



ANNUAL REPORT 2019

A CO-OPERATIVE PROJECT OF:
Canadian Dairy Commission
Dairy Farmers of Ontario

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ACKNOWLEDGEMENT

This report is indebted to the 68 dairy producers who willingly participated in the Project during 2019. These people went to considerable effort and inconvenience to help the Project representatives collect and verify information. Without this excellent co-operation, this report would not be possible.

The Project representatives, whose job it was to collect, record, and verify all information, were vital to the Project. Their initiative, perseverance and positive attitude has provided the Project with high quality dairy farm data.

Table of Contents

Foreword		Page 5
	PROJECT RESULTS	7

List of Tables

Table 1	FARM REVENUE AND EXPENSES; 2019.	8
Table 2	FARM BALANCE SHEET; DECEMBER 31, 2019.	9
Table 3	BASIC FARM PRODUCTION PARAMETERS; 2019.	10
Table 4	DAIRY ENTERPRISE REVENUE AND EXPENSES; 2019, PER COW.	11
Table 5	DAIRY ENTERPRISE REVENUE AND EXPENSES; 2019, PER HL OF MILK SOLD.	12

List of Appendix and Appendix Tables

APPENDIX A	FARM REVENUE, EXPENSES, NET INCOME AND SAMPLE CHARACTERISTICS; 2010 to 2019.	13
Table A.1	FARM REVENUE, EXPENSES AND NET INCOME; 2010 TO 2019.	13
Table A.2	SAMPLE CHARACTERISTICS; 2010 TO 2019.	13
APPENDIX B	SAMPLE DESIGN AND CHARACTERISTICS	15
	B.1 Project Methodology	15
	B.2 Sample Selection	15
	B.3 Enrolment Procedure	17
	B.4 Labour Data Collection	17
Table B.1	SAMPLE COMPOSITION AND STRUCTURE; 2019.	16
APPENDIX C	ACCOUNTING PROCEDURES	18
	C.1 Account Structure	18
	C.2 On-Farm Recording	18
	C.3 Valuation of Fixed Assets	19
	C.4 Valuation of Livestock	19
	C.5 Valuation of Crops	19
	C.6 Allocation of Expenses	20
	C.7 Allocation of Home-grown Feed	22

Table C.1	LIVESTOCK INVENTORY VALUES; 2019.	19
Table C.2	CROP INVENTORY AND TRANSFER VALUES ON A PER TONNE BASIS; 2019.	20

Listing Of Graphs

Graph A.1	AVERAGE REVENUE, EXPENSES AND NET INCOME; 2010 to 2019.	14
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FOREWORD

The Ontario Dairy Farm Accounting Project (ODFAP) is a co-operative project of Dairy Farmers of Ontario, and the Canadian Dairy Commission (CDC). The Project was initiated in 1976.

The objective of the Project is to develop and maintain a system of obtaining regular, representative and consistent farm production and management data which meets the farm database requirements of the Ontario dairy industry in the three areas of policy, research and extension. This is being achieved (1) by maintaining a sample of farms which represents typical Ontario dairy farm situations and which reflects different levels of technology, regional differences and other significant factors and, (2) through the development and maintenance of a data collection and information reporting system which will provide the participating agencies with the information which they require.

The ODFAP Annual Report is just one aspect of this Project. The Annual Report provides a summary of the information collected, but, by no means, portrays the wealth of information available for policy, research and extension uses. The project data, along with similar data from other provinces, is incorporated into the National Cost of Production formula, which is managed by the Canadian Dairy Commission. Likewise, project data is incorporated in the cost of production component of the National Pricing Formula for fluid and industrial milk classes. Cost of production has a 50% weighting in the formula, while the other 50% is from the change in Consumer Price Index (CPI).

PROJECT STAFF

Project Staff, responsible for collecting and verifying the study information for 2019 were:

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Kristin Benke	Director, Economics & Policy Development, Dairy Farmers of Ontario
Andrew Ryzebol	Project Manager, ODFAP

ONTARIO DAIRY FARM ACCOUNTING PROJECT RESULT 2019

The 2019 results for the 68 farms on the project are presented in the following tables.

Farm revenue and expenses are summarized in Table 1. Balance sheet information is summarized in Table 2. Physical characteristics are summarized in Table 3.

It should be noted that livestock and crop inventories are valued at an average of market values or prices at the beginning and end of the year for purposes of accruing the revenue value of inventory changes in the Farm Revenue and Expense Statement in Table 1. As such, the reported revenue items for inventory changes only reflect income changes associated with changes in the quantities of the related inventories held. They do not capture any change in value associated with market price changes during the year.

Revenue and expense information for the dairy enterprise is broken out in Tables 4 and 5. For purposes of these tables, the dairy enterprise is defined to consist of dairy cows, the raising of replacements and/or any related livestock borne of the dairy cow herd, and the supporting crop production associated with both.

