

Farm income, 2014

Released at 8:30 a.m. Eastern time in *The Daily*, Wednesday, November 25, 2015

The realized net income of Canadian farm producers rose 23.0% to \$7.7 billion in 2014, marking the fourth increase in five years. This follows a 0.7% decline in 2013. Gains in receipts outpaced higher operating expenses.

Realized net income is the difference between a farmer's cash receipts and operating expenses, minus depreciation, plus income in kind.

Realized net income increased in every province except Newfoundland and Labrador, Prince Edward Island, Nova Scotia and New Brunswick. Strong gains in Saskatchewan and Alberta accounted for much of the national increase.

Farm cash receipts

Farm cash receipts, which include market receipts from crop and livestock sales as well as program payments, rose 4.7% to \$57.8 billion in 2014. This was the fourth consecutive annual increase. Receipts rose in every province outside of Atlantic Canada.

Market receipts increased 6.0% to \$55.7 billion, as rising livestock receipts more than offset declining crop receipts.

Revenue for livestock producers rose 19.3% to \$25.7 billion in 2014, marking a fifth consecutive annual increase. Lower North American supplies pushed cattle and calf prices higher, contributing to a 44.4% increase in receipts. Also boosted by stronger prices, hog revenues rose 25.2%.

Receipts for supply-managed commodities (dairy, poultry and eggs) rose 1.1%, as a 3.1% gain in dairy receipts more than compensated for a price-related decrease in poultry revenues.

Ample supplies of grains and oilseeds contributed to downward pressures on prices, pushing crop receipts down 3.2% to \$30.0 billion. With the exception of canola and flaxseed, receipts decreased for all the major grains and oilseeds as price declines offset generally higher marketings. Canola revenues were up 0.6% despite a 20.8% drop in the average price.

A 19.9% reduction in deferred grain receipts and a 26.2% increase in lentil receipts also tempered the drop in crop revenues.

Program payments fell 21.8% to \$2.1 billion in 2014, with decreases in crop insurance and provincial stabilization payments accounting for the bulk of the decline.

Farm expenses

Total operating expenses (after rebates) increased 2.1% to \$43.6 billion in 2014. Much of the increase can be traced to a 47.8% gain in livestock purchases as cattle and calf prices rose sharply. Higher debt levels pushed interest expenses up 6.6%.

Moderating the increase was a 15.4% decrease in crop and hail insurance premiums that reflected large decreases in Ontario and the Prairie provinces. There was also a 2.5% decrease in feed expenses that was triggered by lower grain prices.

Total farm expenses, which comprise operating expenses and depreciation, increased 2.3% to \$50.1 billion in 2014, as depreciation charges rose 3.9%.

Total farm expenses increased in every province except New Brunswick, Quebec and Manitoba, where there were marginal declines. The largest increase was in Alberta (+5.7%).



Total net income

In 2014, total net income decreased \$7.6 billion to \$4.8 billion. New Brunswick was the lone province to record a gain.

Total net income is realized net income adjusted for changes in farmer-owned inventories of crops and livestock. It represents the return to owner's equity, unpaid farm labour, management and risk.

As was the case with the \$6.1 billion increase in total net income in 2013, the 2014 decline was driven by inventory changes. On-farm stocks of most of the major grains and oilseeds fell sharply when production in 2014 returned to more normal levels after the bumper crop of 2013.

Note to readers

Realized net income can vary widely from farm to farm because of several factors, including the type of commodities, prices, weather and economies of scale. This and other aggregate measures of farm income are calculated on a provincial basis employing the same concepts used in measuring the performance of the overall Canadian economy. They are a measure of farm business income, not farm household income.

Financial data for 2014 collected at the individual farm business level using surveys and other administrative sources will soon be tabulated and made available. These data will help explain differences in the performance of various types and sizes of farms.

Preliminary farm income data for the previous calendar year are first released in May of each year (five months after the reference period), providing timely information on the performance of the agriculture sector. Revised data are then released in November of each year, incorporating data received too late to be included in the first release. Data for the year prior to the reference period are also subject to revision.

For details on farm cash receipts for the first three quarters of 2015, see the "[Farm cash receipts](#)" release in today's Daily.

Table 1
Net farm income

	2013 ^r	2014 ^r	2013 to 2014
	millions of dollars		% change
+ Total farm cash receipts including payments	55,227	57,818	4.7
- Total operating expenses after rebates	42,664	43,574	2.1
= Net cash income	12,563	14,244	13.4
+ Income-in-kind	47	57	21.6
- Depreciation	6,347	6,595	3.9
= Realized net income	6,262	7,706	23.0
+ Value of inventory change	6,146	-2,878	...
= Total net income	12,409	4,828	...

