



**Agriculture and
Agri-Food Canada**

The Changing Financial Structure Of Canadian Agriculture



FOR MORE INFORMATION CONTACT:

**Policy Branch
Policy Development Division
Farm Income Policy and
Programs Directorate
(613) 995-5880**

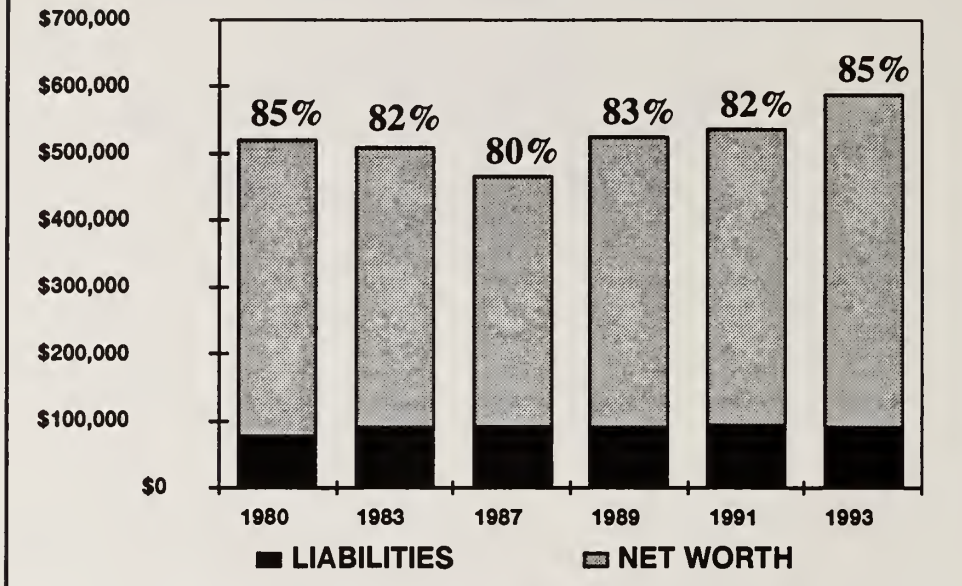
Canada

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Balance Sheet

Average Assets, Canada (Net Worth & Liabilities)



Observations:

- 📎 Assets and net worth:
 - Declined between 1980 and 1987.
 - Increasing steadily since 1987.
 - In 1993 above 1980 peak.
- 📎 Equity in 1993 is back to 85%.
- 📎 Liabilities fairly constant up to 1991.
- 📎 In 1993, average liabilities decreased.

Notes:

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Balance Sheet

Canada

- AVERAGE ASSETS \$589,000 (+10%)
- AVERAGE LIABILITIES \$90,000 (-5%)
- AVERAGE NET WORTH \$499,000 (+13%)
- AVERAGE EQUITY (85%)

Observations:

Notes:

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Balance Sheet

- ☞ Asset values and net worth have improved since 1987 and are now above the peaks of the early eighties
- ☞ Liabilities are starting to decline
- ☞ Equity is at 85%

Observations:

Notes:

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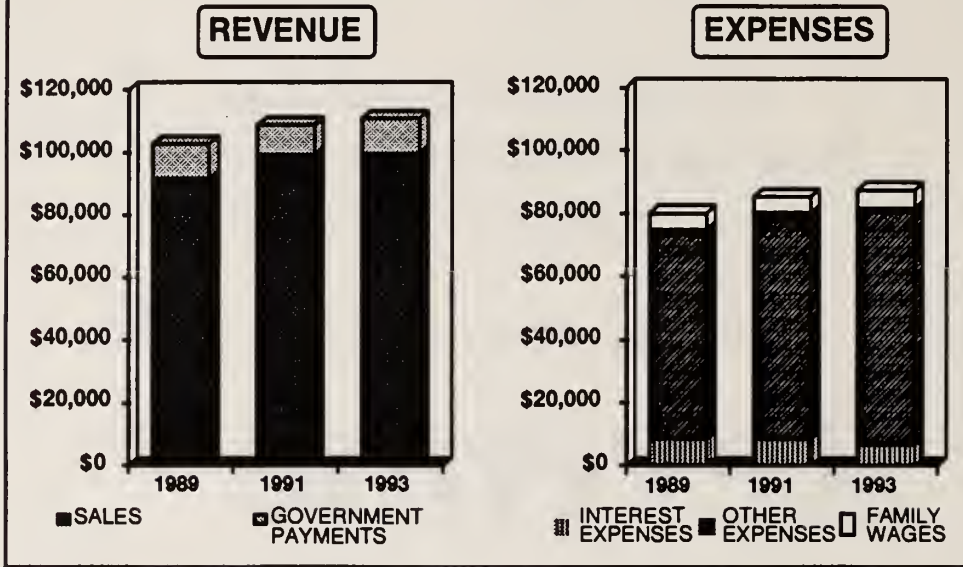
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**Revenue
&
Expenses**

Income Indicators, Canada (per farm)



Observations:

- ✎ Sales are unchanged in 1993.
- ✎ Program payments are up in 1993.
- ✎ Interest expense is down due to lower interest rates on declining liabilities.
- ✎ Total expenses have been increasing in recent years.

Notes:

