

# Farm income, 2019 (revised data)

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The realized net income of Canadian farmers rose 14.9% from 2018 to \$5.5 billion in 2019. Higher cannabis and livestock receipts, together with increased program payments, more than offset rising operating expenses. This followed a 34.2% decline in 2018, driven by sharply higher input costs and lower canola receipts.

Realized net income was up in six provinces, with Alberta (+\$576 million) and Quebec (+\$370 million) posting the largest increases. Lower oilseed receipts contributed to Saskatchewan (-\$307 million) and Manitoba (-\$180 million) reporting the largest declines.

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

## Farm cash receipts continue to grow

Farm cash receipts for Canadian farmers increased 6.2% to \$66.4 billion in 2019. This was the ninth consecutive annual increase and the largest percentage gain since 2012. Excluding cannabis, however, the increase becomes 3.4%, just above the average annual gain over the previous five years (+2.2%).

Farm cash receipts, which include crop and livestock revenues as well as program payments, rose in every province except Manitoba, where receipts were essentially unchanged. In dollars, Alberta posted the largest increase (+\$1.5 billion).

Market receipts increased 4.9% to \$63.2 billion in 2019, led by higher cannabis and livestock receipts.

Market receipts are the product of price and marketings. Marketings are quantities sold, using various units of measure such as tonnes for field crops and hundredweight for some livestock.

## Increase in cannabis sales results in gains in crop receipts

Crop receipts rose 4.1% from a year earlier to \$36.7 billion in 2019. The gain was attributable to a \$1.7 billion increase in licensed cannabis receipts during the first full year of legalized recreational use. Excluding cannabis, crop revenues at the national level would have declined 0.8%.

Cannabis receipts cover direct legal sales to consumers for medical and recreational use, as well as sales to processors of cannabis products. Higher cannabis receipts in Alberta, Ontario and British Columbia accounted for almost three-quarters of the national increase.

Durum wheat sales rose by just over one-fifth (+22.5%) as production shortfalls among Canada's export competitors increased demand for high quality Canadian durum.

The increase in crop revenue was partially offset by lower oilseed receipts. Revenue of canola producers fell for the second consecutive year, down 7.4% following a 6.5% decline in 2018. Prices were 9.8% lower in 2019, in the wake of Chinese import restrictions on Canadian canola seed that began in March 2019. Nevertheless, marketings were up 2.7% as domestic crush reached record highs and lower prices boosted exports to other countries.

Soybean receipts decreased 17.5% on lower marketings (-13.7%) and prices (-4.5%). Ample global supplies throughout 2019, along with the US-China trade dispute, lowered prices. Exports to China—Canada's largest soybean export market—fell sharply after a record year in 2018, amid strained relations between the two countries and lower feed demand from Asia, where an outbreak of African swine fever lowered the number of hogs in China and other Asian nations.

## Livestock receipts climb on the strength of increased cattle marketings and rising hog and dairy prices

Livestock receipts rose 6.1% to \$26.6 billion in 2019, following a 0.1% decline in 2018.



Revenues from cattle and calf production rose 5.9% as marketings increased 6.3%. Export marketings of cattle and calves were up 20.5% on strong global demand for beef and lower cattle inventories in the United States. Rising beef exports contributed to a 4.9% increase in slaughter marketings.

Hog receipts were up 12.0% on the strength of a 9.5% hike in prices. Higher prices reflected the increased demand for North American pork exports in the wake of African swine fever reducing herd sizes in China and elsewhere in the Far East. Canadian pork exports were flat in 2019, despite China suspending Canadian imports from June to early November.

Dairy receipts rose 5.1% as higher production costs pushed prices up 5.2%.

### **Strong increase in program payments**

Program payments rose 40.6% from a year earlier to \$3.1 billion in 2019—the largest percentage increase since 2003 (+41.4%). Crop insurance payments increased 57.7% following a 27.2% decline in 2018. Contributing to the increase in insurance payments were a cool and wet spring, which delayed seeding across much of Eastern Canada, drought conditions on the Prairies during the first part of the growing season and excessively wet harvest conditions in both 2018 and 2019.

