

# Succession Issues in Canadian Agriculture

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by,  
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# Objectives

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To determine:

- The type of the capital invested in Agriculture
- The demographic characteristics of farm operators
- The expected future of farm capital

# Structural Change

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- The average farmer is 54 years old.
- They have a huge amount of capital tied up in land, buildings and equipment, livestock and quota.
- How to manage the financing of this set of assets to a new generation?

# Issues in Managing the Transfer

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- ❑ Asset transfer is often associated with farm restructuring, so the new generation may be buying the existing farm assets and new capital assets at the same time.
- ❑ Many farmers are interested in assisting in financing their offspring.
- ❑ They also need to invest their assets into other assets that will generate a stream of income during the retirement years.
- ❑ There is a substantial tax burden that will need to be managed.

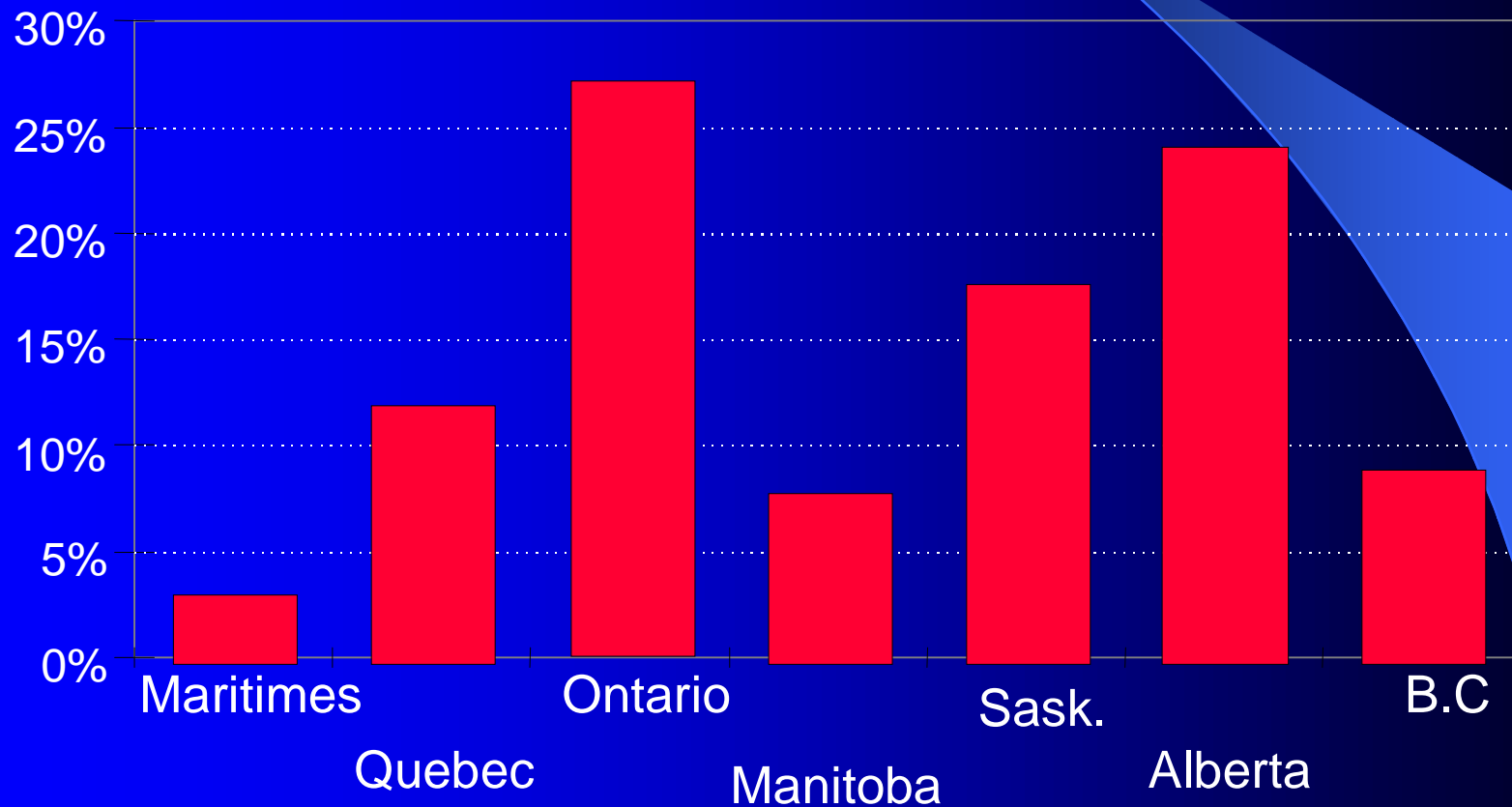
# Total Capital Invested in Agriculture

## Total Farm Capital and Outstanding Debt

	Farms Reporting	Total Farm Capital (1996 market value)		Outstanding Debt (December 1996)
		(million \$)	%	(million \$)
Canada	276,548	171,956	100	27,158
Maritimes	10,817	5,117	3	990
Quebec	35,991	20,446	12	4,756
Ontario	67,520	46,186	27	5,838
Manitoba	24,383	13,324	8	2,558
Saskatchewan	56,995	30,265	18	4,757
Alberta	59,007	41,389	24	6,667
British Columbia	21,835	15,230	9	1,593

# Total Farm Capital Distribution by Province

(% of total Canada)