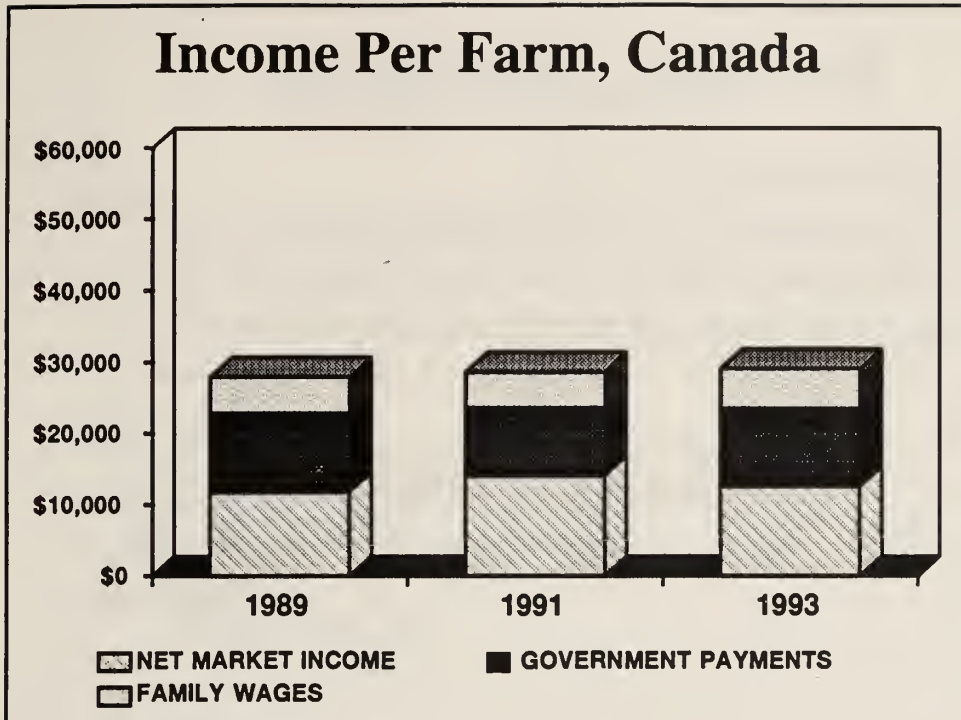
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Income Per Farm, Canada



Observations:

- ✎ Net market income is down \$1500 in 1993.
- ✎ Program payments have offset the decline in net market income.
- ✎ Family wages are up slightly. These are the wages paid to all family members including farm operators, that have been deducted as an expense for tax purposes.

Notes:

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Income Statement

- ➔ FARM SALES \$99,750 (0%)
- ➔ NET MARKET INCOME \$12,400 (-11%)
- ➔ PROGRAM PAYMENTS \$11,000 (+15%)
- ➔ NET CASH FARM INCOME \$23,400 (0%)



Observations:

Notes:

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Farm Income

- ☞ For Canada as a whole, farm income on average has been fairly stable in recent years but there is a wide variation by province and by enterprise
- ☞ Fluctuations in average net market income for Canada has been offset to a large extent by program payments on average

Observations:

Notes:

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Sales Classes...



LESS THAN \$25,000



\$25,000 TO \$49,999



\$50,000 TO \$99,999

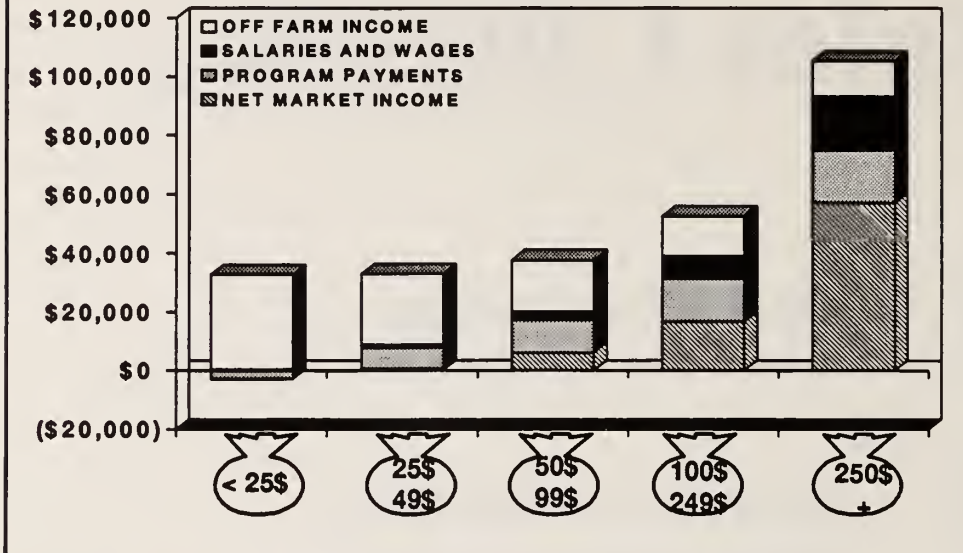


\$100,000 TO \$249,999



\$250,000 AND OVER

Total Income Per Family Canada, 1993



Observations:

- ✎ For farms with sales of less than \$25,000 , net market income is negative.
- ✎ Farms with sales of \$50,000 to \$99,999 have net cash farm income of \$17,000 per family, and net market income of only \$6,000 per family.
- ✎ For farms with sales of \$25,000 to \$49,999 , nonfarm income averages \$24,000 per family and comprises 73% of family income.

Notes:

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Characteristics of Farms Canada, 1993

≤ 25

% OF FARMS	38%
% OF SALES	4%
% OF PAYMENTS	10%
% OF NET FARM INCOME	-2%
% NONFARM INCOME	51%
% OF NET MARKET INCOME	-12%

Observations:

- ✎ There are 98,000 farms with sales of less than \$25,000 or 38% of all farms.
- ✎ These farms receive 51% of nonfarm income and (2%) of net farm income.
- ✎ These farms receive 10% of program payments even though they only account for 4% of farm sales.

Notes:



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Characteristics of Farms Canada, 1993

	 <25	 25-49
% OF FARMS	38%	17%
% OF SALES	4%	6%
% OF PAYMENTS	10%	12%
% OF NET FARM INCOME	-2%	6%
% NONFARM INCOME	51%	16%
% OF NET MARKET INCOME	-12%	1%

Observations:

- ✎ There are 43,000 farms (17%) with sales of \$25,000-\$49,999.
- ✎ Although they only account for 6% of sales they receive 12% of program payments.
- ✎ They only receive 6% of net cash farm income and only 1% of net market income.

Notes:




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Characteristics of Farms Canada, 1993

	 < 25	 25 49	 50 99
% OF FARMS	38%	17%	18%
% OF SALES	4%	6%	13%
% OF PAYMENTS	10%	12%	21%
% OF NET FARM INCOME	-2%	6%	16%
% NONFARM INCOME	51%	16%	14%
% OF NET MARKET INCOME	-12%	1%	10%

Observations:

-  There are 46,000 farms (18%) with sales \$50,000 to \$99,999.
-  These farms receive 21% of program payments but only account for 13% of sales.
-  They receive only 10% of net market income.

