



REPORT:

Six Years that Changed the Future for Agriculture: Impact on Farm Income in Canada 2005-2010

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Executive Summary

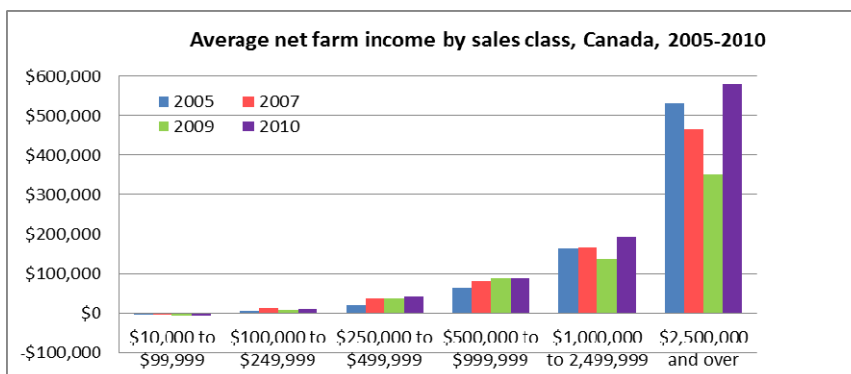
Since 2005, the global agriculture and food system has undergone a major change in direction, a change that has altered the future for Canadian agriculture. This paper examines the impact of that change on the structure and performance of Canadian agriculture using data from the Statistics Canada's Farm Financial Surveys for the years 2005, 2007, 2009, and 2010. The analysis is undertaken by examining income patterns by sales class at a national level, first for the entire industry and then by individual sector. This information is vital to public and private sector leaders as they work to create a strategy for Canadian agriculture and develop the next Growing Forward Agricultural Policy Framework. Highlights of the analysis include the following¹:

- **Farmers face a completely different environment**
 - Global demand for grains is higher due to increasing population, changing wealth and consumption patterns in China and developing economies, and demand for biofuels. Higher energy costs and greater weather variability have also contributed to higher, but also more volatile, grain prices. This will be the new norm for the foreseeable future.
 - A higher Canadian dollar has hit three industries which both export and compete with imports; the hog, cattle and greenhouse sectors. It has also hurt food processing companies.
 - While many sectors in agriculture flourish, the rest of the world lingers in a prolonged recession.
- **On average, the financial situation for Canadian farmers improved dramatically**
 - Sales were up by 41% but net income rose 126% and government payments dropped 9%.
 - Assets increased by 45%. Net worth was up 47% and the increase averaged \$486,000 per farm.
 - Net worth increases ranged from \$190,000 for farms selling less than \$100,000 per year to over \$1.9 million for farms selling over \$2.5 million per year.

	Total for all Canadian farms in the survey			Percentage change	Average per farm	
	2005 (\$ billion)	2010 (\$ billion)	Change (\$ billion)		Average in 2010	Average change 2005-2010
Number of farms	147,700	147,745				
Sales	\$32.50	\$45.94	\$13.44	41.4%	\$219,979	\$90,895
Net income	\$2.11	\$4.77	\$2.66	126.4%	\$14,251	\$18,016
Government payments	\$2.80	\$2.54	(\$0.26)	-9.3%	\$18,957	(\$1,774)
Assets	\$189.55	\$275.54	\$85.98	45.4%	\$1,282,976	\$581,576
Net worth	\$153.01	\$224.84	\$71.83	46.9%	\$1,035,622	\$485,871

- **Size matters when it comes to farm income**
 - Net income has recovered, particularly for larger farms, but it remains highly dependent on scale.

¹ Additional highlights of the report can be found in our Research Brief titled: [A different future for agriculture](#)



- **Large farms do far more with less**
 - In 2010, almost ¼ of total Canadian farm revenue came from the 2,085 farms with annual revenue over \$2.5 million; together their sales were more than 4 times those of the 68,200 smallest farms (those with annual revenue less than \$100,000). And they did it using 55% of the assets. They also invested more than \$500,000 per year in their businesses compared to \$7,000 per year for the smallest farms.
- **Small farms – big challenges**
 - In 2010, farms selling less than \$100,000 annually made up 46.2% of farm numbers but contributed only 5.8% of total industry sales. Off-farm income actually exceeded farm revenue and provided 93% of family income. On average, they continued to lose money, as they have for decades.
- **Almost 70% of Canadian farms are too small to be financially independent**
 - On average, annual revenue of \$250,000 appears to be the point where farms shift from being reliant on off-farm income to creating a viable farming business. In 2010, 68.3% of Canadian farms were below that level and they contributed 16.4% of total agricultural sales in 2010. Although there are many exceptions, their small scale generally makes profitability a challenge.
- **Debt rose more slowly than equity, particularly for small farms which carried less debt**
 - Debt-to-equity fell from 14.8% for farms selling \$10,000-249,999 in 2005 to 12.0% in 2010. For farms earning \$500,000 or more, debt-to-equity was much higher but declined from 36.1% in 2005 to 32.5% in 2010.
- **The hog and beef sectors made significant and painful adjustments to the higher Canadian dollar and were starting to return to profitability by 2010**
- **The trends have continued and are likely to do so beyond 2012. What does this different future mean for the next agricultural policy framework?**
 - The return to profitability for most sectors provides an opportunity to shift government expenditures away from farm income support toward ensuring the sustained profitability of agriculture in Canada. That means investing in everything from research and commercialization to market development and domestic strategy.
- **With a different future for agriculture will government policy follow?**
 - Agricultural policy and programs today look largely as they did in 2005 and in 2000 – focused on supplementing farm income through Business Risk Management programs. Unfortunately, income support will not make Canada more productive, nor **will it open new and profitable markets in countries like China. It is impossible to support the view that the future of the industry is best assured by continuing to spend 80-90% of program payments on farm income support. Particularly when farm incomes and net worth continue to rise.**

Introduction – A new environment for Canadian agriculture

As an integral player in the rapidly evolving global agri-food industry, Canadian agriculture is continually changing. However, periodically the industry undergoes a quantum shift that redefines its direction for a prolonged period. In the 1990's, the NAFTA trade agreement reshaped the Canadian meat industry, integrating Canadian animal production with the U.S. production and processing industries and dramatically increasing exports to the U.S. Canada's cattle industry was devastated in 2003 by BSE. The introduction of agricultural biotechnology in the 1990's not only changed the way crops were produced, but also how they were marketed around the world. By the early 2000s, the grain industry was suffering from low prices as higher productivity and new production capacity in countries like Brazil led to bloated global grain stocks.

From 2005 to 2010 another quantum shift occurred and the future for the industry was rewritten again, with changes that appear to be longer term. Many factors contributed to the shift; predictions that global population will exceed 9 billion by 2050, the accelerated growth and changing consumption in Asian economies, and the explosion of biofuel production all acted to revive a struggling agricultural industry, and not just for the short term. By 2008, demand for grains exploded, glutted grain markets tightened and prices began to track oil as grains became a substitute for energy, and agricultural input costs rose. Greater volatility became the new norm, with prices shifting almost daily. A global economic crisis shook the entire food industry, and the rapid rise of the Canadian dollar put particular stress on exporting agricultural sectors. Table 1 summarizes some of the economic variables relevant to Canadian agriculture and how they changed during the period.

Table 1. Key Economic Variables **2005 vs. 2010**

	2005	2010	% Change
Canadian \$ (in \$U.S.)^a	0.83	0.97	16.9%
Average price of oil (\$U.S./barrel)^b	50.28	74.71	48.6%
Average price of wheat (\$U.S./bu.)^c	3.36	5.12	52.4%
Global grain stocks (mil. tons)^d	395	463	17.2%
Average price for cattle (C\$/cwt)^e	-	-	0.3%
Average value of farm land (Canada) (\$/acre)^f	1,107	1,526	37.9%
Total revenues – agriculture (\$ mil.)^g	36,798	44,473	20.9%
Total exports – agriculture and food (\$ mil.)^h	29,797	38,512	29.3%
Total business risk management (BRM) payments to farmers (income support) (\$ mil.)ⁱ	1,995	1,708	-14.4%
Total non-BRM program investment in innovation and new market development (\$ mil.)^j	299	284	-5.0%

Source: a – AAFC, *Medium Term Outlook for Canadian Agriculture, 2011 and 2012*; b – U.S. Energy Information Administration, *Monthly Energy Review, Table 9.1: Crude Oil Price Summary*, c – USDA, *National Agricultural Statistics Service*; d – USDA, *Grain Production, Supply & Distribution database*; e – Statistics Canada, *Farm Product Price Index, Table 4: Sub-indexes of crops and livestock and animal product prices*; f – Statistics Canada, *Table 002-0003: Value per acre of farm land and buildings*; g – Statistics Canada, *Table 1: Farm Cash Receipts*; h – Statistics Canada, *Canadian International Merchandise Trade Database*; i, j – AAFC, *Farm Income, Financial Conditions and Government Assistance Data Book 2012 and 2007, Table C.2: Government Expenditures in Support of the Agri-Food Sector*.

The changes were massive and have continued since. This report seeks to address questions around how much the changes affected the economics of farming. The paper examines the impact of the turbulent 2005-2010 period on industry structure and key financial variables such as income, government payments, net worth and

investment. The analysis is divided into two sections. The first tracks changes across the entire Canadian industry. Data is drawn from the Statistics Canada's Farm Financial Survey for the years 2005, 2007, 2009, and 2010.² The following customized sales classes were employed for the analysis: \$10,000-99,999, \$100,000-249,999, \$250,000-499,999, \$499,999-999,999, \$1,000,000-2,499,999, and \$2,500,000 and over.³ The second section examines changes by sector. As there were fewer data points for individual commodities, a different approach was required to ensure data quality and confidentiality. Consequently, only three classes could be used for the individual commodity analysis: \$10,000-249,999, \$250,000-499,999, and \$500,000 and over.

The objective for this paper and a subsequent paper on investment patterns in Canadian farms is to inform industry leaders and policy makers, and to promote a line of dialogue that challenges policy makers, producers and investors to shift the way in which they view agriculture.

Canadian Farm Income 2005-2010 – National trends across all sectors

1. The policy challenge continues - Small farms dominate in numbers of farms but make up less than 17% of industry sales and continue to experience losses or very low levels of profitability.

A total of 147,745 farms made up the Canadian agricultural landscape in 2010 generating \$4.77 billion in net income on \$45.94 billion in sales (Table 2). This compares to 147,700 farms which earned \$2.11 billion in net income on \$32.5 billion in sales in 2005. Much of the industry continued to operate at a scale that is challenging from an economic perspective. 46.2% of the farms had annual sales of \$10,000-99,999 each (down from 50.9% in 2005) and 68.3% sold less than \$250,000 per year (down from 75.6% in 2005), a level that our previous studies (Sparling and Laughland, 2006) found to be the point at which farming operations in general appeared to be economically viable (Table 3). That pattern continued in 2010 with farms selling less than \$100,000 typically losing money and those selling \$100,000 to \$249,999 showing average net profits of only \$9,559 per farm (Table 4).

Collectively, the smallest farms, those selling less than \$100,000, lost \$452 million on \$2.7 billion in sales (Table 2). On those farms off-farm employment or pensions averaged \$48,383 per farm, exceeding average farm sales of \$38,893, and could be considered the 'main' source of income for these farm families. While these farms were generally not profitable, their net worth is substantial, \$709,129 (Table 4).

Although they made up 68.3% of the farm population, farms selling less than \$250,000 per year generated only 16.4% of total farm sales (Table 3). For these farms, government payments exceeded net income but the combined total of net farm income and government payments was significantly less than off-farm income (Table 4).

² For earlier comparisons (1999-2004) see Sparling and Laughland (2006), *The Two Faces of Farming* (available online at <http://sites.ivey.ca/agri-food/files/2009/09/TwoFacesOfFarming.pdf>).

³ The FFS survey results include only farms with gross annual sales of \$10,000 or more.

