



ANNUAL REPORT 2018

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

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ACKNOWLEDGEMENT

This report is indebted to the 70 dairy producers who willingly participated in the Project during 2018. 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; 2018.	8
Table 2	FARM BALANCE SHEET; DECEMBER 31, 2018.	9
Table 3	BASIC FARM PRODUCTION PARAMETERS; 2018.	10
Table 4	DAIRY ENTERPRISE REVENUE AND EXPENSES; 2018, PER COW.	11
Table 5	DAIRY ENTERPRISE REVENUE AND EXPENSES; 2018, PER HL OF MILK SOLD.	12

List of Appendix and Appendix Tables

APPENDIX A	FARM REVENUE, EXPENSES, NET INCOME AND SAMPLE CHARACTERISTICS; 2009 to 2018.	13
Table A.1	FARM REVENUE, EXPENSES AND NET INCOME; 2009 TO 2018.	13
Table A.2	SAMPLE CHARACTERISTICS; 2009 TO 2018.	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; 2018.	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; 2018.	19
Table C.2	CROP INVENTORY AND TRANSFER VALUES ON A PER TONNE BASIS; 2018.	20

Listing Of Graphs

Graph A.1	AVERAGE REVENUE, EXPENSES AND NET INCOME; 2009 to 2018.	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 2018 were:

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ONTARIO DAIRY FARM ACCOUNTING PROJECT RESULT 2018

The 2018 results for the 70 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 40 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; 2018.

	Bottom 15	Middle 40	Top 15	All 70
REVENUE	\$	\$	\$	\$
Milk Sales	250,085	611,026	815,957	577,595
Cow & Bull Sales	20,821	30,027	30,870	28,235
Calf & Heifer Sales	5,339	6,211	7,767	6,358
Crop Sales	11,975	75,097	31,961	52,327
Other Farm Income	42,442	75,046	49,285	62,539
Total Cash Revenue	330,662	797,407	935,840	727,054
Inventory Change				
Dairy Enterprise	-5,193	-2,021	1,380	-1,972
Replacement Enterprise	2,237	7,169	12,500	7,255
Other Livestock	-1,861	583	67	-52
Feeds, Crops, Supplies	-6,152	3,575	1,779	1,105
Total Farm Revenue	319,693	806,713	951,566	733,390
EXPENSES				
Dairy Cow Enterprise				
Cow & Bull Purchases	8,779	2,987	4,074	4,461
Commercial Feed Purchases	41,146	111,723	127,938	100,074
Milk & Livestock Marketing	17,532	39,690	53,898	37,986
Breeding Fees	5,279	9,410	8,990	8,435
Stable & Milkhouse Supplies	7,699	15,829	16,579	14,248
Vet. and Drugs	9,676	17,951	23,099	17,281
Other Dairy Expenses ¹	8,402	22,211	20,317	18,846
Replacement Enterprise				
Cattle Purchases	113	3,626	233	2,146
Feed Purchases	7,904	16,700	17,858	15,064
Other Direct Heifer Expenses	2,174	3,971	2,386	3,246
Crop Enterprise				
Grains and Forages Purchases	13,123	16,482	26,397	17,887
Seed	10,114	21,158	20,758	18,706
Fertilizer	9,686	23,861	18,592	19,694
Sprays	2,977	7,398	5,883	6,126
Custom Work	8,685	30,937	34,479	26,928
Gas & Diesel Fuel	12,650	24,150	18,366	20,446
Machinery Repairs	18,656	35,284	27,476	30,048
Other Crop Expenses ²	2,257	4,692	4,402	4,108
Other Farm Expenses				
Direct Expenses Non-Dairy Livestock	3,974	3,202	1,914	3,092
Direct Expenses Other Crops	7,007	23,985	10,946	17,553
Wages & Salaries	19,886	57,904	63,081	50,866
Land Rent	444	7,082	10,664	6,427
Interest Paid	44,527	70,346	89,365	68,889
Real Estate Taxes	6,935	13,464	10,750	11,483
Telephone & Hydro	10,037	14,947	18,894	14,741
Insurance	8,899	15,346	13,146	13,493
Equipment & Building Repairs	13,795	23,992	36,786	24,548
Other General Cash Expenses ³	6,277	9,730	11,278	9,322
Total Cash Expenses	308,633	648,058	698,549	586,144
Building Depreciation	11,729	34,895	42,764	31,617
Machinery Depreciation	22,820	49,319	34,474	40,460
Total Farm Expenses	343,182	732,272	775,787	658,221
Net Farm Income	-23,489	74,441	175,779	75,169

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

TABLE 2 **FARM BALANCE SHEET;**
DECEMBER 31, 2018.

