

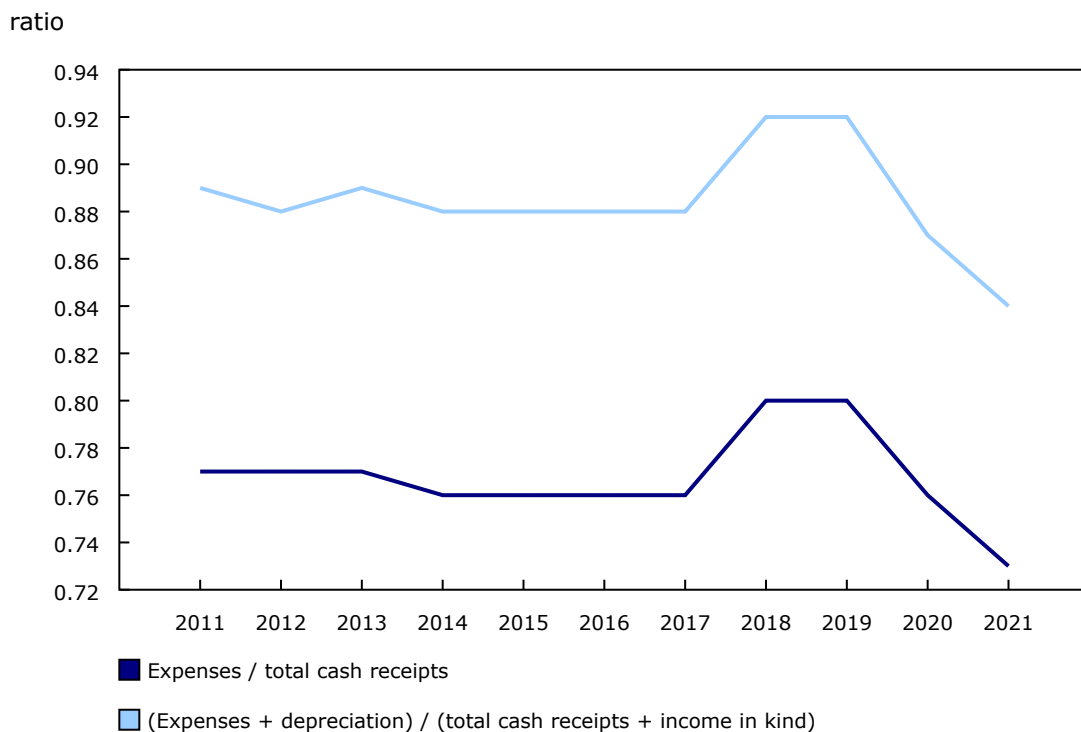
Farm income, 2021

Released at 8:30 a.m. Eastern time in *The Daily*, Wednesday, May 25, 2022

Realized net income for Canadian farmers rose 46.4% to \$13.5 billion in 2021, as strong growth in receipts offset higher expenses. This increase followed a 79.7% gain in 2020 and a 5.1% rise in 2019. Excluding cannabis, realized net income in 2021 was up 46.2% to \$13.7 billion.

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

Chart 1
Expenses-to-receipts ratio falls from recent highs, Canada, 2011 to 2021



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).