Table 2. Financial performance by sales class, **2010 vs. 2005**

2010							
Sales class	Number of farms	Total sales (in \$000)	Total net income (in \$000)	Total government payments (in \$000)	Total off-farm income (employment & pensions) (in \$000)	Total assets (in \$000)	Total net worth (in \$000)
\$10,000-99,999	68,200	\$2,652,469	-\$452,406	\$224,420	\$3,299,658	\$53,182,429	\$48,362,584
\$100,000-249,999	32,620	\$4,875,187	\$311,818	\$386,693	\$1,055,324	\$47,240,356	\$41,278,352
\$250,000-499,999	22,250	\$7,301,206	\$925,223	\$522,158	\$577,197	\$47,746,644	\$39,042,967
\$500,000-999,999	15,140	\$9,830,027	\$1,341,836	\$598,118	\$359,467	\$53,855,413	\$42,231,685
\$1,000,000-2,499,999	7,450	\$10,479,629	\$1,432,263	\$459,469	\$153,725	\$44,109,332	\$32,548,886
\$2,500,000 and over	2,085	\$10,801,373	\$1,209,153	\$348,608	\$64,515	\$29,401,803	\$21,375,039
Total	147,745	\$45,939,890	\$4,767,887	\$2,539,466	\$5,509,885	\$275,535,978	\$224,839,513

2005							
Sales class	Number of farms	Total sales (in \$000)	Total net income (in \$000)	Total government payments (in \$000)	Total off-farm income (employment & pensions) (in \$000)	Total assets (in \$000)	Total net worth (in \$000)
\$10,000-99,999	75,240	\$2,777,955	-\$404,049	\$420,933	\$3,128,810	\$43,179,158	\$39,053,310
\$100,000-249,999	36,455	\$5,167,121	\$182,603	\$700,573	\$979,901	\$40,907,847	\$34,192,621
\$250,000-499,999	20,835	\$6,471,740	\$418,925	\$687,952	\$406,782	\$39,521,889	\$31,312,956
\$500,000-999,999	10,195	\$6,403,998	\$631,586	\$482,668	\$244,719	\$31,818,420	\$23,830,605
\$1,000,000-2,499,999	3,700	\$4,960,136	\$599,771	\$279,879	\$69,413	\$19,225,018	\$14,048,235
\$2,500,000 and over	1,275	\$6,719,798	\$676,662	\$228,781	\$102,785	\$14,900,967	\$10,570,210
Total	147,700	\$32,500,749	\$2,105,497	\$2,800,786	\$4,932,411	\$189,553,298	\$153,007,937

Source: Statistics Canada, Farm Financial Survey 2005 and 2010

Table 3. Sales class performance as a percentage of total Canadian agricultural value, **2010 vs. 2005**

2010							
Sales class	% Number of farms	% Total sales	% Total net income	% Total government payments	% Off-farm income	% Total assets	% Total net worth
\$10,000-99,999	46.2%	5.8%	-9.5%	8.8%	59.9%	19.3%	21.5%
\$100,000-249,999	22.1%	10.6%	6.5%	15.2%	19.2%	17.1%	18.4%
\$250,000-499,999	15.1%	15.9%	19.4%	20.6%	10.5%	17.3%	17.4%
\$500,000-999,999	10.2%	21.4%	28.1%	23.6%	6.5%	19.5%	18.8%
\$1,000,000-2,499,999	5.0%	22.8%	30.0%	18.1%	2.8%	16.0%	14.5%

\$2,500,000 and over	1.4%	23.5%	25.4%	13.7%	1.2%	10.7%	9.5%
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Sales class	2005						
	% Number of farms	% Total sales	% Total net income	% Total government payments	% Off-farm income	% Total assets	% Total net worth
\$10,000-99,999	50.9%	8.5%	-19.2%	15.0%	63.4%	22.8%	25.5%
\$100,000-249,999	24.7%	15.9%	8.7%	25.0%	19.9%	21.6%	22.3%
\$250,000-499,999	14.1%	19.9%	19.9%	24.6%	8.2%	20.9%	20.5%
\$500,000-999,999	6.9%	19.7%	30.0%	17.2%	5.0%	16.8%	15.6%
\$1,000,000-2,499,999	2.5%	15.3%	28.5%	10.0%	1.4%	10.1%	9.2%
\$2,500,000 and over	0.9%	20.7%	32.1%	8.2%	2.1%	7.9%	6.9%

Source: Statistics Canada, Farm Financial Survey 2005 and 2010

Table 4. Average performance and value by sales class, **2010 vs. 2005**

Sales class	2010						
	Number of farms	Average sales	Average net income	Average government payments	Average off-farm income (wages & pensions)	Average assets	Average net worth
\$10,000-99,999	68,200	\$38,893	-\$6,633	\$3,291	\$48,383	\$779,801	\$709,129
\$100,000-249,999	32,620	\$149,454	\$9,559	\$11,854	\$32,352	\$1,448,202	\$1,265,431
\$250,000-499,999	22,250	\$328,144	\$41,583	\$23,468	\$25,941	2,145,917	\$1,754,740
\$500,000-999,999	15,140	\$649,275	\$88,628	\$39,506	\$23,742	\$3,557,161	\$2,789,411
\$1,000,000-2,499,999	7,450	\$1,406,662	\$192,251	\$61,674	\$20,634	\$5,920,716	\$4,368,978
\$2,500,000 and over	2,085	\$5,180,515	\$579,930	\$167,198	\$30,943	\$14,101,584	\$10,251,817

Sales class	2005						
	Number of farms	Average sales	Average net income	Average government payments	Average off-farm income (wages & pensions)	Average assets	Average net worth
\$10,000-99,999	75,240	\$36,921	-\$5,370	\$5,595	\$41,584	\$573,886	\$519,050
\$100,000-249,999	36,455	\$141,740	\$5,009	\$19,217	\$26,879	\$1,122,146	\$937,940
\$250,000-499,999	20,835	\$310,619	\$20,107	\$33,019	\$19,524	\$1,896,899	\$1,502,902
\$500,000-	10,195	\$628,151	\$61,951	\$47,344	\$24,004	\$3,120,983	\$2,337,480

999,999							
\$1,000,000	3,700	\$1,340,577	\$162,100	\$75,643	\$18,760	\$5,195,951	\$3,796,820
-2,499,999							
\$2,500,000 and over	1275	\$5,270,430	\$530,715	\$179,436	\$80,616	\$11,687,033	\$8,290,361

Source: Statistics Canada, Farm Financial Survey 2005 and 2010

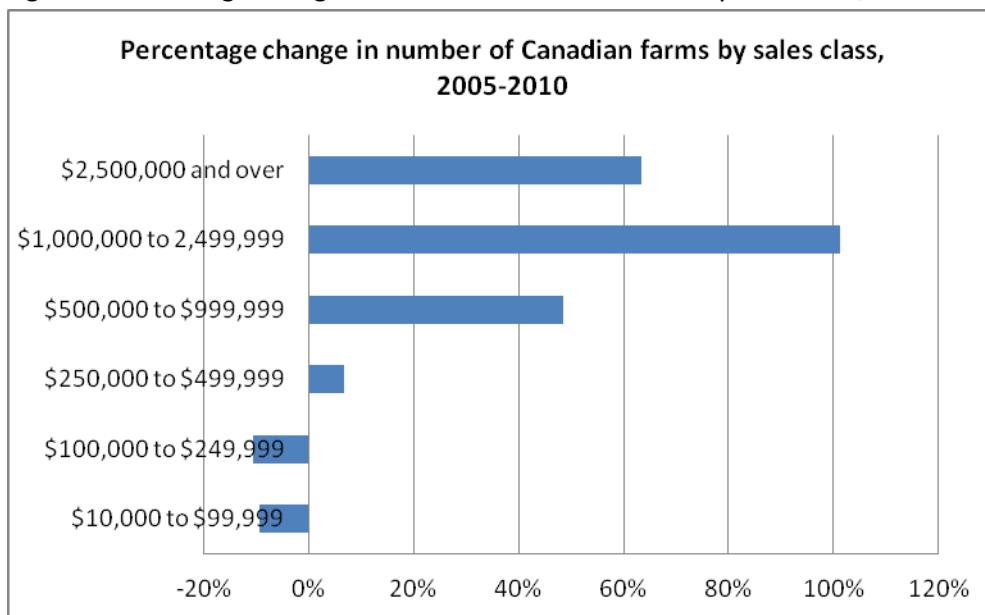
Table 4 suggests that farms with sales of \$250,000-499,999 are the smallest class that could, on average, sustain a farm business (with average net income of \$41,583 and government payments of \$23,468). This is consistent with previous analysis indicating that the ‘break’ between smaller lifestyle farms and commercial farms occurs at roughly \$250,000 in sales (Sparling and Laughland, 2006).

Overall, farms with sales of at least \$500,000 increased in number from 10.3% of the farm population in 2005 to 16.6% in 2010 (Table 3). These farms now account for more than two thirds of industry sales, up from 55.6% in 2005. While part of the shift may be attributed to higher grain prices resulting in higher farm sales, this would be counter-balanced by the collapse of both beef and pork prices over the same time frame.

2. Consolidation continues as scale remains a key determinant of farm income

Consolidation continues in primary agriculture as the number of large farms continues to grow and the number of small farms declines. Overall, the number of farms in Canada increased slightly over the 2005-2010 period from 147,700 farms in 2005 to 147,745 farms in 2010. Figure 1 shows that the most significant growth from 2005-2010, in relative terms, occurred in the \$1-2.5 million sales class, with growth in numbers of approximately 101%. Farms selling \$2.5 million and over as well as those selling \$500,000-999,999 also saw growth of 64% and 49% respectively. By comparison, the number of small farms decreased over the period by 9% for farms selling \$10,000-99,999 and 11% for those selling \$100,000-249,999.

Figure 1. Percentage change in number of Canadian farms by sales class, 2005-2010

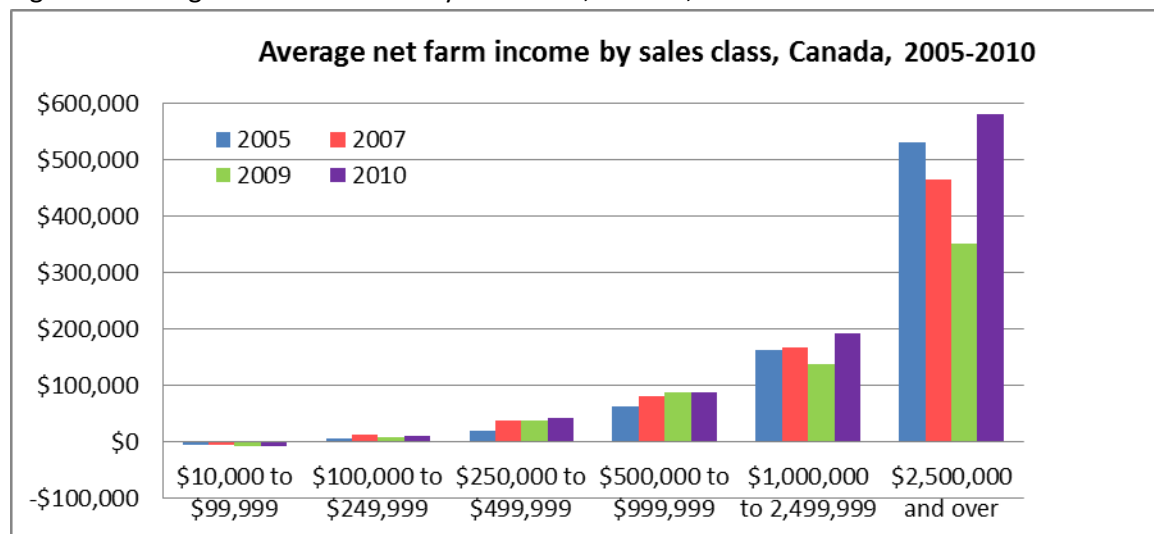


Source: Statistics Canada, Farm Financial Survey 2005 and 2010

The *'million dollar club'*, the roughly 9,500 farms (6.4% of all farms) selling more than \$1 million annually, will likely contribute half of farm sales in the next survey. In 2010, the million dollar farms contributed 46.3% of total farm sales, up from 36% in 2005 (Table 3). The 2,085 largest farms, those selling more than \$2.5 million per year, represented 1.4% of farms and 23.5% of total sales in 2010. In 2005, they were only 0.9% of farms and 20.7% of sales. Average sales for this class were almost \$5.2 million per farm (Table 4).

Figure 2 clearly indicates that scale is a major factor in farm income – operating income (sales less expenses) increases with size across all years. The importance of scale is further reinforced by the financial ratios outlined in Section 3.

Figure 2. Average net farm income by sales class, Canada, 2005-2010

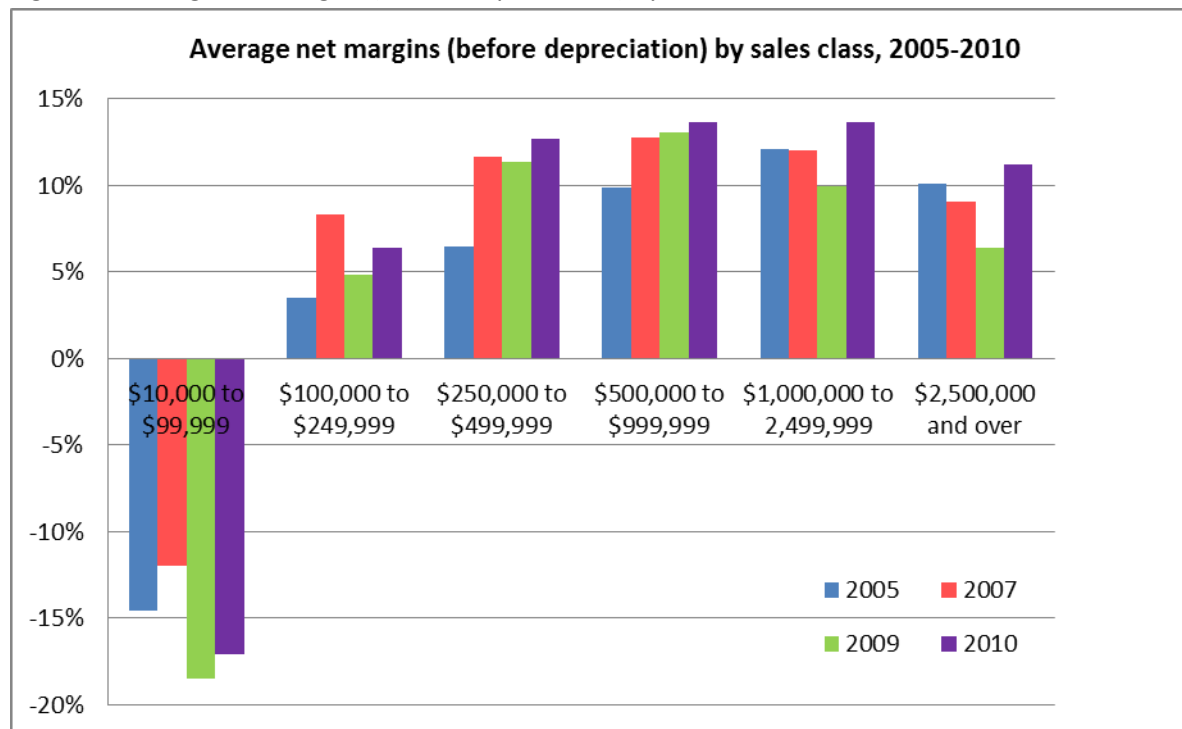


Source: Statistics Canada, Farm Financial Survey 2005, 2007, 2009 and 2010

On average, the smallest farms lost money in all years. The \$100,000-249,999 sales class earned modest positive returns in all years (with \$9,559 in 2010). Income for the class of farms with sales of \$250,000-499,999 rose over the period, from \$20,107 in 2005 to \$41,583 in 2010; more importantly, margins rose too, suggesting the increase in income was driven by improved profitability and not just rising average sales within the class (Figure 3).