Notes:

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Characteristics of Farms Canada, 1993

				
% OF FARMS	38%	17%	18%	19%
% OF SALES	4%	6%	13%	30%
% OF PAYMENTS	10%	12%	21%	33%
% OF NET FARM INCOME	-2%	6%	16%	33%
% NONFARM INCOME	51%	16%	14%	13%
% OF NET MARKET INCOME	-12%	1%	10%	34%

Observations:

-  There are 48,000 farms (19%) with sales \$100,000 to \$249,000.
-  They receive one third of all direct program payments and account for 30% of all sales.
-  They receive one third of the net cash farm income and 34% of net market income.
-  They only receive 13% of nonfarm income.

Notes:






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Characteristics of Farms Canada, 1993

	 < 25	 25 49	 50 99	 100 249	 250 +
% OF FARMS	38%	17%	18%	19%	8%
% OF SALES	4%	6%	13%	30%	47%
% OF PAYMENTS	10%	12%	21%	33%	24%
% OF NET FARM INCOME	-2%	6%	16%	33%	47%
% NONFARM INCOME	51%	16%	14%	13%	6%
% OF NET MARKET INCOME	-12%	1%	10%	34%	67%

Observations:

-  There are 20,000 farms (8%) with sales of \$250,000 and over.
-  They account for almost one-half of total farm sales and net cash farm income, while only receiving a quarter of the program payments.
-  They receive two thirds of the net market income.
-  Farms with sales greater than \$100,000 account for 80% of net cash farm income in 1993 compared to 72% in 1991.

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Financial Characteristics of Farms Canada 1993 (per farm)



AVERAGE ASSETS	293,507	398,978	567,226	852,298	1,872,253
AVERAGE EQUITY	91%	89%	85%	83%	80%
AVERAGE SALES	10,720	35,503	71,762	153,010	617,778
PROGRAM PAYMENTS	2,855	7,782	13,175	18,996	33,664
NET CASH FARM INCOME	-1,104	8,531	20,538	40,729	142,333
NONFARM INCOME	35,599	26,343	21,138	17,565	22,684
CASH FLOW ALL SOURCES	33,191	33,490	40,149	59,455	179,017
TOTAL CULTIVATED ACRES	138	360	593	726	1,016
ACRES OWNED	208	401	559	682	974
MARGIN EX. INT. & WAGES	6%	30%	35%	36%	32%

Observations:

- 📎 Farms with sales of less than \$50,000 :
 - Have limited assets.
 - Depend on nonfarm income to cover living expenses.
 - Are small in terms of acres.
- 📎 Farms with sales of less than \$25,000 have only a 6% margin.

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Size of Farms

☞ There is such wide variation among sectors and different sizes of farms that it is impossible to generalize from Canadian or provincial averages

☞ 55% of Canadian farms are relatively small operations which earn income both from farming and nonfarm sources

Observations:

Notes:


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Size of Farms

 The average Canadian farm with sales of less than \$50,000 has net cash farm income of only \$1,800

 Farms with sales over \$100,000 account for 77% of all sales and 80% of the net cash farm income

Observations:

Notes:


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Nonfarm Income

 42 % of the family income for all farms comes from net cash farm income, 10 % from farm wages, 48 % from nonfarm sources


 51 % of nonfarm income is earned by small farms, those with sales of less than \$25,000

Observations:

Notes:

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Nonfarm Income

 **66% of nonfarm income for all farms comes from employment, 7% from investments, 11% from pension income and 16% from nonfarm businesses**

Observations:

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Enterprises

Sources of Income, Canada, 1993 (per family)



Observations:

- ✎ Market income per family for grain farms is less than \$6,000.
- ✎ Grain and beef receive most of their family income from nonfarm income.
- ✎ Horticulture receives about half of their family income from nonfarm sources.
- ✎ Dairy, hogs and poultry receive most of their family income from the farm.

Notes:

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Characteristics of Farms By Enterprise, Canada, 1993



% OF FARMS	34%	10%	28%	10%	4%	2%	12%
% OF SALES	24%	15%	22%	16%	7%	7%	9%
% OF PAYMENTS	55%	5%	13%	13%	5%	1%	8%
% OF NET FARM INCOME	34%	13%	17%	19%	5%	6%	6%
% NONFARM INCOME	34%	12%	31%	4%	2%	2%	15%

Observations:

- ✎ Grain farms receive 55% of the direct program payments.
- ✎ Beef farms earn 31% of nonfarm income and only 17% of net cash farm income.
- ✎ Dairy farms account for 16% of sales and receive 19% of the net cash farm income.
- ✎ Dairy farms earn little nonfarm income: only 4% of the total.

Notes:


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Enterprises

 For grain farms, net market income accounts for only 25% of total net cash farm income

 Grain and beef farms have a higher percentage of nonfarm income

Observations:

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**Adjustments Are
Taking Place...**

Adjustments



Selected Crop Acres For Grain Farms Canada, 1993

	1991	1993	%
CULTIVATED ACRES	738	812	+10%
WHEAT ACRES	310	316	+2%
CANOLA ACRES	72	102	+42%
SUMMERFALLOW ACRES	168	169	0%

Observations:

- ✎ The size of grain farms is increasing in terms of cultivated acres.
- ✎ In 1993, canola accounted for 13% of cultivated acres compared to 10% in 1991.
- ✎ Summerfallow accounted for 21% of cultivated acres in 1993, down from 23% in 1991.

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Capital Investment Grain Farms Canada, 1993

	1989	1991	1993
	\$ per farm		
MACHINERY	\$10,550	\$9,600	\$14,750
TOTAL CAPITAL INVESTMENT	\$21,300	\$18,400	\$25,750

Observations:

- ✎ The average capital investment of grain farms decreased between 1989 and 1991.
- ✎ By 1993 the average capital investment was \$26,000 , well above 1989 levels.