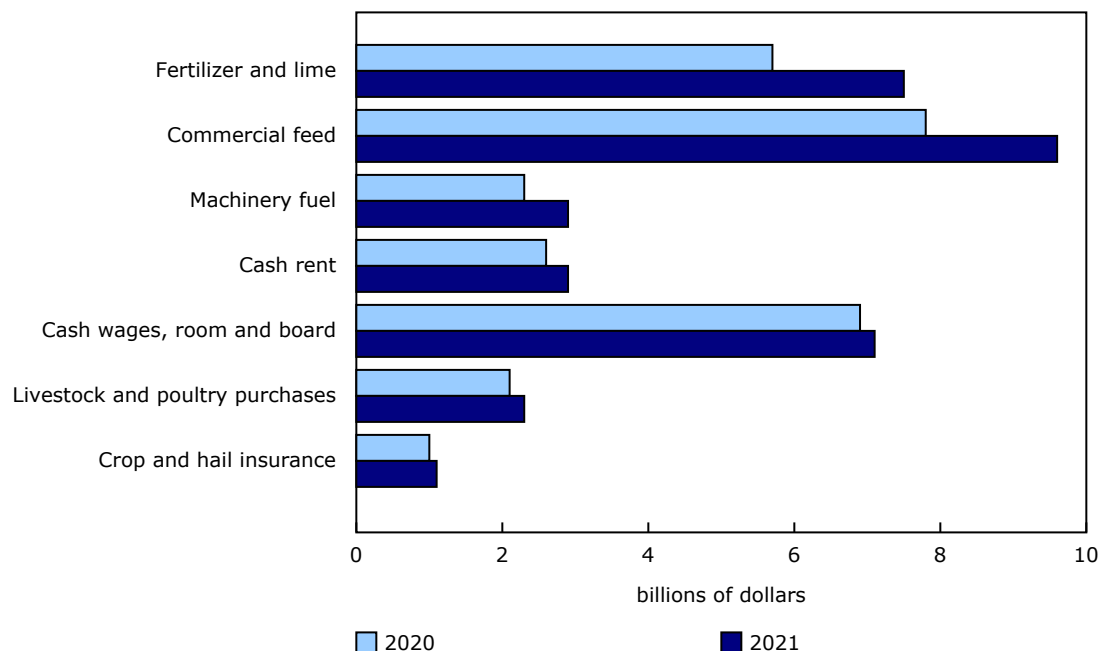
Source(s): Table 32-10-0052-01.

In 2021, unfavourable weather conditions during the growing season and supply chain disruptions put upward pressure on prices. Thus, the average value of the Farm Product Price Index (FPPI) rose 20.3% in 2021 compared with 2020, the largest average growth in nearly 50 years. In contrast, the average value of the Consumer Price Index (CPI) rose 3.4% over the same period.



Chart 2

Rising fertilizer, commercial feed and machinery fuel costs push expenses higher, Canada, 2020 and 2021



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

In 2021, the increase in farm receipts was fuelled mainly by higher prices for agricultural commodities, particularly grains, oilseeds and hogs. Producer outlays for key inputs such as fertilizer (+31.8%), machinery fuel (+29.1%) and livestock feed (+23.0%) increased from 2020 levels, but receipt growth was strong enough to push net income higher.

Saskatchewan had the highest realized net income, followed by Alberta, Ontario, Manitoba and Quebec. These provinces generate high volumes of crop production and were able to capitalize on high crop prices in 2021.

Largest year-over-year increase in farm cash receipts in 40 years

Farm cash receipts, which include crop and livestock revenues, as well as program payments, rose 14.9% to \$82.8 billion in 2021, the largest year-over-year gain since 1981 (+16.1%). Broad gains in commodity prices helped push receipts higher. Most crops saw price increases in 2021, while livestock prices rebounded from their 2020 lows. The drought in Western Canada also led to increased crop insurance payments.

Farm cash receipts were up in all provinces, except for of Prince Edward Island, where receipts were down slightly (-1.4%). Alberta (+21.2%) posted the largest increase, followed by Manitoba (+20.5%).

Higher canola and wheat sales mainly drive the rise in crop receipts

In 2021, crop revenues rose 11.1% to \$46.9 billion on higher prices for all major grain and oilseed commodities. This increase followed a 15.2% gain in 2020 and a 3.5% rise in 2019.

Price increases in 2021 were driven by a tight domestic supply situation and continued interest in Canadian crops from abroad. Strong export demand in the 2020/2021 marketing year made for limited domestic supplies of many major grains and oilseeds heading into the 2021 harvest. This situation was worsened as drought conditions made for a harvest that resulted in [record yield decreases and significant production declines in canola, wheat and barley](#).

Canola receipts increased by 17.8% to \$12.1 billion. Canola prices rose 43.3% from their average 2020 level which more than offset a decline in marketings of nearly 4 million tonnes (-17.8%). Heading into the 2021 calendar year, on-farm stocks of canola were at their lowest level since 2014, the result of strong export demand during 2020. The drought across some parts of Western Canada exacerbated the tight supply situation. Canola production fell to its lowest level in 14 years, causing year-end farm stocks to fall to a level not seen since 2004. Low opening stocks and a poor harvest led both [domestic crush](#) (-4.2%) and exports (-29.1%) of canola to decline.