Operating margins show a sweet spot in the farms selling between \$250,000 and \$2.5 million, but particularly for those in the \$500,000-999,999 category (Figure 3). Operating margins rose substantially in 2 classes: farms with sales of \$249,999-499,999 saw average margins rise from 6.5 in 2005 to 12.7 in 2010, and farms with sales of \$500,000-999,999 saw average margins rise from 9.9% in 2005 to 13.7% in 2010. These classes, along with the farms with sales of \$1,000,000-2,499,999 had the highest operating margins overall in 2010. Farms with sales of \$100,000-249,999 also had higher margins in 2010 than 2005 (6.4 % versus 3.5%), though margins were highest in 2007 at 8.3%.

Figure 3. Average net margins (before depreciation) by sales class, 2005-2010



Source: Statistics Canada, Farm Financial Survey 2005, 2007, 2009 and 2010

While margins improved or held for most of the middle revenue classes, they declined for the smallest farms between 2005 and 2010. As for the largest farms, their margins decreased in 2007 and 2009 compared to 2005, but then increased considerably in 2010. With their significantly higher levels of revenue, farms selling more than \$2.5 million could operate with much lower margins until market conditions improved.

3. While catching up in 2010, key financial ratios deteriorated for many classes

Scanning the key financial ratios (Table 5) for different revenue classes reveals some recovery in their 2010 levels from the low levels they reached in 2009. However, financial ratios deteriorated over the 2005-2010 period for farms in many classes. Specifically, assets per dollar of sales worsened for farms in all classes. Return on assets (ROA) and return on equity (ROE) deteriorated for farms selling over \$2.5 million, remained roughly the same for farms selling less than \$250,000 and between \$1-2.5 million, and improved for farms selling between \$250,000 and \$1 million. Return on sales deteriorated for the smallest farms and improved for farms in all other classes, particularly for farms selling between \$100,000 and \$1 million.

As for their levels, the highest returns on sales are experienced in the middle revenue classes in any given year. However, ROA and ROE both show scale effects; larger farms have higher ROA and ROE. The impact of scale is particularly apparent in the assets required to produce \$1 of sales – \$20.05 in 2010 for the smallest farms compared to \$2.72 for the largest. Large farms are much more efficient in their use of assets and equity.

Table 5: Summary of financial ratios for Canadian farms, 2005-2010

	2010					
	\$10,000 - \$99,999	\$100,000 - \$249,999	\$250,000 - \$499,999	\$500,000 - \$999,999	\$1,000,000 - 2,499,999	\$2,500,000 - over
Average total assets	\$779,801	\$1,448,202	\$2,145,917	\$3,557,161	\$5,920,716	\$14,101,584
Average net income	-\$6,633	\$9,559	\$41,583	\$88,628	\$192,251	\$579,930
Assets/dollar of Sales	\$20.05	\$9.69	\$6.54	\$5.48	\$4.21	\$2.72
Return on Assets	-0.9%	0.7%	1.9%	2.5%	3.2%	4.1%
Return on Sales	-17.1%	6.4%	12.7%	13.7%	13.7%	11.2%
Return on Equity	-0.9%	0.8%	2.4%	3.2%	4.4%	5.7%

	2009					
	\$10,000 - \$99,999	\$100,000 - \$249,999	\$250,000 - \$499,999	\$500,000 - \$999,999	\$1,000,000 - 2,499,999	\$2,500,000 - over
Average total assets	\$766,325	\$1,304,122	\$1,989,088	\$3,287,765	\$5,542,301	\$13,122,394
Average net income	-\$7,295	\$7,375	\$37,521	\$86,750	\$138,472	\$350,765
Assets/dollar of Sales	\$19.43	\$8.54	\$6.00	\$4.96	\$3.99	\$2.40
Return on Assets	-1.0%	0.6%	1.9%	2.6%	2.5%	2.7%
Return on Sales	-18.5%	4.8%	11.3%	13.1%	10.0%	6.4%
Return on Equity	-1.0%	0.7%	2.4%	3.4%	3.4%	3.8%

	2007					
	\$10,000 - \$99,999	\$100,000 - \$249,999	\$250,000 - \$499,999	\$500,000 - \$999,999	\$1,000,000 - 2,499,999	\$2,500,000 and over
Total assets	\$665,492	\$1,207,263	\$1,961,976	\$3,127,983	\$5,297,062	\$12,592,098
Net income	-\$4,421	\$12,118	\$37,617	\$81,207	\$166,397	\$464,184
Assets/dollar of Sales	\$18.06	\$8.29	\$6.07	\$4.92	\$3.84	\$2.45
Return on Assets	-0.7%	1.0%	1.9%	2.6%	3.1%	3.7%
Return on Sales	-12.0%	8.3%	11.6%	12.8%	12.1%	9.0%
Return on Equity	-0.7%	1.2%	2.4%	3.4%	4.3%	5.1%

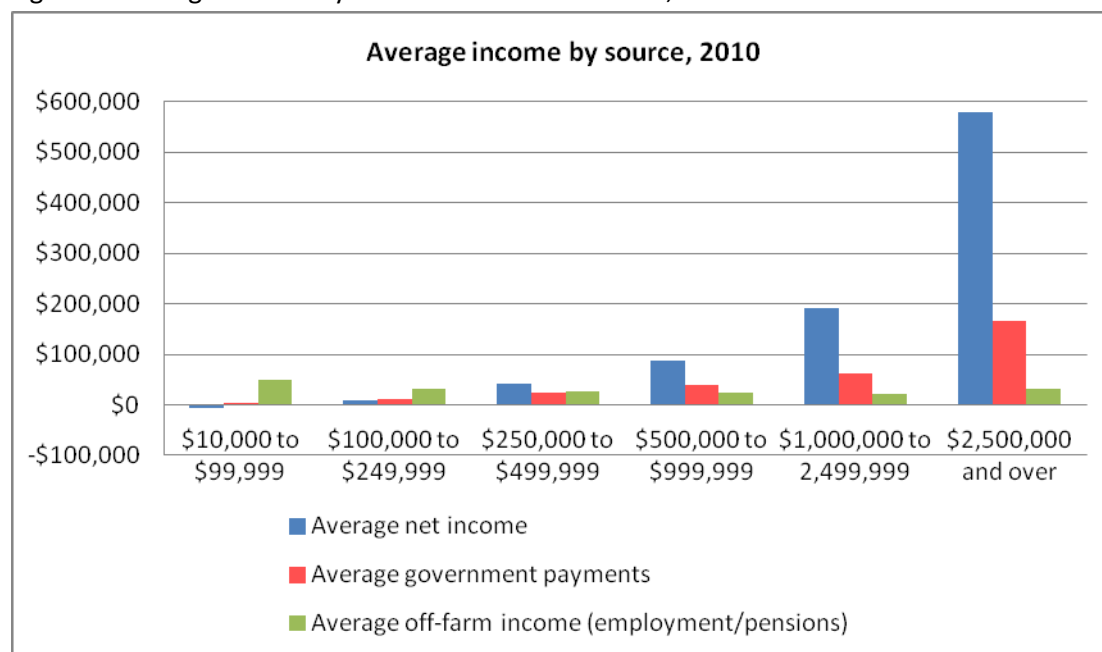
	2005					
	\$10,000 - \$99,999	\$100,000 - \$249,999	\$250,000 - \$499,999	\$500,000 - \$999,999	\$1,000,000 - 2,499,999	\$2,500,000 and over
Total assets	\$573,886	\$1,122,146	\$1,896,899	\$3,120,983	\$5,195,951	\$11,687,033
Net income	-\$5,370	\$5,009	\$20,107	\$61,951	\$162,100	\$530,715
Assets/dollar of Sales	\$15.54	\$7.92	\$6.11	\$4.97	\$3.88	\$2.22
Return on Assets	-0.9%	0.4%	1.1%	2.0%	3.1%	4.5%
Return on Sales	-14.5%	3.5%	6.5%	9.9%	12.1%	10.1%
Return on Equity	-1.0%	0.5%	1.3%	2.7%	4.3%	6.4%

Source: Statistics Canada, Farm Financial Survey 2005, 2007, 2009 and 2010

4. Off-farm income is critical for small farms - government payments aren't

Figures 4 and 5 show the components of farm income in Canada by dollar value and then as a proportion of total income. For the smallest two farm classes, off-farm income contributes most to the operation's total income, followed by government payments; on-farm income contributes minimally, if at all. The \$250,000-499,999 sales class is the first for which on-farm income contributes to total income more than government payments or off-farm income. The gap between on-farm income and income from other sources continues to grow as the sales classes grow progressively larger.

Figure 4. Average income by source for Canadian farms, 2010

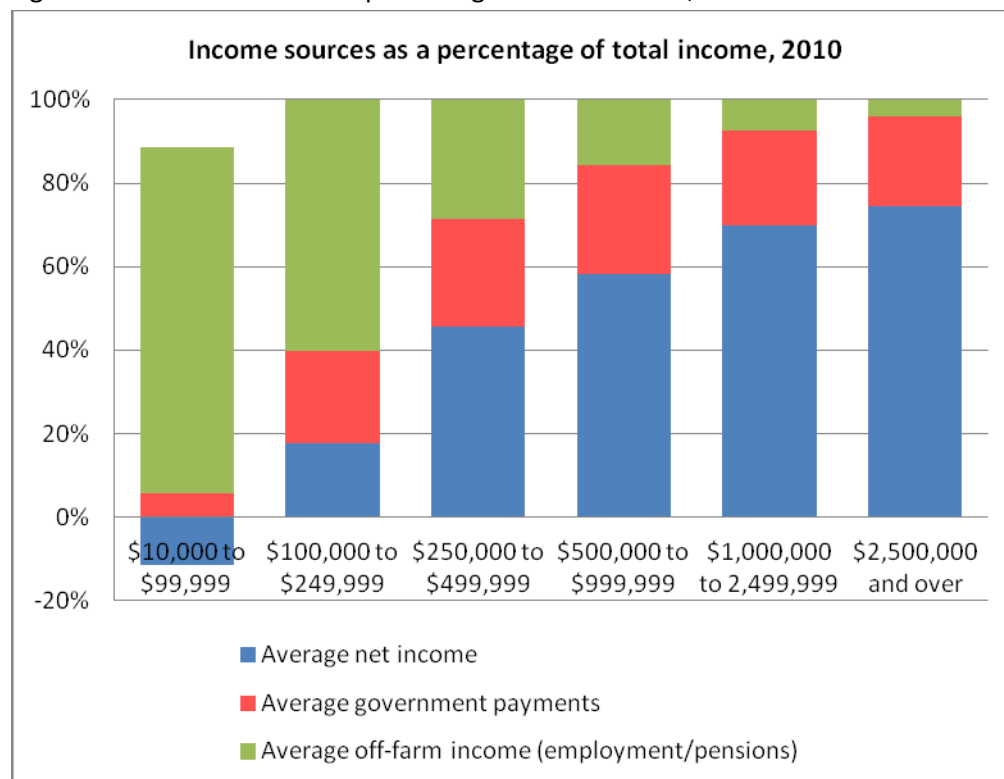


Source: Statistics Canada, Farm Financial Survey, 2010

While there is often a perception that the bulk of government payments go to smaller farms, large farms receive far greater payments on average. For instance, in 2010 the average farm selling less than \$100,000 received \$3,291 in government payments, those selling \$100,000 to \$249,999 received \$11,854, while the average farm with sales exceeding \$2.5 million received \$167,198 in government payments. However, as a percentage of sales, small farms receive more in government payments – 8.5% of sales for the smallest farms compared to 3.2% of sales for the largest farms.

Examining farm income on a proportionate basis shows that the smallest class is the one least reliant on government payments – roughly 7% of their income comes from government, compared with at least 21% for all larger classes (Figure 5). For the largest farms, government payments made up nearly 22% of their income. It is interesting to note that the composition of total income is fairly consistent for the three largest sales classes.

