

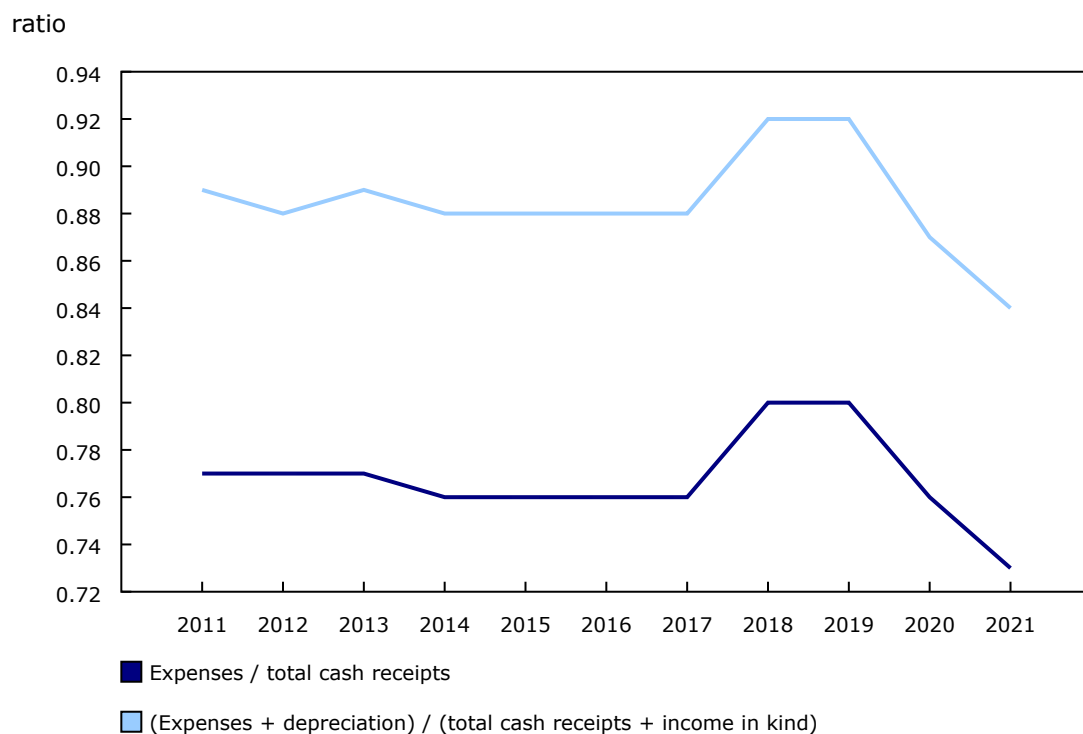
Farm income, 2021 (revised data)

Released at 8:30 a.m. Eastern time in *The Daily*, Monday, November 28, 2022

Realized net income for Canadian farmers rose 49.8% to \$13.7 billion in 2021, as strong growth in receipts offset higher expenses. This increase followed a 79.1% gain in 2020 and a 5.1% rise in 2019. Excluding cannabis, realized net income in 2021 was up 49.6% to \$14.0 billion (see the Note to readers).

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



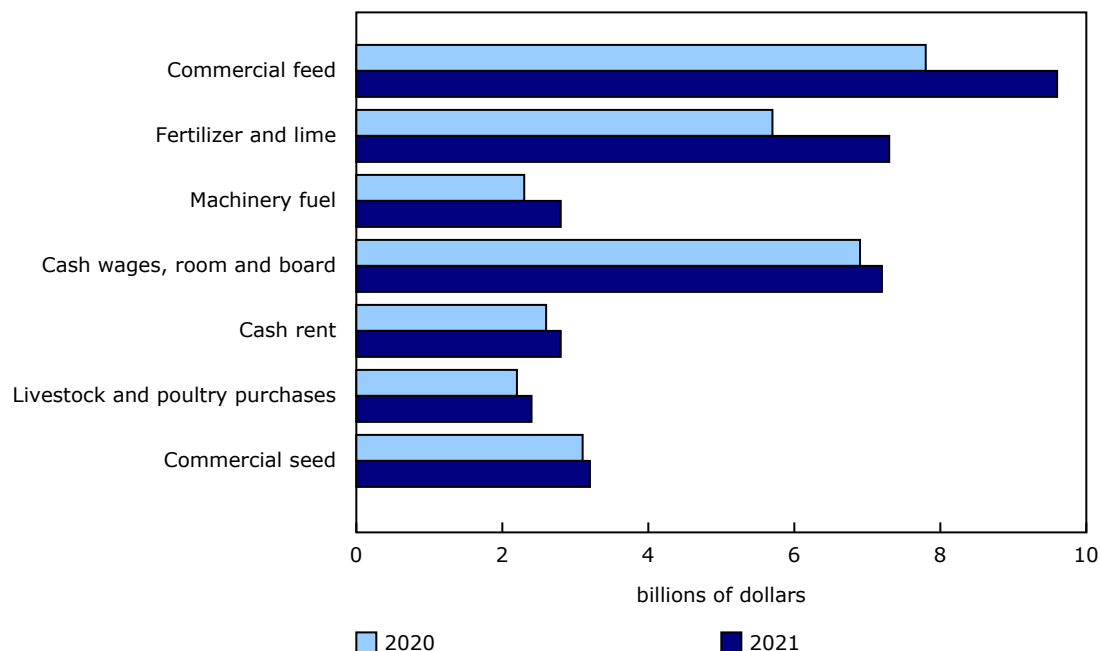
Note(s): Expenses / total cash receipts = Operating expenses after rebates / total cash receipts. (Expenses + depreciation) / (total cash receipts + income in kind) = (Operating expenses after rebates + depreciation) / (total cash receipts + income in kind).