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Selected Financial Indicators For Grain Farms Canada, 1993

	1989	1991	1993
REVENUE / ACRES*	\$118	\$117	\$110
EXPENSES**/ ACRES*	\$81	\$82	\$76
NET INCOME**/ ACRES*	\$37	\$35	\$34
MARGIN	40%	38%	37%

* Cultivated Acres

** Before Family Wages

Observations:

- ✎ The average revenue per acre for all grain farms is decreasing as are the expenses per acre.
- ✎ The average margin is decreasing, resulting in a lower net income per acre for all grain farms.

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Selected Financial Indicators for Grain Farms
Sales Class: \$25,000 to \$49,999
Canada, 1993

	1989	1991	1993
NET INCOME	\$16,606	\$13,979	\$12,964
CULTIVATED ACRES	600	552	587
SALES PER ACRE	\$62	\$67	\$62
PAYMENTS PER ACRE	23	15	22
REVENUE PER ACRE	85	82	84
EXPENSES PER ACRE	57	57	62
NET INCOME PER ACRE	28	25	22
MARKET INCOME PER ACRE	\$5	\$10	\$0
PERCENT OF FARMS	20%	19%	21%
PERCENT OF SALES	11%	10%	10%
PERCENT OF NET INCOME	14%	11%	10%

The number of grain farms in 1993 was 17,811.

Observations:

- ✎ For grain farms with sales of \$25,000 to \$49,999 , net cash farm income before wages and salaries is declining.
- ✎ On a per cultivated acre basis:
 - Higher program payments has led to stable revenue.
 - Expenses are increasing resulting in lower net income per acre.
 - Market income is negative.

Notes:

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**Selected Financial Indicators for Grain Farms
Sales Class: \$50,000 to \$99,999
Canada, 1993**

	1989	1991	1993
NET INCOME	\$30,490	\$29,672	\$27,721
CULTIVATED ACRES	868	884	938
SALES PER ACRE	\$83	\$81	\$76
PAYMENTS PER ACRE	19	16	20
REVENUE PER ACRE	102	97	96
EXPENSES PER ACRE	67	63	67
NET INCOME PER ACRE	35	34	29
MARKET INCOME PER ACRE	\$16	\$18	\$9
PERCENT OF FARMS	25%	27%	23%
PERCENT OF SALES	27%	26%	23%
PERCENT OF NET INCOME	31%	32%	24%

The number of grain farms in 1993 was 20,134.

Observations:

- ✎ For grain farms with sales of \$50,000 to \$99,999 , net cash farm income before wages and salaries is declining, even though the number of cultivated acres has increased.
- ✎ On a per cultivated acre basis:
 - Lower sales has only been partially offset by higher program payments.
 - Expenses per acre are stable.
 - Net income per acre is declining.

Notes:

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Selected Financial Indicators for Grain Farms
Sales Class: \$100,000 to \$249,999
Canada, 1993

	1989	1991	1993
NET INCOME	\$55,960	\$52,593	\$57,508
CULTIVATED ACRES	1,269	1,271	1,486
SALES PER ACRE	\$114	\$116	\$100
PAYMENTS PER ACRE	18	18	20
REVENUE PER ACRE	132	134	120
EXPENSES PER ACRE	88	93	81
NET INCOME PER ACRE	44	41	39
MARKET INCOME PER ACRE	\$26	\$23	\$19
PERCENT OF FARMS	15%	17%	18%
PERCENT OF SALES	32%	34%	37%
PERCENT OF NET INCOME	32%	35%	38%

The number of grain farms in 1993 was 15,639.

Observations:

- ✎ For grain farms with sales of \$100,000 to \$249,999 , net cash farm income before wages and salaries is increasing.
- ✎ On a per cultivated acre basis:
 - Declining sales are only partially offset by higher program payments.
 - Expenses and net income are declining
- ✎ Larger farms and lower expenses have led to higher net income.

Notes:

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**Selected Financial Indicators for Grain Farms
Sales Class: \$250,000 and Greater
Canada, 1993**

	1989	1991	1993
NET INCOME	\$160,098	\$131,359	\$171,256
CULTIVATED ACRES	2,246	2,306	2,673
SALES PER ACRE	\$233	\$194	\$151
PAYMENTS PER ACRE	17	20	26
REVENUE PER ACRE	250	214	177
EXPENSES PER ACRE	179	157	113
NET INCOME PER ACRE	71	57	64
MARKET INCOME PER ACRE	\$54	\$37	\$38
PERCENT OF FARMS	3%	4%	4%
PERCENT OF SALES	24%	25%	24%
PERCENT OF NET INCOME	19%	20%	26%

The number of grain farms in 1993 was 3,650.

Observations:

- ✎ For grain farms with sales over \$250,000 , net cash farm income before wages and salaries has increased.
- ✎ On a per acre basis:
 - Lower sales are not offset by higher program payments.
 - Expenses are down significantly.
 - Larger farms and lower expenses led to higher net income.

Notes:

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Characteristics of Grain Farms Canada, 1993 (by sales class)

 25 49




 50 99

 100 249

 250 +

CULTIVATED ACRES	587	938	1486	2673
SUMMERFALLOW	150	232	270	276
SUMMERFALLOW / CULT.	26%	25%	18%	10%
SALES PER PROD. ACRE	\$82	\$101	\$122	\$168
EXPENSES PER PROD. ACRE	\$83	\$89	\$99	\$126
NET INCOME / PROD. ACRE	\$30	\$39	\$47	\$71
MKT INCOME / PROD. ACRE	(\$1)	\$12	\$23	\$42

Observations:

-  Farms with sales of \$100,000 and greater have a smaller percentage of summerfallow acres.
-  Although the larger farms have higher expenses per producing acre, their net income per producing acre is also higher.
-  Farms with sales of \$25,000 to \$49,999 have negative market income.