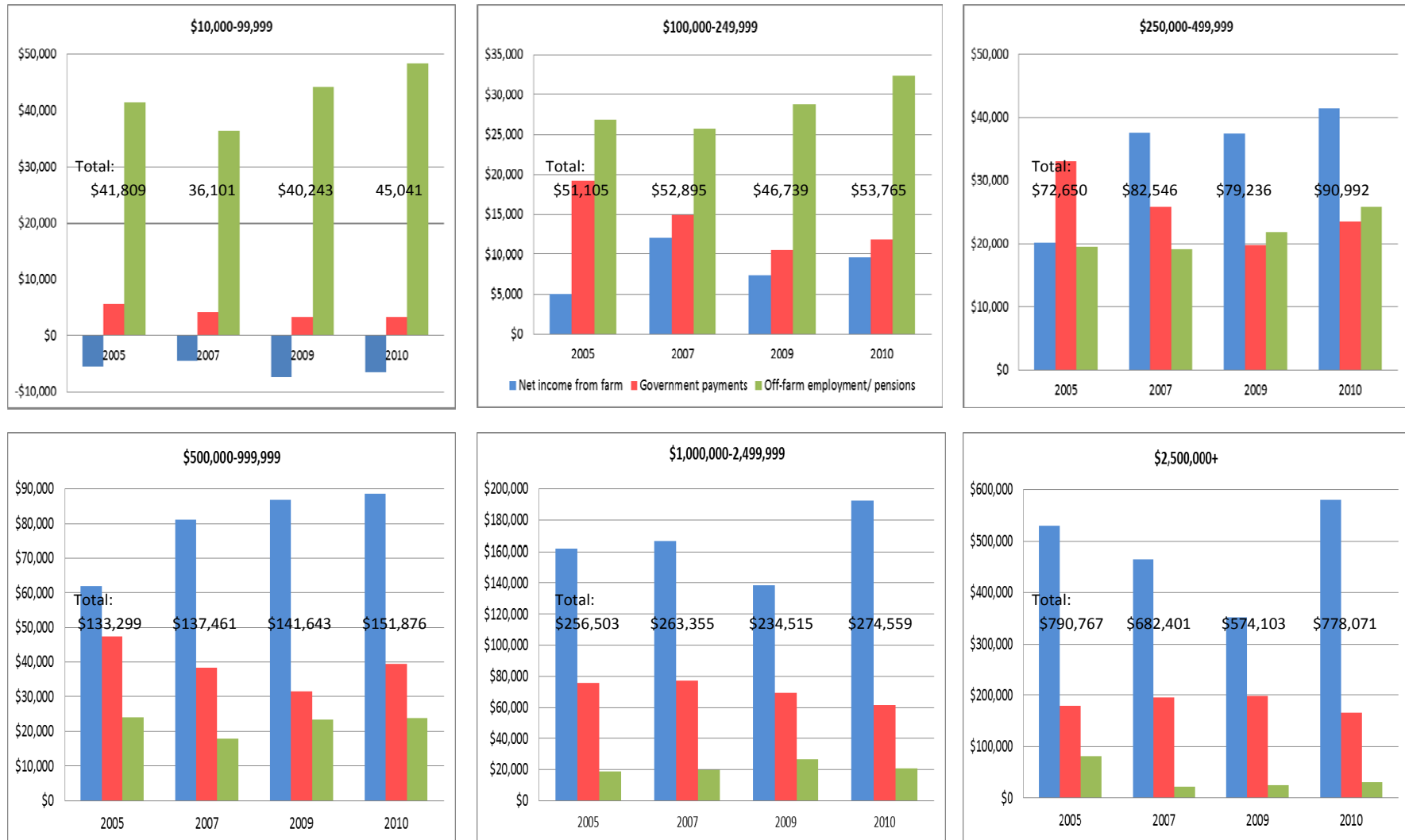
Figure 5. Income sources as a percentage of total income, 2010



Source: Statistics Canada, Farm Financial Survey, 2010

Figures 6 and 7 depict the evolution of the various components of farm income (by dollar value and as a proportion of total income) over the 2005-2010 period. Some interesting trends emerged. For instance, farm income increased for all but the smallest farms and particularly for farms selling between \$100,000 and \$1 million, with farms in the \$250,000-499,999 and \$500,000-1 million revenue classes being the only ones that did not have their operating income affected by the 2008-2009 economic recession. Government payments decreased for all farms, but particularly for the smaller ones – farms selling \$10,000-99,999 and \$100,000-249,999 saw their payments cut by 41% and 38%, respectively, while payments to farms making \$1-2.5 million and \$2.5 million and over in sales decreased by only 18% and 7%, respectively. Off-farm income increased for farms selling less than \$500,000, remained roughly the same for farms selling between \$500,000 and \$2.5 million and dropped for farms selling more than \$2.5 million. The trends in the shares of various components of farm income in total income mirror these trends.

Figure 6. Average income by source for various revenue classes, 2005-2010



Source: Statistics Canada, Farm Financial Survey, 2005, 2007, 2009, and 2010

Figure 7. Income sources as a percentage of total income for various revenue classes, 2005-2010

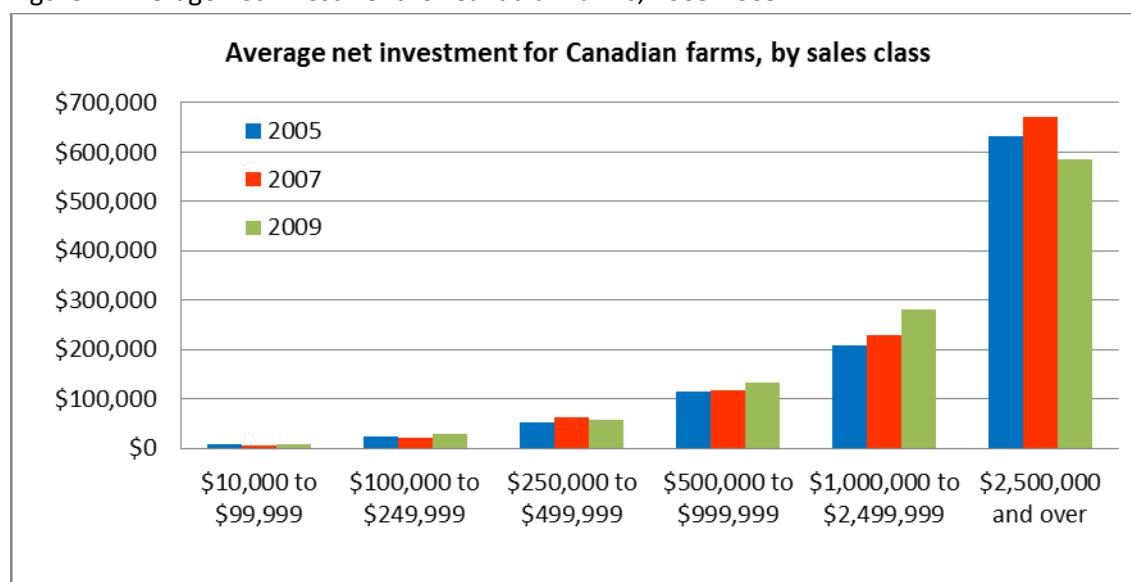


Source: Statistics Canada, Farm Financial Survey, 2005, 2007, 2009, and 2010

5. Large farms invest heavily in their businesses - so they will continue to grow in size and economic contribution

Starting in 2005, the Farm Financial Survey collects data on capital investments and sales every other year. Thus, net farm investment data are available only for 2005, 2007, and 2009. Net investment did not shift substantially over the 2005-2009 period (Figure 7). Farms in the \$500,000-1 million and \$1-2.5 million categories exhibited a gradual increase in their average investment levels, while the largest farms invested less in 2009 than in previous years, likely due to their lower average incomes. Net investment relative to sales was essentially flat for all farms at levels of 14-19% of sales. However, small farms reinvested a much lower percentage relative to assets than larger farms (0.9% of assets for farms selling \$10,000-99,999 compared with 2.7% for farms selling \$250,000-499,999 and 4.1% for farms selling \$2.5 million and over). Yet, this may be reflective of the composition of assets for different farm sizes; for the smallest farms, the house, an unproductive asset, makes up a significant proportion of the total assets.

Figure 7. Average net investment for Canadian farms, 2005-2009

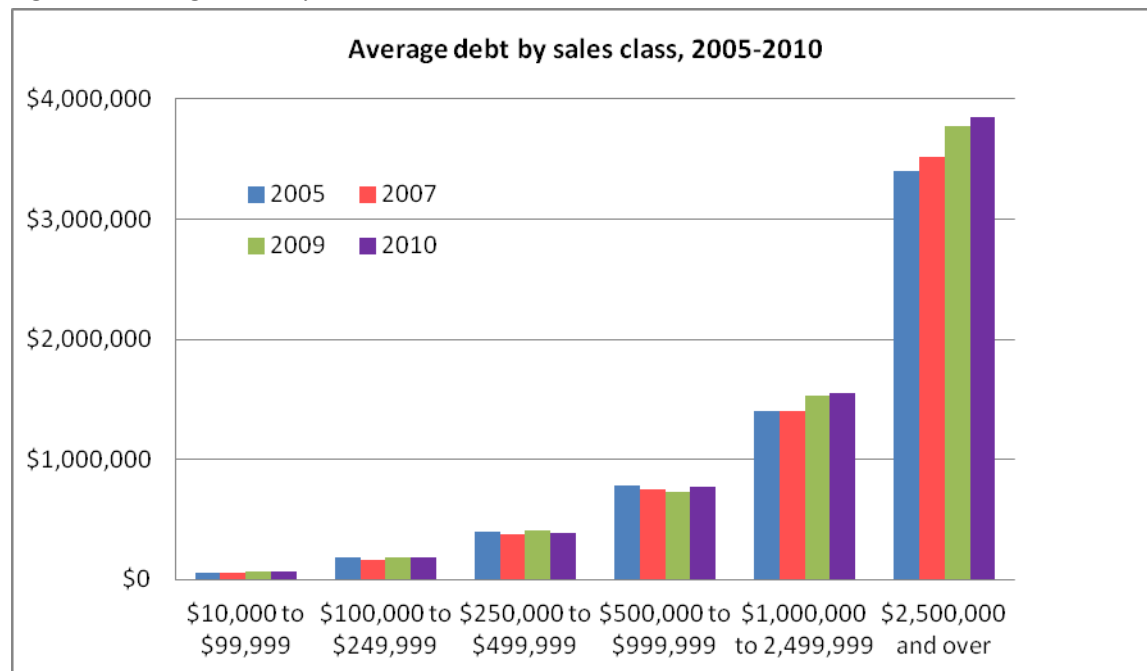


Source: Statistics Canada, Farm Financial Survey, 2005, 2007, and 2009

6. Equity rose faster than debt – particularly for small farms

Average debt remained fairly consistent across most sales classes from 2005 to 2010, although in the largest sales class, \$2.5 million and over, debt rose through the period. However, even for the largest farms, the increase in debt was less than half the amount invested by farms. On average, farms in many revenue classes managed to invest without taking on more debt. Debt-to-equity for farms selling \$10,000-249,999 fell from 14.8% in 2005 to 12% in 2010. For farms earning \$500,000 or more, debt-to-equity was higher and declined from 36.1% in 2005 to 32.5% in 2010.

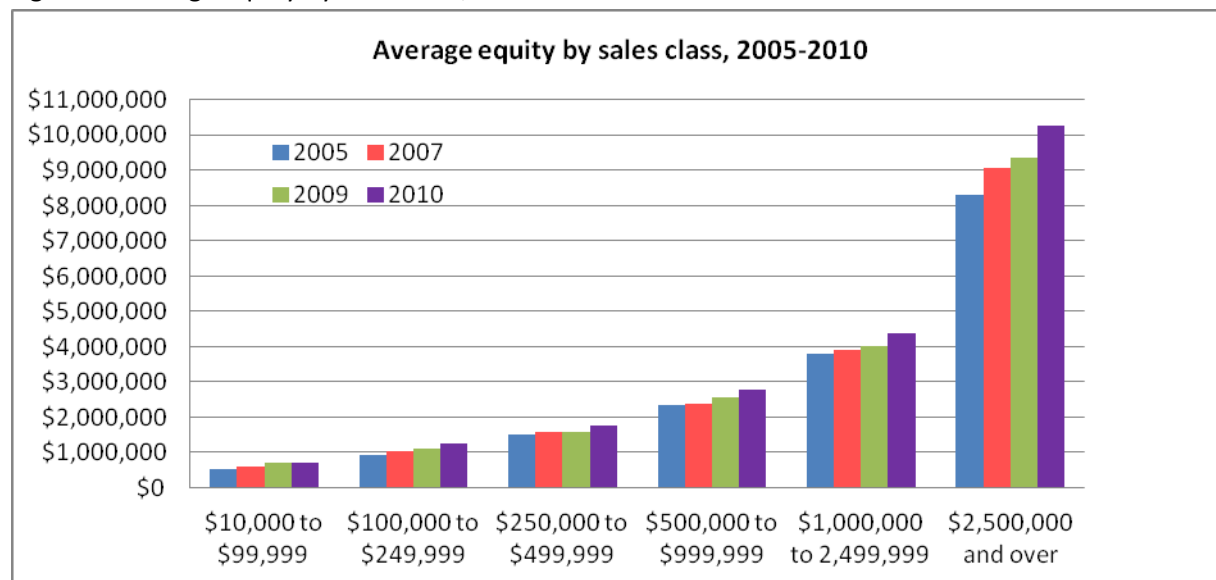
Figure 8. Average debt by sales class, 2005-2010



Source: Statistics Canada, Farm Financial Survey, 2005, 2007, 2009, and 2010

Net worth has been rising for all sales classes (Figure 9), likely due to the increasing price for land during the period. The change in net worth from 2005 to 2010 by income class is broken down in Table 6. The smallest classes of farms experienced a net worth increase of 36.6% over the period, increasing almost \$190,000 in value. Net worth increased by almost \$2 million on the largest farms, even though the percentage increase was much smaller (23.7%).

Figure 9. Average equity by sales class, 2005-2010



Source: Statistics Canada, Farm Financial Survey, 2005, 2007, 2009, and 2010

Table 6: Net worth (equity), by sales class, **2005-2010**

Sales class	2005	2007	2009	2010	Absolute change	% Change
\$10,000-99,999	\$519,050	\$607,848	\$703,038	\$709,129	\$190,079	36.62%
\$100,000-249,999	\$937,940	\$1,041,071	\$1,121,427	\$1,265,431	\$327,491	34.92%
\$250,000-499,999	\$1,502,902	\$1,585,038	\$1,582,205	\$1,754,740	\$251,838	16.76%
\$500,000-999,999	\$2,337,480	\$2,375,383	\$2,554,661	\$2,789,411	\$451,931	19.33%
\$1,000,000-2,499,999	\$3,796,820	\$3,892,145	\$4,014,668	\$4,368,978	\$572,158	15.07%
\$2,500,000 and over	\$8,290,361	\$9,070,699	\$9,344,111	\$10,251,817	\$1,961,456	23.66%

Source: Statistics Canada, Farm Financial Survey, 2005, 2007, 2009, and 2010

Sector-level analysis: Challenges continue for beef farmers; hog farmers make profits again

The sectors making up Canadian agriculture exhibit very different structure and performance. Oilseed and grain farms were the dominant sector by numbers, sales and net income in 2010 (Table 7). Beef cattle operations, while still numerous, were recovering from a higher Canadian dollar, BSE and struggling to keep pace with rising feed costs. As a sector, they lost \$63 million before government payments (which totaled \$383 million). Hog and pig farms made profits of \$31 million, after years of significant losses. The supply managed sectors, dairy and poultry, were highly profitable overall, contributing \$1.5 billion and \$470 million in net income, respectively.

