

# 2018 Third Quarter Farm Cash Receipts

# Alberta Highlights

## Agri-Food Statistics Update: Issue FI18-3

### Release Information

On November 27, 2018, Statistics Canada released its third quarter (January to September) 2018 farm cash receipts (FCR) estimates, as well as finalized annual 2017 farm income estimates for Canada and the provinces, including intercensal<sup>1</sup> revisions back to 2010. 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>

### Highlights

#### Farm Cash Receipts – 2018 Third Quarter

- Alberta is having a relatively good year for farm income based on the first three quarters of 2018, despite a modest decline in FCR.
- In the third quarter (January to September) of 2018, Alberta's total FCR was \$10.2 billion, down 5.6 per cent from the first nine months of 2017, though ranked first among the provinces. The decrease was not unique to Alberta.
- The decline in FCR was due to lower crop market receipts and program payments to producers, which more than offset the marginal increase in livestock market receipts.
- Livestock market receipts were \$4.9 billion, up 2.1 per cent (second highest on record), which was mainly due to increased marketings, particularly for cattle.
- Crop market receipts were down 10.8 per cent to \$4.9 billion, because of lower receipts for canola and wheat.
- Program payments to producers fell 20.9 per cent, to \$449.6 million, because of lower payments under Crop Insurance, Private Hail Insurance and AgriRecovery.

#### Farm Income – 2017 Calendar Year

- The Statistics Canada release also included revisions to the annual farm income estimates for 2017, as well as intercensal revisions back to 2010. For Alberta, these revisions were fairly minor.
- Setting records for calendar year 2017 were farm cash receipts, net cash income and realized net income.

### 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.

<sup>1</sup> Every five years following the Census of Agriculture, estimates, methods and concepts are reviewed to improve data. Results back to 2010 are now available and are reflected in the data in this release.

## 2018 Alberta Third Quarter FCR

Alberta's total third quarter (January to September) FCR fell 5.6 per cent from the same period in 2017, to \$10.2 billion (see Table 1). The decline was due to lower crop market receipts and program payments to producers which more than offset a marginal increase in livestock market receipts. Despite the overall decline, these receipts are 1.7 per cent above the 2013 to 2017 average (\$10.1 billion).

Table 1	2017r	2018p	2018/2017
	(\$'000)		% Change
Total Farm Cash Receipts	10,843,323	10,236,902	-5.6
Crop Market Receipts	5,465,310	4,875,076	-10.8
Livestock Market Receipts	4,809,558	4,912,189	2.1
Program Payments	568,455	449,637	-20.9

r - revised

p - preliminary

Source: Statistics Canada

Prepared by: Alberta Agriculture and Forestry, Statistics and Data Development Section

Alberta's livestock market receipts increased 2.1 per cent to \$4.9 billion, driven largely by higher marketings, particularly for cattle. These receipts were 7.2 per cent above the 2013 to 2017 average (\$4.6 billion). Notable increases included receipts for cattle and calves (up 2.9 per cent to \$3.7 billion), dairy (up 4.9 per cent to \$457.9 million), poultry – hens, chickens and turkeys (up 3.2 per cent to \$215.3 million) and total eggs (up 13.8 per cent to \$82.6 million). Declining were receipts for hogs (down 12.5 per cent to \$292.2 million) and lambs (down 2.4 per cent to \$18.1 million).

Crop market receipts fell 10.8 per cent to \$4.9 billion, and were 2.2 per cent below the 2013 to 2017 average (\$5 billion). The decline was largely due to lower marketings for canola and wheat, which impacted receipts (canola receipts fell 19.4 per cent, to \$1.8 billion, and wheat was down 4 per cent, to \$1.5 billion). Other notable declines included dry peas (down 27.1 per cent, to \$302.3 million) and barley (down 2.3 per cent, to \$194.4 million). On the up side, receipts rose for potatoes (up 10.4 per cent, to \$189.8 million) and oats (up 29.5 per cent, to \$29 million).

Total program payments to producers fell 20.9 per cent to \$449.6 million from the first three quarters of 2017. These payments were 11.1 per cent below the 2013 to 2017 average (\$505.8 million). Notable declines included Crop Insurance (down 28.5 per cent, to \$256.8 million), Private Hail Insurance (down 35.6 per cent, to \$14 million), and AgriRecovery (down 90.3 per cent, to \$0.7 million). Increasing were payments under AgriStability (up 48 per cent, to \$105.6 million) and AgrilInvest (up 7.9 per cent, to \$54.1 million).

## National Context

Nationally, third quarter total FCR was down 1.6 per cent, to \$45.3 billion, and the first year-over-year decline since 2010. Among provinces, Alberta ranked first in total FCR, livestock market receipts, cattle and calf market receipts and program payments. The province was second to Saskatchewan in crop market receipts.

## 2017 Alberta Farm Income

For Alberta, the revisions to the 2017 estimates were fairly minor. Total FCR for the province in calendar year 2017 stood at \$14.1 billion, surpassing \$14 billion for the first time and was 4.7 per cent higher than in 2016 (see Table 2). Farm operating expenses rose 4.1 per cent to \$10.6 billion.

Even so, net cash income (difference between total FCR and expenses) rose 6.4 per cent to a record \$3.5 billion (\$3.3 billion in 2016). When adjusted for depreciation (a non-cash cost of \$1.9 billion), the resulting realized net income (RNI) was also a record at \$1.7 billion (\$1.5 billion in 2016). Total net income (RNI adjusted for inventory change) declined to \$1.9 billion (\$2 billion in 2016), largely driven by higher marketings which led to lower on-farm stocks.

Table 2	2016r	2017r	2017/2016
	(\$'000)		% Change
Total Farm Cash Receipts	13,492,416	14,122,263	4.7
Farm Operating Expenses	10,184,421	10,602,292	4.1
Net Cash Income	3,307,995	3,519,971	6.4
Realized Net Income	1,524,591	1,663,747	9.1
Total Net Income	1,979,600	1,938,973	-2.1

r - revised

Source: Statistics Canada

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### 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](mailto:roy.larsen@gov.ab.ca)