Notes:

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**Characteristics of Grain Farms
Saskatchewan, 1993
(by sales class)**

 25 49

 50 99

 100 249

 250 +

CULTIVATED ACRES	749	1148	1899	3354
SUMMERFALLOW	247	345	474	604
SUMMERFALLOW / CULT.	33%	30%	25%	18%
SALES PER PROD. ACRE	\$72	\$89	\$99	\$131
EXPENSES PER PROD. ACRE	\$71	\$75	\$77	\$93
NET INCOME / PROD. ACRE	\$27	\$36	\$41	\$60
MKT INCOME / PROD. ACRE	\$1	\$14	\$22	\$38

Observations:

- ✎ Saskatchewan grain farms with sales over \$100,000 are using less summerfallow compared to those with sales less than \$100,000.
- ✎ Sales, expenses and net income per acre all increase with farm size.

Notes:

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Adjustments



Capital Investment Dairy Farms Canada, 1993

	1989	1991	1993
REAL ESTATE PURCHASED	\$5,055	\$2,520	\$3,110
QUOTA PURCHASED	6,525	7,210	10,510
BUILDING IMPROVEMENTS	4,375	6,880	6,380
MACHINERY PURCHASES	12,810	13,245	18,230
BREEDING LIVESTOCK	3,310	2,350	3,460
ALL PURCHASES	\$37,360	\$37,075	\$46,800

Observations:

 In 1993 the average investment by dairy farms was up by 25%.

Notes:

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Selected Financial Statistics All Dairy Farms Canada, 1993

	1989	1991	1993
NET INCOME	\$50,840	\$57,240	\$58,110
NUMBER OF DAIRY COWS	N/A	44	45
REVENUE PER COW	N/A	3,941	3,778
EXPENSES PER COW	N/A	2,640	2,486
NET INCOME PER COW	N/A	\$1,301	\$1,292

The number of dairy farms in 1993 was 25,377.

Observations:

- ✎ The average net cash farm income before wages and salaries is increasing.
- ✎ Although expenses per cow declined between 1991 and 1993, net cash farm income per cow is constant.

Notes:

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Selected Financial Indicators for Dairy Farms
Sales Class: \$25,000 to \$49,999
Canada, 1993

	1989	1991	1993
NET INCOME	\$15,789	\$14,247	\$14,961
NUMBER OF DAIRY COWS	N/A	20	22
SALES PER COW	N/A	\$1,824	\$1,703
PAYMENTS PER COW	N/A	205	203
REVENUE PER COW	N/A	2,029	1,906
EXPENSES PER COW	N/A	1,317	1,226
NET INCOME PER COW	N/A	\$712	\$680
PERCENT OF FARMS	8%	7%	5%
PERCENT OF SALES	2%	2%	1%
PERCENT OF NET INCOME	2%	2%	2%

The number of dairy farms in 1993 was 1,317.

Observations:

- ✎ For dairy farms with sales of \$25,000 to \$49,999 net income (including wages and salaries) is unchanged.
- ✎ Although expenses per cow have decreased, a larger drop in revenue has resulted in lower net income per cow.
- ✎ The net income per cow is only a little more than one-half the average for all dairy farms.

Notes:

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**Selected Financial Indicators for Dairy Farms
Sales Class: \$50,000 to \$99,999
Canada, 1993**

	1989	1991	1993
NET INCOME	\$31,235	\$30,545	\$27,520
NUMBER OF DAIRY COWS	N/A	31	30
SALES PER COW	N/A	\$2,455	\$2,587
PAYMENTS PER COW	N/A	354	350
REVENUE PER COW	N/A	2,809	2,938
EXPENSES PER COW	N/A	1,824	2,020
NET INCOME PER COW	N/A	\$985	\$917
PERCENT OF FARMS	29%	25%	26%
PERCENT OF SALES	16%	12%	13%
PERCENT OF NET INCOME	19%	14%	13%

The number of dairy farms in 1993 was 6,546.

Observations:

- ✎ Dairy farms with sales of \$50,000 to \$99,999 are showing a decline in net cash farm income (including wages and salaries).
- ✎ Although revenue per cow has increased, expenses per cow have increased even more, resulting in lower net income per cow.

Notes:

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**Selected Financial Indicators for Dairy Farms
Sales Class: \$100,000 to \$249,999
Canada, 1993**

	1989	1991	1993
NET INCOME	\$56,712	\$57,356	\$58,974
NUMBER OF DAIRY COWS	N/A	45	45
SALES PER COW	N/A	\$3,498	\$3,497
PAYMENTS PER COW	N/A	377	349
REVENUE PER COW	N/A	3,875	3,846
EXPENSES PER COW	N/A	2,601	2,535
NET INCOME PER COW	N/A	\$1,274	\$1,311
PERCENT OF FARMS	47%	54%	53%
PERCENT OF SALES	52%	54%	54%
PERCENT OF NET INCOME	54%	54%	54%

The number of dairy farms in 1993 was 13,413.

Observations:

- ✎ For dairy farms with sales of \$100,000 to \$249,999 net cash farm income (including wages and salaries) shows a slight increase.
- ✎ Revenue per cow is stable which, coupled with lower expenses resulted in higher net income per cow.
- ✎ Over 50% of dairy farms are found in this group.

Notes:

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**Selected Financial Indicators for Dairy Farms
Sales Class: \$250,000 and Greater
Canada, 1993**

	1989	1991	1993
NET INCOME	\$129,451	\$140,248	\$137,185
NUMBER OF DAIRY COWS	N/A	83	81
SALES PER COW	N/A	\$4,843	\$4,439
PAYMENTS PER COW	N/A	358	292
REVENUE PER COW	N/A	5,201	4,731
EXPENSES PER COW	N/A	3,511	3,037
NET INCOME PER COW	N/A	\$1,690	\$1,694
PERCENT OF FARMS	10%	13%	14%
PERCENT OF SALES	30%	33%	32%
PERCENT OF NET INCOME	24%	31%	31%

The number of dairy farms in 1993 was 3,521.

Observations:

- ④ Revenue and expenses per cow have dropped by an equal amount, leaving net income per cow unchanged.
- ④ Net income per cow is 30 % above the average for all dairy farms.