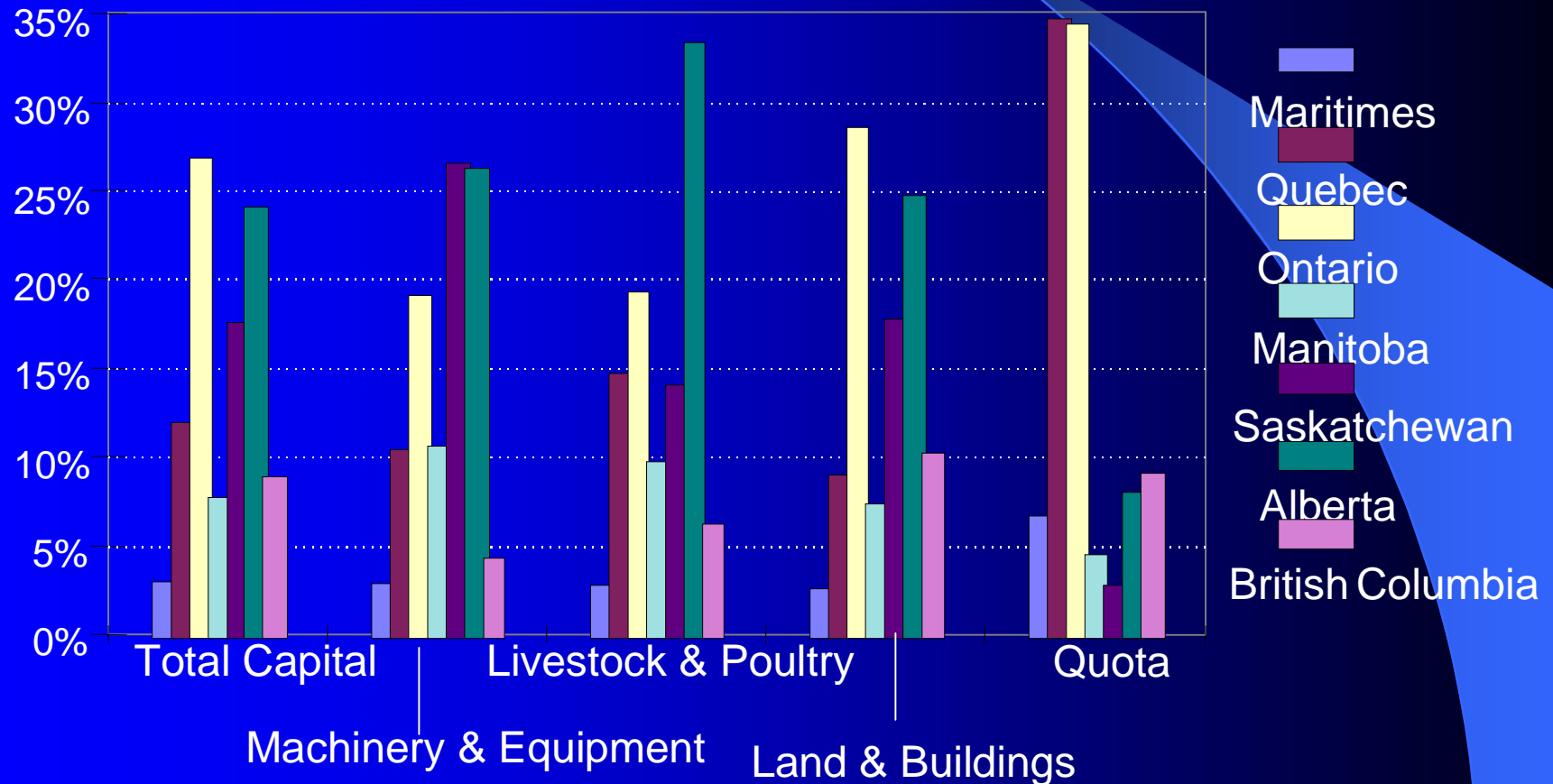
# Components of Farm Capital

( in % of Total Farm Capital in Each Province )



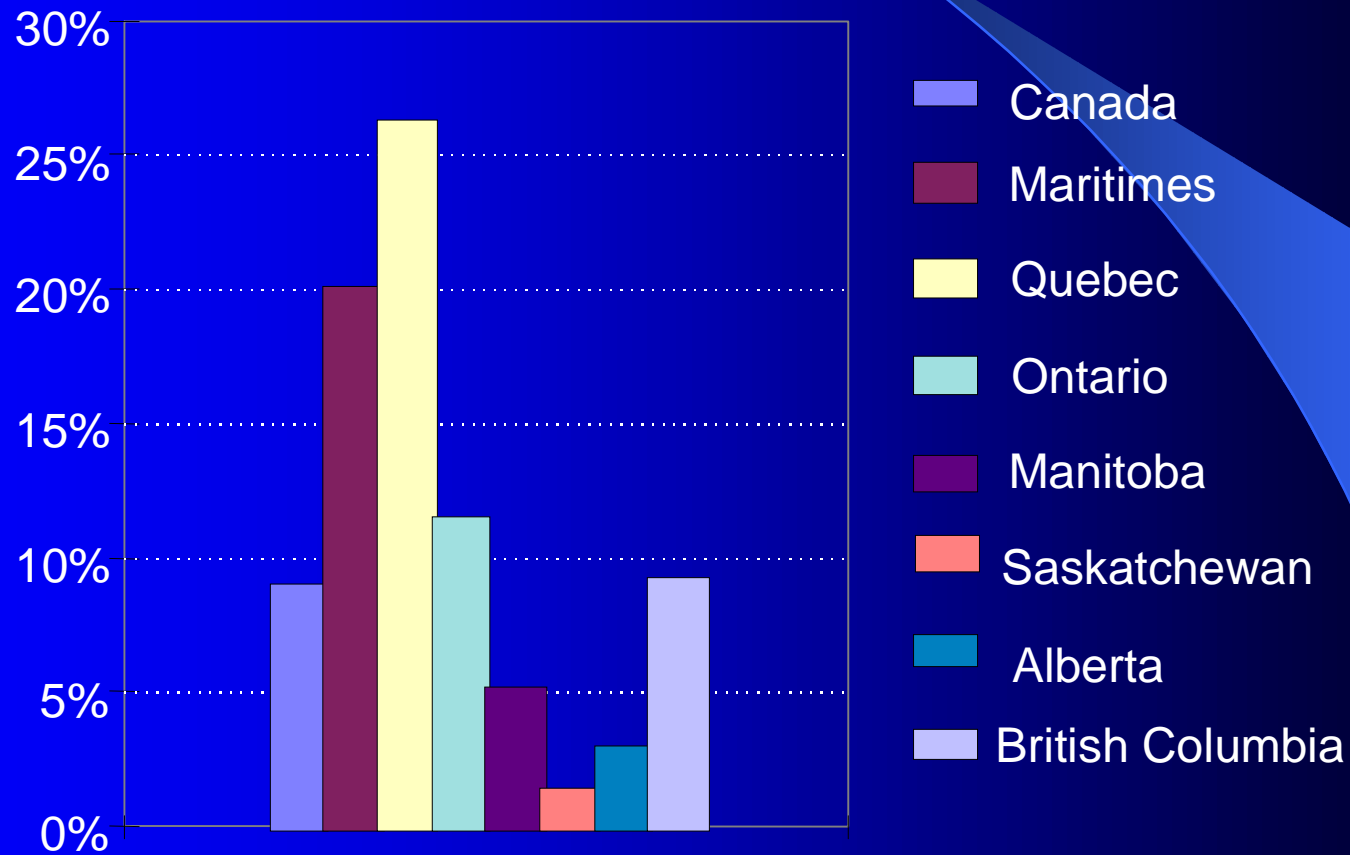
# Components of Farm Capital

(as a percentage of Total Canada)



