

# Agriculture sector to benefit from better income information: More precise data will help producers, government and lenders

OTTAWA, July 20, 2009 — Canadian farms could significantly benefit if primary producers were provided with more precise farm income information, says a report released by the Canadian Agri-Food Policy Institute (CAPI).

Traditionally, the federal government has published aggregate farm income numbers. But broad aggregate numbers do not allow for a fully accurate measure of an individual operation's performance.

The CAPI report, entitled *Measuring Farm Profitability and Financial Performance*, recommends a finer level of disaggregated data be produced, such as reporting farm income by farm size, type and by province.

In 2008, the federal government began producing more precise data by publishing farm income data by type and size at the national level. The CAPI report recommends going further, and publishing this information at a provincial level. The report goes on to recommend publishing a broader range of disaggregated numbers to fill many of the "gaps" in the existing knowledge-base of farm performance. In all, the report identifies 13 performance measures that could be reported in the short-term, such as gross margin, operating profit margin, operating expense ratio and equity position.

"Better data can serve farmers, lenders and policy-makers alike," said CAPI Chair Gaëtan Lussier. "Primary producers would improve how they can benchmark against other producers in their class. By better understanding individual farm operations, lenders and accountants would be able to provide more accurate financial advice to primary producers. For governments, more insightful data would provide a better platform to assess and develop agricultural policy," added Mr. Lussier.

The CAPI report is based on consultations the Institute undertook with over 120 participants at five workshops across Canada in April 2008. The participants included primary producers, farm business advisors, government officials, input suppliers and lenders. The initiative was guided by an independent Steering Committee established by CAPI. The report was authored by economist John Groenewegen.

CAPI undertook this study after completing a 2005 project that investigated the deficiencies of using aggregated net farm income as the sole measure of profitability. CAPI intends the farm profitability report to provide a basis to prompt further consideration of this issue by the agriculture sector, financial advisors and by policy-makers.