Notes:




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Adjustments

-  Some farms are adjusting to changing economic conditions
-  Adjustments include: farming more acres, changes in crop mix, adopting new technology, and reducing expenses
-  Not all farms are adjusting to the same extent

Observations:

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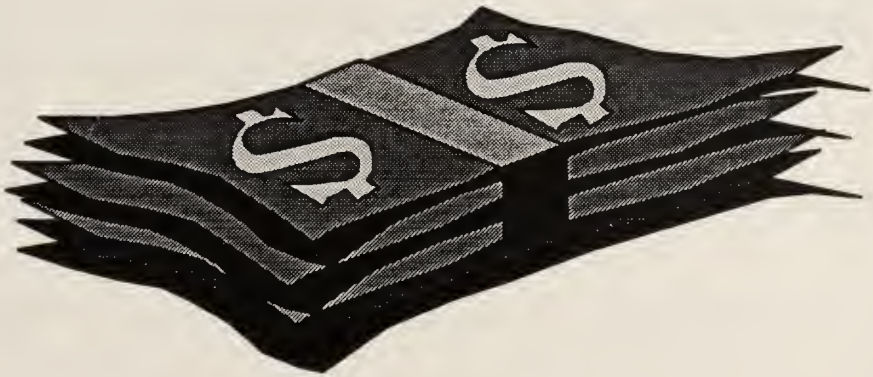
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**THE
FINANCIAL
SITUATION
IS IMPROVING**



Cashflow & Equity

EQUITY

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W

	UNDER 50%	50% TO 75%	75% AND OVER
UNDER \$10,000	CELL 1	CELL 2	CELL 3
\$10,000 - \$19,999	CELL 4	CELL 5	CELL 6
\$20,000 and over	CELL 7	CELL 8	CELL 9

Observations:

- ✎ Three equity classes and three cashflow classes produces nine combinations.
- ✎ Financial situation improves as you move from the top left to the bottom right.

Notes:

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Cashflow & Equity All Farms Canada, 1993

EQUITY

C
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(%)	UNDER 50%	50% TO 75%	75% AND OVER
UNDER \$10,000	2	3	11
\$10,000 - \$19,999	1	2	11
\$20,000 and over	3	13	54

Observations:

- ✎ In 1993, the majority (54%) of Canadian farms were in a strong financial situation (cashflow over \$20,000, equity over 75%).
- ✎ In 1993, 2% of Canadian farms were in a very weak financial situation (cashflow under \$10,000, equity under 50%).
- ✎ 76% of Canadian farms had equity of 75% or more.
- ✎ 70% of Canadian farms had a cashflow of over \$20,000.

Notes:

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1989...1993 All Farms

EQUITY

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CASH FLOW (%)	UNDER 50%		50% TO 75%		75% and over	
	1989	1993	1989	1993	1989	1993
UNDER \$10,000	3	2	3	3	11	11
\$10,000 - \$19,999	2	1	3	2	11	11
\$20,000 and over	5	3	13	13	49	54

Observations:

- ✎ The financial situation has improved since 1989 with:
 - Less farms in the weakest financial situation.
 - More farms in the strongest financial position.
 - More farms with high equity.
 - More farms with strong cashflow.

Notes:

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Cashflow & Equity Grain Farms Canada, 1993

EQUITY

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(%)	UNDER 50%	50% TO 75%	75% AND OVER
UNDER \$10,000	2	3	8
\$10,000 - \$19,999	1	2	11
\$20,000 and over	3	13	57

Observations:

- 📌 Canadian grain farms were in a similar financial situation in 1993 as the average Canadian farms.
- 📌 More grain farms were in the strongest financial position compared to Canadian farms (57% compared to 54%).

Notes:

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1989...1993 Grain Farms

EQUITY

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CASH FLOW (%)	UNDER 50%		50% TO 75%		75% and over	
	1989	1993	1989	1993	1989	1993
UNDER \$10,000	3	2	3	3	10	8
\$10,000 - \$19,999	2	1	3	2	12	11
\$20,000 and over	6	3	11	13	50	57

Observations:

✎ The financial situation for grain farms has improved since 1989 with:

- Less farms in the weakest financial situation.
- More farms in the strongest financial position.
- More farms with high equity.
- More farms with strong cashflow.

Notes:

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Cell # 1 and #7

	LESS THAN 50%		
LESS THAN \$10,000	cell 1		
\$20,000 AND OVER	cell 7		

Observations:

- ✎ In this next section we want to look at two groups both with high debt loads-equity less than 50%.
- ✎ Cell 1 has a very low cashflow of less than \$10,000.
- ✎ Cell 7 has a very strong cashflow of over \$20,000.

Notes:

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Balance Sheet, Canada, 1993

EQUITY: LESS THAN 50 %
CASHFLOW: LOW HIGH

	1	7
PERCENTAGE	2%	3%
ACRES OWNED	424	309
ASSETS	560,352	466,613
LIABILITIES	356,107	282,456
NET WORTH	204,245	184,157
EQUITY	36%	39%
LIAB. / ACRE	840	914

Observations:

- ✎ The amount of debt per acre for cell 7 is higher.
- ✎ Slightly higher equity in cell 7.

Notes:

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Farms in Cell 1 Don'T Have Sufficient Non-Farm Income to Compensate for the Farm Loss and to Live On

	1	7
CULTIVATED ACRES	455	456
SALES	118,153	159,166
PROGRAM PAYMENTS	13,617	19,681
INTEREST EXPENSE	18,459	18,218
WAGES PAID TO FAMILY	3,708	9,169
OTHER EXPENSES	121,061	107,804
NET CASH FARM INCOME	-11,459	43,656
NONFARM INCOME	7,410	33,120
CASHFLOW ALL SOURCES	-22,327	68,634
MARGIN EX.INT.&WAGES	8%	40%
SALES / ACRE	260	349
EXPENSES / ACRE	266	236

Observations:

- ✎ Farms in cell 7 have higher sales per acre.
- ✎ A second major difference is that those in cell 7 have lower expenses per acre.
- ✎ The result is a healthy net income for farms in cell 7, a loss for those in cell 1.
- ✎ If farms in cell 1 had the same margin as the farms in cell 7, their cashflow would be \$20,000.

