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Canada

Agricultural Situation

Gross Farm-Gate Cash Farm Income Attains Record C\$32.5 Billion in 2000 2001

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Report Highlights:

A 2% drop in crop-based income with a 10% increase in livestock sales and a 43% gain in government payments resulted in gross farm-gate cash income in 2000 of \$32.5 billion, a new record and up from \$30.5 billion last year. Larger crops and higher sales kept the declines in crop-origin income down to 1% in Ontario, 2% in Saskatchewan and 4% in Alberta, but crop receipts dropped 11% in Manitoba, according to a Statistics Canada report for the year 2000 released last week.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
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LIVESTOCK INCOME SOARS, CROPS PLUNGE IN '00

The following is based on a March 3, 2001 article from *Agriweek*. Please note that all values are in Canadian dollar currency.

Add up a 2% drop in crop-based income with a 10% increase in livestock sales and a 43% gain in government payments and you get gross farm-gate cash income in 2000 of \$32.5 billion, a new record and up from \$30.5 billion last year. Larger crops and higher sales kept the declines in crop-origin income down to 1% in Ontario, 2% in Saskatchewan and 4% in Alberta, but crop receipts dropped 11% in Manitoba, according to a Statistics Canada report for the year 2000 released last week.

Soaring livestock prices with high-volume marketings, a hefty increase in government support payments and higher NISA withdrawals produced gains in total cash income in all provinces. But the amount of improvement over 1999 depended on the proportion of cash income accounted for by crops. In percentage terms most provinces had gains of 5 to 6%, except Alberta, where total cash income rose 13%.

In historic terms, the cash-generating capacity of the livestock industry last year was astonishing. Gross income from the sale of hogs jumped 40% over 1999 on a 34% increase in average prices and a 5% increase in numbers sold. Hog receipts were a record \$3.4 billion, \$1 billion higher than the previous year. In terms of farm-gate value, Quebec had the biggest pork sector of any province, grossing over \$1 billion from hogs in 2000, equal to hog sales in all four western provinces combined the year before. Hogs were second only to dairying in Quebec as a source of gross farm income. However, the rate of growth in the industry was much faster in western Canada than in the east, with a 44% gain in sales in the west compared to 37% in Ontario, Quebec and the Atlantic region.

The other bright spot was cattle, although increases in cash income were much smaller at 7% for the country as a whole. Expansion in feedlot operations in Alberta together with higher prices led to a 10% increase in cattle income in that province. High prices for feeder cattle contributed to a 21% gain in B.C. Cattle and calf prices averaged about 8% higher than in 1999.

The supply-managed commodities did better than in most years. Gross farm-gate income from milk increased 3% over 1999 to exceed \$4 billion for the first time. Returns to chicken and turkey producers rose by 4% and 9% respectively, entirely on higher production, with prices fairly stable. Egg producers grossed 8% more on a combination of higher production and prices.

It was a very different story in the crop economy. Gross sales of crops were 3% lower for the country but down 12% in Manitoba, 3% in Saskatchewan and 4% in Alberta. In most cases higher volumes sold largely offset lower prices. The exception was canola, receipts from which dropped 17% in Manitoba, 6% in Saskatchewan and 13% in Alberta. Oddly, considering the poor corn harvest, cash crop income in Ontario was only 1% lower than in 1999.

One year does not properly show what is happening to crop income. Compared to 1997, crop receipts for 2000 were 3% higher in Ontario, 26% lower in Manitoba, 20% lower in

Saskatchewan and 12% lower in Alberta.

Government payments rose to \$2.8 billion in 2000 from \$1.9 billion in 1999, the highest in seven years. But the gain did not arise from the main ongoing whole-farm safety net programs: most of it was due to one-time payments in the spring of 2000 in the prairie provinces. Government support actually dropped 13% in Quebec and gained 20% in Ontario, compared to gains of 34% in Manitoba, 66% in Saskatchewan and 202% in Alberta. Payments under the Agricultural Income Disaster Assistance (AIDA) scheme were \$426 million, compared to the \$1.3 billion of federal-provincial money promised over two years when the program was announced in 1998. Payments would have been about 25% less if not for changes made to the program effective for 2000. The figure was only 13% of total farm assistance payments and less than 2% of total farm cash receipts. Farmers took more (\$456 million) out of the government portion of their Net Income Stabilization Accounts (NISA) and crop insurance (\$593 million).

Farmers were able to sustain gross income last year because of good crop yields and high input use. The real story is in farm net income, which Statistics Canada has not yet reported and which will probably be down.

Table 1: Gross Farm Income

	CROPS		LIVESTOCK		PROGRAMS		TOTAL	
(C\$Million)	2000	1999	2000	1999	2000	1999	2000	1999
ATLANTIC	516	565	628	591	35	37	1,179	1,193
QUEBEC	1,267	1,270	3,605	3,236	551	630	5,423	5,136
ONTARIO	3,122	3,159	4,046	3,741	411	342	7,579	7,242
MANITOBA	1,268	1,428	1,585	1,333	285	212	3,138	2,973
SASK.	3,564	3,655	1,441	1,335	776	467	5,781	5,457
ALBERTA	2,236	2,335	4,402	3,948	699	232	7,337	6,515
B.C.	954	879	1,084	1,022	39	41	2,077	1,942
CANADA	12,927	13,291	16,791	15,206	2,796	1,961	32,514	30,458

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