

Farm income, 2018

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The realized net farm income of agricultural producers fell 45.1% in 2018 to \$3.9 billion, the largest percentage decrease since 2006. This followed a 2.8% decline in 2017.

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

Rising feed, interest and labour costs together with little change in farm cash receipts pushed realized net farm income lower.

Realized net income fell in every province except New Brunswick (+7.2%) where an increase in cannabis and potato production boosted receipts. More than one-third of the national decrease was attributable to a 68.1% decline in Alberta.

Little change in farm cash receipts

Farm cash receipts, which include crop and livestock revenues as well as program payments, edged up 0.1% to \$62.2 billion in 2018. This followed a 2.6% rise in 2017.

Farm cash receipts declined in five provinces, with the largest drop in Alberta (-4.0%), while New Brunswick, Quebec, Ontario and British Columbia posted gains.

Market receipts totalled \$60.0 billion in 2018, up 0.4%, as a small rise in crop receipts more than offset a small drop in livestock receipts.

Market receipts are the product of price and marketings. Marketings are quantities sold, using various units of measure.

Increases in wheat and cannabis receipts lead to slight rise in crop receipts

Crop revenue edged up 0.9% to \$35.0 billion in 2018 as increases in wheat (excluding durum) and cannabis revenues more than offset a decline in canola receipts.

Wheat (excluding durum) receipts were up 11.6%—the second consecutive annual double-digit increase. Both prices and quantities sold rose, as exports to China almost tripled.

The revenue of licensed cannabis producers totalled \$564.1 million in 2018, up from \$189.0 million in 2017. The recreational use of cannabis became legal in October 2018, contributing to the 198.4% hike in receipts.

Receipts for corn producers increased 9.9% on rising prices and marketings.

The 6.5% decline in canola receipts was driven by decreased marketings as exports were down. Canola producers in Alberta were especially hard hit as canola receipts decreased 16.1%. Marketings fell by a similar percentage, in the wake of rail disruptions early in the year, a late harvest and lower production.

Falling prices pushed lentil revenues down 35.1%. The imposition of duties by the Indian government in late 2017 on imports of lentils curtailed exports, sharply lowering prices. These duties also applied to dry peas with similar results. Dry pea revenue fell 19.7% as prices declined 17.2%.

Falling hog receipts push livestock receipts down slightly

Revenue from livestock production edged down 0.2% to \$25.0 billion in 2018.



Hog receipts were down 8.9% on lower prices as North American inventories reached record highs in 2018. Retaliatory pork tariffs imposed on the United States by China and Mexico also contributed to the surplus of hogs in the United States, reducing demand for Canadian exports.

Moderating the decline in livestock revenue was a 2.8% rise in the receipts of supply-managed commodities. Chicken receipts were up 5.9%, with both prices and quantities sold increasing.

There was little change in the cattle and calf sector, with receipts edging up 0.1% as small price decreases were more than offset by higher marketings.

Program payments to producers fell 8.9% to \$2.2 billion in 2018. Crop insurance payments were down 27.2%, following a 17.3% rise in 2017.

Biggest increase in farm expenses in six years

Farm operating expenses (after rebates) increased 6.5% in 2018 to \$50.6 billion—the largest percentage increase since 2012.

Feed costs were up 9.6%, largely due to rising prices as feed grain supplies were tight prior to harvest. A large influx of imported corn from the United States provided an alternative source of feed.

Interest expenses (+19.5%) increased sharply on rising average interest rates (+10.0%) and debt levels (+8.7%). This was the largest increase in interest expenses since 1981 (+49.5%). While in 1981 interest expenses comprised a large share of total operating expenses (18.3%), this was not the case in 2018 when the interest share increased to 7.2%, up from 6.4% in 2017.

Cash wages increased 8.0% in 2018—well above the average increase of the previous five years (+3.5%). Increased cannabis production and the impact on the horticultural sector of minimum wage legislation in Ontario strengthened the wage hike.

Higher prices pushed machinery fuel expenses up 18.1% in 2018. This followed a price-related 9.3% hike in 2017.

Total farm expenses—the sum of operating expenses and depreciation costs—rose 5.9% to \$58.4 billion in 2018 as depreciation charges increased 2.2%.

Total farm expenses were up in every province, ranging from increases of 3.9% in Newfoundland and Labrador to 14.0% in New Brunswick.

Sharp decline in total net income

Total net farm income fell \$5.2 billion to \$3.0 billion in 2018.

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

Lower on-farm stocks of barley, corn, wheat (excluding durum) and soybeans as well as decreased cattle and calf inventories contributed to the drop in the value of inventory change (-\$865 million).

All provinces recorded declines in total net farm income.

Table 1
Net farm income

	2017 ^t	2018 ^p	2017 to 2018
	millions of dollars		% change

Table 1
Net farm income

	2017 ^r	2018 ^p	2017 to 2018
+ Total farm cash receipts including payments	62,195	62,238	0.1
- Total operating expenses after rebates	47,549	50,624	6.5
= Net cash income	14,646	11,614	-20.7
+ Income-in-kind	56	56	-0.0
- Depreciation	7,603	7,772	2.2
= Realized net income	7,099	3,898	-45.1
+ Value of inventory change	1,101	-865	...
= Total net income	8,200	3,033	...