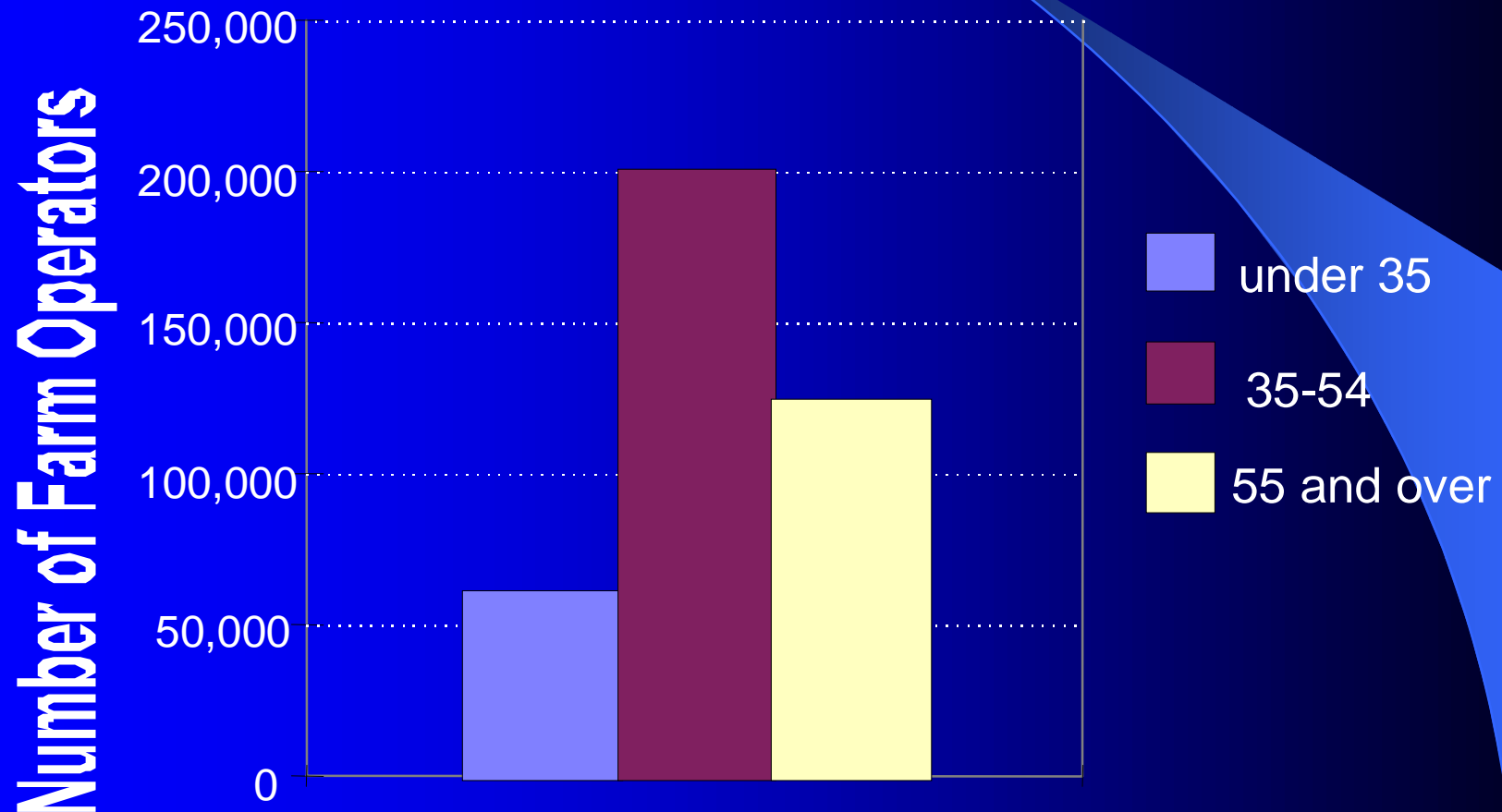
# Quota Value

(in percent of Total Farm Capital)



