

Farm income, 2020

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Realized net income for Canadian farmers rose 84.2% to \$9.9 billion in 2020, as strong growth in receipts outpaced slightly higher expenses. This increase followed a 10.5% gain in 2019 and a 32.7% decline in 2018. Excluding cannabis, realized net income was up 71.9% to \$9.5 billion.

Rising crop receipts fuelled by strong export demand, combined with lower machinery fuel and fertilizer prices, pushed realized net income higher.

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

Saskatchewan accounted for over three-fifths of the national increase, while realized net income declined in Newfoundland and Labrador, Nova Scotia, New Brunswick, and British Columbia. The structure of agriculture production in these four provinces precluded them from fully benefiting from the robust export demand for grains, oilseeds and specialty crops and from lower machinery fuel and fertilizer prices.

Largest increase in farm cash receipts since 2012

Farm cash receipts, which include crop and livestock revenues, as well as program payments, rose 8.3% to \$72.2 billion in 2020—the largest gain since 2012 (+8.7%).

Farm cash receipts were up in all provinces, with the exception of Newfoundland and Labrador and Nova Scotia. Saskatchewan posted the largest increase (+17.5%).

Market receipts rose 8.2% to \$68.7 billion in 2020 on higher crop receipts, while livestock revenues were down 1.1%.

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

Rising canola, lentil and cannabis sales push crop receipts higher

Crop revenue rose 14.8% from a year earlier to \$42.4 billion in 2020, following a 4.2% increase in 2019. Higher canola, lentil and cannabis receipts more than offset lower fruit and vegetable sales. Excluding cannabis, crop receipts would have increased 11.7%—the largest gain since 2012.

Higher export demand for most Canadian grains and oilseeds boosted receipts. Exports of crops also benefited from greater rail capacity to ship these commodities, as demand weakened for petroleum products as a result of the COVID-19 pandemic.

Crop receipts were also bolstered by favourable growing and harvest conditions that were in stark contrast with conditions in 2019. This, along with robust demand, allowed more of the 2020 harvest to be recorded as sales in the same calendar year.

Canola receipts were up 19.0%, the largest percentage increase since a 38.2% jump in 2011. A 14.8% rise in marketings was driven by exports—despite the ongoing trade dispute with China. As world oilseed demand strengthened in the latter part of the year, exports to China increased, while exports to the European Union almost doubled in 2020.

Increased domestic crush also boosted canola sales. Year-end farm stocks were at their lowest level since the end of 2012.



Lentil receipts more than doubled in 2020 as both prices (+38.9%) and marketings (+49.6%) posted strong gains. Robust demand for lentils from Turkey and India boosted exports. The reduction of the import tariff imposed by India on Canadian lentils expedited exports to that country.

Farm cash receipts for wheat, excluding durum, increased 10.8% as marketings rose 11.8%. Demand for wheat-based flour was strengthened by more Canadians cooking and baking at home during the first and second waves of the COVID-19 pandemic and resulting lockdowns.

Feed grain exports to China rose as increasing feed requirements for its growing hog herd, combined with growing diplomatic and trade tensions with Australia, a customary supplier of feed grains to China, benefited Canadian producers.

Cannabis receipts rose 65.0% in 2020 as the introduction of edibles, cannabis-based drinks and topicals in late 2019 and early 2020, combined with more retail outlets in some provinces, contributed to an increased demand for legal dried cannabis.

Decreases in cattle receipts push livestock receipts lower

Livestock receipts declined 1.1% in 2020 to \$26.3 billion as the pandemic disrupted supply chains associated with meat processing. Temporary closures of processing facilities, as well as the introduction of enhanced public health measures to protect plant workers from COVID-19, presented challenges for the red meat sector.

Cattle receipts were down 5.0% in 2020 on lower prices (-3.1%) and marketings (-1.9%). Cattle revenue was particularly affected in the second quarter, falling 19.0% from the previous year as meat processing capacity was severely limited during the first wave of the pandemic.