NUMBER OF FARMS	Bottom 15	Middle 40	Top 15	All 70
A. WITH ASSETS AT MARKET VALUE	\$	\$	\$	\$
Machinery and Equipment	330,367	761,328	549,426	623,572
Personal Equipment	2,215	3,810	1,677	3,011
Land and Farm Buildings	2,665,938	5,181,983	5,077,336	4,620,406
Farm House & Personal Structures	154,061	270,650	142,111	218,123
Dairy Cows	71,637	157,389	205,873	149,403
Dairy Heifers	45,190	94,642	114,790	88,363
Other Livestock	2,400	1,831	8,200	3,318
Feed, Crops, Supplies, Inventory	58,906	142,013	116,085	118,648
Milk Quota	1,003,472	2,215,206	2,912,720	2,105,016
Total Assets	<u>4,334,186</u>	<u>8,828,852</u>	<u>9,128,218</u>	<u>7,929,860</u>
B. WITH FIXED ASSETS AT COST LESS DEPRECIATION¹				
Machinery and Equipment	223,493	470,314	326,516	386,610
Personal Equipment	2,270	6,410	4,641	5,144
Land and Farm Buildings	550,023	2,273,143	2,144,606	1,876,359
Farm House & Personal Structures	39,062	174,275	71,118	123,196
Dairy Cows	71,637	157,389	205,873	149,403
Dairy Heifers	45,190	94,642	114,790	88,363
Other Livestock	2,400	1,831	8,200	3,318
Feed, Crops, Supplies, Inventory	58,906	142,013	116,085	118,648
Milk Quota	194,103	833,996	1,343,071	805,964
Total Assets	<u>1,187,084</u>	<u>4,154,013</u>	<u>4,334,900</u>	<u>3,557,005</u>
C. LIABILITIES				
Operating & Short-Term Trade Credit	45,575	55,015	153,727	74,145
Intermediate & Long Term Loans	294,481	1,291,390	3,157,132	1,477,569
F.C.C. Loans	473,655	1,019,145	183,103	723,102
Total Liabilities	<u>813,711</u>	<u>2,365,550</u>	<u>3,493,962</u>	<u>2,274,816</u>
D. OWNER'S EQUITY				
(A) Assets At Market Value	<u>3,520,475</u>	<u>6,463,302</u>	<u>5,634,256</u>	<u>5,655,044</u>
(B) Fixed Assets at Cost	<u>373,373</u>	<u>1,788,463</u>	<u>840,938</u>	<u>1,282,189</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; 2018.

NUMBER OF FARMS	Bottom 15	Middle 40	Top 15	All 70
Dairy Cows (hd)	44.9	88.7	110.7	84.0
Open Dairy Heifers, 6 months & older (hd)	17.2	30.9	28.5	27.4
Bred Dairy Heifers (hd)	15.0	29.5	37.0	28.0
Milk Sold/Farm (litres) ¹	344,842	811,477	1,101,258	773,580
Milk Sold/Cow (litres) ¹	7,659	9,062	9,906	8,942
Butterfat Test (kg/hl)	3.97	4.16	4.07	4.10
Person-Equivalents of Labour	2.3	2.6	2.4	2.5
Workable Land Farmed (hectares) ²	83	159	108	132
Average Age of Principal Operator	52.8	52.2	44.5	50.7