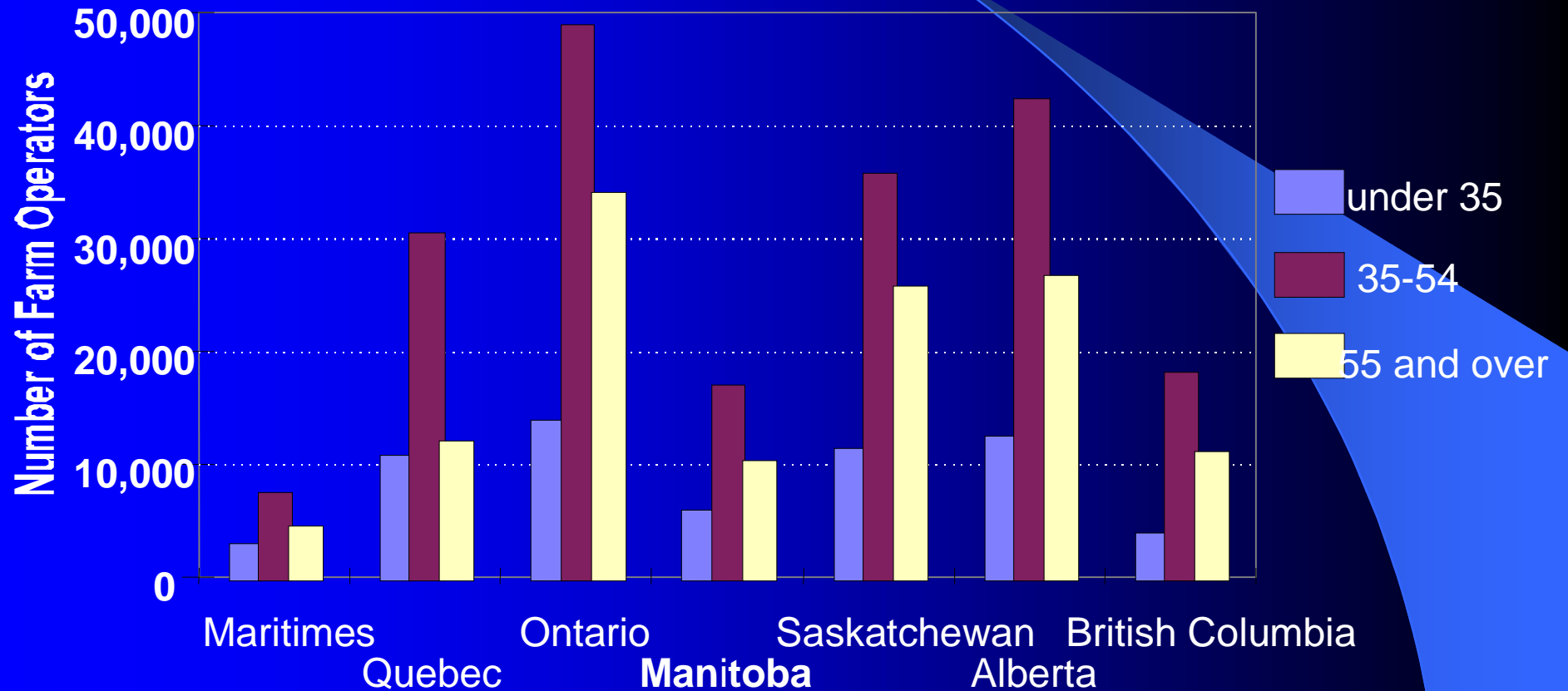
# Age Distribution of Farm Operators

( Canada )



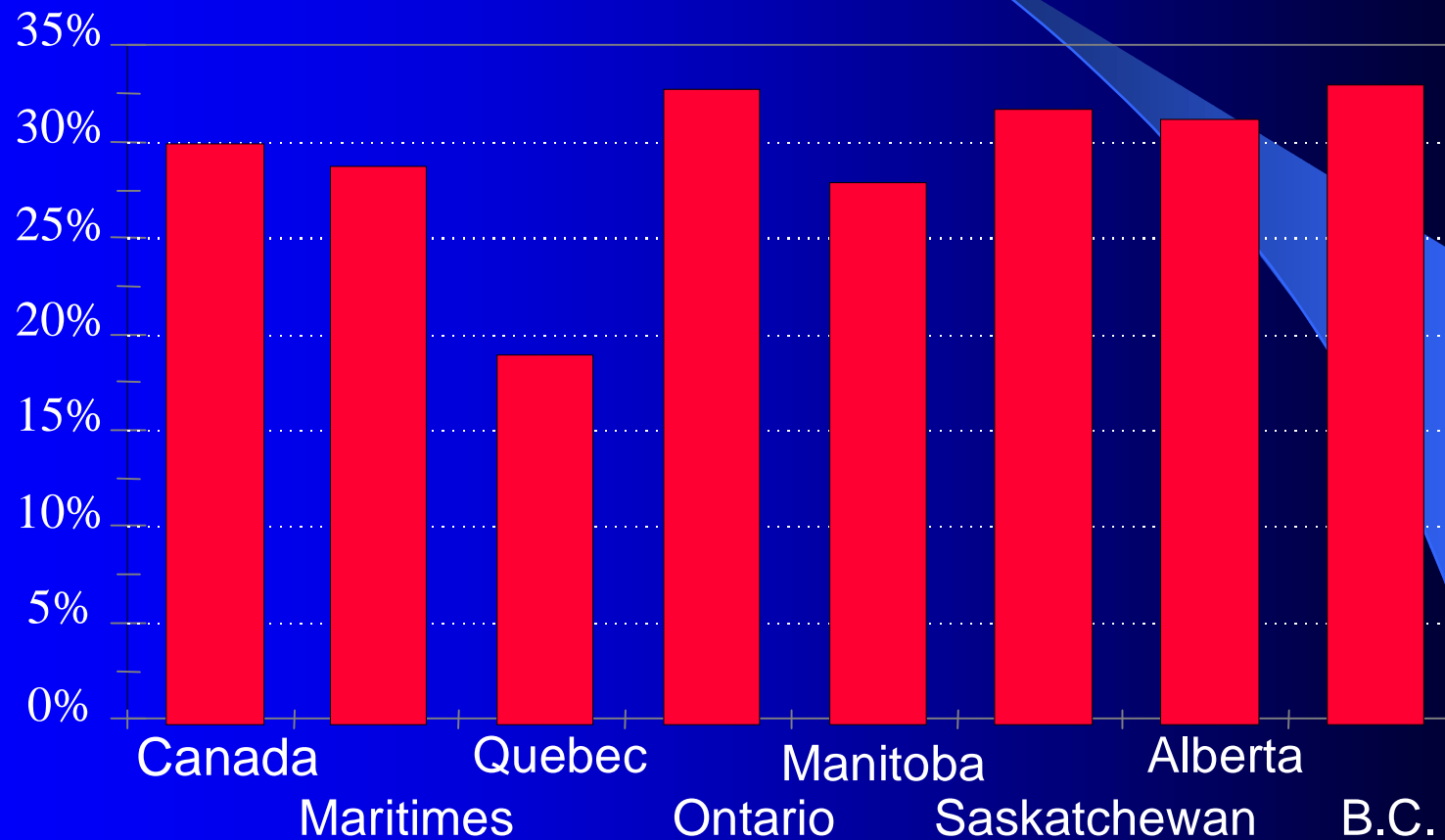
# Age Distribution of Farm Operators

( Provinces )



# Farm Capital Owned by Retiring Farm Operators

( in Percent of Total)



