in 1995. Average total assets increased 12% in Ontario, and 7% in Alberta, both higher than the 6% increase in the national average. The 1% increase for British Columbia was below the national average.

British Columbia had the highest average assets* in 1997



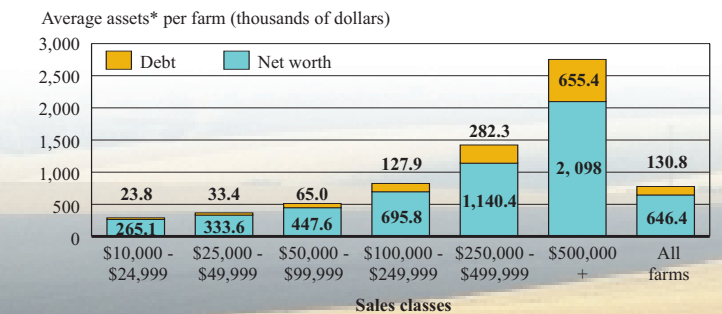
* Assets = Debt + Net worth

Source: Farm Financial Survey (Statistics Canada Catalogue no. 21F0008XIB)

How is net worth related to farm size?

One way to classify farms by size is to group them according to gross farm receipts from sales of agricultural products and services. Generally, assets, debt and net worth increase with the size of farms measured this way.

Average assets* are higher for farms with higher sales, 1997



* Assets = Debt + Net worth

Source: Farm Financial Survey (Statistics Canada Catalogue no. 21F0008XIB)

Which farm types invested most on average?

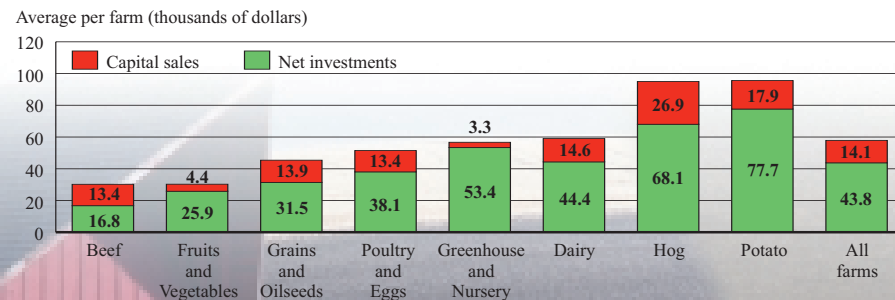
Potato farms had the highest average spending for capital purchases, about half of it on farm machinery and equipment (mainly tractors, harvesting equipment, trucks, cultivators, tillage equipment and seeding equipment). Their next largest capital investments were on farm real estate, and construction and renovation of farm buildings. Those potato farms that invested spent more than twice in 1997 than they had in 1995.

Hog farms were a close second to potato farms in the average amount spent on capital purchases. In 1997 (as in 1995 and 1993), hog farms

were more likely than other farm types (except dairy) to make capital purchases.

Much of the increased spending by hog farms was for construction or major renovation of farm buildings such as hog barns. They also bought machinery and equipment, with heavy investments in tractors, harvesting equipment and trucks, as well as in cultivators, tillage equipment and seeding equipment. Hog farms' other major capital purchases were in real estate and breeding livestock.

Potato farms reported the highest average gross investments* in 1997



* Gross investment = Capital sales + Net investment

Source: Farm Financial Survey (Statistics Canada Catalogue no. 21F0008XIB)

Has spending increased on capital purchases?

Fewer Canadian farms made capital purchases in 1997 than in 1995, but those farms that did invest spent considerably more in 1997 than in 1995—38% more—so that total investments actually went up.

The increase in farm size between 1995 and 1997 appears to be a significant factor in increased investment. Generally, large farms (by revenue class) made more investments, and the larger the farm the more they invested. However, small farms spent a greater proportion of their gross farm income on capital investments.

Across Canada, average capital investment per farm rose 16% from the level reported in 1995. Overall, the average investment increased for all capital items except for construction and major renovation of houses, while the proportion of farms reporting investments decreased from 76% to 64% for all farms.

What were the big-ticket items for capital investments?