Included in program payments was the first installment of the Dairy Direct Payment Program (\$293 million in 2019). This \$1.75 billion program provides support over an eight-year period to dairy producers as a result of market access commitments made under recent trade agreements. Excluding this payment, program payments still rose by 27.4%.

### **Expenses rise in the wake of increased cannabis production**

Farm operating expenses (after rebates) increased 5.8% in 2019 to \$52.9 billion. Excluding expenses related to cannabis production, operating expenses were up 2.9%.

Cannabis-related expenses rose sharply as licensed cannabis production ramped up in 2019 following the legalization of recreational cannabis use in October 2018. Indoor growing area of licensed producers almost tripled during the year, while licensed outdoor production began in 2019.

Interest expenses increased 16.0% following a 19.6% gain in 2018. Average interest rates for 2019 were up 6.6% compared with 2018, while debt levels rose 8.8%.

Cash wages rose 9.1% in 2019, the largest increase since 1985. This rise can be traced to the labour intensity of cannabis production. Cannabis-related labour costs accounted for almost three-quarters of the increase.

Fertilizer expenses were up 7.5%, largely as a result of strong increases in nitrogen prices over the first three quarters of 2019.

A 4.2% price-related decline in machinery fuel expenses moderated the rise in expenses.

Total farm expenses, which include operating expenses and depreciation, increased 5.5% to \$61.0 billion in 2019 as depreciation charges grew 3.2%. Total farm expenses were up in every province.

### **Total net income increases in 2019**

Total net income amounted to \$5.2 billion in 2019, up \$539 million from the previous year. This follows a \$3.7 billion drop in 2018 when decreased realized net income and lower on-farm inventories of feed grains and cattle and calves reduced total net income. Total net income rose in six provinces, with increases in Alberta and Quebec more than offsetting declines in Saskatchewan and Manitoba.

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.

The value of inventory change had a negative impact on net farm income. Reduced cattle inventories, combined with lower on-farm stocks of durum wheat and lower year-end canola prices, were factors in the negative change.

**Table 1**  
**Net farm income**

	2018 <sup>r</sup>	2019 <sup>r</sup>	2018 to 2019
	millions of dollars		% change
+ Total farm cash receipts including payments	62,486	66,366	6.2
- Total operating expenses after rebates	49,939	52,860	5.8
= Net cash income	12,547	13,506	7.6
+ Income-in-kind	57	56	-1.5
- Depreciation	7,847	8,096	3.2
= Realized net income	4,757	5,466	14.9
+ Value of inventory change	-112	-282	...
= Total net income	4,645	5,184	...

<sup>r</sup> revised

... not applicable

Source(s): Table [32-10-0052-01](#).