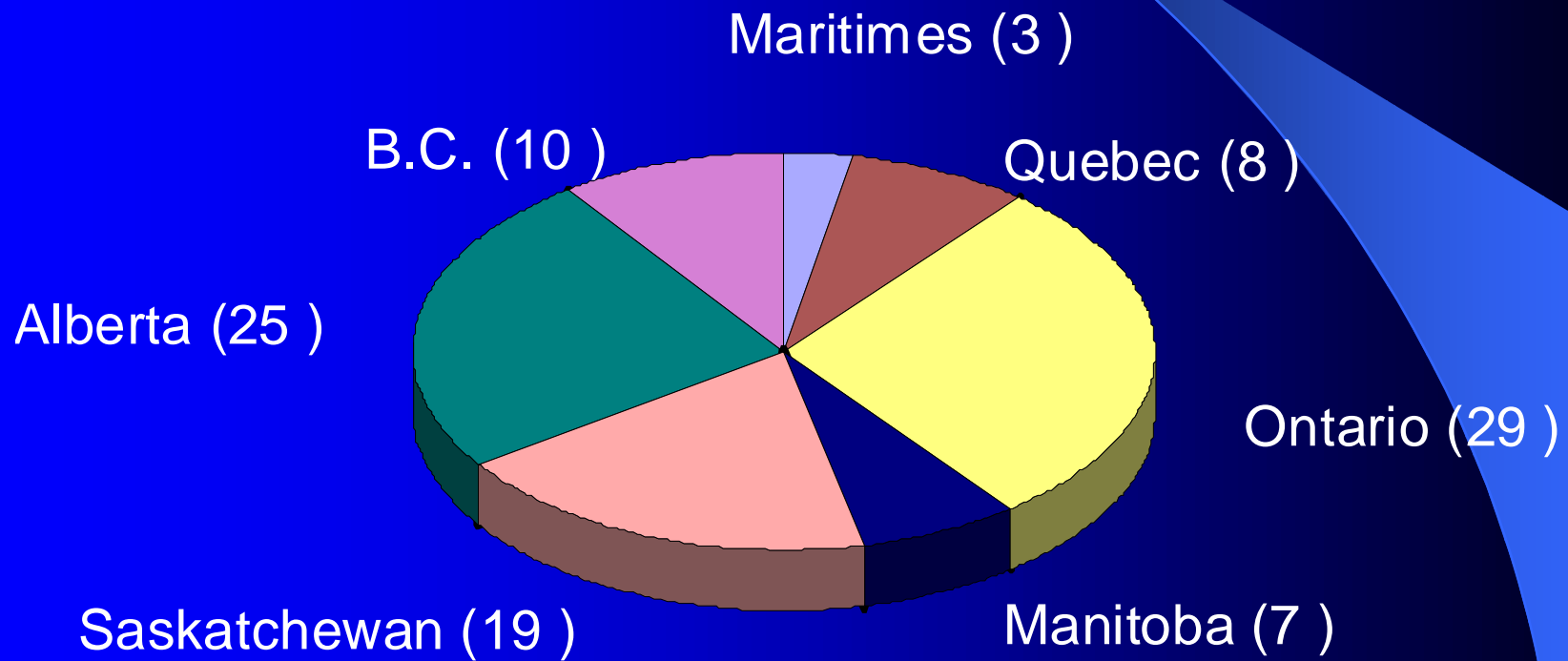
# Farm Capital Owned by Retiring Farm Operators (cont.)

- The national average of farm capital per retiring farm operator is \$402,046.
- If sold at market price these assets would produce an annual interest income of \$32,164 per retired farmer (assuming 8% interest rate).
- This amount is below the average family income.

# Farm Capital Owned by Retiring Farmers

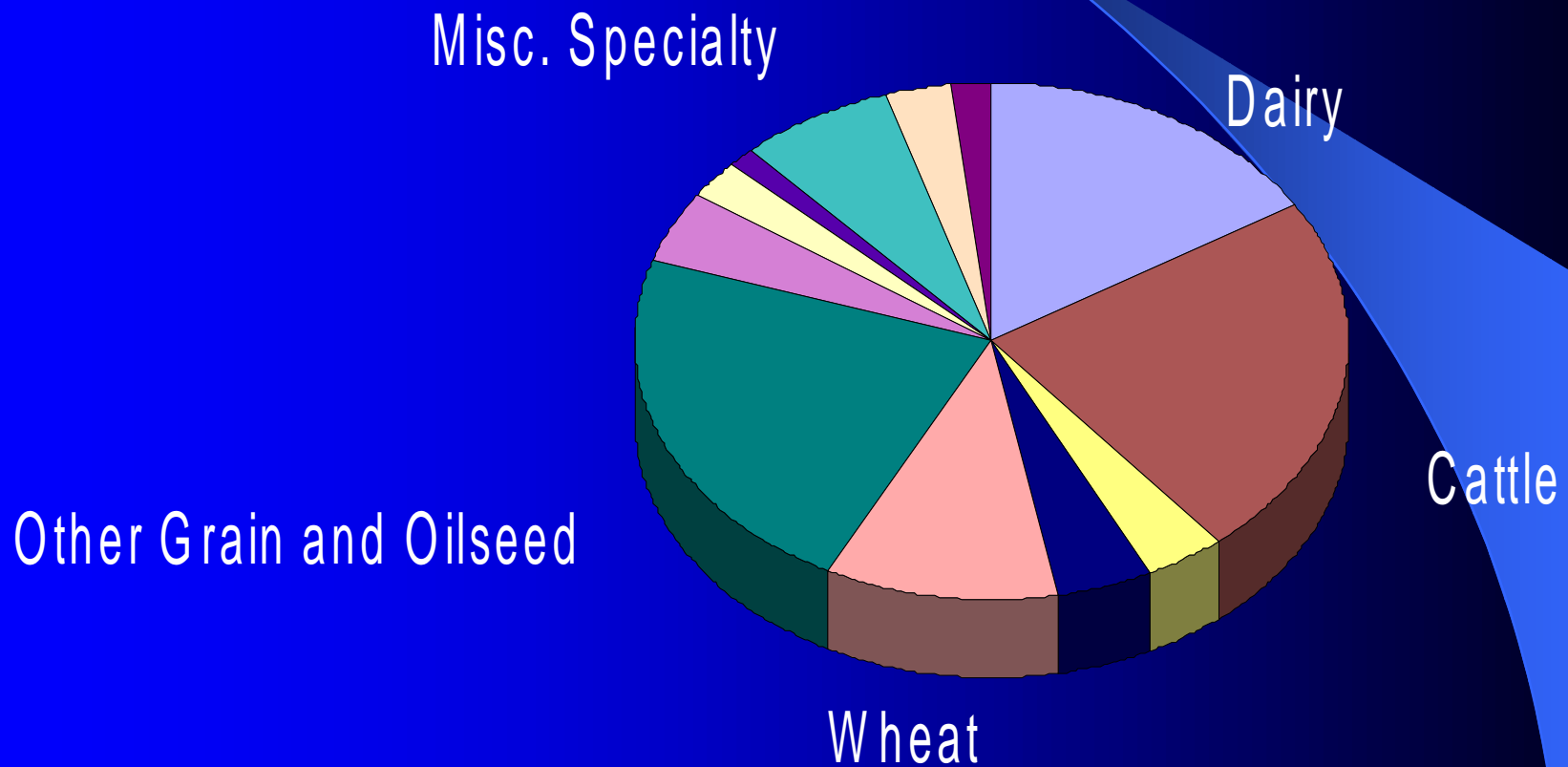
( in percent of Total Canada )