TABLE 4 DAIRY ENTERPRISE REVENUE AND EXPENSES; 2018.
- PER COW -

	Bottom 15	Middle 40	Top 15	All 70
	\$	\$	\$	\$
REVENUE				
Milk Sales	5,545.20	6,789.19	7,373.92	6,647.92
Quality Penalties & Levies	-2.16	-0.79	-4.05	-1.78
Cows & Bulls Sold	581.72	344.14	293.33	384.16
Other Dairy Livestock Sold	137.67	80.87	79.48	92.74
Dairy Livestock Inventory Change	-265.00	58.17	122.73	2.75
Net Revenue	5,997.43	7,271.58	7,865.41	7,125.79
DIRECT DAIRY EXPENSES				
Dairy Ration	641.79	785.44	467.69	686.57
Protein Supplements	240.96	403.01	633.21	417.61
Salt & Minerals	59.94	42.91	19.81	41.61
Milk Replacer & Calf Ration	153.73	154.06	146.19	152.30
Other Purchased Feeds	31.23	29.24	24.20	28.59
Vet & Drugs	255.35	224.68	244.06	235.40
A.I. Fees	111.48	101.88	97.07	102.91
Stable & Milk House Supplies	182.27	189.11	180.08	185.71
Milk Transport & Licence Fees	376.12	434.75	473.37	430.46
Livestock Marketing	37.22	12.30	9.71	17.08
Other Dairy Expense ¹	165.12	254.17	184.65	220.19
Total Direct Expense	2,255.21	2,631.55	2,480.04	2,518.43
DAIRY SHARE OF CROP EXPENSES				
Bulk Grain & Forage Purchases	238.59	170.35	212.96	194.11
Seed	213.64	133.28	131.80	150.18
Fertilizers	211.06	157.94	125.93	162.46
Herbicides & Pesticides	57.38	42.87	35.34	44.36
Custom Work	164.93	224.65	243.72	215.94
Fuel & Lubricants	256.20	171.96	130.84	181.20
Field Machinery Repairs	332.95	206.05	175.67	226.73
Land Rent	10.89	42.71	67.36	41.18
Other Crop Expense ²	51.03	40.26	26.35	39.59
Total Crop Expense	1,536.67	1,190.07	1,149.97	1,255.75
Returns Over Direct & Crop Expenses	2,205.55	3,449.96	4,235.40	3,351.61
ALLOCATED INDIRECT & OVERHEAD EXPENSES				
Barn Equipment & Building Repairs	243.72	218.10	204.37	220.65
Hired Labour Expenses	426.69	572.74	546.87	535.90
Interest Expense	864.42	651.88	719.81	711.98
Insurance	162.02	128.89	96.47	129.04
Telephone & Hydro	165.43	136.92	146.44	145.07
Taxes	129.27	110.34	84.60	108.88
Other Overhead Expenses ³	107.47	80.47	101.80	90.83
Total Indirect & Overhead Expenses	2,099.02	1,899.34	1,900.36	1,942.35
Returns Over Expenses	106.53	1,550.62	2,335.04	1,409.26
DAIRY LIVESTOCK PURCHASES				
Cows & Bulls Purchased	187.85	44.50	49.38	76.26
Other Dairy Livestock Purchases	1.63	28.08	3.33	17.11
Total Dairy Livestock Purchases	189.48	72.58	52.71	93.37
Net Returns	-82.95	1,478.04	2,282.33	1,315.89
TOTAL LABOUR REQUIRED (Hrs)⁴	149.58	91.91	69.86	99.54

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; 2018.
- PER HL OF MILK SOLD -