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 20.5% 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. Despite increased producer outlays for key inputs, such as fertilizer (+29.3%), machinery fuel (+24.5%) and livestock feed (+23.0%), from their 2020 levels, receipt growth was strong enough to push net income higher.

Saskatchewan (\$5.6 billion) had the highest realized net income in 2021, followed by Alberta (\$3.1 billion). These provinces generated high volumes of crop production and were able to capitalize on high crop prices.

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

Farm cash receipts (which comprise crop and livestock revenues, as well as program payments) rose 15.3% to \$83.2 billion in 2021, the largest year-over-year gain since 1981 (+16.1%). Broad gains in commodity prices helped push receipts higher. In 2021, most crops saw price increases and 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 Prince Edward Island, where receipts were down slightly (-1.3%). Alberta (+20.8%) and Manitoba (+20.8%) posted the largest gains, followed by Saskatchewan (+16.3%).

Higher canola and wheat sales drive the rise in crop receipts

In 2021, crop revenues rose 11.9% to \$47.3 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.

Grain and oilseed price increases in 2021 were driven by tight domestic supplies and continued interest in Canadian crops from abroad. Strong export demand in the 2020/2021 marketing year led to limited domestic supplies of many major grains and oilseeds heading into the 2021 harvest. Drought conditions worsened the situation and resulted in a harvest that saw [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, more than offsetting 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 throughout 2020. The drought across some parts of Western Canada exacerbated the tight supply situation. Canola production fell to its lowest level in five years, causing year-end farm stocks to fall to a level not seen since 2007. 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 16.6% to \$7.2 billion. Prices rose 28.9%, while marketings fell 9.6%. Much like canola, the drought hampered wheat production in Western Canada. Year-end farm stocks declined to their lowest level since 2007. Canada's exports of wheat (excluding durum) to the rest of the world fell 17.8% in 2021 compared with the previous year.

Together, the increase in canola and wheat (excluding durum) prices accounted for 56.6% of the growth in crop receipts. Corn for grain, durum wheat, cannabis and barley also posted significant gains from 2020.

Excluding cannabis, crop receipts increased by \$4.7 billion to \$44.0 billion.

Higher hog and cattle receipts drive gains for livestock

In 2021, livestock receipts climbed 13.4% to \$30.0 billion on the strength of hog and cattle receipts. The increase followed a 0.5% decline in livestock receipts in 2020, when the COVID-19 pandemic disrupted the meat processing supply chain.

Hog receipts climbed 32.3% to \$6.3 billion in 2021 as a result of strong exports and prices. Prices rose 29.1% for the year, while marketings edged up 2.5%. 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. Consequently, animals that would normally be slaughtered in Quebec were redirected to the United States. International exports of live hogs increased by 25.7%. Despite falling 3.3% from their 2020 level, domestic slaughter numbers were at their second-highest level in over a decade.

In 2021, cattle receipts increased by 11.0% to \$9.2 billion, primarily because of a rise in slaughter cattle receipts (+14.5%). The number of cattle slaughtered increased by 5.6%. Improved capacity in Canadian slaughter facilities compared with 2020, when COVID-19 infections limited processing capacity, contributed to the increase in slaughter cattle numbers. Difficulty covering feed costs in the face of drought forced some producers to reduce their herd size, further contributing to the increased slaughter count. Producers in the United States faced similar conditions, and exports of live animals to that country fell 4.3%.