Averages are presented in each table for all farms and for 3 sample groupings ranked on the basis of cost of production (COP): the 15 farms with the highest cost per hectolitre (bottom); the 15 farms with the lowest cost per hectolitre (top), and the remaining 38 farms (middle). The COP ranking is based on the assumptions and calculational procedures established for the national Cost of Production pricing formula for industrial milk.

TABLE 1 FARM REVENUE AND EXPENSES; 2019.

	Bottom 15	Middle 38	Top 15	All 68
REVENUE	\$	\$	\$	\$
Milk Sales	378,445	576,497	1,151,638	659,678
Cow & Bull Sales	16,246	24,570	42,950	26,788
Calf & Heifer Sales	3,155	5,500	8,657	5,679
Crop Sales	41,354	66,790	37,990	54,827
Other Farm Income	26,277	84,152	54,025	64,740
Total Cash Revenue	465,477	757,509	1,295,260	811,712
Inventory Change				
Dairy Enterprise	5,887	3,114	17,267	6,848
Replacement Enterprise	-2,042	-3,310	14,852	976
Other Livestock	30	-25	2,427	528
Feeds, Crops, Supplies	-17,661	-4,543	1,291	-6,150
Total Farm Revenue	451,691	752,745	1,331,097	813,914
EXPENSES				
Dairy Cow Enterprise				
Cow & Bull Purchases	5,067	2,484	2,972	3,162
Commercial Feed Purchases	56,917	97,908	187,759	108,686
Milk & Livestock Marketing	24,484	36,537	76,024	42,589
Breeding Fees	7,868	7,749	13,322	9,004
Stable & Milkhouse Supplies	11,631	11,335	20,935	13,518
Vet. and Drugs	12,641	15,338	24,418	16,746
Other Dairy Expenses ¹	14,270	16,828	26,105	18,310
Replacement Enterprise				
Cattle Purchases	1,103	105	63	316
Feed Purchases	11,110	19,498	21,789	18,153
Other Direct Heifer Expenses	2,885	4,431	4,061	4,008
Crop Enterprise				
Grains and Forages Purchases	5,665	19,175	42,206	21,275
Seed	16,058	20,480	24,285	20,344
Fertilizer	14,061	23,162	26,907	21,980
Sprays	4,040	6,251	8,657	6,294
Custom Work	17,936	28,264	64,278	33,930
Gas & Diesel Fuel	15,078	20,069	22,929	19,599
Machinery Repairs	20,676	40,074	33,666	34,381
Other Crop Expenses ²	3,330	4,388	4,576	4,196
Other Farm Expenses				
Direct Expenses Non-Dairy Livestock	20	2,337	1,348	1,608
Direct Expenses Other Crops	10,167	24,053	10,729	18,051
Wages & Salaries	38,027	49,657	83,237	54,499
Land Rent	4,082	9,135	13,716	9,031
Interest Paid	37,214	80,855	120,949	80,073
Real Estate Taxes	9,188	12,007	15,466	12,148
Telephone & Hydro	12,315	14,397	23,058	15,848
Insurance	8,958	13,746	17,410	13,498
Equipment & Building Repairs	23,704	29,463	47,136	32,091
Other General Cash Expenses ³	8,138	10,275	15,183	10,886
Total Cash Expenses	396,633	620,001	953,184	644,224
Building Depreciation	34,888	28,201	53,549	35,268
Machinery Depreciation	36,119	48,987	55,903	47,674
Total Farm Expenses	467,640	697,189	1,062,636	727,166
Net Farm Income	-15,949	55,556	268,461	86,748

¹ Other Dairy Expense include registration/testing fees, building rent, straw & bedding, & livestock insurance for the dairy herd.

² Other Crop Expenses include crop insurance, seed cleaning, twine, propane for corn drying & miscellaneous crop expenses.

³ Other Overhead Expense includes hardware, car expenses and miscellaneous expense.

TABLE 2 **FARM BALANCE SHEET;**
DECEMBER 31, 2019.