	Bottom 15	Middle 40	Top 15	All 70
REVENUE	\$	\$	\$	\$
Milk Sales	72.61	75.17	74.47	74.47
Quality Penalties & Levies	-0.03	-0.01	-0.04	-0.02
Cows & Bulls Sold	7.37	3.91	2.89	4.43
Other Dairy Livestock Sold	1.74	0.91	0.80	1.06
Dairy Livestock Inventory Change	-2.78	0.58	1.34	0.02
Net Revenue	78.91	80.56	79.46	79.96
DIRECT DAIRY EXPENSES				
Dairy Ration	8.63	8.70	4.91	7.88
Protein Supplements	2.80	4.39	6.09	4.42
Salt & Minerals	0.77	0.48	0.19	0.48
Milk Replacer & Calf Ration	1.96	1.70	1.49	1.71
Other Purchased Feeds	0.44	0.30	0.23	0.31
Vet & Drugs	3.23	2.45	2.46	2.62
A.I. Fees	1.45	1.13	1.00	1.17
Stable & Milk House Supplies	2.44	2.08	1.83	2.10
Milk Transport & Licence Fees	4.90	4.82	4.78	4.83
Livestock Marketing	0.42	0.14	0.10	0.19
Other Dairy Expense ¹	2.15	2.80	1.91	2.47
Total Direct Expense	29.19	28.99	24.99	28.18
DAIRY SHARE OF CROP EXPENSES				
Bulk Grain & Forage Purchases	3.01	1.89	2.08	2.17
Seed	2.92	1.47	1.32	1.75
Fertilizers	3.07	1.77	1.30	1.95
Herbicides & Pesticides	0.78	0.47	0.35	0.51
Custom Work	2.31	2.36	2.47	2.37
Fuel & Lubricants	3.40	1.97	1.32	2.13
Field Machinery Repairs	4.55	2.31	1.77	2.67
Land Rent	0.12	0.47	0.69	0.44
Other Crop Expense ²	0.63	0.45	0.27	0.45
Total Crop Expense	20.79	13.16	11.57	14.44
Returns Over Direct & Crop Expenses	28.93	38.41	42.90	37.34
ALLOCATED INDIRECT & OVERHEAD EXPENSES				
Barn Equipment & Building Repairs	3.34	2.41	2.06	2.54
Hired Labour Expenses	5.84	6.34	5.32	6.01
Interest Expense	13.20	7.31	7.37	8.59
Insurance	2.24	1.44	1.01	1.52
Telephone & Hydro	2.21	1.53	1.50	1.67
Taxes	1.79	1.22	0.85	1.26
Other Overhead Expenses ³	1.45	0.90	1.06	1.05
Total Indirect & Overhead Expenses	30.07	21.15	19.17	22.64
Returns Over Expenses	-1.14	17.26	23.73	14.70
DAIRY LIVESTOCK PURCHASES				
Cows & Bulls Purchased	3.00	0.48	0.53	1.03
Other Dairy Livestock Purchases	0.02	0.28	0.04	0.17
Total Dairy Livestock Purchases	3.02	0.76	0.57	1.20
Net Returns	-4.16	16.50	23.16	13.50
TOTAL LABOUR REQUIRED (Hrs)⁴	2.04	1.04	0.71	1.18