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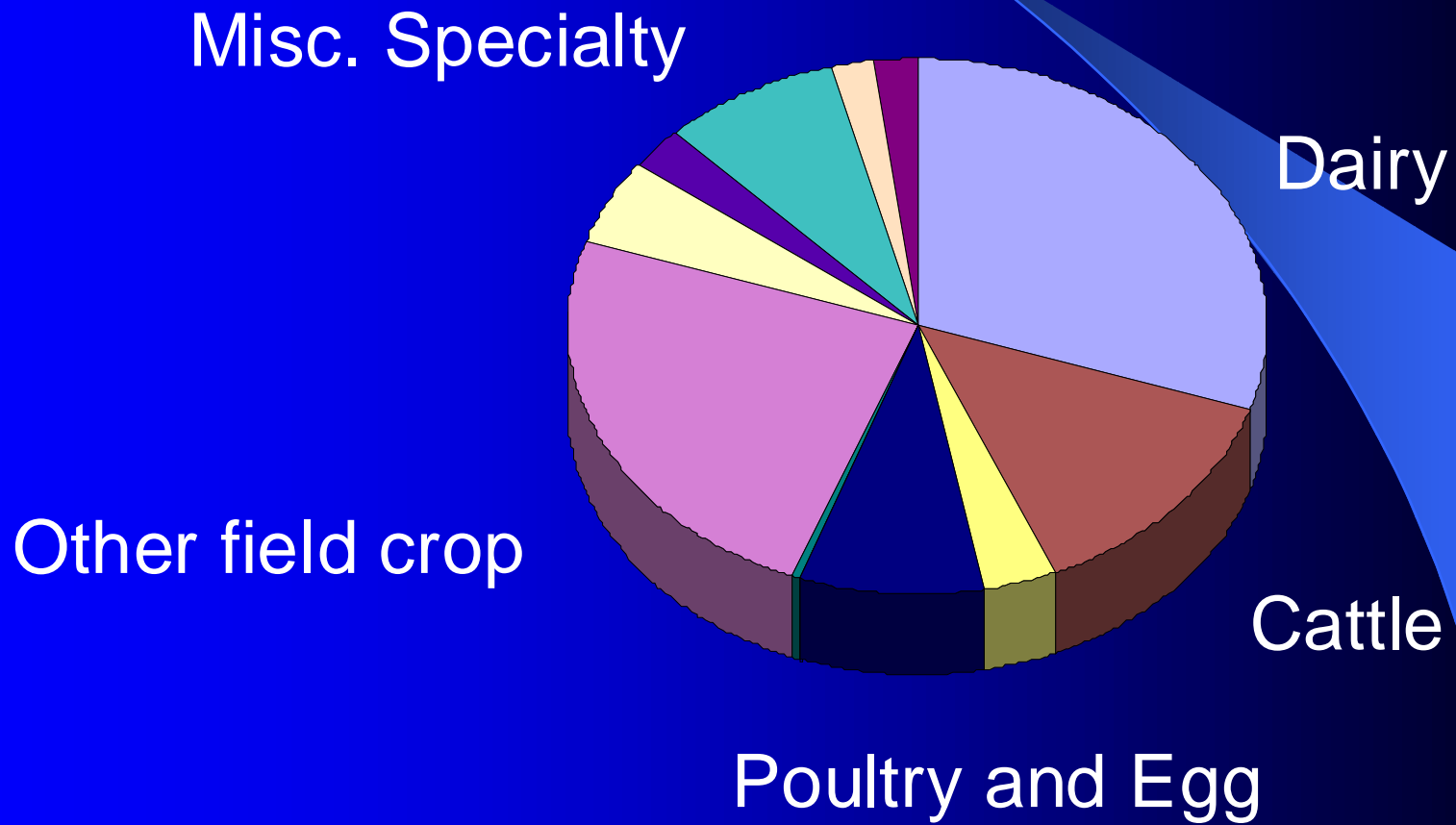
# Farm Capital Owned by Retiring Farmers (by Farm Type)

( in percent of Total Canada )



# Capital Transfer by Farm Type

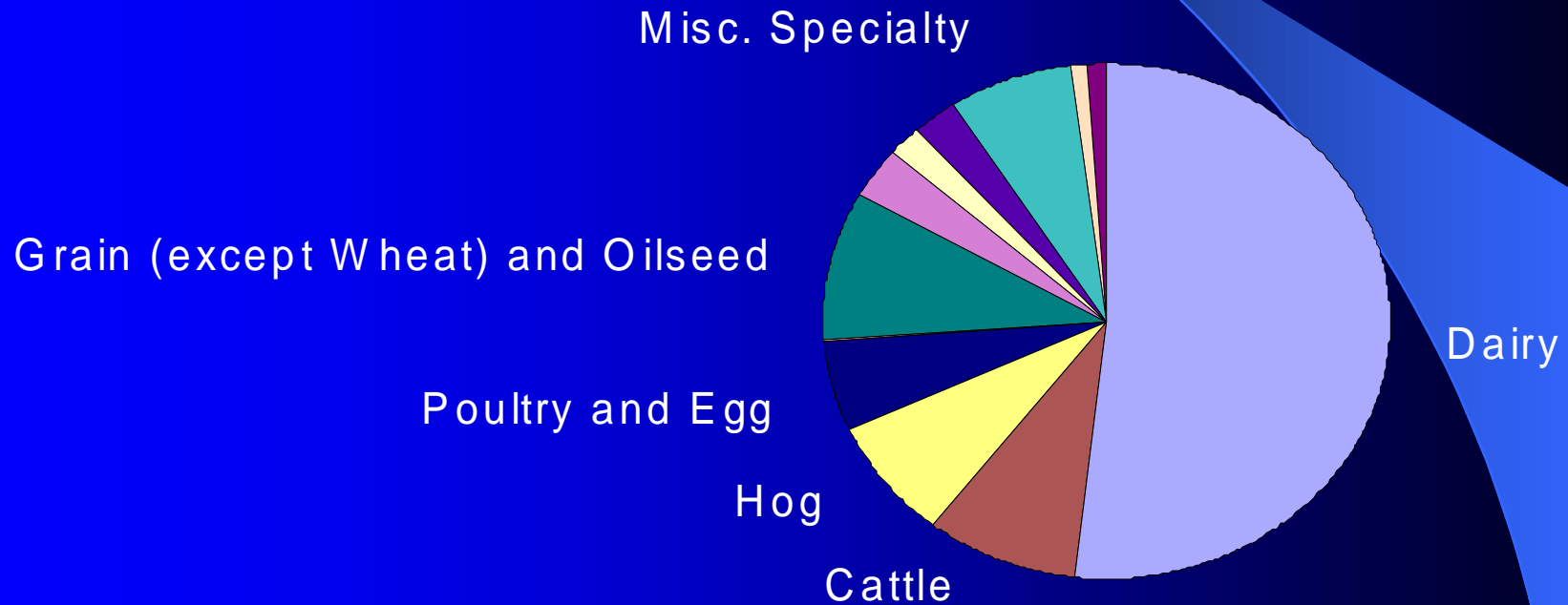
( Maritimes )



