

2017 Farm Income Alberta Highlights

Agri-Food Statistics Update: Issue FI18-2

Release Information

On May 28, 2018, Statistics Canada released its 2017 farm income estimates, as well as 2018 first quarter (January to March) farm cash receipts (FCR) for Canada and the provinces. Detailed data is available on the Statistics Canada website, series numbers 32-10-0045-01 (farm cash receipts, annual); 32-10-0052-01 (net farm income); and 32-10-0046-01 (farm cash receipts, quarterly): <https://www150.statcan.gc.ca/n1/en/type/data>

Key Messages

Farm Income – 2017 Calendar Year

- Alberta had a very healthy farm income situation in 2017, evidenced by several records for key indicators.
- Setting new highs were net cash income (\$3.6 billion, up 6.8 per cent from 2016), and realized net income (\$1.8 billion, up 10.3 per cent).
- In 2017, FCR for Alberta surpassed \$14 billion for the first time, totalling \$14.1 billion (up 4.5 per cent from 2016), and ranked first among provinces. Fuelling the gain were higher crop and livestock market receipts, plus program payments to producers.
- Crop market receipts increased 3.9 per cent to a record \$6.9 billion, largely driven by increased marketings and higher prices for wheat and canola.
- Livestock market receipts rose 4.6 per cent to \$6.4 billion (second highest on record), mainly due to increased marketings, particularly for cattle.
- Program payments to producers increased 9.7 per cent, to \$764.1 million, driven mainly by higher payments under Crop Insurance, AgriStability, AgriRecovery and Compensation for Animal Losses.

- Farm operating expenses were at a record \$10.5 billion, up 3.8 per cent from 2016.

Definitions:

Farm Cash Receipts (FCR) measure the gross revenue of farm businesses, in current dollars. Revenues are generated either from sales of crops, livestock and livestock products (except inter-farm sales), or from direct program payments. Receipts are recorded when the money is paid to producers, and before producers pay any operating expenses.

Farm Operating Expenses represent business costs incurred by farm businesses for goods and services used in the production of agricultural commodities.

Net Cash Income (NCI) is defined as farm cash receipts minus farm operating expenses. It represents the amount of cash generated by the farm business that is available for debt repayment, investment or withdrawal by the owner.

Realized Net Income (RNI) is defined as the net cash income minus depreciation plus income-in-kind. It represents the financial flows, both cash and non-cash, attributable to the farm business. RNI does not account for changes in stocks (i.e. value of inventory change for crops and livestock).

Total Net Income (TNI) measures the financial flows and stock changes of farm businesses (i.e. net cash income minus depreciation plus income-in-kind and value of inventory change). It represents the return to owner's equity, unpaid labour, management and risk.

Farm Cash Receipts – 2018 First Quarter

- The release also included FCR for the first quarter of 2018 (January to March). For Alberta, total FCR was \$3.9 billion, down 5.7 per cent from the first three months of 2017. The decline was not unique to Alberta as total FCR fell for most provinces.

Alberta 2017 Farm Income

In 2017, Alberta's net cash income (NCI), the difference between FCR and farm operating expenses, set a record at \$3.6 billion, up 6.8 per cent from 2016 (see Table 1). When adjusted for depreciation (a non-cash cost of \$1.8 billion), the resulting realized net income (RNI) increased 10.3 per cent, to a new high at \$1.8 billion, while total net income (TNI) fell 0.3 per cent, to \$2.2 billion.

Table 1	2016r	2017p	2017/2016
	(\$'000)		% Change
Total Farm Cash Receipts	13,501,616	14,113,858	4.5
Farm Operating Expenses	10,113,652	10,495,694	3.8
Net Cash Income	3,387,964	3,618,163	6.8
Realized Net Income	1,652,014	1,822,753	10.3
Total Net Income	2,216,617	2,210,840	-0.3

r - revised

p - preliminary

Farm Cash Receipts (FCR)

The province's total FCR set a new record at \$14.1 billion, up 4.5 per cent from 2016 (see Table 2). The increase was due to higher crop and livestock market receipts and program payments to producers. These FCR were 10.6 per cent above the 2012 to 2016 average of \$12.8 billion.

Table 2	2016r	2017p	2017/2016
	(\$'000)		% Change
Total Farm Cash Receipts	13,501,616	14,113,858	4.5
Crop Market Receipts	6,674,327	6,934,107	3.9
Livestock Market Receipts	6,130,890	6,415,601	4.6
Program Payments	696,398	764,149	9.7

r - revised

p - preliminary

Crop market receipts reached a new high at \$6.9 billion an increase of 3.9 per cent from 2016. These receipts were 9.6 per cent above the 2012 to 2016 average of \$6.3 billion. Notable increases in receipts included wheat (up 9.2 per cent, to \$2.1 billion) and canola (up 7.8 per cent to \$3.1 billion). Setting new records were dry beans (up 12.9 per cent to \$40.3 million) and corn (up 24.2 per cent to \$14.2 million). Declining were barley (down 5.0 per cent, to \$255.6 million), dry peas (down 25.7 per cent to \$475.3 million), potatoes (down 15.1 per cent to \$203.9 million) and lentils (down 40.8 per cent to \$127.2 million).

Livestock market receipts grew 4.6 per cent to \$6.4 billion (second highest on record), mainly due to increased marketings, notably for cattle. These receipts are 11.4 per cent above the 2012 to 2016 average of \$5.8 billion. Receipts for cattle and calves were the third highest on record (up 4.8 per

cent to \$4.8 billion), while hogs were up 7.6 per cent to \$425.8 million. Reaching new highs were dairy (up 4.8 per cent to \$587.8 million), poultry (up 0.9 per cent to \$277.7 million) and eggs (up 6.2 per cent to \$97.4 million).

Total program payments to producers increased 9.7 per cent to \$764.1 million, due to higher payments under crop insurance (up 3.9 per cent to \$473.0 million), AgriStability (up 116.6 per cent to \$121.7 million), AgriRecovery (at \$7.3 million from \$0.4 million in 2016) and Compensation for Animal Losses (at \$37.9 million from \$3.8 million in 2016).

Farm Operating Expenses

Total farm operating expenses reached a record \$10.5 billion, up 3.8 per cent. Notable increases included livestock/poultry purchases and machinery fuel/repairs, while commercial feed and fertilizer/lime costs fell.

National Context

Nationally, total FCR was \$61.6 billion, up 1.8 per cent from 2016, which was the seventh consecutive year-over-year increase. Among provinces, Alberta led the nation in total FCR and cattle and calf market receipts. Alberta ranked second to Saskatchewan in NCI, RNI and TNI.

2018 Alberta First Quarter FCR

Alberta's 2018 first quarter (January to March) FCR was \$3.9 billion, down 5.7 per cent from the first quarter of 2017. The decline was attributed to lower crop market receipts (down 9.4 per cent, to \$2.1 billion) and program payments to producers (down 31.8 per cent to \$142.8 million) more than offsetting higher livestock market receipts (up 3.7 per cent to \$1.6 billion). Among provinces, Alberta ranked second to Saskatchewan, in first quarter FCR.

For more information:

Please visit the Agriculture and Forestry website:
<https://www.agric.gov.ab.ca>

Or contact:

Roy Larsen, Senior Statistician
 Alberta Agriculture and Forestry
 Economics and Competitiveness Branch
 Statistics and Data Development Section
roy.larsen@gov.ab.ca