The supply-managed sector, which accounted for just over 40.0% of total livestock receipts, saw receipts grow 7.5% to \$12.5 billion in 2021. A 15.8% 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 higher crop insurance payments in Saskatchewan and Alberta

In 2021, total direct payments to Canadian producers increased by 71.8%, reaching a total of \$5.9 billion. The gain followed a 10.8% increase in 2020 and a 40.6% rise in 2019. In 2021, more than four-fifths of the increase in total direct program payments were 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.

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

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

Total farm operating expenses (after rebates) increased by 10.5% to \$60.3 billion in 2021, the largest increase since 1981 (+19.0%).

Fertilizer expenses for Canadian farmers increased by 29.3% to \$7.3 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 24.5% to \$2.8 billion in 2021. Fuel prices rebounded in 2021, as economies around the world opened 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 \$69.5 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 \$1.7 billion to \$6.1 billion in 2021. All Western provinces saw decreases, while the remainder 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 \$1.3 billion to \$6.3 billion.

Table 1
Net farm income

	2020 ^r	2021 ^r	2020 to 2021
	millions of dollars		% change
+ Total farm cash receipts including payments	72,146	83,191	15.3
- Total operating expenses after rebates	54,610	60,317	10.5
= Net cash income	17,536	22,874	30.4
+ Income-in-kind	56	63	12.2
- Depreciation	8,429	9,207	9.2
= Realized net income	9,163	13,729	49.8
+ Value of inventory change	-1,291	-7,586	...
= Total net income	7,871	6,143	...

^r 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						
2020^r						
+ Total farm cash receipts including payments	72,146	126	576	585	868	10,289
- Total operating expenses after rebates	54,610	132	468	574	734	8,138
= Net cash income	17,536	-6	108	11	134	2,151
+ Income-in-kind	56	0	0	1	1	13
- Depreciation	8,429	15	56	79	80	1,071
= Realized net income	9,163	-20	52	-67	55	1,093
+ Value of inventory change	-1,291	-1	-38	8	-25	-116
= Total net income	7,871	-21	14	-58	30	977
2021^r						
+ Total farm cash receipts including payments	83,191	145	568	673	997	11,243
- Total operating expenses after rebates	60,317	150	505	637	810	8,852
= Net cash income	22,874	-6	63	36	187	2,391
+ Income-in-kind	63	0	0	1	1	15
- Depreciation	9,207	18	62	85	89	1,185
= Realized net income	13,729	-23	2	-48	98	1,221
+ Value of inventory change	-7,586	2	113	6	23	65
= Total net income	6,143	-21	114	-43	121	1,286
	Canada	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
millions of dollars						
2020^r						
+ Total farm cash receipts including payments	72,146	16,816	7,012	16,465	15,445	3,962
- Total operating expenses after rebates	54,610	13,248	5,361	10,434	12,076	3,445
= Net cash income	17,536	3,567	1,651	6,032	3,369	517
+ Income-in-kind	56	12	5	7	11	6
- Depreciation	8,429	1,867	798	1,951	2,004	508
= Realized net income	9,163	1,712	858	4,087	1,377	15
+ Value of inventory change	-1,291	-4	-80	-1,016	-140	120
= Total net income	7,871	1,708	778	3,072	1,237	135
2021^r						
+ Total farm cash receipts including payments	83,191	18,928	8,468	19,146	18,652	4,370
- Total operating expenses after rebates	60,317	14,628	5,944	11,489	13,355	3,945
= Net cash income	22,874	4,300	2,524	7,657	5,297	425
+ Income-in-kind	63	13	6	7	13	6
- Depreciation	9,207	2,067	866	2,113	2,165	558
= Realized net income	13,729	2,245	1,664	5,551	3,145	-127
+ Value of inventory change	-7,586	239	-898	-4,880	-2,307	52
= Total net income	6,143	2,484	766	672	838	-75

^r revised

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

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

Note to readers

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

The decrease in the realized net income when excluding the cannabis sector is the result of the latter having a negative realized income, expenses being higher than revenues.

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.

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.

A summary set of farm income components excluding cannabis-related receipts and expenses is available by 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.

As a result of the release of data from the 2021 Census of Agriculture on May 11, 2022, data on farm cash receipts, operating expenses, net income, capital value and other data are being revised, where necessary. The complete set of revisions will be released in the next 12 to 18 months.

For details on farm cash receipts for the third 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](#) 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 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).