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DOMINION BUREAU OF STATISTICS

OTTAWA - CANADA



Memorandum

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FARM NET INCOME 1956

MILLION DOLLARS

4000

FARM GROSS INCOME, OPERATING EXPENSES AND
NET INCOME, CANADA*, 1926 - 1956

(Year ending December 31)

3000

2000

1000

0

FARM GROSS INCOME
PLUS SUPPLEMENTARY PAYMENTSFARM OPERATING EXPENSES
AND DEPRECIATION CHARGESNET INCOME OF FARM OPERATORS
FROM FARMING OPERATIONS1926-30
(AVERAGE)

1931

1936

1941

1946

1951

* NEWFOUNDLAND EXCLUDED

5504-504-126

Prepared in Farm Finance Section, AGRICULTURE DIVISION

NET INCOME OF FARM OPERATORS FROM FARMING OPERATIONS, 1956 1/

Net income of Canadian farmers from farming operations, estimated at 1,573.0 million dollars in 1956, continued upward from the post-war low of 1,161.0 million dollars established in 1954. The current estimate is 10.5 per cent above the revised estimate of 1,423.2 million dollars for 1955 and compares with the average for the post-war years (1946-1955) of 1,547.4 million dollars. The all-time high net farm income estimate was recorded in 1951 and amounted to 2,154.5 million dollars. On a provincial basis, estimates of net income for 1956 were above the 1955 level in all provinces except Nova Scotia, Ontario and British Columbia. Contributing to the increase in net income for Canada in 1956 over 1955 were higher returns from the sale of farm products and an increase in the value of income in kind. Offsetting these gains to some extent were higher estimates of farm operating expenses and depreciation charges and a lower total value of inventory changes.

Farm Cash Income from the Sale of Farm Products - Farmers' receipts from the sale of farm products, the most important component of farm net income, totalled 2,662.1 million dollars in 1956, about 13 per cent above the revised estimate of 2,357.1 for 1955. For the most part this increase in cash income was due to higher returns from the sale of grains, cattle, hogs, poultry and eggs, together with larger grain participation payments.

The largest contribution of any single commodity to the gain in total cash income was made by wheat. As a result of greatly increased marketings and higher average prices, cash returns from this product in 1956 amounted to approximately 460 million dollars, about 40 per cent above the 329.5 million dollars realized in 1955. Wheat participation payments totalling nearly 62 million dollars in 1956 were well above the 26 million dollars distributed a year earlier. As in the case of wheat, marketings of oats and barley in 1956 were up substantially from the level of the previous year resulting in a total cash income of about 150 million dollars as against nearly 98 million dollars in 1955. Estimated income from the sale of flaxseed set an all-time high record in 1956 when it reached close to 62 million dollars; a substantial increase in marketings together with higher prices contributed to the increase of 52.6 per cent over the 1955 estimate of 40.5 million dollars.

Total cash income from the sale of livestock in 1956 is estimated at 736.6 million dollars, as against 702.9 million for the previous year. Almost all of this gain is attributable to higher returns from the sale of cattle and hogs. In the case of cattle, higher marketings more than offset slightly lower prices. An increase of both marketings and prices raised the returns from hogs. Income from the sale of dairy products rose from 438.4 million dollars in 1955 to an all-time high of 445.9 million in 1956. Farm cash returns from the sale of eggs at 143.8 million dollars in 1956 were 8.5 per cent above the 132.6 million dollars realized a year earlier. Income from poultry sales reached a new high level of 161.2 million dollars in 1956, approximately 7 per cent above the returns of 150.5 million for 1955.

Income in Kind - This item includes the value of that produce grown by farm operators and consumed in the farm home plus an imputed rental value of the farm dwelling. The total for this component of farm net income in 1956 is estimated at 411.6 million dollars, as compared with 403.3 million for the preceding year.

1/ Excludes Newfoundland.

Value of Inventory Change - This net income item is calculated by differencing the quantities of grain and the numbers of livestock on farms between the beginning and end of the year, and valuing the differences at year-end prices. Total value of inventory change in 1956 amounted to 169.7 million dollars as against 210.8 million dollars a year earlier. This reduction can be attributed to a smaller rate of accumulation of farm-held stocks of such grains as wheat and barley lower average year-end grain prices, reduced numbers of hogs and somewhat lower average year-end values per head for cattle.