NUMBER OF FARMS	Bottom 15	Middle 38	Top 15	All 68
A. WITH ASSETS AT MARKET VALUE	\$	\$	\$	\$
Machinery and Equipment	444,697	746,434	812,609	694,472
Personal Equipment	5,200	6,368	459	4,807
Land and Farm Buildings	4,418,907	4,293,085	7,666,339	5,064,940
Farm House & Personal Structures	355,802	243,128	169,218	251,679
Dairy Cows	104,283	143,555	282,310	165,500
Dairy Heifers	55,703	83,263	155,088	93,027
Other Livestock	277	2,963	14,467	4,908
Feed, Crops, Supplies, Inventory	75,669	127,422	181,115	127,850
Milk Quota	1,352,528	2,001,309	3,920,112	2,281,461
Total Assets	<u>6,813,066</u>	<u>7,647,527</u>	<u>13,201,717</u>	<u>8,688,644</u>
B. WITH FIXED ASSETS AT COST LESS DEPRECIATION¹				
Machinery and Equipment	328,001	440,821	526,673	434,872
Personal Equipment	5,710	8,816	879	6,380
Land and Farm Buildings	1,947,890	1,705,681	2,971,013	2,038,227
Farm House & Personal Structures	206,569	150,433	117,448	155,540
Dairy Cows	104,283	143,555	282,310	165,500
Dairy Heifers	55,703	83,263	155,088	93,027
Other Livestock	277	2,963	14,467	4,908
Feed, Crops, Supplies, Inventory	75,669	127,422	181,115	127,850
Milk Quota	228,056	821,184	1,727,980	890,375
Total Assets	<u>2,952,158</u>	<u>3,484,138</u>	<u>5,976,973</u>	<u>3,916,679</u>
C. LIABILITIES				
Operating & Short-Term Trade Credit	31,680	70,589	221,271	95,245
Intermediate & Long Term Loans	573,240	1,317,621	3,398,324	1,612,398
F.C.C. Loans	441,045	976,162	497,552	752,546
Total Liabilities	<u>1,045,965</u>	<u>2,364,372</u>	<u>4,117,147</u>	<u>2,460,189</u>
D. OWNER'S EQUITY				
(A) Assets At Market Value	<u>5,767,101</u>	<u>5,283,155</u>	<u>9,084,570</u>	<u>6,228,455</u>
(B) Fixed Assets at Cost	<u>1,906,193</u>	<u>1,119,766</u>	<u>1,859,826</u>	<u>1,456,490</u>

¹ Depreciation was not subtracted from the cost of the farm house, land, milk quota, or personal equipment.

TABLE 3 BASIC FARM PRODUCTION PARAMETERS; 2019.

NUMBER OF FARMS	Bottom 15	Middle 38	Top 15	All 68
Dairy Cows (hd)	57.2	80.1	147.9	90.0
Open Dairy Heifers, 6 months & older (hd)	20.3	28.8	41.2	29.6
Bred Dairy Heifers (hd)	17.1	28.1	49.0	30.3
Milk Sold/Farm (litres) ¹	476,416	715,853	1,469,388	829,257
Milk Sold/Cow (litres) ¹	8,231	8,840	10,248	9,016
Butterfat Test (kg/hl)	4.13	4.22	4.08	4.17
Person-Equivalents of Labour	2.5	2.4	3.0	2.6
Workable Land Farmed (hectares) ²	115	147	126	135
Average Age of Principal Operator	55.6	51.4	43.5	50.6

¹ Milk is expressed in terms of milk actually sold.

² One hectare = 2.47 acres.

TABLE 4 DAIRY ENTERPRISE REVENUE AND EXPENSES; 2019.
- PER COW -

	Bottom 15	Middle 38	Top 15	All 68
	\$	\$	\$	\$
REVENUE				
Milk Sales	6,515.67	7,081.95	8,028.35	7,165.80
Quality Penalties & Levies	0.00	-0.93	-11.09	-2.97
Cows & Bulls Sold	279.98	305.20	308.77	300.43
Other Dairy Livestock Sold	63.26	77.70	71.83	73.22
Dairy Livestock Inventory Change	67.89	39.31	212.99	83.93
Net Revenue	6,926.80	7,503.23	8,610.85	7,620.41
DIRECT DAIRY EXPENSES				
Dairy Ration	672.35	628.76	602.28	632.54
Protein Supplements	281.93	527.66	593.49	487.98
Salt & Minerals	29.48	52.54	35.79	43.76
Milk Replacer & Calf Ration	155.12	206.22	122.30	176.44
Other Purchased Feeds	23.77	7.72	63.34	23.53
Vet & Drugs	253.48	225.55	197.78	225.58
A.I. Fees	137.43	97.36	99.00	106.56
Stable & Milk House Supplies	192.32	148.43	173.64	163.67
Milk Transport & Licence Fees	411.43	440.04	507.95	448.71
Livestock Marketing	9.89	14.87	7.98	12.25
Other Dairy Expense ¹	240.68	221.92	194.37	219.98
Total Direct Expense	2,407.88	2,571.07	2,597.92	2,541.00
DAIRY SHARE OF CROP EXPENSES				
Bulk Grain & Forage Purchases	93.32	229.53	236.37	200.99
Seed	198.02	140.70	133.19	151.69
Fertilizers	163.13	167.91	139.42	160.57
Herbicides & Pesticides	39.03	37.98	47.30	40.27
Custom Work	171.43	204.86	364.79	232.77
Fuel & Lubricants	198.02	144.48	120.02	150.89
Field Machinery Repairs	282.67	242.73	164.32	234.24
Land Rent	54.52	52.11	96.35	62.40
Other Crop Expense ²	56.32	42.15	32.30	43.10
Total Crop Expense	1,256.46	1,262.45	1,334.06	1,276.92
Returns Over Direct & Crop Expenses	3,262.46	3,669.71	4,678.87	3,802.49
ALLOCATED INDIRECT & OVERHEAD EXPENSES				
Barn Equipment & Building Repairs	336.34	256.36	219.50	265.87
Hired Labour Expenses	671.51	525.07	537.62	560.14
Interest Expense	612.07	830.12	737.21	761.52
Insurance	138.80	120.87	90.61	118.15
Telephone & Hydro	155.88	142.21	130.37	142.62
Taxes	112.54	104.94	80.45	101.22
Other Overhead Expenses ³	116.38	105.62	77.86	101.87
Total Indirect & Overhead Expenses	2,143.52	2,085.19	1,873.62	2,051.39
Returns Over Expenses	1,118.94	1,584.52	2,805.25	1,751.10
DAIRY LIVESTOCK PURCHASES				
Cows & Bulls Purchased	114.94	44.58	24.97	55.77
Other Dairy Livestock Purchases	16.59	1.49	0.41	4.58
Total Dairy Livestock Purchases	131.53	46.07	25.38	60.35
Net Returns	987.41	1,538.45	2,779.87	1,690.75
TOTAL LABOUR REQUIRED (Hrs)⁴	132.80	91.50	58.25	93.27