Farm cash receipts for wheat (excluding durum) increased by 16.0% to \$7.1 billion. Prices rose 29.0% while marketings fell 10.1%. Much like canola, the drought hampered wheat production in Western Canada. Year-end farm stocks declined to their lowest level since 2002, another year of severe drought. Canada's exports of wheat (excluding durum) to the rest of the world fell 17.7% in 2021 compared with the previous year.

Together, the increase in canola and wheat (excluding durum) prices accounted for 59.9% of the growth in crop receipts. Corn for grain, durum wheat, cannabis and barley also posted significant gains from 2020.

Excluding cannabis, crop receipts would have increased by 11.0% to \$43.6 billion.

Higher hog and cattle receipts drive gains for livestock

Livestock receipts climbed 13.4% to \$29.9 billion on the strength of hog and cattle receipts. The increase followed a 0.7% drop in livestock receipts in 2020, when the COVID-19 pandemic disrupted the meat processing supply chain.

Exports and price strength helped hog receipts climb 32.5% to \$6.2 billion in 2021. Prices rose 29.2% for the year while marketings edged up 2.6%. Relatively low hog inventories in the United States and the consequent demand for live animals from Canada helped boost prices for Canadian hog producers. Labour disputes also limited Quebec's slaughter capacity in 2021, which meant animals normally slaughtered in Quebec were redirected to the United States. International exports of live hogs increased by 25.7% in 2021. Despite falling 3.3% from their 2020 level, domestic slaughter numbers were at their second-highest level in over a decade.

Cattle receipts increased by 10.6% to \$9.2 billion primarily because of a rise in slaughter cattle receipts (+14.7%). The number of cattle slaughtered increased by 5.6% in 2021. Improved capacity in Canadian slaughter facilities relative to 2020, when COVID-19 infections limited processing capacity, aided the increase in slaughter cattle numbers. Difficulty covering feed costs in the face of drought forced some producers to reduce their herd sizes, and this also contributed to the increased slaughter count. Producers in the United States faced similar conditions, and exports of live animals to the US fell 3.9%.

The supply-managed sector, which accounted for just over 40.0% of total livestock receipts, saw receipts grow 7.5% to \$12.5 billion. A 16.0% rise in receipts for chickens for meat represented just over half of the increase. Farm-gate prices for the poultry and egg sector were up in response to rising input costs for producers. Increased dairy receipts (+3.6%) also contributed to the growth in supply-managed receipts.

Drought triggers crop insurance payments in Saskatchewan and Alberta

Total direct payments to Canadian producers increased by 71.8%, reaching a total of \$5.9 billion in 2021. The gain followed a 10.8% increase in 2020 and a 40.6% rise in 2019. More than four-fifths of the increase in total direct program payments was attributed to higher crop insurance payments in Saskatchewan and Alberta, where drought-related losses triggered higher payments. The Dairy Direct Payment Program and AgriRecovery also contributed to the increase in direct program payments in 2021.

Livestock price insurance program payments fell precipitously (-98.5%) as both cattle and hog prices rebounded from lows recorded at the outset of the pandemic.

Higher prices for fertilizer, feed and fuel lead to increased operating expenses

Total farm operating expenses (after rebates) increased by 10.4% to \$60.2 billion in 2021, the largest gain since 1981 (+19.0%).

Fertilizer expenses for Canadian farmers increased by 31.8% to \$7.5 billion in 2021. Fertilizer prices began to escalate in early 2021 and continued to rise throughout the year. A combination of factors led to the price run-up, including strong crop prices, supply chain issues related to the pandemic, high natural gas prices, temporary shutdowns at production facilities in the Gulf of Mexico following Hurricane Ida, sanctions or duties against Russia and Belarus, and export restrictions imposed in China.

Commercial feed expenses for livestock producers increased by 23.0% to \$9.6 billion in 2021. The drought in Western Canada caused pastures to suffer and limited the amount of hay and grain feed that could be stored on farms or purchased from others. Alberta, which is home to many of Canada's largest feedlots, imported more corn in the last quarter of 2021 than in the two previous years combined.