^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						
2017^r						
+ Total farm cash receipts including payments	62,195	139	506	565	614	8,782
- Total operating expenses after rebates	47,549	123	398	517	486	6,817
= Net cash income	14,646	16	108	48	128	1,965
+ Income-in-kind	56	0	0	1	1	13
- Depreciation	7,603	10	50	70	59	964
= Realized net income	7,099	6	59	-21	70	1,013
+ Value of inventory change	1,101	1	-12	3	7	125
= Total net income	8,200	7	47	-19	77	1,139
2018^p						
+ Total farm cash receipts including payments	62,238	139	496	564	695	8,887
- Total operating expenses after rebates	50,624	128	419	543	562	7,339
= Net cash income	11,614	11	77	20	133	1,547
+ Income-in-kind	56	0	0	1	1	13
- Depreciation	7,772	10	51	71	59	981
= Realized net income	3,898	1	26	-49	75	579
+ Value of inventory change	-865	-0	-6	3	-13	-73
= Total net income	3,033	0	20	-46	61	507
	Canada	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
millions of dollars						
2017^r						
+ Total farm cash receipts including payments	62,195	13,382	6,688	14,133	14,134	3,253
- Total operating expenses after rebates	47,549	10,999	4,892	9,853	10,609	2,854
= Net cash income	14,646	2,383	1,796	4,279	3,525	399
+ Income-in-kind	56	12	5	7	12	5
- Depreciation	7,603	1,642	733	1,783	1,861	433
= Realized net income	7,099	753	1,068	2,504	1,676	-29
+ Value of inventory change	1,101	370	124	111	335	36
= Total net income	8,200	1,124	1,192	2,614	2,011	8
2018^p						
+ Total farm cash receipts including payments	62,238	13,879	6,612	13,947	13,571	3,449
- Total operating expenses after rebates	50,624	11,947	5,149	10,338	11,148	3,050
= Net cash income	11,614	1,932	1,463	3,609	2,423	399
+ Income-in-kind	56	12	5	7	12	5
- Depreciation	7,772	1,671	752	1,830	1,899	447
= Realized net income	3,898	272	715	1,787	535	-42
+ Value of inventory change	-865	-93	-161	-269	-285	31
= Total net income	3,033	179	554	1,518	251	-11

Canada Ontario Manitoba Saskatchewan Alberta British Columbia

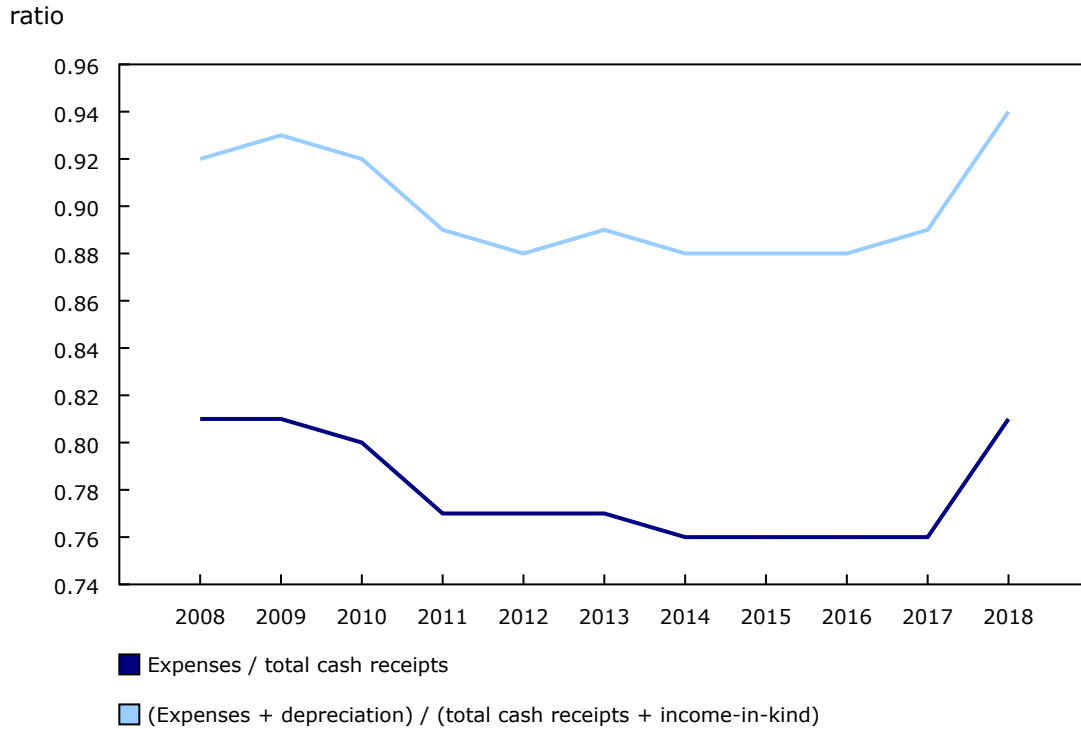
^r revised

^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 rises from recent lows, Canada, 2008 to 2018

