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NET FARM INCOME 1940 TO 1943

Ottawa, Aug. 17, 1944.- Net farm income (gross income including government payments less operating expenses and depreciation charges) amounted to \$974 million in 1943. This was \$180 million below the high of \$1,154 million reached in 1942 but substantially above the 1940 estimate of \$534 million. Higher prices together with a pronounced expansion of livestock production and high grain yields accounted for this remarkable increase in farm income between 1940 and 1942.

Cash income from the sale of farm products increased consistently from 1940 to 1943 but much of the increase which occurred between 1942 and 1943 represented receipts from sales of the 1942 crop. For this study these sales are credited back to the 1942 crop by taking into account changes in inventory of livestock numbers and grain stocks on farms. The decline in net income in 1943 as compared with 1942 is attributable to lower per acre yields of grain in 1943.

Farm operating expenses and depreciation charges increased much less rapidly than gross income during this period. <sup>1/</sup> This resulted in an even higher relative increase in net income. Operating expenses and depreciation charges increased by 22 per cent between 1940 and 1943 while net income, including government payments, increased by 82 per cent. The items of operating expenses exhibiting the largest increases are feed, net rent, machinery repairs, fertilizer, tractor fuel and wages.

Farmers' expenditures for feed increased as a result of heavier livestock production and poorer feed crops in eastern Canada. The feed freight assistance program also encouraged purchases of grain by eastern farmers. The expansion in net rent payments results from higher yields and prices which are reflected in rent payments under the crop share tenure system which prevails in the Prairie Provinces. Farmers' expenses for machinery repairs increased as the supply of new implements diminished. Purchases of new machinery are not included in expenses since they represent a capital expenditure. Depreciation is included as a current expense. The total wage bill did not increase in proportion to the increase in wages since numbers employed on farms decreased during this period.

Income in kind consumed by persons on farms increased by 27 per cent during the period. Increased consumption of meat, milk and eggs, together with rising prices for these foods account for this increase.

Direct government payments to farmers have been included in the year in which they were earned. These payments increased from \$7.8 million in 1940 to \$76 million in 1941 and then declined to \$26 million in both 1942 and 1943.

In the eastern provinces net income made a steady gain between 1940 and 1943. The relative increase was highest in Prince Edward Island but the absolute increase was greatest in Ontario where it advanced from \$148 to \$293 million. Saskatchewan and Alberta attained their highest level of net income in 1942 as a result of bumper crops and declined in 1943 to \$163 and \$129 million respectively. These figures compare with \$107 million and \$93 million for these two provinces in 1940. In Manitoba the high income level reached in 1942 was maintained in 1943. This level of \$102 million is more than twice as high as the net income of 1940.

Net farm income has been defined as the net income accruing to farm operators and their families from their own farming operations. It does not include farm operators' receipts from non-farm sources. An explanation of the methods used together with a breakdown of the components of these estimates by provinces, will be available upon request from the Agricultural Branch, Dominion Bureau of Statistics.

<sup>1/</sup> See the publication "Index of Prices Paid by Farmers" which has been issued simultaneously with this report by the Dominion Bureau of Statistics.



TABLE 3

INCOME IN KIND (HOME GROWN PRODUCE) RECEIVED BY PERSONS ON FARMS, CANADA  
(Thousand Dollars)

Item	1 9 4 0	1 9 4 1	1 9 4 2	1 9 4 3
1. Milk .....	18,227	21,033	23,724	27,855
2. Dairy Butter .....	14,707	18,055	18,644	14,486
3. Cheese .....	114	150	167	168
4. Eggs .....	15,438	16,598	20,683	25,421
5. Poultry Meat .....	5,529	6,324	10,645	14,555
6. Beef, Pork, Mutton and Lamb ..	16,780	18,170	25,530	27,846
7. Potatoes .....	9,928	8,476	12,352	15,750
8. Vegetables .....	15,025	15,025	15,025	15,025
9. Greenhouse Products .....	646	646	646	646
10. Fruit .....	4,884	5,890	7,532	8,465
11. Honey .....	76	87	104	126
12. Maple Products .....	1,338	1,138	2,181	1,859
13. Flour .....	1,845	2,611	2,340	2,824
14. Forest Products .....	22,863	22,863	22,863	22,863
15. Wool .....	521	604	700	807
16. House Rent .....	62,182	62,182	62,182	62,182
TOTAL .....	190,103	199,852	225,318	240,878