Table 7. Subsectors of Canadian agriculture, **2010 vs. 2005**

Subsector	2010			
	Population	Total sales (in millions)	Total net income (in millions)	Total government payments (in millions)
Oilseed & grain	59,040	\$17,892	\$2,227	\$1,437
Beef cattle, including feedlots	36,955	\$7,419	-\$63	\$383
Dairy cattle & milk	12,840	\$6,704	\$1,514	\$175
Poultry & egg	3,265	\$3,207	\$470	\$34
Greenhouse, nursery & floriculture	3,980	\$2,453	\$286	\$44
Hog & pig	2,945	\$2,311	\$31	\$196
Other animal	10,750	\$1,543	\$1	-
Potato	905	\$1,056	\$78	\$61
Other crops	-	-	-	-
Other veg. (except potato) & melon	1,865	\$917	\$60	\$38
Fruit & tree nut	3,855	\$949	\$12	\$63

Subsector	2005			
	Population	Total sales (in millions)	Total net income (in millions)	Total government payments (in millions)
Oilseed & grain	50,420	\$8,412	-\$184	\$1,224
Beef cattle, including feedlots	45,565	\$6,339	-\$162	\$734
Dairy cattle & milk	14,675	\$5,496	\$1,236	\$208
Poultry & egg	3,200	\$2,134	\$335	\$31
Greenhouse, nursery & floriculture	3,160	\$2,444	\$299	\$57
Hog & pig	4,285	\$2,792	\$231	\$146
Other animal	9,445	\$1,334	\$95	\$86
Potato	945	\$719	\$48	\$77
Other crops	9,520	\$1,141	\$75	-
Other veg. (except potato) & melon	1,775	\$796	\$74	\$52
Fruit & tree nut	3,740	\$808	\$63	\$63

Source: Statistics Canada, Farm Financial Survey. 2005 and 2010

The breakdown of Canadian farming sectors by revenue class is highlighted in Table 8. Due to limitations on data availability and quality, the analysis was restricted to three sales classes: \$10,000-249,999, \$250,000-499,999, and \$500,000+.⁴

Table 8. Composition of Canadian farm population by farm type, **2010 vs. 2005**

Subsector	2010			Percentage of sector		
	Number of farms					
	\$10,000- \$249,999	\$250,000 -499,999	\$500,000 and over	\$10,000- \$249,999	\$250,000 -499,999	\$500,000 and over
Oilseed & grain	37,570	10,670	10,800	63.6%	18.1%	18.3%
Beef cattle, including feedlots	31,985	2,775	2,195	86.6%	7.5%	5.9%
Dairy cattle & milk	3,045	5,195	4,600	23.7%	40.5%	35.8%
Poultry & egg	545	510	2,210	16.7%	15.6%	67.7%
Greenhouse, nursery & floriculture	2,415	615	950	60.7%	15.5%	23.9%
Hog & pig	970	625	1,350	32.9%	21.2%	45.8%
Other animal	9,505	720	525	88.4%	6.7%	4.9%
Potato	225	105	575	24.9%	11.6%	63.5%
Other crops	7,990	-	370	-	-	-
Other veg. (except potato) & melon	1,210	175	480	64.9%	9.4%	25.7%
Fruit & tree nut	2,940	490	425	76.3%	12.7%	11.0%

⁴ In a previous paper (Sparling, Laughland, and Mitura (2008), Are Canada's Large Farms Really Different?, available online at <http://www.statcan.gc.ca/pub/21-004-x/21-004-x2007001-eng.pdf>), we examined farms using two classes – under and over \$250,000 of sales annually. In this paper, we added a third category of farms – those with sales of over \$500,000. Farms with sales of \$250,000-499,999 could be considered small-medium sized commercial-scale farms.

Subsector	2005					
	Number of farms			Percentage of sector		
	\$10,000- \$249,999	\$250,000 -499,999	\$500,000 and over	\$10,000- \$249,999	\$250,000 -499,999	\$500,000 and over
Oilseed & grain	39,120	7,260	4,040	77.6%	14.4%	8.0%
Beef cattle, including feedlots	40,805	2,960	1,800	89.6%	6.5%	4.0%
Dairy cattle & milk	5,640	5,825	3,210	38.4%	39.7%	21.9%
Poultry & egg	845	890	1,465	26.4%	27.8%	45.8%
Greenhouse, nursery & floriculture	1,740	480	940	55.1%	15.2%	29.7%
Hog & pig	1,585	1,090	1,610	37.0%	25.4%	37.6%
Other animal	8,570	475	400	90.7%	5.0%	4.2%
Potato	270	170	505	28.6%	18.0%	53.4%
Other crops	8,235	880	405	86.5%	9.2%	4.3%
Other veg. (except potato) & melon	1,025	320	430	57.7%	18.0%	24.2%
Fruit & tree nut	2925	465	350	78.2%	12.4%	9.4%

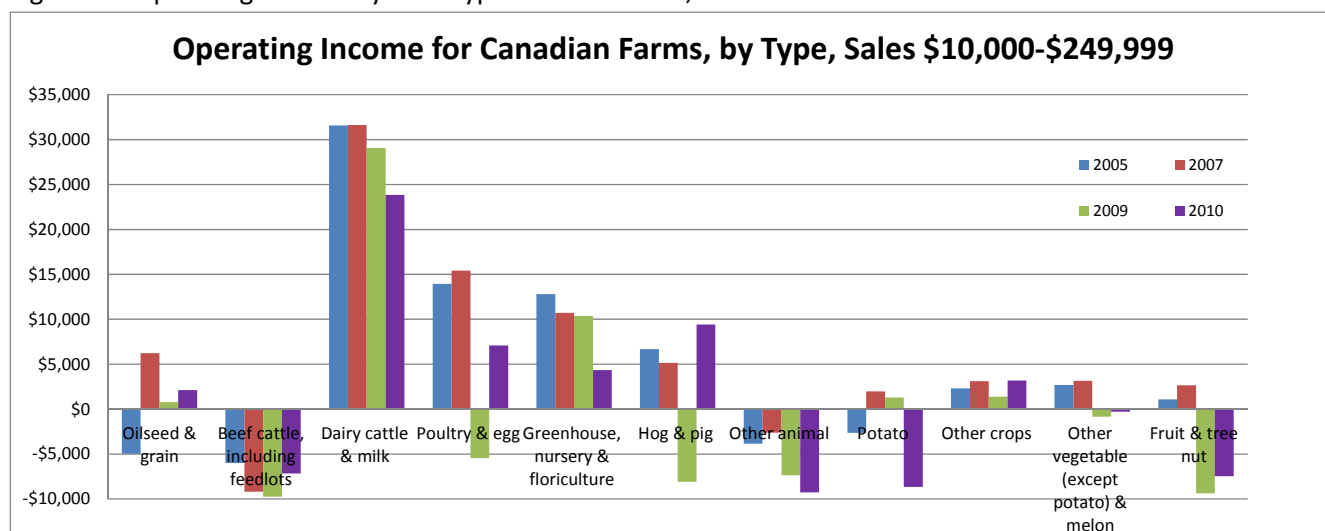
Source: Statistics Canada, Farm Financial Survey. 2005 and 2010

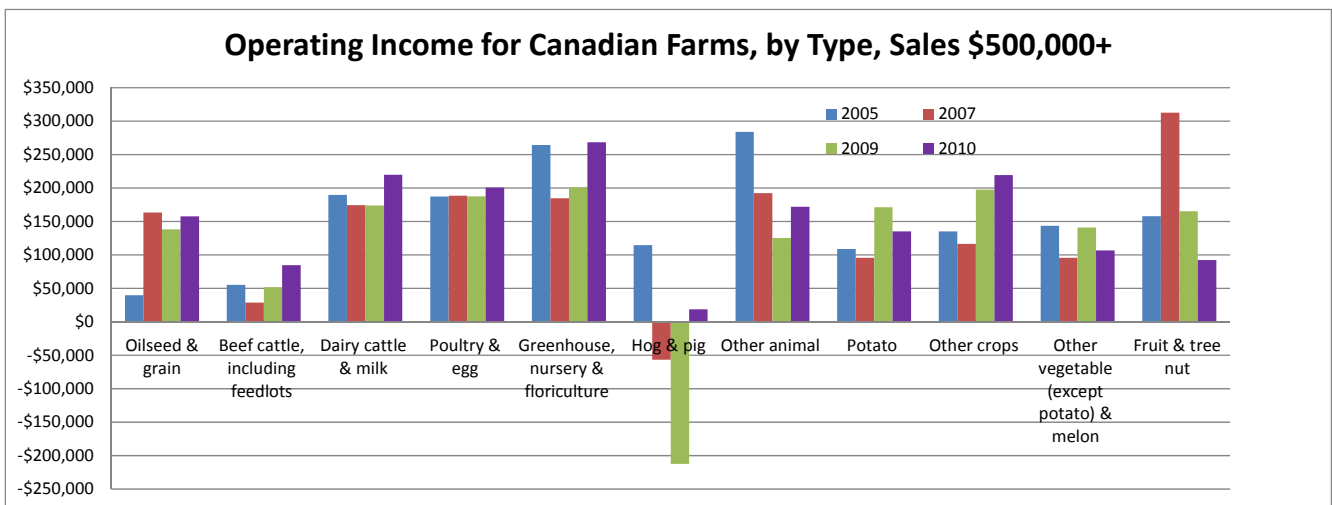
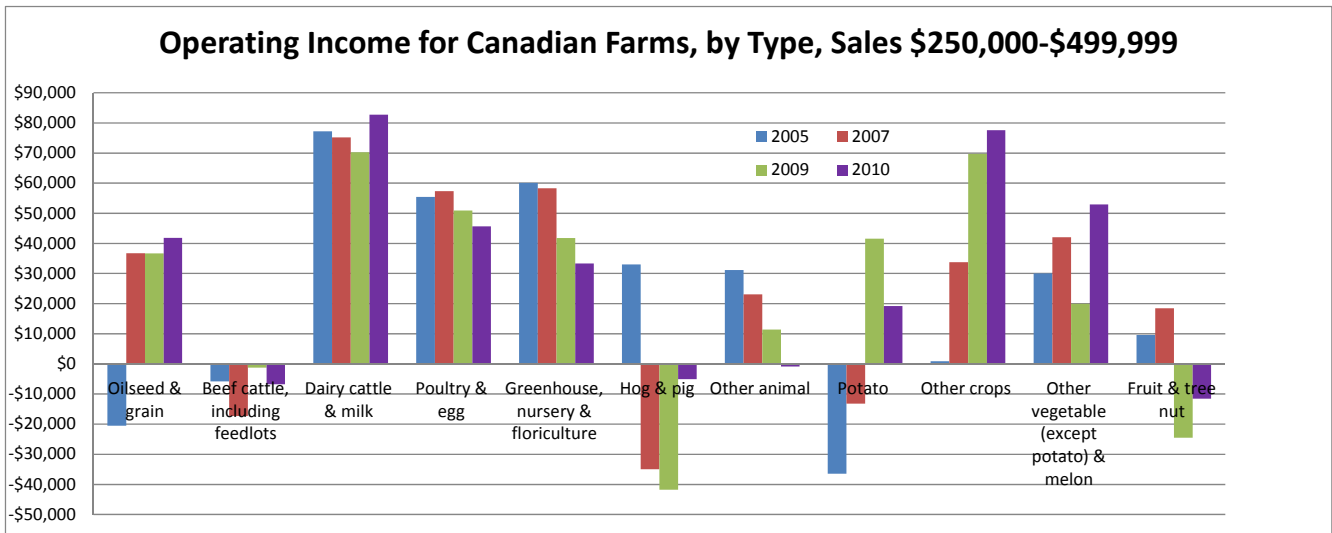
Operating incomes for small farms (\$10,000-249,999) were highest across all years for dairy producers (Figure 10). Several farm types in this sales class experienced drastic declines in farm income in 2010 compared to 2005, including other vegetable and melon farming, potato, fruit and tree nut farming, and other animal production. Each of these farm types lost money on average, as did beef farmers (who continued the trend from 2005, 2007, and 2009).

Medium sized farms (\$250,000-499,999 in sales) did substantially better, though fruit and tree nut farmers, beef farmers, hog and pig farmers, and other animal production lost money in 2010. Dairy, other crops, and other vegetable and melon farms captured the highest operating incomes.

Large sized farms (\$500,000 and over in sales) present a startlingly different picture. All farm types had positive net incomes in 2010. Also interesting was the fact that except for hog and beef farms, who were hit hard by the rising Canadian dollar, large farms exhibited less variation in income across farm types.