# Capital Transfer by Farm Type

( Quebec )

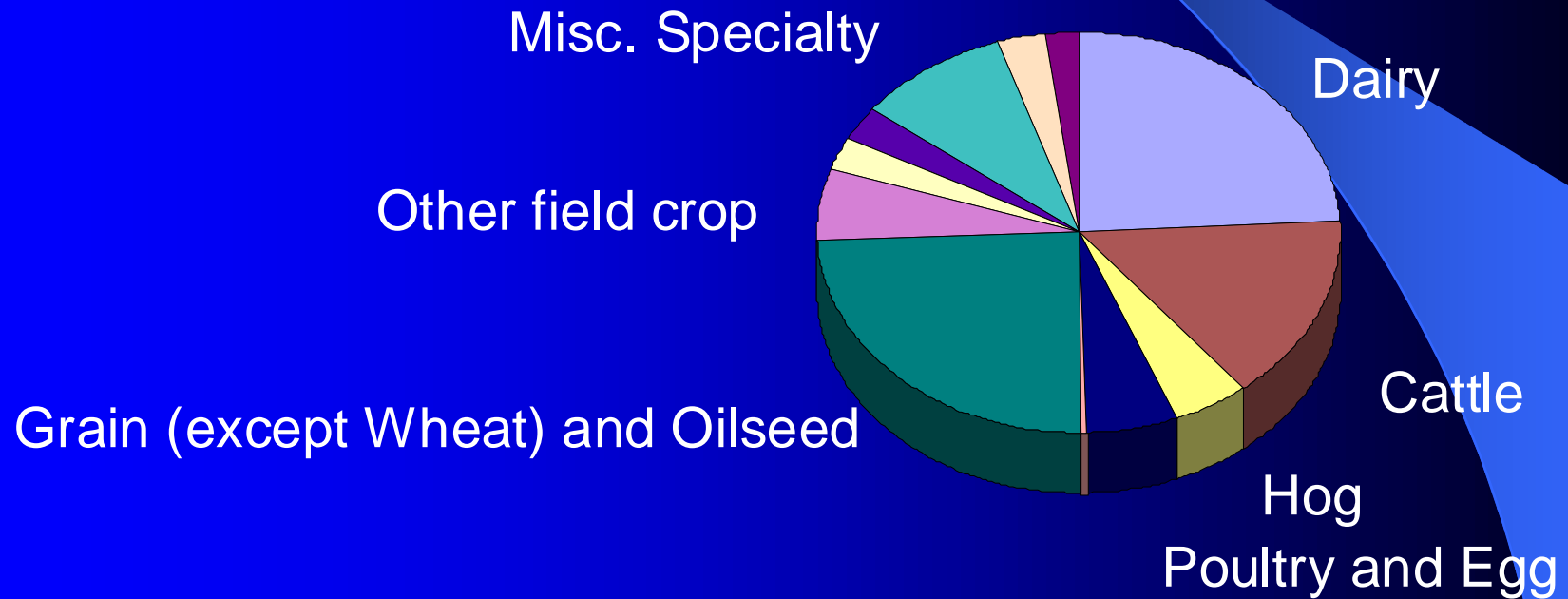
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# Capital Transfer by Farm Type

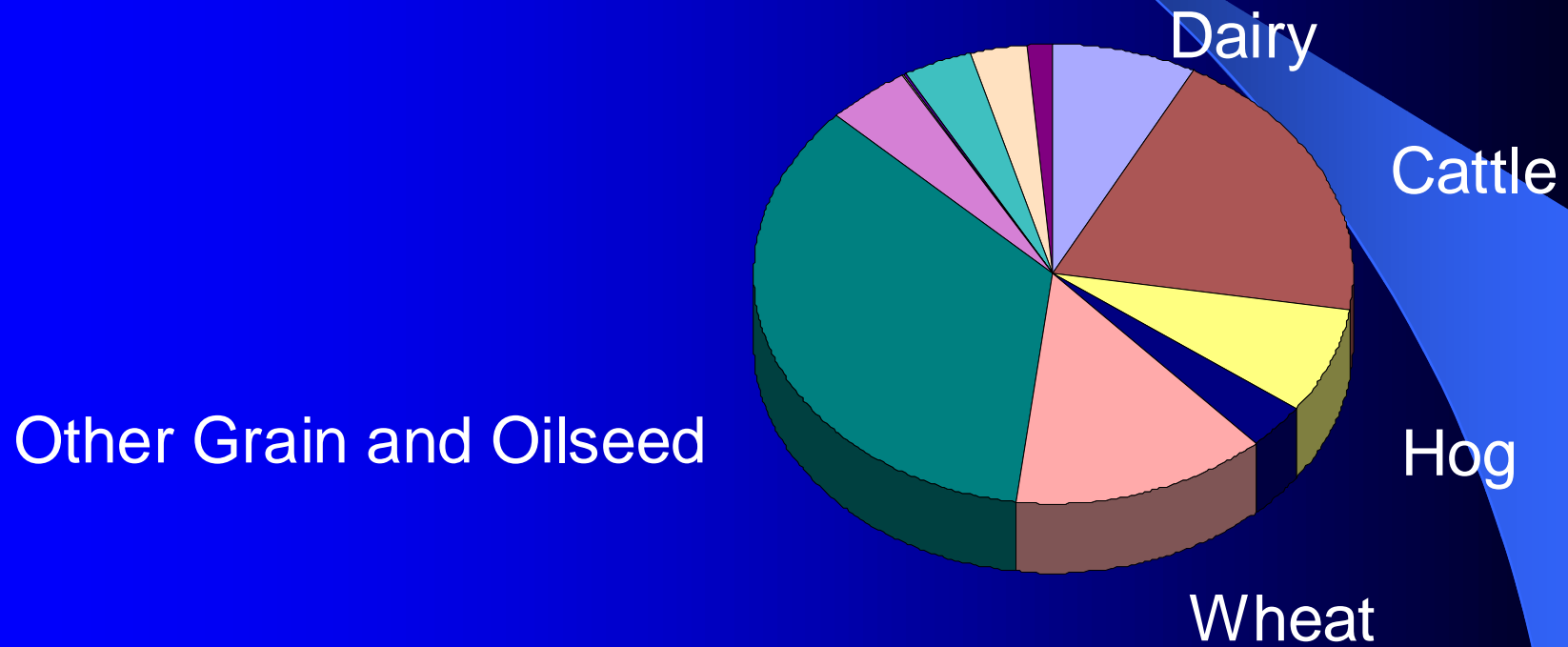
( Ontario )

