

# 2020 Farm Income Alberta Highlights

## Agri-Food Statistics Update: Issue FI21-2

### Release Information

On May 26, 2021, Statistics Canada released its 2020 farm income estimates, as well as 2021 first quarter (January to March) farm cash receipts (FCR) for Canada and the provinces. Detailed data is available on the Statistics Canada website, table 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) at [Data - Statistics Canada](#).

### Highlights

#### Farm Income – 2020 (Jan-Dec)

- Despite some COVID-19 related challenges, 2020 was a very good year for Alberta including record farm cash receipts (FCR), second highest net cash income, and third highest realized net income.
- In 2020, Alberta's total FCR was \$15.4 billion, up 2.9 per cent from 2019. These receipts are the highest on record, ranking Alberta third among provinces.
- The increase in FCR was driven by record crop market receipts and higher program payments to producers which more than offset lower livestock market receipts.
- Crop market receipts were up 7.6 per cent from 2019 to a record \$7.4 billion, driven largely by higher marketings and prices.
- Livestock market receipts fell 4.2 per cent to \$6.8 billion (second highest on record), mainly due to the impact of COVID-19 on the livestock supply chain (notably cattle slaughter).
- Program payments to producers jumped 21.4 per cent, to \$1.2 billion, largely due to higher payments under crop insurance, livestock insurance and some other programs.

#### Farm Cash Receipts – 2021 First Quarter (Jan-Mar)

- Alberta's total FCR was \$4.8 billion in the first quarter of 2021, up 15.7 per cent from 2020. Behind the gain were higher crop and livestock market receipts, as well as program payments to producers.

### 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.

### Alberta 2020 Farm Income

At \$3.4 billion in 2020, Alberta's net cash income (NCI), the difference between FCR and farm operating expenses, increased 15.2 per cent, the second highest on record (see Table 1). Likewise, realized net income (RNI), which is NCI adjusted for depreciation (a non-cash cost) jumped 38.5 per cent to \$1.4 billion (third highest on record), while total net income (TNI) was up 46.2 per cent to \$1.1 billion.

Table 1 – Alberta Farm Cash Receipts – Jan-Dec, 2019-2020

	2019r	2020p	2020/2019
	(\$'000)		% Change
Total Farm Cash Receipts	14,992,722	15,432,990	2.9
Farm Operating Expenses	12,053,876	12,046,945	-0.1
Net Cash Income	2,938,847	3,386,045	15.2
Realized Net Income	1,028,843	1,424,942	38.5
Total Net Income	720,821	1,053,931	46.2

r - revised p - preliminary

Source: Statistics Canada

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

## Farm Cash Receipts (FCR)

In 2020, Alberta's total FCR reached a new industry high at \$15.4 billion, up 2.9 per cent above the previous record set in 2019. Driving the increase were record crop market receipts and higher program payments to producers which more than offset lower livestock market receipts. These receipts are also 10.7 per cent above the five-year (2015-2019) average of \$13.9 billion.

At a record \$7.4 billion, crop market receipts surpassed \$7 billion for the first time, increasing 7.6 per cent from 2019, and 12.1 per cent higher than the five-year average of \$6.6 billion. The overall increase in crop receipts in 2020 was largely attributed to higher marketings and prices. Setting record receipts were wheat (up 9.1 per cent to \$2.3 billion), potatoes (up 7.1 per cent to \$271.9 million), cannabis (up 2.1 per cent to \$533 million), greenhouse vegetables (up 23 per cent to \$118.8 million), field vegetables (up 4.1 per cent to \$53.7 million), dry beans (up 22.8 per cent to \$64.1 million), and flaxseed (up 28.5 per cent to \$33.2 million). Other notable increases included canola (up 10.2 per cent to \$2.7 billion), barley (up 8.7 per cent to \$328.2 million), oats (up 58 per cent to \$88.9 million), dry peas (up 10 per cent to \$414.9 million) and lentils (up 133.6 per cent to \$160.2 million). Notable decline in receipts were corn (down 12.3 per cent to \$15.1 million) and chickpeas (down 32.1 per cent to \$6.3 million).

Livestock market receipts fell 4.2 per cent to \$6.8 billion (second highest on record), mainly due to the impact of COVID-19 on the livestock supply chain (notably cattle slaughter). However, these receipts were still 3.3 per cent above the five-year average of \$6.6 billion. Market receipts for cattle and calves fell 5.9 per cent, to \$5 billion, due to lower marketings and prices. Setting new records were dairy (up 1.2 per cent to \$658.4 million), chickens (up 2.1 per cent to \$276.6 million), total eggs (up 10.8 per cent to \$137.9 million) and lambs (up 13.2 per cent to \$29.9 million). Also increasing marginally were hog receipts by 0.2 per cent to \$415.2 million. Notable declines in receipts were turkeys (down 11.2 per cent to \$35 million) and honey (marginally down 0.2 per cent to \$61.4 million).

Total program payments to producers jumped 21.4 per cent to \$1.2 billion, the third highest on record. These

were also 62.1 per cent above the five-year average of \$747.3 million. The gain was driven by higher payments under Crop Insurance (up 18.6 per cent), Private Hail Insurance (up 11.1 per cent), AgriStability (up 0.6 per cent), AgriRecovery (at \$13.3 million, from zero in 2019) and Livestock Insurance (up 200 per cent). Declining were payments for AgriInvest (down 8.4 per cent).

## Farm Operating Expenses

Total farm operating expenses (after rebates) fell a marginal 0.1 per cent to \$12 billion in 2020. These expenses were 10.7 per cent above the five-year average of \$10.9 billion. Notable declines in expenses were machinery fuel and repairs, fertilizer and lime, and livestock and poultry purchases, while increasing were commercial feed and cash wages, room and board.

## National Context – 2020

Nationally, total FCR was up 8.3 per cent, to \$72.2 billion. Among provinces, Alberta ranked first in cattle and calf receipts, and third in total FCR, NCI and RNI.

## 2021 Alberta First Quarter FCR

Alberta's total FCR in the first quarter (January to March) of 2021 was \$4.8 billion, up 15.7 per cent from a year previous (see Table 2). Fuelling the gain were crop market receipts (up 30.7 per cent to \$2.6 billion, due to generally higher prices and marketings), livestock market receipts (up 0.9 per cent to \$1.8 billion) and program payments to producers (up 6.5 per cent to \$412.1 million).

Table 2 – Alberta Farm Cash Receipts – Jan-Mar, 2020-2021

	2020r	2021p	2021/2020
	(\$'000)		% Change
Total Farm Cash Receipts	4,177,552	4,831,768	15.7
Crop Market Receipts	1,997,003	2,609,336	30.7
Livestock Market Receipts	1,793,609	1,810,365	0.9
Program Payments	386,940	412,067	6.5

r - revised

p - preliminary

Source: Statistics Canada

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### For more information:

Please visit the Agriculture and Forestry website:  
[www.alberta.ca/agriculture-and-forestry.aspx](http://www.alberta.ca/agriculture-and-forestry.aspx)  
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