Machinery fuel expenses increased by 29.1% to \$2.9 billion in 2021. Fuel prices rebounded in 2021, as governments around the world reopened their economies after taking measures to curb the spread of COVID-19 in 2020.

Total farm expenses (after rebates), which include operating expenses and depreciation, increased by 10.3% to \$69.4 billion in 2021, as depreciation charges rose 9.2%. Total farm expenses were up in every province.

Lower inventories push down total net income

Total net income fell \$3.1 billion to \$4.5 billion in 2021 where all Western provinces, as well as Newfoundland and Labrador, saw decreases. Meanwhile, the remainder of the provinces posted gains, led by Ontario.

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 in the Prairies. As noted above, the drought and consequent poor harvest left year-end farm stocks for several crops at their lowest levels in years.

Excluding cannabis, total net income fell \$2.7 billion to \$4.6 billion.

Table 1
Net farm income

	2020 ^r	2021 ^p	2020 to 2021
	millions of dollars		% change
+ Total farm cash receipts including payments	72,091	82,804	14.9
- Total operating expenses after rebates	54,528	60,205	10.4
= Net cash income	17,563	22,599	28.7
+ Income-in-kind	56	63	11.3
- Depreciation	8,429	9,207	9.2
= Realized net income	9,190	13,454	46.4
+ Value of inventory change	-1,593	-8,960	...
= Total net income	7,597	4,494	...

^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						
2020^r						
+ Total farm cash receipts including payments	72,091	126	576	588	869	10,274
- Total operating expenses after rebates	54,528	132	467	574	730	8,112
= Net cash income	17,563	-6	109	13	139	2,162
+ Income-in-kind	56	0	0	1	1	13
- Depreciation	8,429	15	56	79	80	1,071
= Realized net income	9,190	-20	53	-64	60	1,104
+ Value of inventory change	-1,593	-0	-37	8	-26	-75
= Total net income	7,597	-21	16	-57	34	1,029
2021^p						
+ Total farm cash receipts including payments	82,804	145	568	672	998	11,218
- Total operating expenses after rebates	60,205	150	508	638	806	8,816
= Net cash income	22,599	-5	60	34	192	2,402
+ Income-in-kind	63	0	0	1	1	14
- Depreciation	9,207	18	62	85	89	1,185
= Realized net income	13,454	-22	-2	-50	104	1,231
+ Value of inventory change	-8,960	1	115	4	17	99
= Total net income	4,494	-21	114	-46	121	1,330
	Canada	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
millions of dollars						
2020^r						
+ Total farm cash receipts including payments	72,091	16,781	7,024	16,466	15,438	3,949
- Total operating expenses after rebates	54,528	13,214	5,353	10,428	12,072	3,445
= Net cash income	17,563	3,567	1,671	6,038	3,365	504
+ Income-in-kind	56	12	5	7	11	6
- Depreciation	8,429	1,867	798	1,951	2,004	508
= Realized net income	9,190	1,712	878	4,093	1,373	2
+ Value of inventory change	-1,593	28	-124	-1,125	-366	125
= Total net income	7,597	1,740	753	2,968	1,007	127
2021^p						
+ Total farm cash receipts including payments	82,804	18,519	8,466	19,135	18,713	4,371
- Total operating expenses after rebates	60,205	14,558	5,969	11,508	13,333	3,919
= Net cash income	22,599	3,961	2,497	7,626	5,380	452
+ Income-in-kind	63	13	6	7	13	6
- Depreciation	9,207	2,067	866	2,113	2,165	558
= Realized net income	13,454	1,907	1,637	5,521	3,229	-100
+ Value of inventory change	-8,960	265	-1,153	-5,557	-2,844	92
= Total net income	4,494	2,172	483	-36	385	-8

millions of dollars

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

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

Note to readers

A summary set of farm income components excluding cannabis-related receipts and expenses is available on request for 2020 and 2021. For confidentiality reasons, the 2020 and 2021 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 2021, 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 2022, see the "[Farm cash receipts](#)" release in today's Daily.

For the latest information on the Census of Agriculture, visit the [Census of Agriculture](#) portal.

For more information on agriculture and food, visit the [Agriculture and food statistics](#) portal.

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 the Statistics Canada 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; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).