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# Capital Transfer by Farm Type

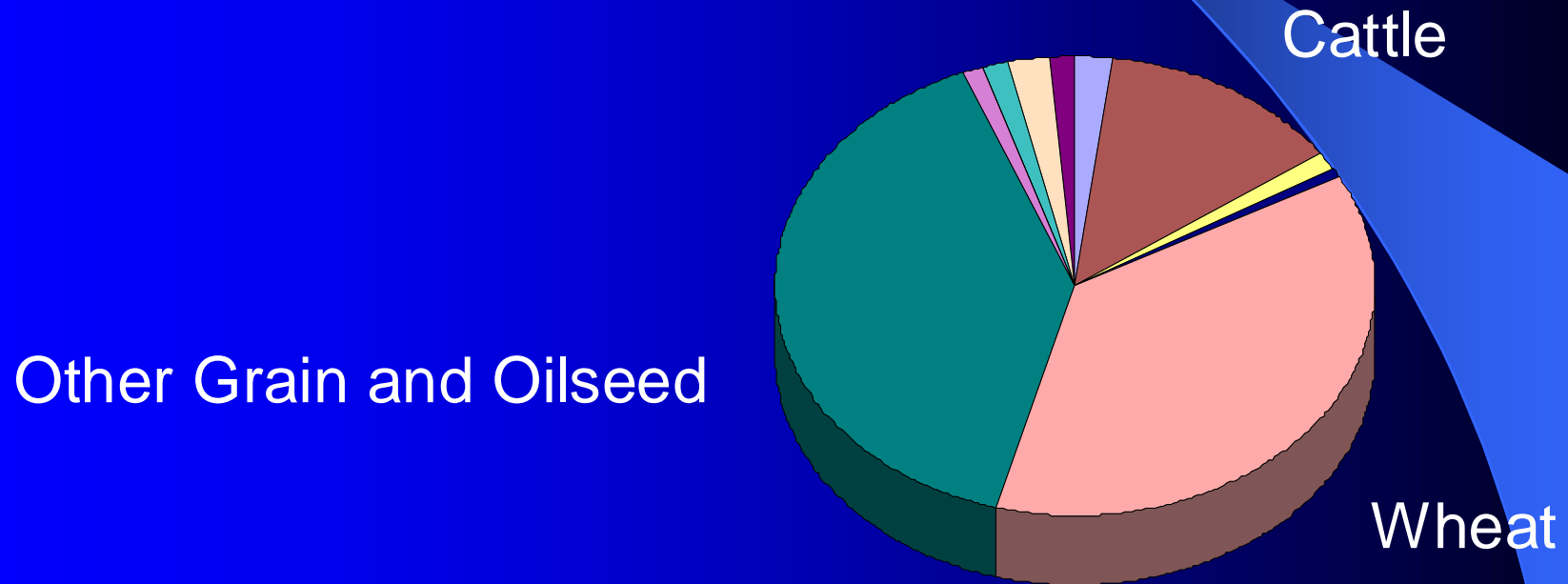
( Manitoba )



# Capital Transfer by Farm Type

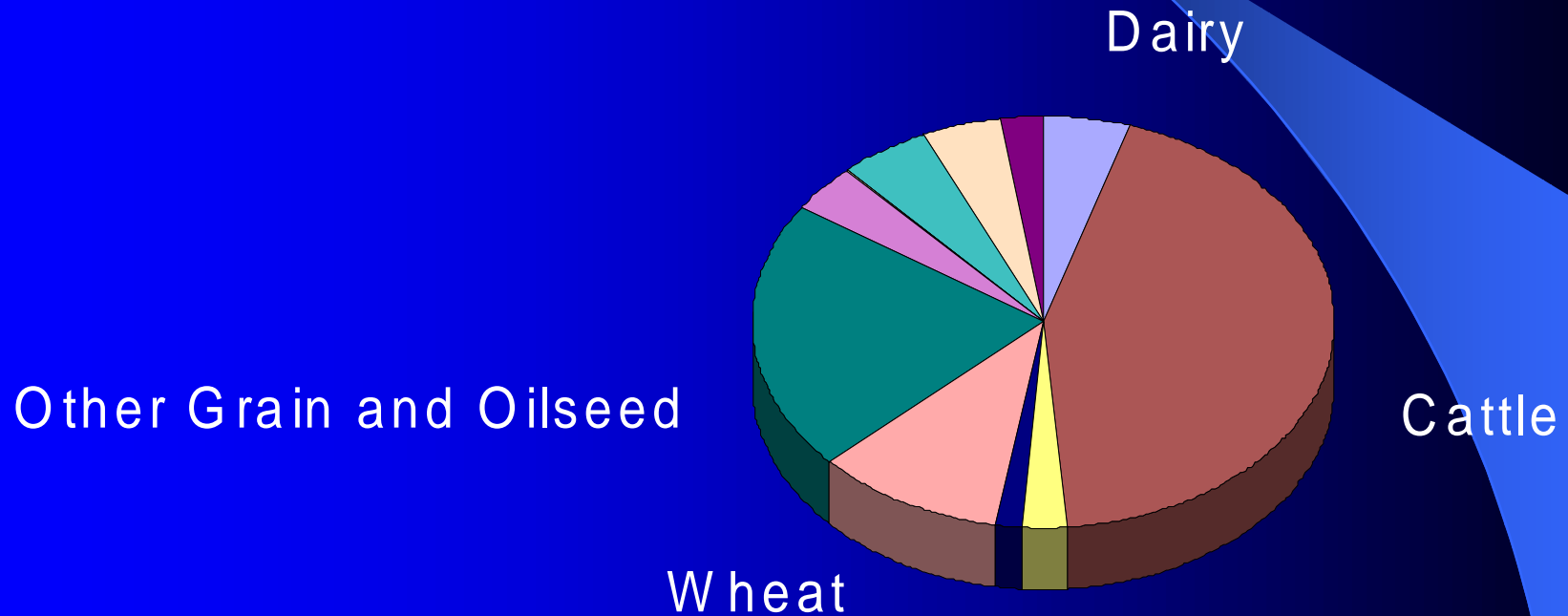
( Saskatchewan )

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# Capital Transfer by Farm Type

( Alberta )



# Capital Transfer by Farm Type

(British Columbia)