Figure 10. Operating income by farm type and sales class, 2005-2010

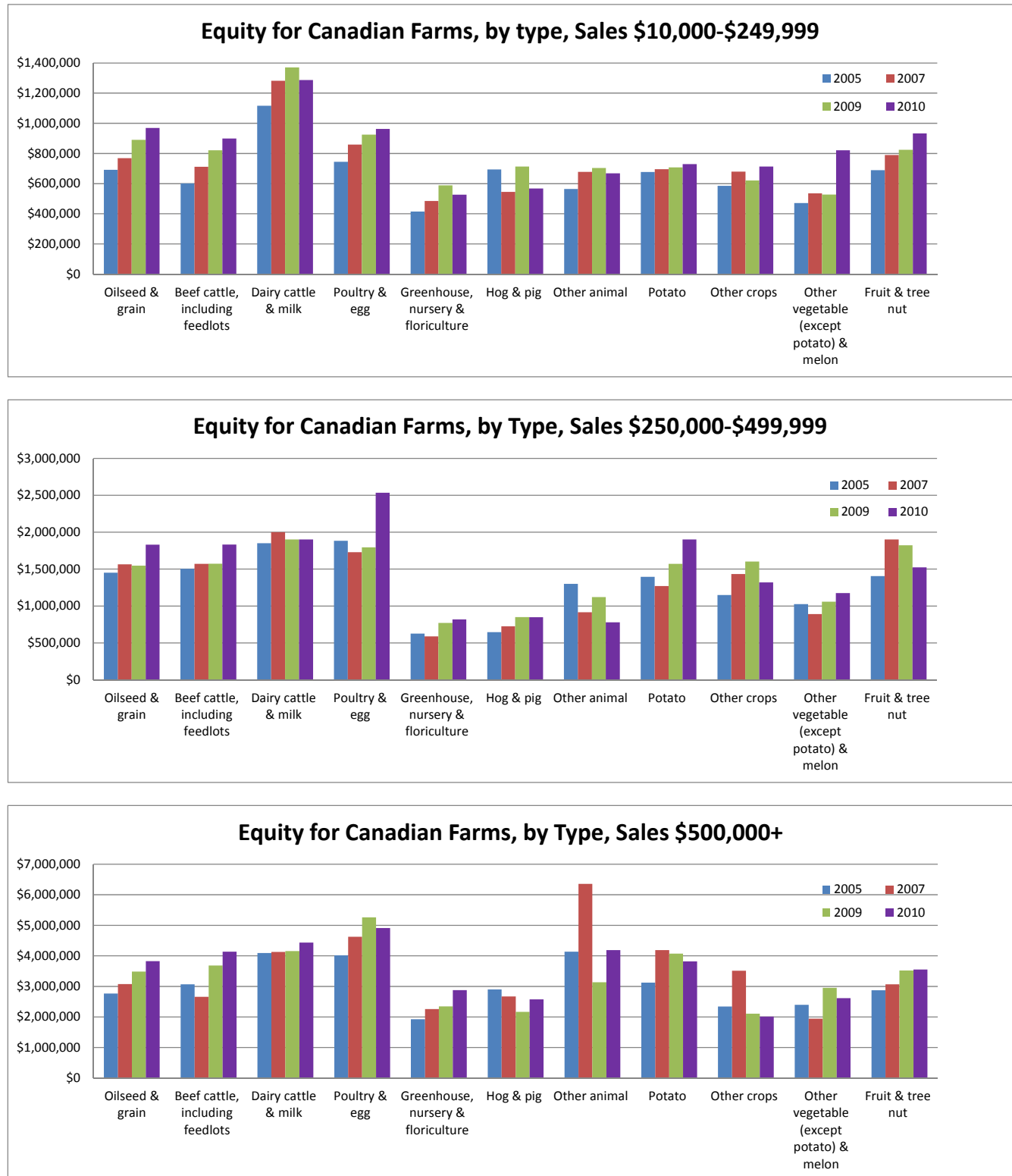




Source: Statistics Canada, Farm Financial Survey, 2005, 2007, 2009 and 2010

Equity rose between 2005 and 2010 for most types of small farms. There was less consistency in net worth changes across medium and large farms, though the majority of classes showed an increase in net worth from 2005 to 2010 (Figure 11).

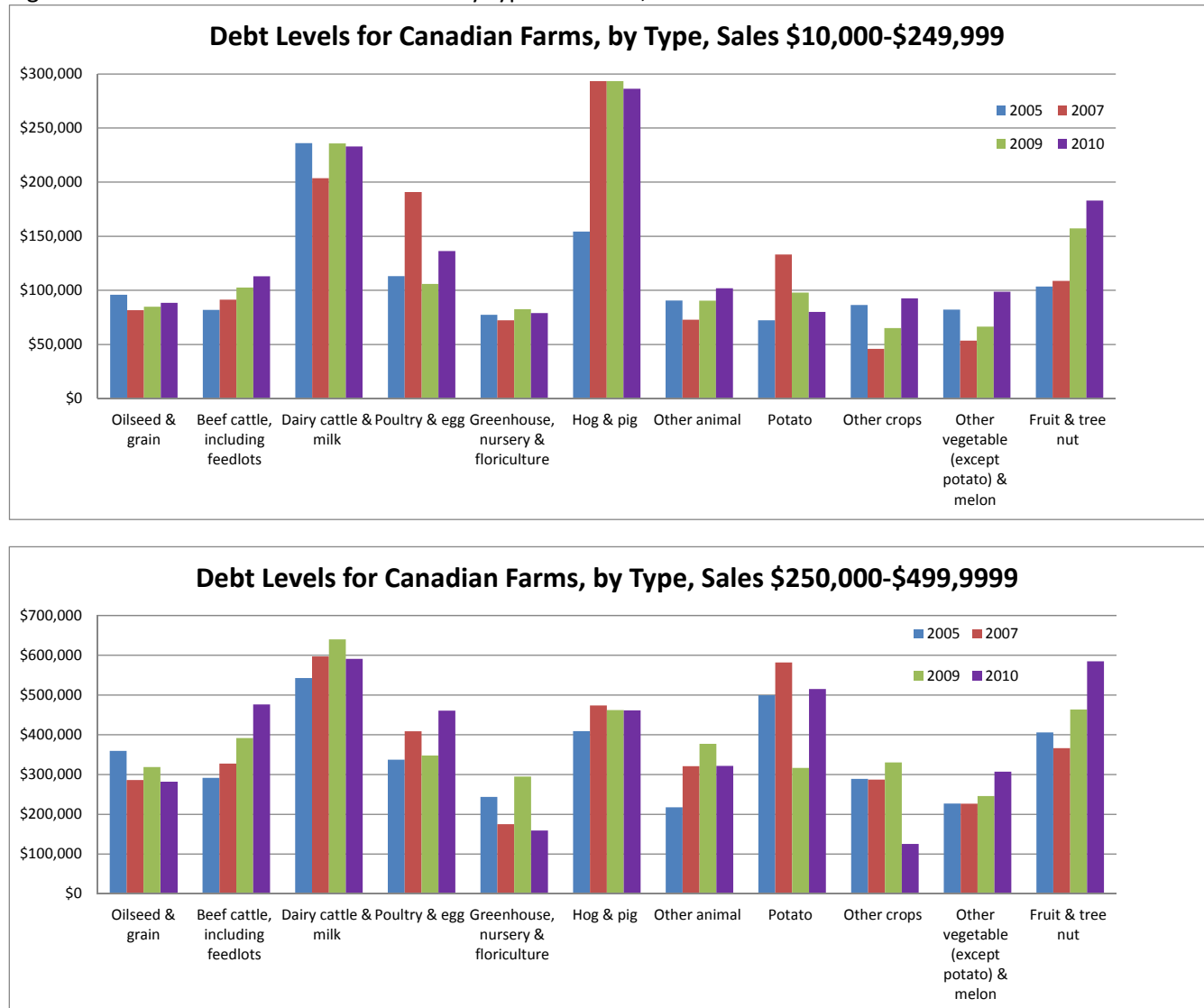
Figure 11. Equity by farm type and sales class, 2005-2010

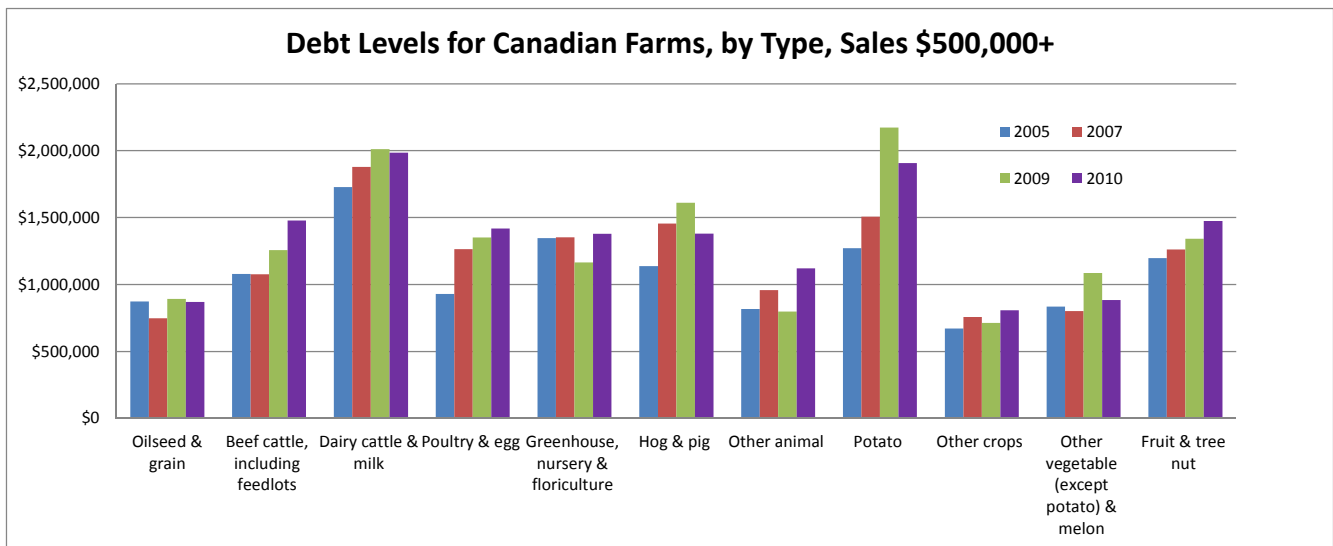


Source: Statistics Canada, Farm Financial Survey, 2005, 2007, 2009 and 2010

The challenges faced by hog farmers resulted in increased debt for all sized farms although they have started to reduce debt from their peak levels. Next to hog and pig farmers, dairy farmers had the highest debt levels among small farms, likely owing to the capital-intensive nature of their operations. Debt levels for other small farms did not show a dominant trend, except for beef cattle and fruit and tree nut farmers, whose average debt rose in 2010. For medium and large farms, debt trended upward for most farm types between 2005 and 2010 except for oilseed and grain, other crops, greenhouse, nursery and floriculture.

Figure 12. Debt levels for Canadian farms by type and sales, 2005-2010

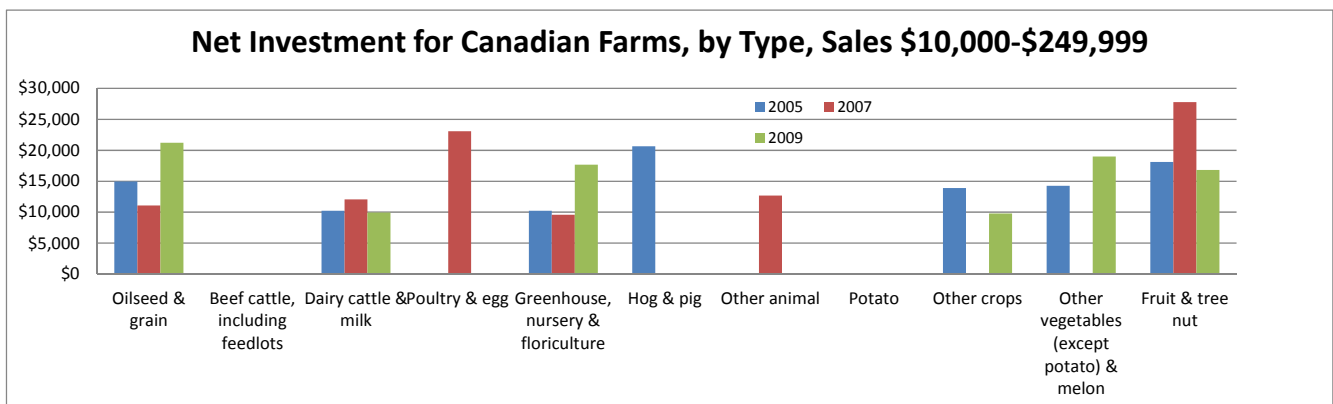


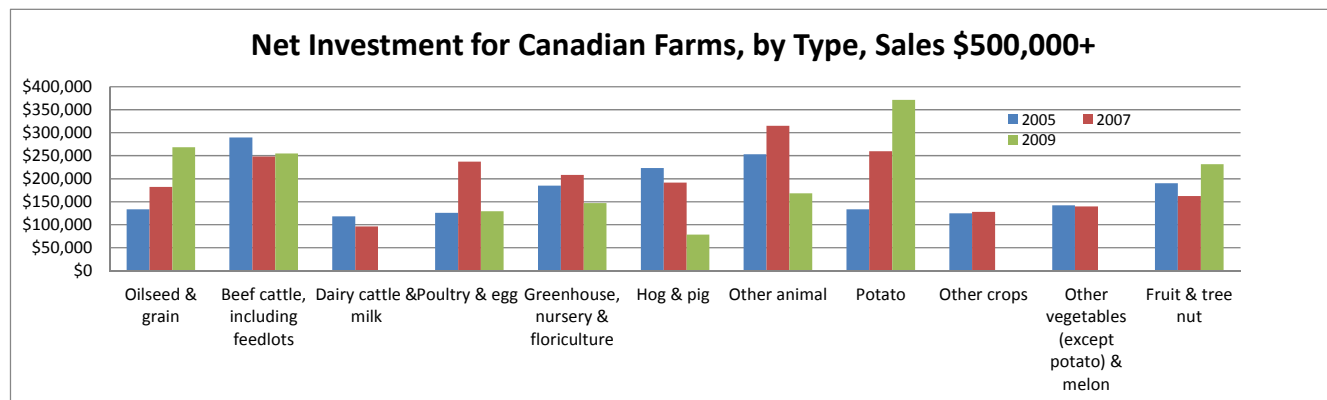
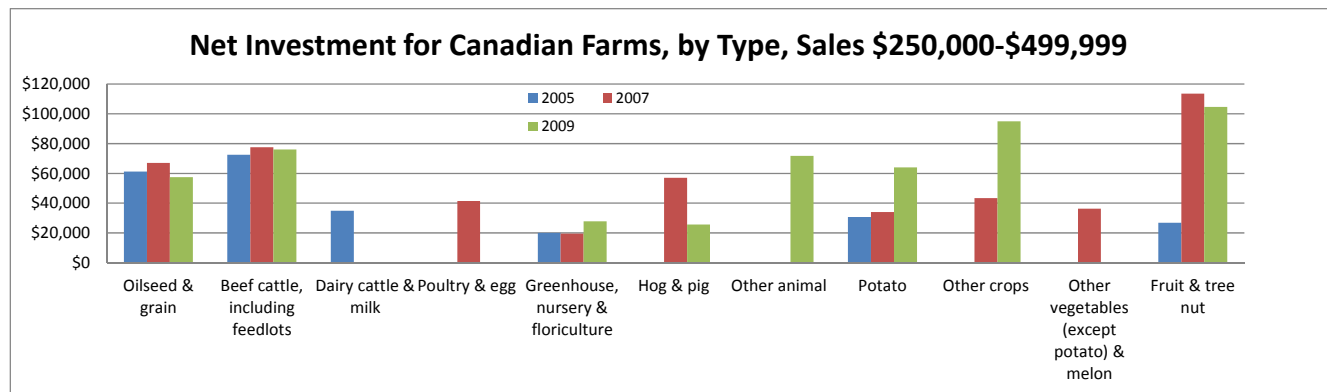


Source: Statistics Canada, Farm Financial Survey, 2005, 2007, 2009 and 2010

As mentioned earlier, data on capital investments and sales are available only for 2005, 2007, and 2009. Net investment (capital assets purchased less those sold in a given year) varies quite substantially by industry (Figure 13). While much of the data for the small and medium sized farms was not of sufficient quality due to sample size (accounting for the gaps in the bar charts below), it is clear that dairy farms were the big investors – likely owing to the capital-intensive nature of their operations. Among the farms selling at least \$500,000, higher grain prices were reflected in the increase in investment among grains and oilseeds farmers. The higher incomes experienced by both medium and large size potato farmers resulted in higher levels of investment. Hog farmers, by contrast, clearly cut their investments over the period.