¹ Other Dairy Expense includes bedding materials, feed processing, expense, livestock testing and registration, livestock insurance, livestock promotion expense and building rent.

² Other Crop Expense includes twine, seed cleaning, crop insurance and machine rentals.

³ Other Overhead Expense includes hardware, car expenses and miscellaneous expense.

⁴ Labour estimated based on the recorded hours from daily time sheets (see section B.4)

TABLE 5 DAIRY ENTERPRISE REVENUE AND EXPENSES; 2019.
- PER HL OF MILK SOLD -

	Bottom 15	Middle 38	Top 15	All 68
	\$	\$	\$	\$
REVENUE				
Milk Sales	79.42	80.42	78.35	79.74
Quality Penalties & Levies	0.00	-0.01	-0.12	-0.03
Cows & Bulls Sold	3.38	3.59	2.97	3.41
Other Dairy Livestock Sold	0.80	0.91	0.69	0.84
Dairy Livestock Inventory Change	0.80	0.48	2.00	0.88
Net Revenue	84.40	85.39	83.89	84.84
DIRECT DAIRY EXPENSES				
Dairy Ration	8.19	7.17	6.01	7.13
Protein Supplements	3.48	5.86	5.57	5.27
Salt & Minerals	0.36	0.58	0.38	0.49
Milk Replacer & Calf Ration	1.88	2.34	1.18	1.98
Other Purchased Feeds	0.38	0.08	0.60	0.26
Vet & Drugs	3.11	2.58	1.89	2.54
A.I. Fees	1.68	1.15	0.95	1.23
Stable & Milk House Supplies	2.33	1.70	1.68	1.83
Milk Transport & Licence Fees	4.99	4.98	4.96	4.98
Livestock Marketing	0.13	0.16	0.08	0.14
Other Dairy Expense ¹	3.05	2.58	1.89	2.53
Total Direct Expense	29.58	29.18	25.19	28.38
DAIRY SHARE OF CROP EXPENSES				
Bulk Grain & Forage Purchases	1.06	2.83	2.28	2.32
Seed	2.46	1.60	1.32	1.73
Fertilizers	2.01	1.93	1.41	1.83
Herbicides & Pesticides	0.47	0.42	0.48	0.44
Custom Work	2.10	2.36	3.55	2.56
Fuel & Lubricants	2.42	1.69	1.19	1.74
Field Machinery Repairs	3.63	2.81	1.61	2.72
Land Rent	0.66	0.60	0.93	0.68
Other Crop Expense ²	0.72	0.48	0.32	0.50
Total Crop Expense	15.53	14.72	13.09	14.52
Returns Over Direct & Crop Expenses	39.29	41.49	45.61	41.94
ALLOCATED INDIRECT & OVERHEAD EXPENSES				
Barn Equipment & Building Repairs	4.10	2.91	2.20	3.02
Hired Labour Expenses	8.22	5.83	5.06	6.19
Interest Expense	7.72	9.35	7.25	8.53
Insurance	1.63	1.38	0.89	1.33
Telephone & Hydro	1.87	1.62	1.28	1.60
Taxes	1.35	1.17	0.79	1.13
Other Overhead Expenses ³	1.44	1.22	0.77	1.17
Total Indirect & Overhead Expenses	26.33	23.48	18.24	22.97
Returns Over Expenses	12.96	18.01	27.37	18.97
DAIRY LIVESTOCK PURCHASES				
Cows & Bulls Purchased	1.54	0.53	0.25	0.69
Other Dairy Livestock Purchases	0.18	0.02	0.00	0.05
Total Dairy Livestock Purchases	1.72	0.55	0.25	0.74
Net Returns	11.24	17.46	27.12	18.23
TOTAL LABOUR REQUIRED (Hrs)⁴	1.65	1.06	0.57	1.08

¹ Other Dairy Expense includes bedding materials, feed processing, expense, livestock testing and registration, livestock insurance, livestock promotion expense and building rent.