INCOME IN KIND RECEIVED BY PERSONS ON FARMS, BY PROVINCES, 1940 - 1943  
(Thousand Dollars)

Province	1 9 4 0	1 9 4 1	1 9 4 2	1 9 4 3
Prince Edward Island .....	2,695	2,756	3,043	3,207
Nova Scotia .....	8,268	8,657	9,733	10,200
New Brunswick .....	8,481	8,890	9,863	10,258
Quebec .....	44,668	45,985	53,187	57,190
Ontario .....	58,024	64,308	70,344	73,446
Manitoba .....	13,061	13,012	15,457	16,851
Saskatchewan .....	27,043	27,970	31,846	35,272
Alberta .....	20,574	21,130	23,646	25,572
British Columbia .....	7,289	7,144	8,199	8,882
TOTAL - CANADA .....	190,103	199,852	225,318	240,878

TABLE 4

FARM OPERATING EXPENSES, CANADA  
(Thousand Dollars)

Item	1940	1941	1942	1943
1. Taxes on all Farm Land .....	59,141	59,877	59,856	60,440
2. Net Farm Rent .....	4,001	2,667	37,329	35,050
3. Wages to Paid Labour .....	93,385	96,908	95,483	100,078
4. Interest on Mortgages, Agreements of Sale & Unsecured Debt on all Farms.	56,831	54,067	51,285	45,460
5. Feed and Seed Purchased through Market Channels .....	51,487	60,697	91,544	104,271
6. Tractor Fuel, Oil and Grease .....	25,248	28,825	31,854	34,214
7. Truck Expenses: (a) Licenses .....	1,476	1,643	1,759	1,811
(b) Operating .....	11,029	12,498	12,895	13,769
8. Farm Automobile Expense .....	24,421	24,421	24,421	24,421
9. Blacksmithing and Horseshoeing .....	8,455	8,455	8,455	8,455
10. Binder Twine .....	9,591	7,350	13,644	8,958
11. Fertilizer .....	12,574	12,348	16,305	17,728
12. Fruit and Vegetable Supplies (sprays, boxes, crates, sash) .....	8,035	8,152	8,492	8,521
13. Fencing .....	2,588	3,549	3,008	2,925
14. Repairs to Buildings .....	10,849	10,849	10,849	10,849
15. Repairs to Machinery .....	10,457	10,555	15,399	17,600
16. Water Rent .....	1,124	1,074	926	945
17. Nursery Stock .....	1,401	1,401	1,401	1,401
18. Miscellaneous, including veterinary expenses, rope, salt and small hardware .....	14,638	15,320	17,511	18,506
19. TOTAL OPERATING .....	406,731	420,656	502,416	515,402
20. Depreciation of Buildings .....	43,404	43,404	43,404	43,404
21. Depreciation of Machinery .....	54,366	54,748	55,383	55,894
22. TOTAL DEPRECIATION .....	97,770	98,152	98,787	99,298
23. TOTAL OPERATING AND DEPRECIATION ...	504,501	518,808	601,203	614,700

FARM OPERATING EXPENSES AND DEPRECIATION CHARGES, BY PROVINCES, 1940 - 1943  
(Thousand Dollars)

Province	1940	1941	1942	1943
Prince Edward Island .....	5,166	5,867	6,253	7,423
Nova Scotia .....	13,757	17,264	19,163	18,891
New Brunswick .....	12,795	13,280	15,113	16,473
Quebec .....	68,672	76,180	84,963	89,917
Ontario .....	148,796	147,657	165,008	174,419
Manitoba .....	43,925	46,812	52,315	54,262
Saskatchewan .....	104,755	105,640	134,629	130,826
Alberta .....	86,041	86,674	101,601	99,199
British Columbia .....	20,594	19,434	22,158	23,290
TOTAL - CANADA .....	504,501	518,808	601,203	614,700

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