

Overview of farms participating in the Canadian Agricultural Income Stabilization (CAIS) Program, 2004

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Introduction

The CAIS program is a joint Federal/Provincial/territorial Business Risk Management (BRM) program under the Agricultural Policy Framework (APF). It integrates stabilization and disaster protection into a single program, helping producers protect their farming operations from both small and large decreases in income in a given year.

In order to ensure consistency with international trade agreements, the maximum government contribution to a producer in a program year is 70% of the margin decline in the program year relative to the reference margin (includes cost-sharing with provinces and territories) or capped at \$3 million.

This report provides an overview of both participating and non-participating farms in the 2004 CAIS program.

In 2004, there were approximately 132,000 participants in the CAIS Program.

Data Source

This report uses mainly data from 2005 Farm Financial Survey (FFS). The 2005 FFS collects information on the financial situation of Canadian farms for the year 2004 (excludes farms with gross revenues of less than \$10,000). Information is collected on characteristics of land use, live-stock and poultry numbers, capital investment/sales, revenues and expenses, assets and liabilities and program payments. Characteristics such as age and off-farm income of the farm operator are also collected.

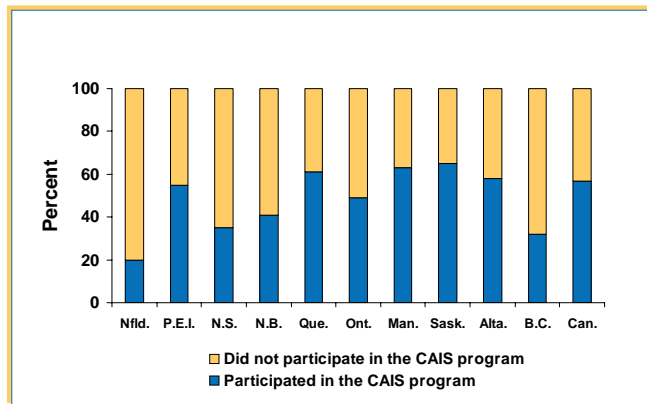
KEY FINDINGS

- **More than half of Canadian farms (57%) participated in the CAIS program in 2004.**
- **In 2004, the province of British Columbia reported the lowest participation rate.**
- **Potato farms, grain and oilseed and hog farms reported the highest participation rate in 2004.**
- **Business-focussed farms were more likely to participate in the CAIS program.**
- **Farmers whose main source of income was agricultural products sales were more likely to participate in the CAIS program**

In most provinces, more than half of farms participated in the CAIS program

- In 2004, 57% of farms from all farm types and provinces in Canada participated in the CAIS program.
- Higher participation was observed in Manitoba, Saskatchewan and Quebec with participation rates of 65%, 63% and 61% respectively.
- Only 32% of British Columbia farms participated in the CAIS program.
- British Columbia had more smaller farms: 42% of farms had revenues of less than \$50,000 compared to 34% for Canada.

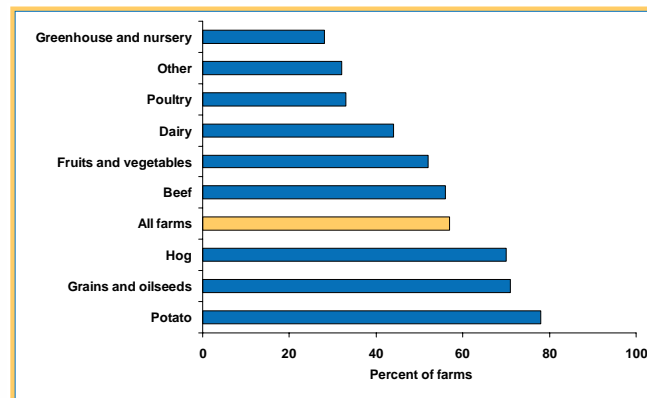
Figure 1: Participation in CAIS program by province, 2004



Potato farms reported the highest percentage of farms participating in the CAIS program

- In 2004, more than two-thirds of potato farms, grains and oilseeds farms and hogs farms participated in the CAIS program.
- The lowest participation was observed for supply managed farms. Dairy farms had a participation rate of 44% while only 33% of poultry and egg farms participated in the CAIS program.

Figure 2: Percentage of farms* that participated in 2004 CAIS program

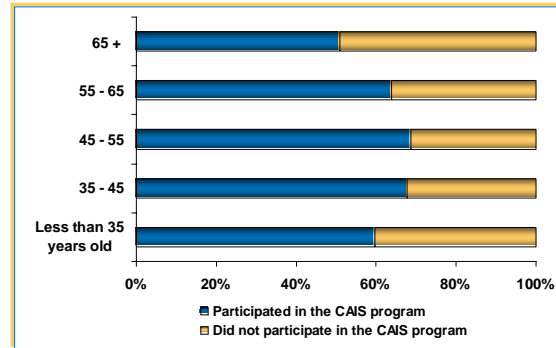


*Farm types are based on 51% or more of revenues from a particular commodity

CAIS program participation rate was higher for farmers aged between 35 and 65 years

- In 2004, the participation rate in CAIS was over 50% for all age groups of the non-supply managed farms.
- The participation rate among farmers aged between 35 and 65 ranged from 69% to 64%.
- Beginner farmers (less than 35 years old) and pre-retirement (65 years old and plus) farmers had participation rate in 2004 of 60% and 51%, respectively.