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

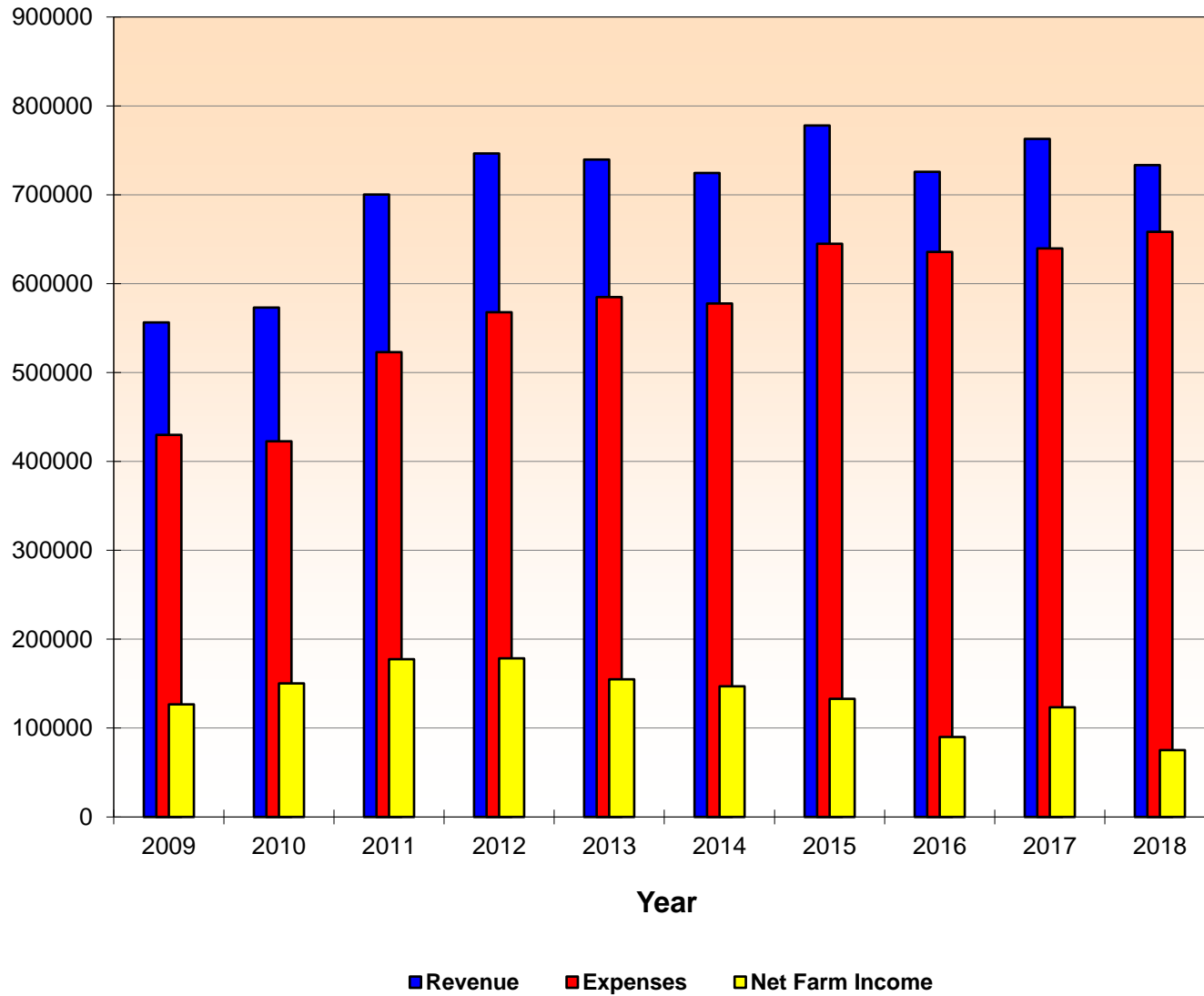
TABLE A.1 FARM REVENUE, EXPENSES AND NET INCOME; 2009 to 2018.

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number of Farms	73	65	61	56	58	65	71	65	70	70
REVENUE	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Milk Sales	475,906	474,444	580,364	601,449	596,407	589,229	612,963	582,158	611,897	577,595
Livestock Sales	16,840	21,620	29,459	34,995	37,761	49,754	60,371	43,632	38,685	34,593
Crop Sales	25,262	33,060	47,786	66,242	43,486	38,297	49,702	46,191	39,360	52,327
Other Farm Income	33,143	38,376	34,262	51,706	55,818	49,868	46,307	54,309	51,704	62,539
Total Cash Revenue	551,151	567,500	691,871	754,392	733,472	727,148	769,343	726,290	741,646	727,054
Inventory Change All Enterprises	5,346	5,547	8,545	-8,039	6,240	-2,579	8,515	-435	22,325	6,336
Total Farm Revenue	556,497	573,047	700,416	746,353	739,712	724,569	777,858	725,855	763,971	733,390
EXPENSES										
Dairy Cow Enterprise	130,483	122,646	155,543	168,304	172,835	173,764	194,336	190,817	205,044	201,331
Replacement Enterprise	12,045	12,096	16,865	18,490	17,455	18,226	21,060	19,977	20,475	20,456
Crops Enterprises	87,309	89,037	105,854	122,888	128,404	119,687	138,877	143,412	132,215	143,943
Other Farm Expenses	161,563	158,122	193,272	200,196	207,753	208,835	227,223	214,133	218,122	220,414
Total Cash Expenses	391,400	381,901	471,534	509,878	526,447	520,512	581,496	568,339	575,856	586,144
Building & Machinery Depreciation	38,325	40,823	51,270	57,874	58,371	57,150	63,483	67,402	64,781	72,077
Total Farm Expenses	429,725	422,724	522,804	567,752	584,818	577,662	644,979	635,741	640,637	658,221
NET FARM INCOME	126,772	150,323	177,612	178,601	154,894	146,907	132,879	90,114	123,334	75,169

TABLE A.2 SAMPLE CHARACTERISTICS; 2009 to 2018.