Notes:

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Cell #3 and #9

		75% AND OVER
LESS THAN \$10,000		cell 3
\$20,000 AND OVER		cell 9

Observations:

- ✎ In this next section we want to look at two groups both with very low debt loads: equity 75% or more.
- ✎ Cell 3 has a very low cashflow of less than \$10,000.
- ✎ Cell 9 has a very strong cashflow of over \$20,000.

Notes:

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Balance Sheet, Canada, 1993

EQUITY: 75 % AND OVER
CASHFLOW: LOW HIGH

	3	9
PERCENTAGE	11%	54%
ACRES OWNED	387	496
ASSETS	470,332	648,548
LIABILITIES	36,308	49,300
NET WORTH	434,024	599,248
EQUITY	92%	92%
LIAB. / ACRE	94	99

Observations:

- ✎ Farms in cell 3 are slightly smaller.
- ✎ Liabilities per acre and equity are almost equal in both cases.

Notes:

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Revenue and Expenses, Canada, 1993

EQUITY: 75 % AND OVER

CASHFLOW: LOW HIGH

	3	9
CULTIVATED ACRES	311	454
SALES	48,482	101,275
PROGRAM PAYMENTS	5,048	10,505
INTEREST EXPENSE	3,040	3,945
WAGES PAID TO FAMILY	1,878	6,613
OTHER EXPENSES	58,364	69,824
NET CASH FARM INCOME	-9,751	31,397
NONFARM INCOME	7,160	34,526
CASHFLOW ALL SOURCES	-2,815	69,725
MARGIN EX.INT.&WAGES	-9%	38%
SALES / ACRE	156	223
EXPENSES / ACRE	188	154

Observations:

- ✎ Farms in cell 9 have higher sales and lower expenses per cultivated acre.
- ✎ In 1993, the farmers in cell 3 lost money farming (18 cents out of every dollar of revenue).
- ✎ Farms in cell 3 don't have sufficient nonfarm income to compensate for the farm loss and to live on.

Notes:

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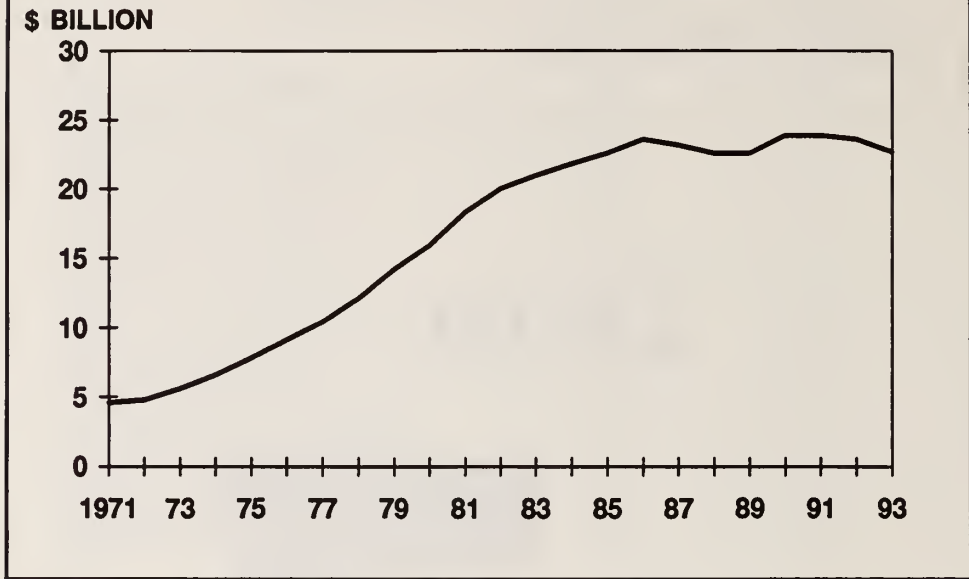
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Debt



Liabilities, Canada



Observations:

- ✎ Since the mid eighties liabilities are unchanged at about \$23 billion.
- ✎ Many people argue that, because debt is not declining, Canadian farms have too much debt.
- ✎ In actual fact, debt is declining for some farms and increasing for others.

Notes:

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Match Data, 1989 and 1991

DECREASE, INCREASE AND NO CHANGE IN DEBT

		DECREASE	INCREASE	NO
		FARMS \$ (000,000)	FARMS \$ (000,000)	CHANGE
CANADA	NUMBER	99,094 (4,430)	82,306 4,888	45,801
	PERCENT	44%	36%	20%
SASK.	NUMBER	24,804 (1,043)	21,166 1,156	8,074
	PERCENT	46%	39%	15%

Observations:

- ✎ In 1991, 44% of Canadian farms had \$4.4 billion less debt than they did in 1989.
- ✎ During the same period, 36% of the farms increased their debt by \$4.9 billion.
- ✎ The farms showing no change had little debt in either year.
- ✎ Saskatchewan shows a similar pattern.

Notes:

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Distribution of Debt, Canada

EQUITY

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(%)	UNDER 50%		50% TO 75%		75% and over	
	1989	1993	1989	1993	1989	1993
UNDER \$10,000	8	6	7	9	4	4
\$10,000 - \$19,999	3	1	4	3	3	3
\$20,000 and over	17	9	31	35	23	30

Observations:

- ✎ This chart shows that the debt is moving to those farms who are best able to service the debt.
- ✎ In 1993, 30% of the debt was held by those in the strongest financial situation, compared to 23% held by the same group in 1989.
- ✎ In 1993 19% of the debt was held by those with cashflow of less than \$20,000 and equity of less than 75%, compared to 22% in 1989.

Notes:


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Financial Situation

 Aggregate debt for the sector is little changed but the debt situation is improving as:

- Those farms with high debt loads reduce their debts
- Those farms with stronger cashflows take on new debt to invest in the business

 The financial situation is improving as more farms are becoming stronger financially

Observations:

Notes:

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The 1994 Farm Financial Survey Shows:

- ☛ **That a combination of higher asset values and lower liabilities has resulted in an increase in net worth and higher equity in 1993 compared to 1991.**
- ☛ **That capital investment was higher than in 1993 compared to 1991, suggesting that there are Canadian farmers who are positive about the future of Canadian agriculture.**

Observations:

Notes:

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The 1994 Farm Financial Survey Shows:

- ☛ That some farmers are adjusting to changing economic conditions by becoming more efficient and in doing so are generating a higher net cash farm income.
- ☛ Although there are still farmers with debt problems , debt is less of a problem in 1993 than in 1991.
- ☛ That the combination of these factors has led to an improved financial situation and a more financially stable industry.