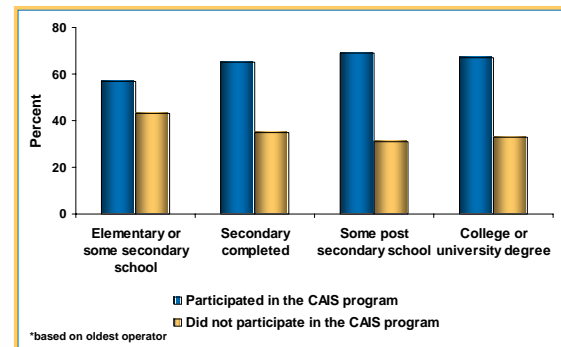
Figure 3: Participation in the CAIS program for non-supply managed farms - 2004



Farmers who completed at least high school or higher participated more in the CAIS program in 2004

- In 2004, the participation rate for farmers who completed at least high school ranged from 65% to 69% compared to 57% for farmers who completed only elementary or secondary school.

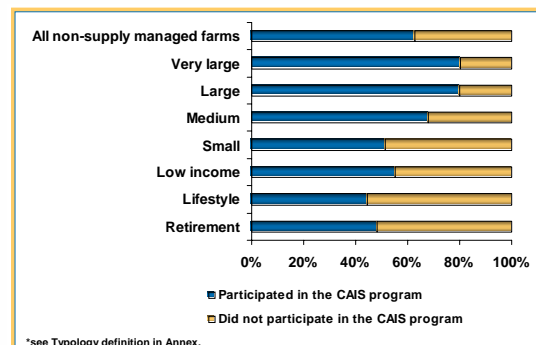
Figure 4: Percentage of non-supply managed farmers* by education level - 2004



Business-focussed farms were more likely to participate in the CAIS program

- In 2004, 80% of large and very large non-supply managed farms participated in the CAIS program compared to 48% and 44% for retirement and lifestyle respectively.
- Only 55% of low income farms participated in the 2004 CAIS program.

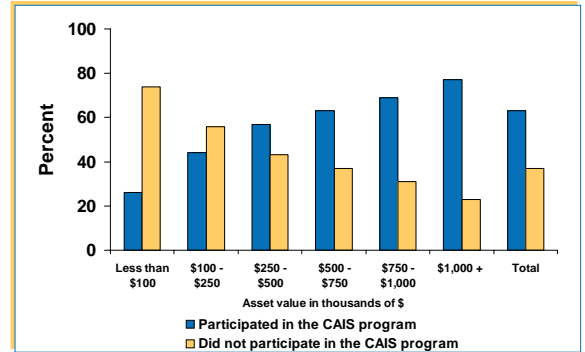
Figure 5: Percentage of non-supply managed farms by typology* - 2004



The greater the value of assets, the higher the participation in the CAIS Program

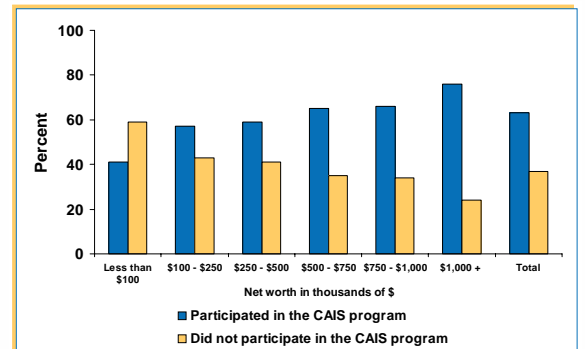
- In 2004, 77% of non-supply managed farms with assets of \$1,000,000 and over participated in the CAIS program while 26% of farms with assets of less than \$100,000 participated in the Program.

Figure 6: Percentage of non-supply managed farms by assets class - 2004



- The same trend was observed for net worth. The participation rate in the CAIS program increased as net worth increased.