**Table 2**  
**Net farm income by province**

	Canada	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec
millions of dollars						
<b>2018<sup>r</sup></b>						
+ Total farm cash receipts including payments	62,486	139	513	576	701	8,892
- Total operating expenses after rebates	49,939	128	416	531	543	7,317
= Net cash income	12,547	11	98	45	158	1,575
+ Income-in-kind	57	0	0	1	1	13
- Depreciation	7,847	12	52	73	63	986
= Realized net income	4,757	-1	46	-27	96	602
+ Value of inventory change	-112	-0	-15	1	-16	-60
= Total net income	4,645	-1	31	-26	80	542
<b>2019<sup>r</sup></b>						
+ Total farm cash receipts including payments	66,366	142	565	609	872	9,664
- Total operating expenses after rebates	52,860	130	443	563	667	7,693
= Net cash income	13,506	12	123	45	205	1,971
+ Income-in-kind	56	0	0	1	1	13
- Depreciation	8,096	14	55	76	72	1,012
= Realized net income	5,466	-2	68	-30	134	972
+ Value of inventory change	-282	-0	18	-5	-7	-110
= Total net income	5,184	-2	86	-35	127	862
	Canada	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
millions of dollars						
<b>2018<sup>r</sup></b>						
+ Total farm cash receipts including payments	62,486	14,015	6,633	14,046	13,520	3,451
- Total operating expenses after rebates	49,939	11,642	5,132	10,086	11,106	3,037
= Net cash income	12,547	2,373	1,501	3,960	2,414	414
+ Income-in-kind	57	12	5	7	12	5
- Depreciation	7,847	1,709	753	1,830	1,911	459
= Realized net income	4,757	676	753	2,136	515	-40
+ Value of inventory change	-112	-72	-46	166	-107	37
= Total net income	4,645	604	707	2,302	408	-3
<b>2019<sup>r</sup></b>						
+ Total farm cash receipts including payments	66,366	14,859	6,635	14,085	15,008	3,927
- Total operating expenses after rebates	52,860	12,327	5,296	10,386	11,968	3,387
= Net cash income	13,506	2,532	1,339	3,699	3,040	540
+ Income-in-kind	56	12	5	7	12	5
- Depreciation	8,096	1,783	771	1,876	1,961	477
= Realized net income	5,466	761	573	1,829	1,091	69
+ Value of inventory change	-282	-101	-153	416	-322	-16
= Total net income	5,184	659	420	2,245	769	52

<sup>r</sup> revised

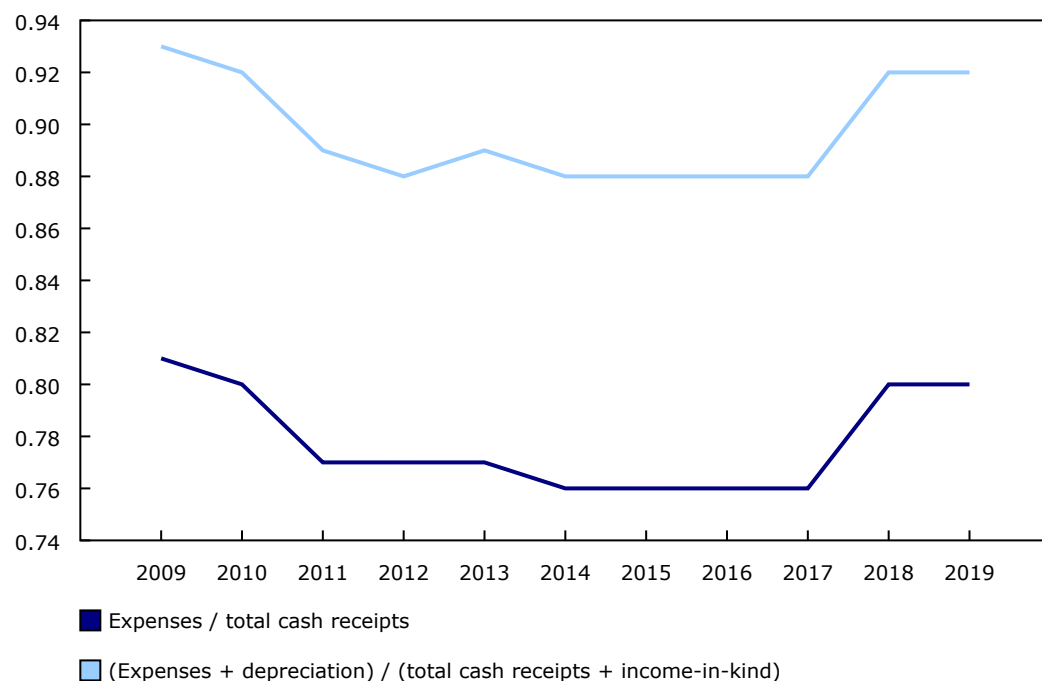
Note(s): Figures may not add up to totals because of rounding.