Meat packers subsequently altered their operations to increase capacity and reduce existing backlogs. Still, the excess supply put downward pressure on prices. Slaughter cattle receipts fell 5.6%, accounting for over four-fifths of the decrease in cattle revenue. Disruptions in meat processing plants in the United States and the subsequent backlogs contributed to an 8.9% drop in cattle and calf exports.

Hog receipts rose 1.0% in 2020 as strong export demand for pork pushed hog marketings higher (+5.7%), despite pandemic-related disruptions in the North American processing sector. Receipts fell sharply in the second quarter (-15.4%) but rebounded thereafter. For the year, hog prices decreased 4.4% but showed some strength later in the year. Lower levels of domestic production in China as a result of outbreaks of African swine fever that began in 2018 continued to fuel pork exports.

The supply-managed sector posted a 1.7% gain in receipts, with a 2.0% rise in unprocessed milk revenue accounting for the bulk of the increase. Egg receipts were up 4.3% on slightly higher prices and marketings. Chicken receipts edged up 0.6%, while turkey receipts fell 4.1% because of lower quantities sold.

Crop insurance and stabilization payments drive increase in program payments

Direct program payments rose 10.8% in 2020 to \$3.5 billion, following a 40.6% increase in 2019. Crop insurance payments rose 21.0%, largely the result of payments related to crop damage in 2019, when growing and harvest conditions were especially poor in the Prairies.

Provincial stabilization payments were up 52.0% in 2020. Almost two-thirds of the increase was in Quebec, where lower hog prices triggered payments.

Livestock price insurance program payments tripled in Alberta as cattle prices fell sharply in the second quarter of 2020, during the first wave of the pandemic.

Lower machinery fuel and fertilizer prices moderate the increase in operating expenses

Farm operating expenses (after rebates) increased 1.3% in 2020 to \$54.0 billion—the smallest increase since 2016 (+0.8%).

Expenses associated with legal cannabis production increased 34.0% as licensed cannabis producers ramped up production of dried cannabis to serve the market for cannabis-based products such as edibles and drinks. Excluding cannabis-related expenses, farm operating expenses edged down 0.1%.

Cannabis production requires a significant amount of labour. Consequently, more than one-half of the 5.4% rise in cash wages was attributable to cannabis. Without cannabis, cash wages would have increased 2.6%.

Machinery fuel prices fell sharply as demand for fuel used in transportation plummeted in the wake of measures taken to curb the spread of COVID-19. Machinery fuel expenses decreased 16.4% in 2020, the largest decline since 2015 (-16.8%).

Lower prices pushed fertilizer expenses down 6.0%. Oversupply issues had nitrogen prices trending downward before the pandemic. The 2020 decrease in fertilizer expenses was the largest since 2010 (-10.5%).

Total farm expenses, which include operating expenses and depreciation, increased 1.6% to \$62.3 billion in 2020 as depreciation charges were up 4.1%. Total expenses rose in every province except Saskatchewan (-2.1%) and Manitoba (-0.3%).

Increase in realized net income pushes total net income higher

Total net income rose \$2.6 billion in 2020 to \$8.1 billion, following a \$673 million increase in 2019. Total net income rose in six provinces but declined in each of the Atlantic provinces. Increases in Ontario and Saskatchewan accounted for over three-fifths of the national rise.

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.

While the strong increase in realized net income fuelled the rise in total net income, the value of inventory change had a negative impact on net farm income. Lower on-farm stocks of canola were the major contributor to the negative change, although reduced stocks of wheat, lentils, barley and soybeans also played a role. Excluding cannabis, total net income would have risen \$1.9 billion to reach \$7.1 billion.

Table 1
Net farm income

	2019 ^r	2020 ^p	2019 to 2020
	millions of dollars		% change
+ Total farm cash receipts including payments	66,635	72,174	8.3
- Total operating expenses after rebates	53,347	54,032	1.3
= Net cash income	13,288	18,142	36.5
+ Income-in-kind	56	56	0.6
- Depreciation	7,966	8,289	4.1
= Realized net income	5,378	9,909	84.2
+ Value of inventory change	115	-1,833	...
= Total net income	5,493	8,076	...