² Other Crop Expense includes twine, seed cleaning, crop insurance and machine rentals.

³ Other Overhead Expense includes hardware, car expenses and miscellaneous expense.

⁴ Labour estimated based on the recorded hours from daily time sheets (see section B.4)

APPENDIX A

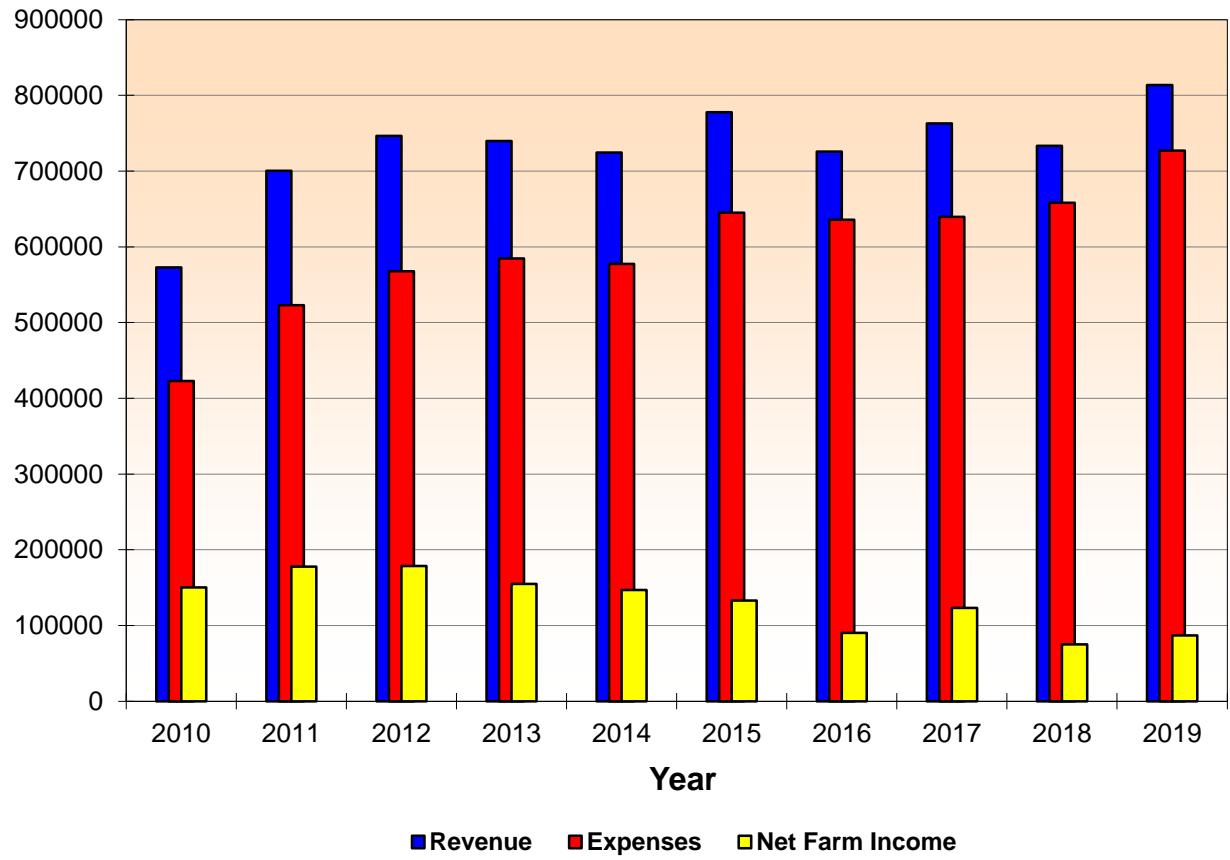
TABLE A.1 FARM REVENUE, EXPENSES AND NET INCOME; 2010 to 2019.