Source(s): Table 32-10-0052-01.

**Chart 1**

**Expenses-to-receipts ratio rises from recent lows, Canada, 2009 to 2019**

ratio

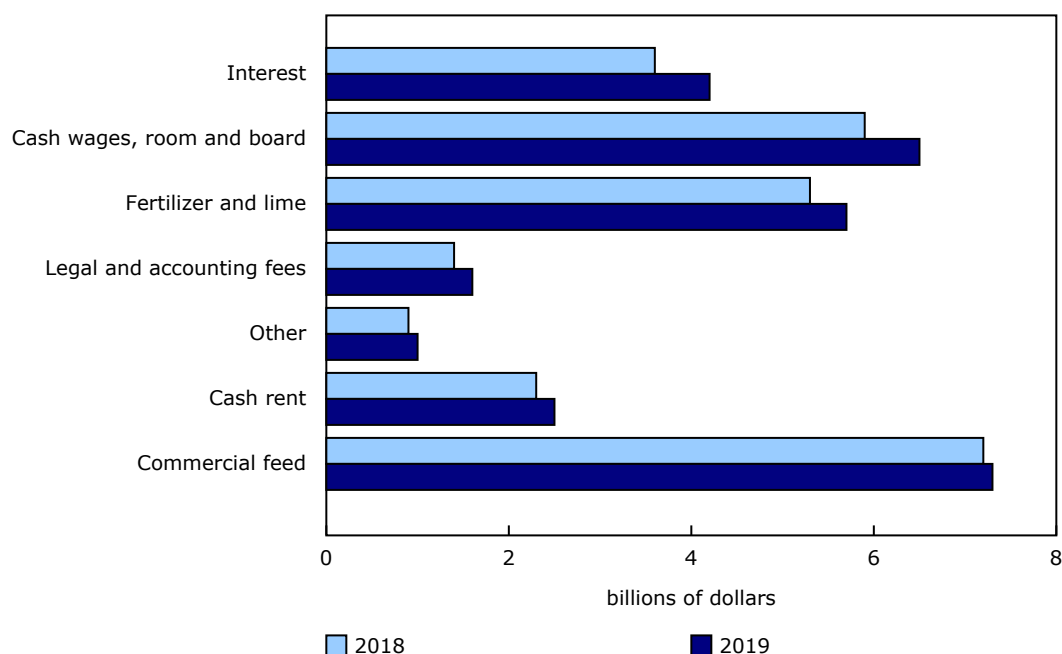


**Note(s):** Expenses / total cash receipts = Operating expenses after rebates / total cash receipts. (Expenses + depreciation) / (total cash receipts + income-in-kind) = (Operating expenses after rebates + depreciation) / (total cash receipts + income-in-kind).

**Source(s):** Table [32-10-0052-01](#).

**Chart 2**

**Rising interest, labour and fertilizer costs push expenses higher, Canada, 2018 and 2019**



Source(s): Table 32-10-0049-01.

### Note to readers

Realized net income can vary widely from farm to farm because of several factors, including the farm's 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.

Additional financial data for 2019, collected at the individual farm business level using surveys and other administrative sources, will be made available later this year. 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. Revised data are then released in November of each year, incorporating data received too late to be included in the first release. Data for two years prior to the reference period are also subject to this revision.

For details on farm cash receipts for the third quarter of 2020, see the "[Farm cash receipts](#)" release in today's Daily.

Available tables: [32-10-0045-01](#), [32-10-0047-01](#) to [32-10-0052-01](#) , [32-10-0055-01](#), [32-10-0105-01](#), [32-10-0106-01](#) and [32-10-0124-01](#).

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

The interactive data visualization tool, "[Net farm income, by province](#)," is available on the Statistics Canada website.

The [Agriculture and food statistics](#) portal, accessible from the *Subjects* module of our website, provides users a single point of access to a wide variety of information related to agriculture and food.

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](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636; [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).