Figure 13. Net investment by farm type and sales class, 2005-2009



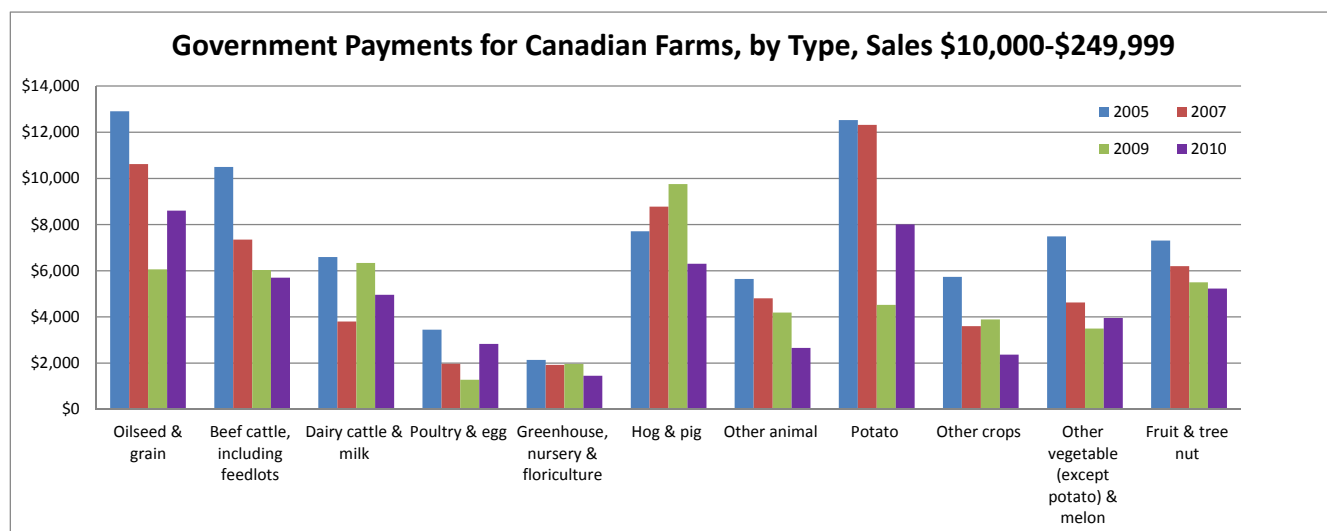


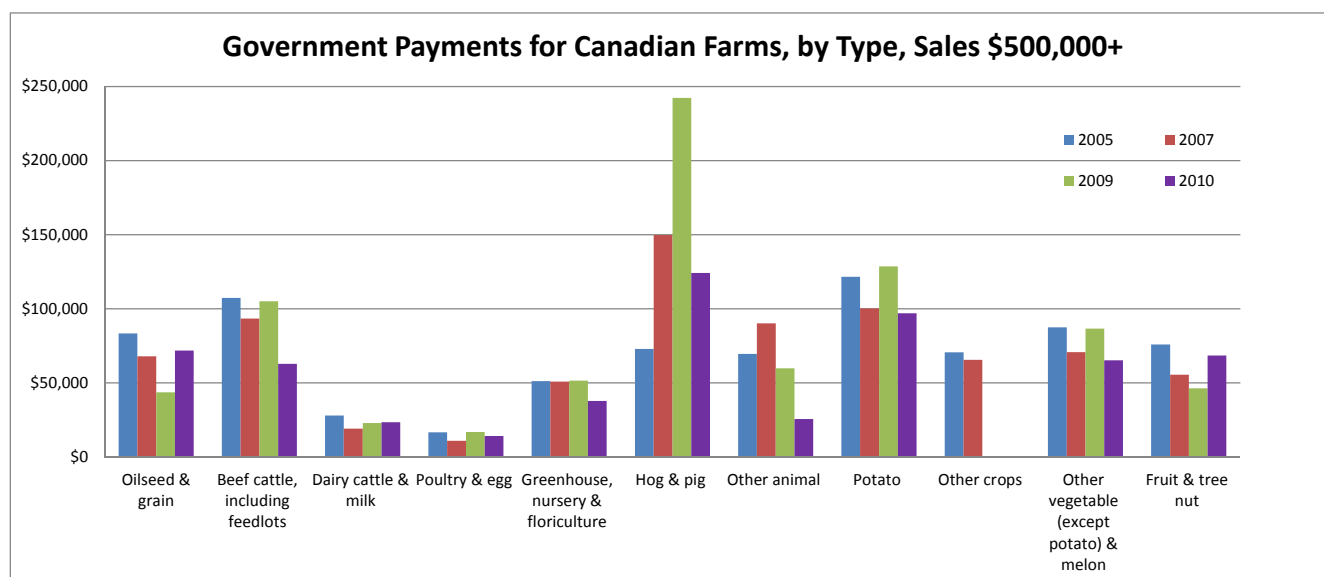
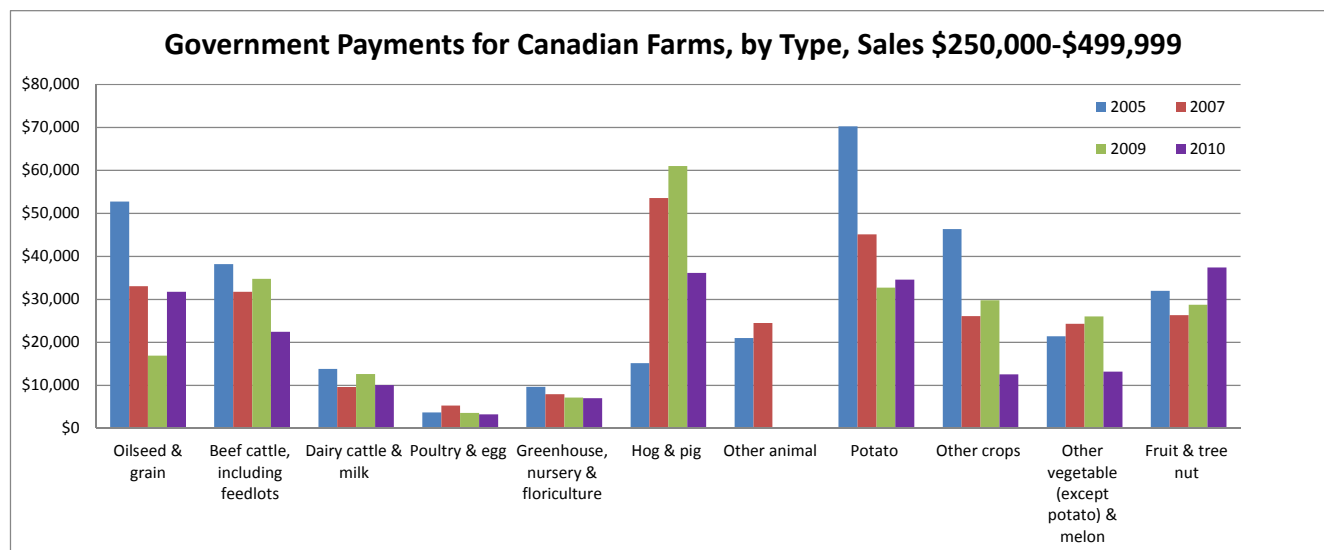
Source: Statistics Canada, Farm Financial Survey, 2005, 2007, 2009 and 2010

Government payments for small farms ranged from less than \$1,500 on average for greenhouse, nursery and floriculture farms to more than \$8,600 on average for oilseed and grain farmers. Between 2005 and 2010, government assistance declined for all farms in this sales class, but particularly for beef, other animal, other crops, and other vegetable and melon producers.

Government assistance targeted at hog and pig farmers was more pronounced for medium and large farms. Assistance declined for most other sectors, though for large farms, the decline was less pronounced.

Figure 14. Government payments by farm type and sales class, 2005-2010





Source: Statistics Canada, Farm Financial Survey, 2005, 2007, 2009 and 2010

Implications and conclusions

Although the global agricultural industry experienced a quantum shift between 2005 and 2010, the changes experienced by Canadian farmers were much more subtle, more of a continuation of past trends rather than a radical shift in direction.

Some things didn't change:

- **Small farms continue to dominate in numbers** but their numbers and economic impact continue to diminish. However, since small farms are generally sustained by off-farm income they are unlikely to disappear.
- **Scale matters** in farming on almost every dimension - income, investment and government payments.
- **Larger farms will continue** as the largest farms in almost every sector invest ten times or more than the smallest farms.

Several sectors experienced a reversal of fortunes but in different directions.

- **Grain farmers have entered a new period of prosperity** – Higher grain prices around the world revived the grain and oilseed sector, leading to somewhat higher incomes, increased net worth and significantly higher levels of investment. As a consequence, government payments to the sector declined. The opposite was true for beef and hog farmers, who were both challenged by the rising Canadian dollar and higher feed costs. For most farmers in the meat business - beef, hog and other animal farmers - incomes dropped and debt levels rose. Government payments rose for hog farms but dropped or remained flat for the others. However, equity rose for most of these farms, except the largest hog and other animal farms. The meat industry is showing signs of a recovery, one that has continued since 2010.

Discussion

More than ever before size matters. And more than ever before producers, investors and policy makers need to recognize and respect the nature and demands of the business of agriculture.

In this light, the policies around the smallest farms must be reconsidered. Farms selling less than \$100,000 continue to lose money on average, just as they have for decades. They are generally part time ventures with the major family income earned off-farm. Investments in their farms amount to only a few thousand dollars a year so they fall further and further behind larger farms in terms of efficiency (assets per dollar sales) and productivity, exacerbating the cycle of negative returns. But since they make up 46.2% of Canadian farms, they negatively skew any aggregate measures of farm income. It's time to reassess the minimum levels for accessing many of the government programs. Should they be moved to \$25,000 or \$50,000 in annual sales? The smallest farms form part of the landscape of Canadian agriculture but they are not a significant economic force in the industry and do not represent the future for the industry.

Almost 70% of Canadian farms sold less than \$250,000 annually and contributed only 16.4% of total agricultural sales in 2010. These small farms are, to a great extent, not profitable or economically viable. This continues the dilemma for policy makers. Do they continue to focus significant resources on farms that may never be profitable, are not investing in their business, and whose primary income source is off-farm? The question that continually challenges governments is how they should distribute scarce program resources. Do they target their efforts at farm numbers - the 70% of the population - or at farm production – the 83.6% of farms sales but only 30% of the population? Yes agriculture is a unique industry and yes it has its unique challenges. This paper does not suggest that government programs should be removed in their entirety; there is a time and place for that type of support. This paper does highlight that over \$224 million was distributed to businesses that failed to make money in 2010 due in large part to their reluctance and/or inability to build a business that can compete in the industry. This value climbs to over \$611 million if we consider businesses at the margin.

Large sized farms (\$500,000 and over in sales) present a startlingly different picture. These farms have scale and efficiencies that produce revenues and profits that sustain business. At this level all farm types had positive operating margins in 2010. Also interesting was the fact that except for hog and beef farms who were hit particularly hard by the rising Canadian dollar, large farms exhibited much less variation in income across farm types. Reinforcing that scale is a critical factor to success, perhaps more so than commodity or farm type.

Appendix 1: Summary of Canadian farms by sales class, **2010 vs. 2005**

2010												
Sales class	Number of farms	% of gross Canadian farm sales	% of gross Canadian govt payments	Average sales per farm	Average net income per farm ⁵	Average govt payments per farm	Average govt payments (% of net income)	Average off-farm income	Average assets	Average liabilities	Average net investment ⁶	Average net worth
\$10,000 - \$99,999	68,200	5.8%	8.8%	\$38,893	-\$6,633	\$3,291	-	\$48,383	\$779,801	\$70,672	\$7,863	\$709,129
\$100,000 - \$249,999	32,620	10.6%	15.2%	\$149,454	\$9,559	\$11,854	124.0%	\$32,352	\$1,448,202	\$182,771	\$28,105	\$1,265,431
\$250,000 - \$499,999	22,250	15.9%	20.6%	\$328,144	\$41,583	\$23,468	56.4%	\$25,941	\$2,145,917	\$391,177	\$57,518	\$1,754,740
\$500,000 - \$999,999	15,140	21.4%	23.6%	\$649,275	\$88,628	\$39,506	44.6%	\$23,742	\$3,557,161	\$767,750	\$133,119	\$2,789,411
\$1,000,000 - 2,499,999	7,450	22.8%	18.1%	\$1,406,662	\$192,251	\$61,674	32.1%	\$20,634	\$5,920,716	\$1,551,738	\$281,882	\$4,368,978
\$2,500,000 and over	2,085	23.5%	13.7%	\$5,180,515	\$579,930	\$167,198	28.8%	\$30,943	\$14,101,584	\$3,849,767	\$586,195	\$10,251,817
Total	147,745	100.0%	100.0%	-	-	-	-	-	-	-	-	-

⁵ Excluding government payments.