^r revised

^p preliminary

... 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						
2019^r						
+ Total farm cash receipts including payments	66,635	142	555	609	858	9,674
- Total operating expenses after rebates	53,347	130	437	545	658	7,754
= Net cash income	13,288	12	118	64	200	1,920
+ Income-in-kind	56	0	0	1	1	13
- Depreciation	7,966	14	54	74	70	1,003
= Realized net income	5,378	-1	65	-9	131	930
+ Value of inventory change	115	-0	17	-1	5	-59
= Total net income	5,493	-1	82	-11	136	871
2020^p						
+ Total farm cash receipts including payments	72,174	124	606	601	863	10,345
- Total operating expenses after rebates	54,032	131	476	570	702	8,010
= Net cash income	18,142	-7	130	31	161	2,335
+ Income-in-kind	56	0	0	1	1	13
- Depreciation	8,289	15	57	78	79	1,049
= Realized net income	9,909	-22	73	-46	83	1,299
+ Value of inventory change	-1,833	-0	-21	10	-24	-87
= Total net income	8,076	-22	52	-36	59	1,212
	Canada	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
millions of dollars						
2019^r						
+ Total farm cash receipts including payments	66,635	15,118	6,652	14,093	14,993	3,942
- Total operating expenses after rebates	53,347	12,516	5,321	10,520	12,054	3,412
= Net cash income	13,288	2,602	1,331	3,573	2,939	529
+ Income-in-kind	56	12	5	7	12	6
- Depreciation	7,966	1,746	760	1,853	1,922	470
= Realized net income	5,378	868	576	1,726	1,029	65
+ Value of inventory change	115	52	-159	521	-308	48
= Total net income	5,493	920	416	2,247	721	113
2020^p						
+ Total farm cash receipts including payments	72,174	16,593	7,021	16,563	15,433	4,026
- Total operating expenses after rebates	54,032	13,127	5,275	10,191	12,047	3,504
= Net cash income	18,142	3,466	1,746	6,372	3,386	522
+ Income-in-kind	56	12	5	7	11	6
- Depreciation	8,289	1,838	786	1,924	1,973	491
= Realized net income	9,909	1,641	965	4,455	1,425	37
+ Value of inventory change	-1,833	167	-113	-1,508	-371	114
= Total net income	8,076	1,808	852	2,947	1,054	151

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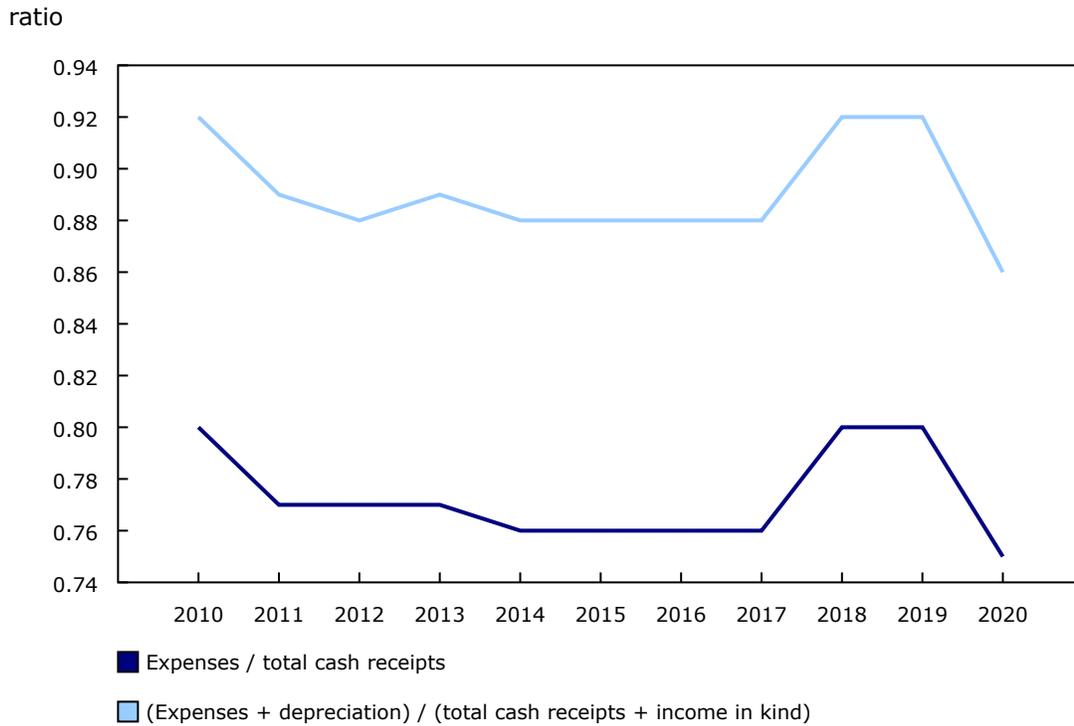
^r revised