About half of all money spent on capital investments was for farm machinery and equipment, mainly tractors, harvesting machinery, trucks and cultivators, tillage equipment and seeding equipment. The average amount spent per farm in 1997 was up 13% from 1995.

The next largest capital purchase, at 15% of total capital investment in 1997, was for farm real estate. The average investment in farm real estate per farm rose 16% over 1995 levels.

The third largest investment was for construction and major renovation of farm buildings, with the average investment per farm up 34% from 1995.



Source: Farm Financial Survey (Statistics Canada Catalogue no. 21F0008XIB)

Source: Farm Financial Survey (Statistics Canada Catalogue no. 21F0008XIB)

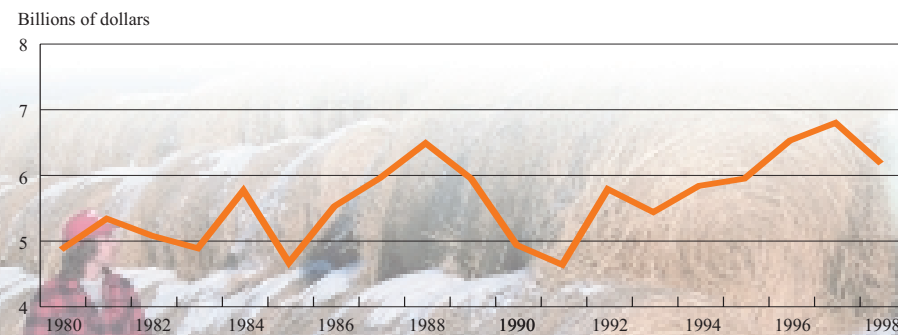
How has farms' cash flow changed from 1997 to 1998?

Net cash income, the difference between farm cash receipts and operating expenses—and an excellent barometer of a farm's cash flow—fell for the first time in five years in 1998. The 9% drop, largely attributable to plummeting hog prices and sagging grain markets, was the largest decrease since 1990, when many commodity prices were experiencing similar declines or stagnating.

Net cash income was \$6.3 billion in 1998, down from the record level of \$6.9 billion set the year earlier. Farm cash receipts in 1998 declined for the first time in seven years to \$29.6 billion, while operating expenses rose to a record high of \$23.4 billion.

The Prairie provinces were hardest hit by low hog and grain prices. Net cash income fell 19% across the Prairies, and Newfoundland and Ontario had marginal declines. The remaining provinces posted gains, with Prince Edward Island and New Brunswick marking the most impressive increases. A rebound in prices from historically low levels in 1997, and increased marketing for potatoes, were behind the rise in net cash income in these provinces.

Net cash income, Canada (current \$)



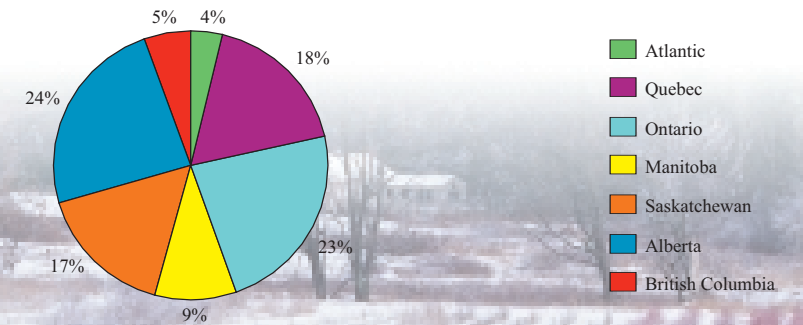
Source: Agriculture Economic Statistics (Statistics Canada Catalogue no. 21-603XPE)

Which province had the highest outstanding farm debt in 1998?

Farm debt, or debt outstanding, has increased 41% over the last five years. (Debt outstanding represents the total amount of money owed by agricultural producers as of December 31. Loans guaranteed by a financial institution are not included.) As of December 31, 1998, the steady upswing in farm debt outstanding since 1993 continued, rising 9% in 1998 from a year before, to \$33.1 billion.