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of Farms	65	61	56	58	65	71	65	70	70	68
REVENUE	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Milk Sales	474,444	580,364	601,449	596,407	589,229	612,963	582,158	611,897	577,595	659,678
Livestock Sales	21,620	29,459	34,995	37,761	49,754	60,371	43,632	38,685	34,593	32,467
Crop Sales	33,060	47,786	66,242	43,486	38,297	49,702	46,191	39,360	52,327	54,827
Other Farm Income	38,376	34,262	51,706	55,818	49,868	46,307	54,309	51,704	62,539	64,740
Total Cash Revenue	567,500	691,871	754,392	733,472	727,148	769,343	726,290	741,646	727,054	811,712
Inventory Change All Enterprises	5,547	8,545	-8,039	6,240	-2,579	8,515	-435	22,325	6,336	2,202
Total Farm Revenue	573,047	700,416	746,353	739,712	724,569	777,858	725,855	763,971	733,390	813,914
EXPENSES										
Dairy Cow Enterprise	122,646	155,543	168,304	172,835	173,764	194,336	190,817	205,044	201,331	212,015
Replacement Enterprise	12,096	16,865	18,490	17,455	18,226	21,060	19,977	20,475	20,456	22,477
Crops Enterprises	89,037	105,854	122,888	128,404	119,687	138,877	143,412	132,215	143,943	161,999
Other Farm Expenses	158,122	193,272	200,196	207,753	208,835	227,223	214,133	218,122	220,414	247,733
Total Cash Expenses	381,901	471,534	509,878	526,447	520,512	581,496	568,339	575,856	586,144	644,224
Building & Machinery Depreciation	40,823	51,270	57,874	58,371	57,150	63,483	67,402	64,781	72,077	82,942
Total Farm Expenses	422,724	522,804	567,752	584,818	577,662	644,979	635,741	640,637	658,221	727,166
NET FARM INCOME	150,323	177,612	178,601	154,894	146,907	132,879	90,114	123,334	75,169	86,748

TABLE A.2 SAMPLE CHARACTERISTICS; 2010 to 2019.

Data Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of Farms	65	61	56	58	65	71	65	70	70	68
Herd Size (head)	75.5	86.2	88.7	85.3	80.7	85.6	82.7	82.2	84	90
Milk Sales (litres)	619,236	720,343	759,686	742,230	714,021	784,547	769,113	787,315	773,580	829,257
Milk Sales Per Cow (litres)	7,853	7,937	7,893	8,152	8,356	8,583	8,890	9,093	8,942	9,016
Tillable Hectares	130	142	152	151	140	151	135	128	132	135
Total Person Equivalents	2.22	2.4	2.4	2.3	2.3	2.3	2.4	2.5	2.5	2.6
Age of Principal Operator	49.5	50.6	53.3	52.3	51.7	51.9	52.2	51.7	50.7	50.6

- 14 -
**AVERAGE REVENUE, EXPENSES
AND NET FARM INCOME;
2010 TO 2019.**



APPENDIX B

SAMPLE DESIGN AND CHARACTERISTICS

B.1 Project Methodology

To provide uniformity of data collection, Project representatives are assigned to do on-farm recording of financial transactions. Farms are visited, on average, three to four times a year, to record financial transactions and collect relevant production information. Various techniques are used to solicit data due to the many differences in farm types and the level of organization.

B.2 Sample Selection

The project sample is based on a regionally stratified random sample of farms. The sample was selected from the files of Dairy Farmers of Ontario (DFO).

The 2019 sample is composed of five sub-samples of dairy farms. The first sub-sample consists of 10 farms which was recruited in late 2014 and enrolled in the Project for 2015. The second sub-sample consists of 8 farms recruited in late 2015 for enrolment in 2016. The third sub-sample of 19 farms was recruited in late 2016 for enrolment in 2017. The fourth sub-sample of 18 farms was recruited in late 2017 for enrolment in 2018. The fifth and final sub-sample of 13 farms was recruited in late 2018 for enrolment in 2019.

All five sub-samples were randomly selected on the basis of region. That is, the number of farms selected within a region for each sub-sample reflected the proportion of the farms present in the population for that region at the time the sub-sample was drawn. The 14 ODFAP regions match the DFO Field Supervisor Representative zones, allowing for a more streamlined recruiting process.

The counties¹ included in each region of the sampling grid area are:

- Region 1 Glengarry, Prescott
- Region 2 Russell, Stormont, Dundas, Carleton
- Region 3 Grenville, Leeds, Carleton, Dundas
- Region 4 Lennox & Addington, Frontenac, Lanark, Renfrew, Carleton
- Region 5 Hastings, Northumberland, Peterborough, Prince Edward
- Region 6 York, Peel, Durham, Simcoe, City of Kawartha Lakes
- Region 7 Brant, Haldimand, Niagara, Norfolk, Halton, Waterloo, Wentworth, Oxford, Wellington
- Region 8 Oxford
- Region 9 Middlesex, Elgin, Lambton, Essex-Kent
- Region 10 Perth, Huron
- Region 11 Perth, Wellington
- Region 12 Waterloo, Wellington
- Region 13 Bruce, Huron
- Region 14 Dufferin, Grey, Wellington

¹ Counties are as they were defined prior to amalgamation under regional government.

The sample is based on a five year rotation. Each year the new sample is based on the existing population within each of 14 regions. Any producer that had participated in the project within the past 3 years was excluded from the sample selection process.

The sample composition and structure for the 68 farms on which this report is based are summarized in Table B.1.

TABLE B.1 SAMPLE COMPOSITION AND STRUCTURE; 2019.