⁶ These are 2009 numbers – starting in 2005, the data on farm capital investments and sales are only collected every other year.

Appendix 1: Summary of Canadian farms by sales class, **2010 vs. 2005** (continued)

2005												
Sales class	Number of farms	% of gross Canadian farm sales	% of gross Canadian govt payments	Average sales per farm	Average net income per farm ⁷	Average govt payments per farm	Average govt payments (% of net income)	Average off-farm income	Average assets	Average liabilities	Average net investment ⁸	Average net worth
\$10,000 - \$99,999	75,240	8.5%	15.0%	\$36,921	-\$5,370	\$5,595	-	\$41,584	\$573,886	\$54,836	\$8,309	\$709,129
\$100,000 - \$249,999	36,455	15.9%	25.0%	\$141,740	\$5,009	\$19,217	383.6%	\$26,879	\$1,122,146	\$184,206	\$22,659	\$1,265,431
\$250,000 - \$499,999	20,835	19.9%	24.6%	\$310,619	\$20,107	\$33,019	164.2%	\$19,524	\$1,896,899	\$393,997	\$51,445	\$1,754,740
\$500,000 - \$999,999	10,195	19.7%	17.2%	\$628,151	\$61,951	\$47,344	76.4%	\$24,004	\$3,120,983	\$783,503	\$114,808	\$2,789,411
\$1,000,000 - 2,499,999	3,700	15.3%	10.0%	\$1,340,577	\$162,100	\$75,643	46.7%	\$18,760	\$5,195,951	\$1,399,130	\$207,854	\$4,368,978
\$2,500,000 and over	1,275	20.7%	8.2%	\$5,270,430	\$530,715	\$179,436	33.8%	\$80,616	\$11,687,033	\$3,396,672	\$631,400	\$10,251,817
Total	147,700	100.0%	100.0%	-	-	-	-	-	-	-	-	-

⁷ Id. 4.⁸ Id. 5.

Appendix 2. Summary of Canadian farms, by type, **2010 vs. 2005**

Farm type	Sales class	Population	Average sales	Average govt payments	Average margin	Average net income ⁹	Average total assets	Average liabilities	Average net investment ¹⁰	Average net worth
Oilseed & grain	\$10,000-\$249,999	37,570	\$89,058	\$8,601	2.38%	\$2,120	\$1,057,956	\$88,495	\$19,395	\$969,461
	\$249,999-\$500,000	10,670	\$319,132	\$31,746	13.12%	\$41,860	\$2,113,086	\$282,839	\$54,708	\$1,830,247
	\$500,000+	10,800	\$1,031,585	\$71,762	15.26%	\$157,449	\$4,695,613	\$870,237	\$255,197	\$3,825,377
Potato	\$10,000-\$249,999	225	\$78,746	\$8,008	-11.01%	-\$8,673	\$809,479	\$80,000	-	\$729,479
	\$249,999-\$500,000	105	\$334,800	\$34,578	5.74%	\$19,202	\$2,415,000	\$515,152	\$63,734	\$1,899,849
	\$500,000+	575	\$1,745,257	\$96,982	7.76%	\$135,451	\$5,730,626	\$1,908,083	\$353,186	\$3,822,544
Other veg (excl. potato) & melon	\$10,000-\$249,999	1,210	\$82,660	\$3,952	-0.35%	-\$293	\$920,092	\$98,805	\$17,339	\$821,287
	\$249,999-\$500,000	175	\$372,184	\$13,185	14.22%	\$52,912	\$1,483,096	\$307,326	-	\$1,175,770
	\$500,000+	480	\$1,565,770	\$65,300	6.81%	\$106,643	\$3,497,819	\$883,626	-	\$2,614,193
Fruit & tree nut	\$10,000-\$249,999	2,940	\$65,959	\$5,235	-11.33%	-\$7,472	\$1,115,405	\$183,085	\$16,496	\$932,320
	\$249,999-\$500,000	490	\$312,553	\$37,407	-3.68%	-\$11,516	\$2,108,009	\$584,509	\$101,998	\$1,523,500
	\$500,000+	425	\$1,416,775	\$68,494	6.52%	\$92,401	\$5,029,305	\$1,475,375	\$223,283	\$3,553,930
Greenhouse, nursery & floriculture	\$10,000-\$249,999	2,415	\$67,757	\$1,455	6.43%	\$4,357	\$605,919	\$79,017	\$17,618	\$526,903
	\$249,999-\$500,000	615	\$335,968	\$7,045	9.91%	\$33,309	\$976,367	\$158,809	\$26,963	\$817,558
	\$500,000+	950	\$2,192,155	\$37,764	12.24%	\$268,279	\$4,257,463	\$1,379,021	\$137,158	\$2,878,443
Other crops	\$10,000-\$249,999	7,990	\$46,440	\$2,372	6.88%	\$3,193	\$806,258	\$92,600	\$8,793	\$713,658
	\$249,999-\$500,000	-	\$324,703	\$12,532	23.88%	\$77,555	\$1,444,980	\$125,321	\$93,052	\$1,319,659
	\$500,000+	370	\$1,200,341	-	18.27%	\$219,258	\$2,818,212	\$808,118	-	\$2,010,094
Beef cattle, including feedlots	\$10,000-\$249,999	31,985	\$62,804	\$5,701	-11.41%	-\$7,167	\$1,012,590	\$112,918	\$9,204	\$899,671
	\$249,999-\$500,000	2,775	\$322,089	\$22,455	-2.10%	-\$6,767	\$2,309,955	\$476,233	-	\$1,833,721
	\$500,000+	2,195	\$2,057,420	\$62,907	4.11%	\$84,498	\$5,617,331	\$1,476,993	-	\$4,140,338
Dairy cattle & milk	\$10,000-\$249,999	3,045	\$159,938	\$4,959	14.90%	\$23,838	\$1,519,502	\$233,017	-	\$1,286,485
	\$249,999-\$500,000	5,195	\$353,028	\$10,053	23.44%	\$82,763	\$2,491,815	\$591,184	\$73,803	\$1,900,631
	\$500,000+	4,600	\$952,838	\$23,500	23.07%	\$219,856	\$6,419,356	\$1,984,403	\$252,792	\$4,434,953

⁹ Id. 4.¹⁰ Id. 5.

Hog & pig	\$10,000-\$249,999	970	\$111,442	\$6,299	8.44%	\$9,406	\$853,997	\$286,385	-	\$567,612
	\$249,999-\$500,000	625	\$310,307	\$36,149	-1.62%	-\$5,035	\$1,309,918	\$461,441	\$24,628	\$848,477
	\$500,000+	1,350	\$1,487,829	\$124,224	1.25%	\$18,548	\$3,957,213	\$1,379,931	\$77,420	\$2,577,282
Poultry & egg	\$10,000-\$249,999	545	\$91,585	\$2,835	7.72%	\$7,067	\$1,098,790	\$136,323	-	\$962,466
	\$249,999-\$500,000	510	\$371,216	\$3,236	12.30%	\$45,643	\$2,995,070	\$460,297	\$70,814	\$2,534,773
	\$500,000+	2,210	\$1,342,988	\$14,151	14.93%	\$200,553	\$6,327,436	\$1,418,123	\$160,619	\$4,909,313
Other animal	\$10,000-\$249,999	9,505	\$54,360	\$2,657	-17.07%	-\$9,279	\$770,428	\$101,839	-	\$668,589
	\$249,999-\$500,000	720	\$292,093	-	-0.28%	-\$811	\$1,102,247	\$321,646	-	\$780,601
	\$500,000+	525	\$1,555,110	\$25,603	11.06%	\$171,935	\$5,306,788	\$1,120,895	-	\$4,185,893

Appendix 2. Summary of Canadian farms, by type 2010 vs. 2005 (continued)

2005										
Farm type	Sales class	Population	Average sales	Average govt payment	Average margin	Average net income ¹¹	Average total assets	Average liabilities	Average net investment ¹²	Average net worth
Oilseed & grain	\$10,000-\$249,999	39,120	\$78,156	\$12,897	-6.4%	-\$4,985	\$787,476	\$95,946	\$14,934	\$691,530
	\$249,999-\$500,000	7,260	\$291,388	\$52,746	-7.1%	-\$20,545	\$1,810,598	\$359,377	\$61,255	\$1,451,220
	\$500,000+	4,040	\$801,737	\$83,386	4.9%	\$39,616	\$3,638,696	\$873,289	\$133,667	\$2,765,407
Potato	\$10,000-\$249,999	270	\$86,594	\$12,527	-3.1%	-\$2,659	\$749,505	\$72,320	-	\$677,185
	\$249,999-\$500,000	170	\$314,234	\$70,247	-11.6%	-\$36,468	\$1,893,989	\$499,554	\$30,693	\$1,394,435
	\$500,000+	505	\$1,272,528	\$121,634	8.6%	\$109,110	\$4,396,913	\$1,271,07	\$130,638	\$3,125,839
Other veg (excl. potato) & melon	\$10,000-\$249,999	1,025	\$80,502	\$7,493	3.3%	\$2,690	\$553,691	\$82,190	\$14,263	\$471,501
	\$249,999-\$500,000	320	\$310,663	\$21,411	9.7%	\$30,014	\$1,253,564	\$226,891	-	\$1,026,673
	\$500,000+	430	\$1,428,916	\$87,489	10.1%	\$143,648	\$3,231,206	\$834,028	\$142,148	\$2,397,178
Fruit & tree nut	\$10,000-\$249,999	2,925	\$67,343	\$7,305	1.6%	\$1,098	\$792,654	\$103,419	\$18,110	\$689,235
	\$249,999-\$500,000	465	\$303,911	\$32,001	3.2%	\$9,640	\$1,811,160	\$405,997	\$26,794	\$1,405,163
	\$500,000+	350	\$1,343,403	\$75,875	11.8%	\$158,063	\$4,068,848	\$1,197,35	\$190,081	\$2,871,498
Greenhouse,	\$10,000-\$249,999	1,740	\$93,558	\$2,138	13.7%	\$12,807	\$491,878	\$77,280	\$10,219	\$414,598

¹¹ Id. 4.¹² Id. 5.

Six Years That Changed Agriculture

David Sparling and Nicoleta Uzea

nursery & floriculture	\$249,999-\$500,000	480	\$331,342	\$9,672	18.1%	\$60,100	\$869,684	\$243,526	\$20,016	\$626,158
	\$500,000+	940	\$2,257,226	\$51,222	11.7%	\$264,135	\$3,269,802	\$1,346,777	\$184,844	\$1,923,028
Other crops	\$10,000-\$249,999	8,235	\$52,683	\$5,734	4.4%	\$2,324	\$671,230	\$86,434	\$13,886	\$584,797
	\$249,999-\$500,000	880	\$289,261	\$46,340	0.3%	\$858	\$1,437,518	\$289,092	-	\$1,148,426
	\$500,000+	405	\$1,117,271	\$70,570	12.1%	\$135,261	\$3,009,940	\$670,782	\$124,848	\$2,339,158
Beef cattle, including feedlots	\$10,000-\$249,999	40,805	\$57,019	\$10,491	-10.5%	-\$6,008	\$684,002	\$81,905	\$10,226	\$602,097
	\$249,999-\$500,000	2,960	\$303,331	\$38,216	-1.9%	-\$5,754	\$1,793,712	\$291,310	\$34,893	\$1,502,401
	\$500,000+	1,800	\$1,730,065	\$107,279	3.2%	\$55,411	\$4,147,757	\$1,077,86	\$118,061	\$3,069,895
Dairy cattle & milk	\$10,000-\$249,999	5,640	\$159,642	\$6,595	19.8%	\$31,565	\$1,352,527	\$236,085	-	\$1,116,441
	\$249,999-\$500,000	5,825	\$325,428	\$13,839	23.7%	\$77,238	\$2,394,587	\$542,687	\$72,440	\$1,851,900
	\$500,000+	3,210	\$841,234	\$27,952	22.5%	\$189,486	\$5,822,468	\$1,727,51	\$289,554	\$4,094,951
Hog & pig	\$10,000-\$249,999	1,585	\$105,916	\$7,709	6.3%	\$6,685	\$848,347	\$154,412	\$20,627	\$693,935
	\$249,999-\$500,000	1,090	\$333,680	\$15,160	9.9%	\$33,018	\$1,055,540	\$409,358	-	\$646,182
	\$500,000+	1,610	\$1,404,101	\$72,932	8.2%	\$114,593	\$4,035,663	\$1,138,42	\$223,479	\$2,897,239
Poultry & egg	\$10,000-\$249,999	845	\$97,377	\$3,451	14.3%	\$13,942	\$857,563	\$113,080	-	\$744,483
	\$249,999-\$500,000	890	\$370,330	\$3,713	15.0%	\$55,484	\$2,219,493	\$337,566	-	\$1,881,927
	\$500,000+	1,465	\$1,175,332	\$16,680	15.9%	\$187,217	\$4,948,427	\$928,663	\$125,768	\$4,019,763
Other animal	\$10,000-\$249,999	8,570	\$54,075	\$5,649	-7.1%	-\$3,852	\$654,915	\$90,573	-	\$564,341
	\$249,999-\$500,000	475	\$331,955	\$21,032	9.4%	\$31,182	\$1,516,450	\$217,540	-	\$1,298,911
	\$500,000+	400	\$1,782,921	\$69,478	15.9%	\$283,974	\$4,952,709	\$817,140	\$253,078	\$4,135,570