Observations:

Notes:

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1994 Farm Financial Survey

Appendix A

Balance Sheet Information

dollars per farm

ASSETS												
	NFLD	PEI	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	BC	CANADA	
1989	\$485,133	\$562,725	\$452,802	\$474,874	\$398,562	\$613,267	\$444,434	\$456,749	\$619,567	\$590,329	\$525,546	
1991	490,268	583,897	460,397	523,798	442,398	614,346	467,522	458,838	598,722	666,039	536,579	
1993	382,891	619,531	441,826	458,478	505,272	661,990	514,774	496,644	644,711	788,654	588,776	

LIABILITIES												
	NFLD	PEI	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	BC	CANADA	
1989	\$85,289	\$95,536	\$78,497	\$93,824	\$92,950	\$87,656	\$73,178	\$84,468	\$110,526	\$94,298	\$91,181	
1991	95,273	97,561	79,581	96,873	111,136	91,549	81,398	88,112	104,563	84,012	94,997	
1993	65,377	94,033	78,798	63,488	104,474	93,076	85,976	74,785	95,678	94,089	90,048	

NET WORTH												
	NFLD	PEI	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	BC	CANADA	
1989	\$399,844	\$467,189	\$374,305	\$381,050	\$305,612	\$525,611	\$371,256	\$372,281	\$509,041	\$496,031	\$434,365	
1991	394,995	486,336	380,816	426,925	331,262	522,795	386,124	370,726	494,159	582,027	441,582	
1993	317,514	525,498	363,028	394,990	400,798	568,914	428,798	421,859	549,033	694,565	498,728	

1994 Farm Financial Survey Income Statement Information

dollars per farm

TOTAL REVENUE*												
	NFLD	PEI	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	BC	CANADA	
1989	\$147,418	\$155,646	\$128,245	\$134,325	\$108,467	\$116,377	\$94,478	\$78,032	\$111,385	\$99,866	\$102,901	
1991	198,433	134,891	128,756	126,366	124,432	124,948	104,467	82,843	109,785	99,580	108,840	
1993	142,828	143,865	95,718	107,323	113,015	126,771	119,789	87,054	115,257	99,114	110,754	

* includes market receipts and government payments

TOTAL EXPENSES												
	NFLD	PEI	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	BC	CANADA	
1989	\$124,034	\$118,987	\$102,750	\$108,922	\$84,937	\$93,324	\$72,366	\$55,759	\$87,931	\$81,443	\$80,033	
1991	165,532	105,238	105,589	108,476	97,458	103,895	79,135	59,409	85,482	80,409	85,306	
1993	118,547	117,589	76,944	86,476	87,479	104,563	90,091	64,082	92,460	79,841	87,319	

NET FARM INCOME												
	NFLD	PEI	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	BC	CANADA	
1989	\$23,384	\$36,660	\$25,495	\$25,403	\$23,529	\$23,053	\$22,112	\$22,273	\$23,453	\$18,424	\$22,868	
1991	32,901	29,653	23,168	17,890	26,975	21,053	25,332	23,433	24,302	19,172	23,533	
1993	24,281	26,276	18,774	20,847	25,536	22,208	29,698	22,972	22,797	19,273	23,435	

1994 Farm Financial Survey

Appendix B

Balance Sheet Information

dollars per farm

ASSETS							
	GRAIN	NON GRAIN	BEEF	HOGS	DAIRY	POULTRY	ALL FARMS
1989	\$502,276	\$591,150	\$455,458	\$564,088	\$692,150	\$904,415	\$525,546
1991	502,279	597,956	471,315	601,711	764,121	1,017,660	536,579
1993	545,760	628,512	509,566	618,343	895,057	1,087,361	588,776

LIABILITIES							
	GRAIN	NON GRAIN	BEEF	HOGS	DAIRY	POULTRY	ALL FARMS
1989	\$84,226	\$94,817	\$62,975	\$143,468	\$153,342	\$197,950	\$91,181
1991	91,513	101,079	58,977	155,339	170,522	210,363	94,997
1993	81,250	100,134	59,837	146,362	163,934	211,017	90,048

NET WORTH							
	GRAIN	NON GRAIN	BEEF	HOGS	DAIRY	POULTRY	ALL FARMS
1989	\$418,050	\$491,333	\$392,483	\$420,620	\$538,808	\$706,465	\$434,365
1991	410,766	496,877	412,338	446,372	593,599	807,297	441,582
1993	464,510	528,371	449,729	471,981	731,123	876,343	498,728

1994 Farm Financial Survey Income Statement Information

dollars per farm

TOTAL REVENUE *							
	GRAIN	NON GRAIN	BEEF	HOGS	DAIRY	POULTRY	ALL FARMS
1989	\$80,467	\$148,000	\$77,944	\$190,934	\$152,686	\$349,886	\$102,901
1991	86,504	155,827	76,732	218,565	173,396	407,318	108,840
1993	89,208	150,086	84,397	212,206	169,993	388,326	110,754

* Includes market receipts and government payments

TOTAL EXPENSES							
	GRAIN	NON GRAIN	BEEF	HOGS	DAIRY	POULTRY	ALL FARMS
1989	\$58,561	\$115,088	\$65,677	\$164,217	\$111,475	\$298,255	\$80,033
1991	63,900	128,911	64,379	180,701	127,715	332,975	85,306
1993	65,577	120,895	70,203	179,878	125,746	313,660	87,319

NET FARM INCOME							
	GRAIN	NON GRAIN	BEEF	HOGS	DAIRY	POULTRY	ALL FARMS
1989	\$21,906	\$32,912	\$12,267	\$26,717	\$41,211	\$51,631	\$22,868
1991	22,604	26,916	12,353	37,865	45,681	74,343	23,533
1993	23,631	29,191	14,194	32,328	44,247	74,666	23,435

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