^p preliminary

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

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

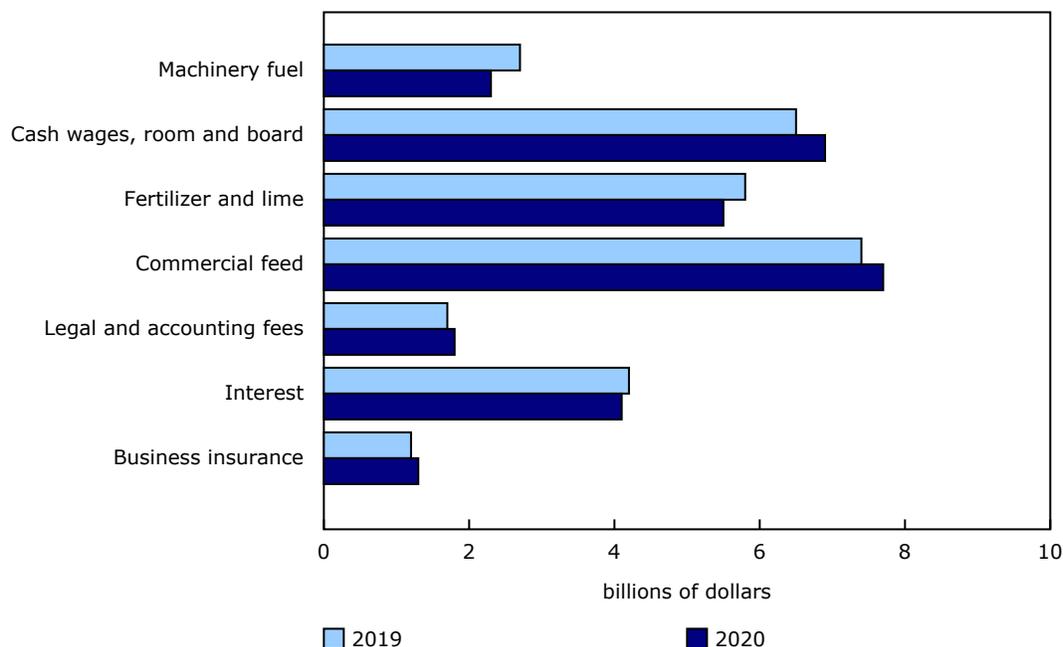
Chart 1
Expenses-to-receipts ratio falls from recent highs, Canada, 2010 to 2020



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
Lower machinery fuel and fertilizer prices moderate rise in operating expenses, Canada, 2019 and 2020



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

Note to readers

A summary set of farm income components excluding cannabis-related receipts and expenses is available on request for 2019 and 2020. For confidentiality reasons, the 2019 set is not offered for the Atlantic provinces, Manitoba and Saskatchewan. For the same reason, 2020 non-cannabis estimates for Newfoundland and Labrador and Prince Edward Island are not available.

Realized net income can vary widely from farm to farm because of several factors, including the farm's types 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 to measure the performance of the overall Canadian economy. They are measures of farm business income, not farm household income.

Additional financial data for 2020, 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 revision.

For details on farm cash receipts for the first quarter of 2021, see the "Farm cash receipts" release in today's Daily.

Available tables: [32-10-0045-01](#), [32-10-0047-01](#), [32-10-0049-01](#) 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](#), [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.

Support the [2021 Census of Agriculture](#).

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).