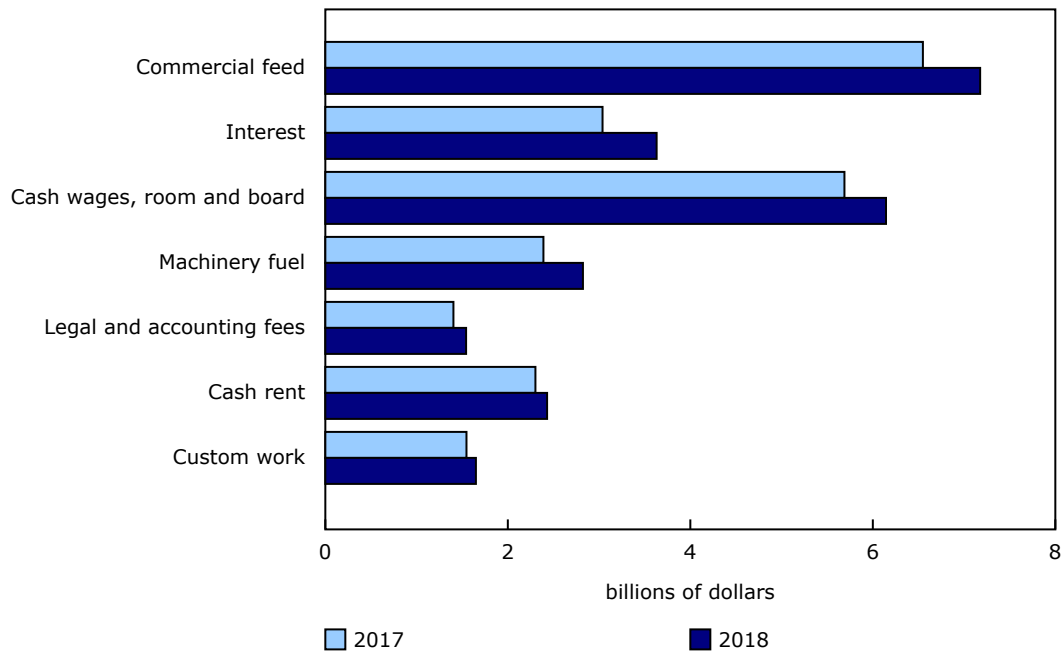


Note(s): Expenses / total cash receipts = Operating expenses after rebates / total cash receipts. (Expenses + depreciation) / (total cash receipts + income-in-kind) = (Operating expenses after rebates + depreciation) / (total cash receipts + income-in-kind).

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

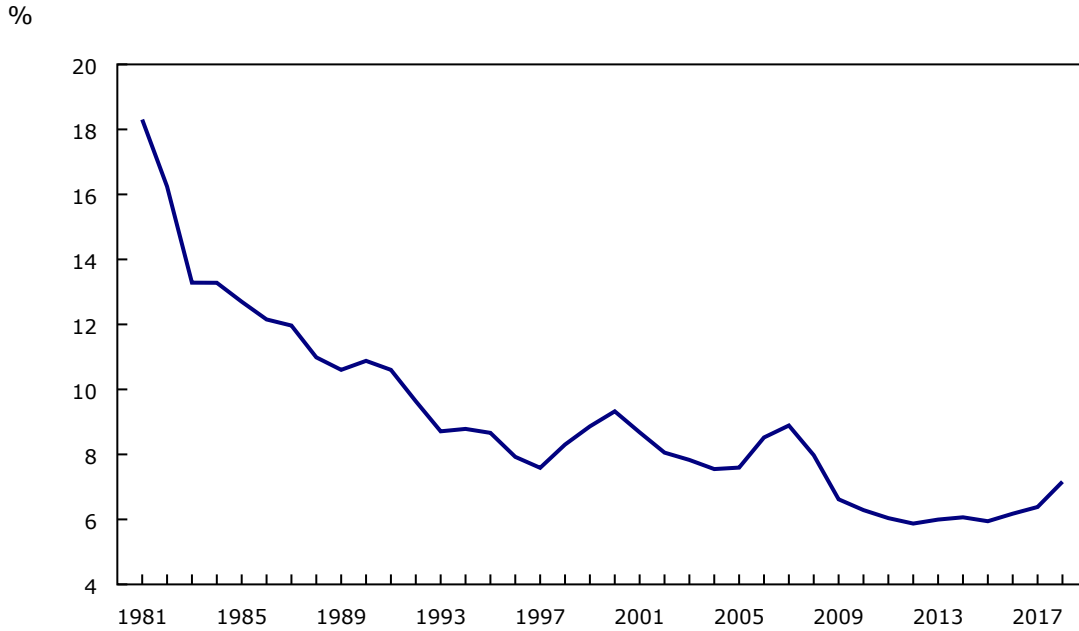
Chart 2

Rising feed, interest, fuel and labour costs push expenses higher, Canada, 2017 and 2018



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

Chart 3
Interest expenses as a percentage of total operating expenses, Canada, 1981 to 2018



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 2018, 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 first quarter of 2019, 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](#).

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).