Agriculture Value Added Account – Estimation Methodology Summary

Total value of production is obtained by adding the following components: sales of agricultural products, sales of secondary production, other sources of income, and own-account production uses.

Sales of agricultural products to other farms include the sales of livestock and poultry, feed and seed to other farms.

Sales of livestock and poultry to other farms are calculated by subtracting imports (international and interprovincial) of livestock and poultry from the total livestock and poultry purchase expenses obtained from the Taxation Data Program (survey ID 3447). International and interprovincial imports of livestock and poultry correspond to the expense item “Livestock and poultry purchases” included in the derived survey Net Farm Income (survey ID 3473).

Sales of feed to other farms are estimated by subtracting commercial feed expenses obtained from the derived survey Net Farm Income, from total feed expenses obtained from the Taxation Data Program.

Sales of seed to other farms are estimated by subtracting commercial seed expenses obtained from the derived survey Net Farm Income, from total seed expenses obtained from the Taxation Data Program.

Preliminary estimates of sales of agricultural products to other farms are obtained using a forecasting model until final data from the Taxation Data Program become available, almost 18 months after the end of the reference year.

Sales of agricultural products to other sectors comprise the sales to farms outside the province of production and the sales to other non-farm sectors. They are estimated by subtracting the sales of forest products and the program payments from the total farm cash receipts, all obtained from the derived survey Net Farm Income.

Sales of secondary production correspond to the sales of forest products (wood harvested from farm woodlots). They are obtained directly from the derived survey Net Farm Income.

Other sources of income include custom work receipts, program payments, government rebates and farmland rent.

Preliminary estimates of **Custom work receipts** are calculated using a forecasting model until final data from the Taxation Data Program become available, almost 18 months after the end of the reference year.

Program payments and **Government rebates** are obtained from the derived survey Net Farm Income. Only payments or rebates tied to agriculture production and paid directly to farmers are included in this derived survey.

Farm land rent represents rental income to farm operators for the rental of agriculture land and buildings. Farm land rent estimates are calculated by subtracting rent paid to non-operator landlords from total cash rent paid by farm operators. Rent paid to non-operator landlords is derived using data from the Farm Financial Survey (survey ID 3450). Cash rent paid by farm operators is obtained from the derived survey Net Farm Income.

Own-account production uses include income-in-kind and the value of inventory change estimates.

Income-in-kind estimates are obtained from the derived survey Net Farm Income. Income-in-kind measures the value of the agricultural goods consumed by farm operator families. It is calculated using Statistics Canada estimates of per capita food consumption, coupled with Census measurements of the farm population and the average prices that producers would have received in the marketplace.

Value of inventory change estimates are obtained from the derived survey Net Farm Income. They represent the value of the change in producer-held inventories of agricultural products during a calendar year. The physical change in inventories is valued at weighted average annual market prices in the case of crops and at simple average annual prices for livestock commodities. This simple average is based on the value per animal at January 1, July 1 and December 31 of each year.

Total value of agricultural production is allocated to the following components: expenses on inputs, business taxes, depreciation and net value added.

Expenses on inputs include the inputs purchased from other farms and the inputs purchased from other sectors.

Expenses on inputs from other farms are estimated by adding sales of agricultural products to other farms to farmland rent, both derived from the Agriculture value added account.

Expenses on inputs from other sectors are estimated by subtracting property taxes, cash rent, share rent, cash wages and interest expenses from the total farm operating expenses before rebates, and by adding custom work receipts to it.

Business taxes correspond to the property taxes expenses obtained from the derived survey Net Farm Income.

Gross value added is derived by subtracting expenses on inputs and business taxes from the total value of production.

Depreciation estimates are obtained from the derived survey Net Farm Income.

Net value added is derived by subtracting depreciation from the gross value added.

Net value added is distributed to non-operator landlords (cash and share rent to non-operators), lenders (interest), farm employees (non-family wages), and farm businesses (corporation profits and unincorporated operator returns).

Cash and share rent to non-operators are estimated using data from the Farm Financial Survey and the derived survey Net Farm Income.

Interest corresponds to the interest expense included in the derived survey Net Farm Income.

Non-family wages and **Family wages** (the latter estimated for incorporated and unincorporated farms separately) are obtained using total cash wages in the derived survey Net Farm Income and data from the Census of Agriculture.

Corporation profits and **Unincorporated operator returns** are derived residually by subtracting cash and share rent to non-operators, interest and all wages from the net value added, and using data from the Taxation Data Program.