

# Towards Increased Profits (TIP) Report

## Benchmark (BM) Explanation

**Example:** If the Benchmark (BM) shows a 5% spending of GFI (Gross Farming Income) on fertilizer (Canada Revenue Agency (CRA) code: 9662), then for every \$100 dollars in income, \$5 dollars is spent on fertilizer.

### Background:

All income and expenses illustrated on the Benchmark are based on a percent of Gross Farming Income (GFI).

Industry Benchmarks are grouped by:

1. Commodity type (Crops or Livestock), then by
2. Crop or Livestock type (for example: apples, blueberries, cherries, etc.)
3. Then each crop or livestock spreadsheet (for example: Cattle – cow/calf, Swine, etc.) will have tabs indicating what Program Year (PY) and Income Range (IR) it is for (for example: 2020PY) and Income Range (IR) (for example: \$0 to 50k IR).

Some Income Ranges (IRs) must be grouped together to obtain large enough sample size to address privacy concerns. As a result, Income Ranges (IRs) can vary in size.

The industry Benchmarks (as explained in the BC TIP Report explanation – detail word) uses median values for each expense item listed. As a result, individual expense items may not add up or equal the total, margin and/or net values.

### Benchmark uses:

- a) Informed decision making. This will allow an existing operation or someone thinking about entering the business, a glimpse into potential profitability (or not) of a particular enterprise.
- b) Showing economies of scale. Some crop/livestock sheets will have two Benchmarks. One in the lower income range (IR) and one in the higher income range (IR). This is intended to show the difference in the potential profitability of a farm operation based on size.
- c) Estimating rough cost of each expense item. For example: one could estimate an expense item cost by first estimating your gross revenue (multiply price received x quantity sold). Then multiply this number (your gross farm revenue) by the percent of each expense item. This will give you a rough cost in dollars of each expense (according to the info sent in to CRA creating this Benchmark).

### **Programs / Funding Support:**

You may be eligible to receive some cost-shared funding under BC's Agri-Business Planning Program (ABPP), a program funded by federal, provincial, and territorial governments through the Sustainable Canadian Agricultural Partnership (SCAP), to work with a third-party organization or consultant to complete a farm financial analysis to analyze farm financials and become equipped with necessary information and Benchmarking data to scale up or address emerging business opportunities.

Here is a link to BC's Agri-Business Planning Program:

[B.C. Agri-Business Planning Program - Province of British Columbia \(gov.bc.ca\)](https://gov.bc.ca/agribusinessplanning)

If you have questions, please call:

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