^r revised

... not applicable

Source(s): CANSIM table [002-0009](#).

Table 2
Net farm income by province

	Canada	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec
millions of dollars						
2013^r						
+ Total farm cash receipts including payments	55,227	138	497	604	568	8,296
- Total operating expenses after rebates	42,664	119	385	487	445	6,425
= Net cash income	12,563	19	112	117	123	1,871
+ Income-in-kind	47	0	0	1	1	12
- Depreciation	6,347	9	46	64	56	853
= Realized net income	6,262	11	66	54	68	1,030
+ Value of inventory change	6,146	0	-1	2	-9	74
= Total net income	12,409	11	65	56	58	1,104
2014^r						
+ Total farm cash receipts including payments	57,818	127	476	576	564	8,403
- Total operating expenses after rebates	43,574	122	387	502	441	6,401
= Net cash income	14,244	5	89	74	123	2,002
+ Income-in-kind	57	0	0	1	1	13
- Depreciation	6,595	9	48	66	56	868
= Realized net income	7,706	-4	41	9	68	1,147
+ Value of inventory change	-2,878	0	16	-1	5	-67
= Total net income	4,828	-4	57	9	72	1,079
	Canada	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
millions of dollars						
2013^r						
+ Total farm cash receipts including payments	55,227	12,382	5,833	12,261	11,844	2,804
- Total operating expenses after rebates	42,664	9,727	4,578	8,403	9,537	2,558
= Net cash income	12,563	2,655	1,255	3,858	2,307	245
+ Income-in-kind	47	10	4	5	9	4
- Depreciation	6,347	1,376	611	1,416	1,528	389
= Realized net income	6,262	1,289	648	2,447	789	-139
+ Value of inventory change	6,146	54	813	3,427	1,727	59
= Total net income	12,409	1,343	1,461	5,874	2,516	-80
2014^r						
+ Total farm cash receipts including payments	57,818	12,717	5,974	13,142	12,897	2,941
- Total operating expenses after rebates	43,574	10,023	4,541	8,466	10,087	2,603
= Net cash income	14,244	2,694	1,433	4,676	2,810	337
+ Income-in-kind	57	12	5	7	12	5
- Depreciation	6,595	1,410	639	1,493	1,603	402
= Realized net income	7,706	1,296	799	3,190	1,219	-59
+ Value of inventory change	-2,878	-112	-388	-1,428	-873	-29
= Total net income	4,828	1,184	410	1,762	346	-89

millions of dollars

2013^r						
+ Total farm cash receipts including payments	55,227	12,382	5,833	12,261	11,844	2,804
- Total operating expenses after rebates	42,664	9,727	4,578	8,403	9,537	2,558
= Net cash income	12,563	2,655	1,255	3,858	2,307	245
+ Income-in-kind	47	10	4	5	9	4
- Depreciation	6,347	1,376	611	1,416	1,528	389
= Realized net income	6,262	1,289	648	2,447	789	-139
+ Value of inventory change	6,146	54	813	3,427	1,727	59
= Total net income	12,409	1,343	1,461	5,874	2,516	-80
2014^r						
+ Total farm cash receipts including payments	57,818	12,717	5,974	13,142	12,897	2,941
- Total operating expenses after rebates	43,574	10,023	4,541	8,466	10,087	2,603
= Net cash income	14,244	2,694	1,433	4,676	2,810	337
+ Income-in-kind	57	12	5	7	12	5
- Depreciation	6,595	1,410	639	1,493	1,603	402
= Realized net income	7,706	1,296	799	3,190	1,219	-59
+ Value of inventory change	-2,878	-112	-388	-1,428	-873	-29
= Total net income	4,828	1,184	410	1,762	346	-89

^r revised

Note(s): Figures may not add up to totals because of rounding.

Source(s): CANSIM table [002-0009](#).

Available in CANSIM: tables [002-0001](#), [002-0004](#), [002-0005](#), [002-0007](#) to [002-0009](#), [002-0012](#), [002-0075](#), [002-0076](#) and [003-0025](#).

Definitions, data sources and methods: survey numbers [3436](#), [3437](#), [3471](#), [3472](#), [3473](#), [3474](#), [5030](#), [5214](#), [5227](#) and [5229](#).

The publication *Net Farm Income – Agriculture Economic Statistics* ([21-010-X](#)) has been discontinued. Data previously contained in this publication are available in CANSIM table 002-0009.

[Summary tables](#) are available from the *Browse by key resource* module of our website, under *Summary tables*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).