Data Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number of Farms	73	65	61	56	58	65	71	65	70	70
Herd Size (head)	75.5	75.5	86.2	88.7	85.3	80.7	85.6	82.7	82.2	84
Milk Sales (litres)	633,715	619,236	720,343	759,686	742,230	714,021	784,547	769,113	787,315	773,580
Milk Sales Per Cow (litres)	8,054	7,853	7,937	7,893	8,152	8,356	8,583	8,890	9,093	8,942
Tillable Hectares	122	130	142	152	151	140	151	135	128	132
Total Person Equivalents	2.25	2.22	2.4	2.4	2.3	2.3	2.3	2.4	2.5	2.5
Age of Principal Operator	49.5	49.5	50.6	53.3	52.3	51.7	51.9	52.2	51.7	50.7

- 14 -
**AVERAGE REVENUE, EXPENSES
AND NET FARM INCOME;
2009 TO 2018.**



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 2018 sample is composed of five sub-samples of dairy farms. The first sub-sample consists of 10 farms which was recruited in late 2013 and enrolled in the Project for 2014. The second sub-sample consists of 10 farms recruited in late 2014 for enrolment in 2015. The third sub-sample of 9 farms was recruited in late 2015 for enrolment in 2016. The fourth sub-sample of 23 farms was recruited in late 2016 for enrolment in 2017. The fifth and final sub-sample of 18 farms was recruited in late 2017 for enrolment in 2018.

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 70 farms on which this report is based are summarized in Table B.1.

TABLE B.1 SAMPLE COMPOSITION AND STRUCTURE; 2018.

Participation by Year of Initial Enrolment

REGION	2014	2015	2016	2017	2018	TOTAL
1	0	1	0	1	3	5
2	0	1	0	2	0	3
3	0	0	1	2	0	3
4	0	0	1	1	0	2
5	1	0	0	2	1	4
6	0	1	0	0	2	3
7	1	1	0	0	3	5
8	3	2	2	2	2	11
9	2	0	0	1	1	4
10	0	1	0	2	1	4
11	2	2	2	1	1	8
12	0	0	0	4	3	7
13	0	0	1	2	1	4
14	0	1	2	3	0	6
15	1	0	0	0	0	1
TOTAL	10	10	9	23	18	70

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.

Employees please fill in the section below:

Name:		FARM #											YEAR	MONTH			PAY	STAT	YEAR BORN						EFFICIENCY	EMPLOYEE NAME											Total Hours
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. <i>Indicate type of livestock:</i> _____																																				
	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 2018 is as follows:

(i) Beef & Veal	9
(ii) Swine	1
(iii) Poultry	2
(iv) 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 2018, are as indicated in Table C.1.

TABLE C.1 LIVESTOCK INVENTORY VALUES; 2018.

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	150	150	150	150	150

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 2018 AgriStability Fair Market Values list. Forage values are based on the equivalent feed value of grain corn. Values for 2018 are as indicated in Table C.2.

TABLE C.2 CROP INVENTORY AND TRANSFER VALUES; 2018.
 - Per Tonne Basis -

Values used for	Inventory Valuation		Transfer Value
	Beginning	Ending	
	\$	\$	\$
Home-grown Feed:			
Wheat (Feed)	185.00	239.00	212.00
Barley	218.00	246.00	232.00
Oats	257.00	242.00	249.50
Mixed Grain	200.00	224.00	212.00
Grain Corn	166.00	187.00	176.50
Hay	180.00	180.00	180.00
Haylage @ 45% DM	85.00	85.00	85.00
Oatlage/Barlage	50.00	50.00	50.00
Corn Silage	33.00	37.00	35.00
Straw	150.00	158.00	154.00

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.