Participation by Year of Initial Enrolment

REGION	2015	2016	2017	2018	2019	TOTAL
1	1	0	0	3	0	5
2	1	0	2	0	1	4
3	0	1	2	0	2	5
4	0	1	1	0	1	3
5	0	0	1	1	2	4
6	1	0	0	2	0	3
7	1	0	0	3	1	5
8	2	1	2	2	1	8
9	0	0	1	1	1	3
10	1	0	2	1	1	5
11	2	2	1	1	2	8
12	0	0	3	3	0	6
13	0	1	1	1	0	3
14	1	2	3	0	1	7
TOTAL	10	8	19	18	13	68

B.3 Enrolment Procedure

Farms selected for enrolment were initially contacted and recruited by a DFO Field Services Representative. A serious attempt was made to handle all contacts in the same manner and to give essentially the same message in all cases. In discussions with the farmers, and in seeking their co-operation, it was emphasized that the confidentiality of individual records would be respected, that there were benefits to the industry and to the individual and that we were seeking their co-operation. It was also stressed that the data collection visits would occur at the convenience of the producer.

B.4 Labour Data Collection

Labour data for the project is collected using daily time sheets. Producers are asked to complete the time sheets for their first year on the project. Sheets are completed for all individuals contributing labour to the farm. Completion of the time sheets in the second and subsequent years on the project is encouraged, but not mandatory, unless changes have occurred which would significantly alter the labour requirements for the operation.

Employee please fill in the section below:		FARM #		YEAR		MONTH		PAY	STAT	YEAR BORN		EFFICIENCY	EMPLOYEE NAME														Total Hours											
Name:												100																										
Month:		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31						
Year Born:																																						
WORK IN THE BARN	Dairy Cows and Bulls • Herd management, milking equipment maintenance, milking, feeding, health care, etc.																																					
	Dairy Replacements • Feeding, health care, management, etc.																																					
	Other Livestock: Beef, Swine Etc. • Feeding, health care, management, etc. Indicate type of livestock: _____																																					
	Common Livestock Work • Main dairy barn, stable maintenance & cleaning, preparing rations, silo unloader, building repair.																																					
MAINTENANCE & REPAIRS	Field Machinery • Maintenance and repairing of field machinery.																																					
	Other Buildings • Maintenance and repairing of other farm buildings other than main dairy barn.																																					
	Barnyard and Fences • Maintenance and repairing of barnyard and farm fences.																																					
	Land • Stone picking, farm lanes, snow removal, ponds. Administration and Management • Bookkeeping, meetings, errands, professional reading, agricultural courses, banking.																																					
FIELD WORK	Hay and Haylage • Plowing, tillage, fertilizing, spraying, planting, spreading manure, harvesting, etc.																																					
	Small Grains, Winter Wheat, Straw • Plowing, tillage, fertilizing, spraying, planting, spreading manure, harvesting, etc.																																					
	Corn Grain and Corn Silage • Plowing, tillage, fertilizing, spraying, planting, spreading manure, harvesting, etc. Soybeans, Other Crops, Maple Syrup • Plowing, tillage, fertilizing, spraying, planting, spreading manure, harvesting, etc. crop: _____																																					
OTHER	Construction, Land Clearing • Building construction, tree removal, etc.																																					
	Custom Hire for Others • Farm related work performed for others but not part of your own farming operation.																																					

PLEASE DO NOT WRITE IN SHADED AREAS

APPENDIX C ACCOUNTING PROCEDURES

C.1 Account Structure

A computerized accounting program is used as the data collection vehicle for the Project. The computer program permits separating information into enterprises or profit centres and accounts or cost centres. Six basic enterprises are being registered:

- (i) general farm
- (ii) dairy herd
- (iii) replacement
- (iv) small grain
- (v) corn/corn silage
- (vi) hay/haylage/pasture

The general farm account includes any other crop or type of livestock. Specialized enterprises are not registered. One overhead cost account is registered.

The number of farms which had other livestock or crops activity in the general farm account in 2019 is as follows:

(i) Beef & Veal	8
(ii) Poultry	2
(iii) Other Crops	35

C.2 On-Farm Recording

Project representatives work within very specific guidelines in order to get as much uniformity as possible. As a general rule, the recording methods required for filing tax returns are used. All income and expense items are recorded on an accrual basis. A complete list of items recorded and the recording procedure can be obtained from the Project Manager.

C.3 Valuation of Fixed Assets

All fixed assets (land, buildings, houses, machinery, and intangibles) are recorded at both original cost and estimated current market value.

Depreciation is recorded using a diminishing balance rate: 5% for buildings and structures, 10% for farm machinery and 15% motorized equipment and machinery. The assumption is made that the equipment will reach its salvage value when it is worth 20 percent of its original cost.

C.4 Valuation of Livestock

Dairy livestock is valued according to three different quality categories. Beginning and ending inventory values, used for 2019, are as indicated in Table C.1.

TABLE C.1 LIVESTOCK INVENTORY VALUES; 2019.