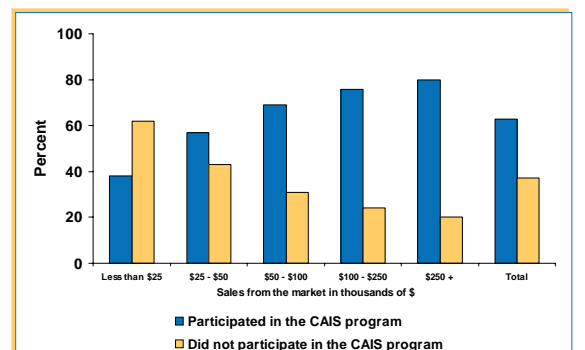
Figure 7: Percentage of non-supply managed farms by net worth class - 2004



Also, farms with greater market sales tended to participate more in the CAIS program

- In 2004, 80% of non-supply managed farms with market sales of \$250,000 and over participated in the CAIS program compared to the participation rate of 38% for those farms with market sales of less than \$25,000.
- As can be seen on the chart, the greater sales from the market, the greater participation rate in the CAIS program.
- The same trend was observed for all types of the non-supply managed farms.

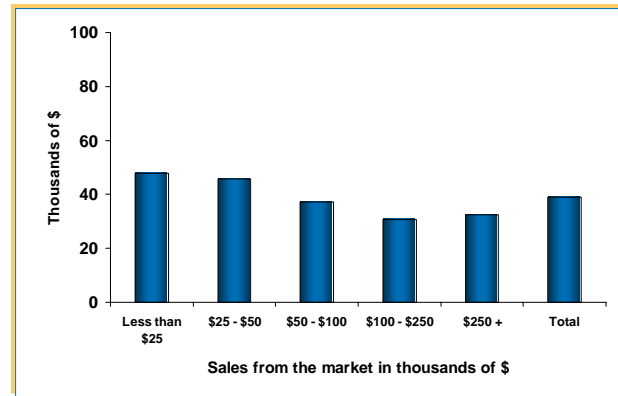
Figure 8: Percentage of non-supply managed farms by market sales class - 2004



Farms with higher market sales had less off-farm income and were more likely to participate in the CAIS program

- As can be seen on the chart, farms with greater sales from the market relied less on off-farm income.
- In 2004, the average off-farm income gap between farms with low market sales and those with higher sales from the market was more than \$15,000.
- This indicates that farmers who mainly rely on agricultural product sales for family income were more likely to participate in the CAIS program.

Figure 9: Average off-farm income by market sales, non-supply managed farms - 2004



CAIS program provided significant payments to participants

- On the average, the gap between program payments received by participants in the CAIS program and non-participants were \$18,600 in 2004.
- The largest difference was observed for potato farms.

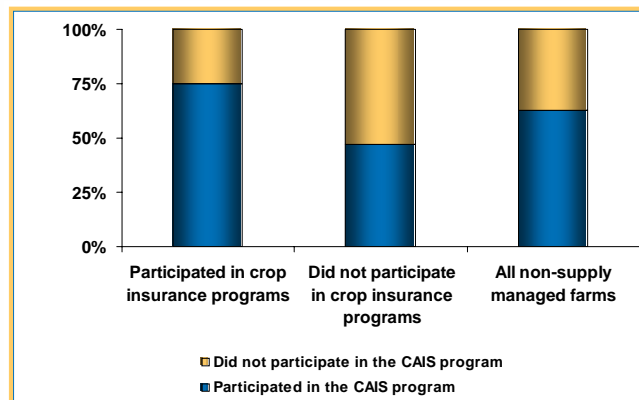
Table 1: Program payments per farm - 2004

| | Participated in the CAIS program | Did not participate in the CAIS program | Difference |
|------------------------------|----------------------------------|---|------------|
| Potato | 49,468 | 11,349 | 38,119 |
| Greenhouse & Nursery | 23,016 | 2,387 | 20,629 |
| Grains & Oilseeds | 22,461 | 8,981 | 13,480 |
| Fruits & Vegetables | 16,004 | 3,185 | 12,819 |
| Beef | 31,441 | 8,016 | 23,425 |
| Hog | 38,591 | 17,794 | 20,797 |
| All non-supply managed farms | 26,695 | 8,125 | 18,570 |

Farms that participated in other programs were more likely to participate in the CAIS program

- In 2004, 75% of farms that participated in crop insurance programs participated also in the CAIS program.
- Only 47% of farms that did not participate in crop insurance programs participated in the CAIS program.

Figure 10: Percent of non-supply managed farms - 2004



APPENDIX A

Typology Definitions

| | |
|-------------------------------|---|
| Retirement | Family farms where the oldest operator is 60 years or older and receiving pension income, and where no children are involved in the day-to-day operation of the farm. |
| Lifestyle | Small-sized family farms (revenues of \$10,000 to \$49,999) with total family off-farm income of \$50,000 or more. |
| Low income | Small and medium-sized family farms (total revenues of \$10,000 to \$99,999) with total family income less than \$35,000. |
| Small business-focussed | Family farms with total operating revenues of \$10,000 to \$49,999. |
| Medium business-focussed | Family farms with total operating revenues of \$50,000 to \$99,999. |
| Large business-focussed | Family farms with total operating revenues of \$100,000 to \$499,999. |
| Very large business- focussed | Family farms with total operating revenues of \$500,000 and over. |