All provinces increased their debt load, but the increases have been most striking in Ontario, Quebec and Alberta. Ontario farmers borrowed another \$719 million during 1998, while Quebec and Alberta farmers followed closely, both provinces increasing their debt by \$582 million. Alberta has had the highest debt since 1989, and in five years, its debt has grown 25% to just under \$8 billion.

Provincial percentage of debt outstanding in 1998



Source: Agriculture Economic Statistics (Statistics Canada Catalogue no. 21-603XPE)

Do rural and small town households use computers as much as urban households?

In the last 100 years, households have gone from having no phone, to a party line (a service still used by some rural residents), a private line and, more recently, to computer communications at home. (The Household Internet Use Survey (1997) defined computer communications as "the use of a computer connected to a communication network for things like electronic banking, e-mail, and going on the Internet.")

The total number of Canadians who have a computer at home is rising. In 1989, 19.4% of Canadians had a computer at home, which increased to 33.2% in 1994. By 1997, the share of Canadian households with computers was 36.4%.

In 1997, the share of households with someone who had ever used computer communications was 38.1%. In rural areas it was 28.9%.

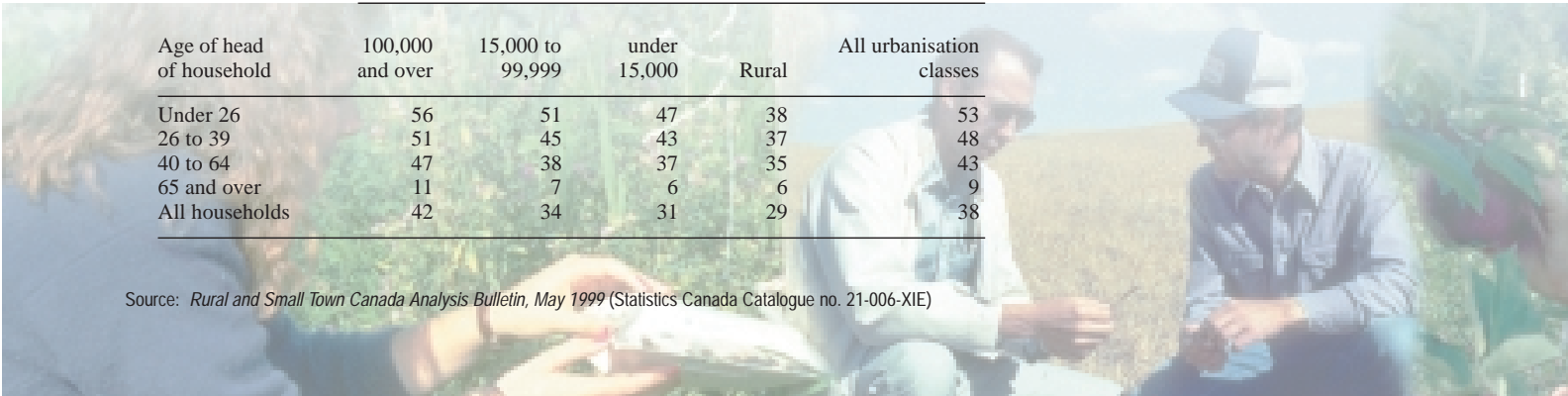
Within rural areas, almost 1 in 10 households use computer communications in a typical month and almost a third of that group uses them in relation to a self-employed business. It is interesting to note that rural households are more likely to use computer communications to operate their own business than are households in small cities and small towns, perhaps because farm businesses use the Internet for information on prices, the weather, etc.

Percent of households with an individual who had ever used computer communications (from any location), Canada, 1997

Urbanisation class

| Age of head of household | 100,000 and over | 15,000 to 99,999 | under 15,000 | Rural | All urbanisation classes |
|--------------------------|------------------|------------------|--------------|-------|--------------------------|
| Under 26 | 56 | 51 | 47 | 38 | 53 |
| 26 to 39 | 51 | 45 | 43 | 37 | 48 |
| 40 to 64 | 47 | 38 | 37 | 35 | 43 |
| 65 and over | 11 | 7 | 6 | 6 | 9 |
| All households | 42 | 34 | 31 | 29 | 38 |

Source: *Rural and Small Town Canada Analysis Bulletin, May 1999* (Statistics Canada Catalogue no. 21-006-XIE)



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