Description	5,000 or Below Litres/Cow/Year		5,001-7,750 Litres/Cow/Year		Over 7,750 Litres/Cow/Year	
	Beginning (\$)	Ending (\$)	Beginning (\$)	Ending (\$)	Beginning (\$)	Ending (\$)
Cows	850	850	1400	1400	1850	1850
Bred Heifers	800	800	1200	1200	1700	1700
Open Heifers	550	550	900	900	1250	1250
Heifer Calves	150	150	200	200	300	300
Bull Calves	150	100	150	100	150	100

Note: Information in the table is based on current auction market value as collected by Project representatives. Beef, swine and poultry were valued at current market value.

C.5 Valuation of Crops

Grain values are based on estimates obtained from Agricorp 2019 AgriStability Fair Market Values list. Forage values are based on the equivalent feed value of grain corn. Values for 2019 are as indicated in Table C.2.

TABLE C.2 CROP INVENTORY AND TRANSFER VALUES; 2019.
 - Per Tonne Basis -

Values used for	Inventory Valuation		Transfer Value
	Beginning	Ending	
	\$	\$	\$
Home-grown Feed:			
Wheat (Feed)	239.00	242.00	240.50
Barley	246.00	252.00	249.00
Oats	242.00	268.00	255.00
Mixed Grain	224.00	277.00	250.50
Grain Corn	187.00	202.00	194.50
Hay	180.00	196.00	188.00
Haylage @ 45% DM	85.00	92.00	88.50
Oatlage/Barlage	50.00	55.00	52.50
Corn Silage	37.00	40.00	38.50
Straw	158.00	196.00	177.00

C.6 Allocation of Expenses

Direct expense items, such as seed and fertilizer, pose no problem with respect to allocation as their use is generally confined to a single farm enterprise.

Indirect and overhead expenses are more difficult to allocate as they are normally used in more than one enterprise. These expenses are allocated on the basis of the following guidelines.

(a) Building Depreciation

Allocated to livestock enterprises according to the building space used. If the buildings used for certain types of enterprises are obviously depreciating at a higher rate than others, the allocation is accordingly adjusted.

(b) Machinery Depreciation

Allocated according to use as defined on the basis of the classification of individual machinery and equipment items.

(c) Heating Fuels

Normally all personal use unless auxiliary heating is required for certain livestock enterprises (e.g. broilers).

(d) Barn Equipment Repair

Normally about 80 percent to the cows, 20 percent to heifers (milking equipment milk tank, stable cleaners, etc. are used mainly for the dairy enterprise). If other livestock enterprises are on the farm, costs are allocated according to use.

(e) Building Repair (*building repair, fence repair, hardware*)

Normally about 80 percent cows, 20 percent heifers if housed in the same type of facilities.

(f) Gas, Diesel (*gas, diesel, oil, grease*)

Allocated to crops on the basis of hectares or use. Gasoline for personal use is being recorded directly, and not allocated.

(g) Field Machinery (*equipment repair*)

Allocated according to hectares or use.

(h) Machinery Miscellaneous Expenses (*hardware, tools, machine insurance, licence, rent*)

Allocated according to hectares or use.

(i) House Repairs and Maintenance

Almost always 100 percent personal.

(j) Labour (*wages, EI, CPP, WSIB, EHT*)

According to use.

(k) Interest (*interest, life insurance premium*)

Allocation of short term interest is based on the percentage that the direct expense for each enterprise represents of the total direct expense for the farm. Intermediate and long term interest including life insurance premium is allocated 50 percent to the livestock enterprises based on the percentage overhead allocated, and 50 percent to crops according to hectares.

(l) Farm Insurance (*fire, liability, accident*)

Allocated to livestock.

(m) Car (*car insurance, maintenance*)

Normally 70 percent personal, 15 percent livestock, 15 percent crops.

(n) Hydro

Normally, if highly mechanized, 30 percent personal, 70 percent livestock. If low mechanization, 50 percent personal, 50 percent livestock.

(o) Water

Allocated to livestock.

(p) Telephone

Normally 50 percent personal, 25 percent livestock, 25 percent crops.

(q) Real Estate Taxes

Approximately half land, half buildings, allocated 10 percent to personal use for the house, pro-rated 40 percent to livestock according to animal units, 50 percent to crops according to hectares of each crop.

(r) Other Overhead Expenses (*Fees, accounting, legal, office supplies, advertising, etc.*)

50 percent livestock, 50 percent crops.

C.7 Allocation of Home-grown Feed

All home-grown feed is allocated to the various livestock enterprises based on information supplied by the farmer. In order to check for accuracy, an edit is carried out at the end of the year. This involves checking the estimated feed consumption

(Beginning Inventory + Production + Purchases - Sales - Ending Inventory)

for each farm to make sure that it is in line with accepted industry benchmarks for feed consumption. If feed consumption is not close to the benchmarks, the crop yields and other related information are double-checked to clarify the discrepancy.