Farm Operating Expenses and Depreciation Charges - Farm operating expenses and depreciation charges in 1956 were estimated at the all-time high of 1,675.4 million dollars, 5.9 per cent above the revised 1955 estimate of 1,581.4 million dollars. Increased expenditures were recorded for nearly all of the commodities and services used in the farm business. Property taxes continued to rise as they moved from 126.0 million dollars in 1955 to 133.7 million in 1956. On the basis of information available at the present time little or no difference is estimated for total rental payments; adjustments will be required in the share-rent estimate when further grain participation payments are made at a later date. Expenditure for hired labour is up from 161.7 in 1955 to 177.1 million dollars in 1956, a reflection in some degree of the increase in farm wage rates. Farmers' outlay for feed purchased through commercial channels at 296.6 million dollars in 1956, was 6.7 per cent above the estimate of 277.8 million dollars for the previous year, almost entirely as a result of increased consumption. Increased expenditures by farmers for the operation of power machinery, automobiles and trucks is attributable in large part to higher gasoline prices and to estimated larger numbers in use. Greater use of fertilizers in 1956 almost entirely accounts for the increase in outlay shown for this expenditure item.

In Table 1 below is summarized the preliminary estimate of farm net income, by provinces, for the calendar year 1956, and revised estimates for 1954 and 1955. It should be noted that, in the process of rounding, the provincial estimates in Table 1 may not add to the total for Canada in all years. These estimates represent a continuation of the farm income series contained in the Handbook of Agricultural Statistics, Part II. No information is available for Newfoundland.

TABLE 1.- NET INCOME OF FARM OPERATORS FROM FARMING OPERATIONS,
BY PROVINCES ¹/₁, 1954-1956

	1 9 5 6 (Preliminary)	1 9 5 5 (Revised)	1 9 5 4 (Revised)
- million dollars -			
Prince Edward Island	14.9	13.9	13.1
Nova Scotia	17.8	17.9	20.7
New Brunswick	30.3	26.9	30.0
Quebec	285.6	282.0	268.7
Ontario	405.6	422.1	387.4
Manitoba	132.5	97.1	73.7
Saskatchewan	390.7	315.8	138.7
Alberta	266.8	215.4	192.7
British Columbia	28.9	32.2	36.1
CANADA	1,573.0	1,423.2	1,161.0

¹/₁ Excludes Newfoundland.

TABLE 2A. - NET INCOME^{1/} OF FARM OPERATORS FROM FARMING OPERATIONS, CANADA BY PROVINCES^{2/} - 1956

	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskat- chewan	Alberta	British Columbia	CANADA
	- thousand dollars -									
1. Cash income ^{3/}	26,428	44,410	51,370	440,967	749,293	209,209	597,622	432,963	108,884	2,662,146
2. Income in kind	5,573	16,365	17,800	99,126	128,622	28,744	52,923	47,340	15,068	411,551
3. Value of inventory changes	803	-487	1,648	7,177	12,068	30,627	72,314	46,511	-944	169,747
4. Gross income	32,804	60,318	70,818	547,270	889,983	268,580	722,859	526,814	123,998	3,243,444
5. Operating and depreciation	17,868	42,553	40,505	261,702	484,422	138,483	333,296	261,321	95,265	1,675,415
6. Net income (ex. supp. payments)	14,936	17,765	30,313	285,568	405,561	130,097	389,563	265,493	28,733	1,568,029
7. Supplementary payments	-	-	-	-	-	2,360	1,179	1,319	146	5,004
8. Net income	14,936	17,765	30,313	285,568	405,561	132,457	390,742	266,812	28,879	1,573,033

^{1/} Includes estimated rental value of farm homes and supplementary payments made under the provisions of the Prairie Farm Assistance Act.
^{2/} Excludes Newfoundland. ^{3/} Not strictly comparable with cash income estimates prior to 1952.

TABLE 2B. - INCOME IN KIND

- thousand dollars -

1. Dairy products	679	1,813	2,206	9,417	6,265	3,423	6,687	4,703	1,258	36,461
2. Poultry and eggs	731	1,307	1,362	7,916	10,361	3,123	5,679	6,255	1,705	38,439
3. Meat	318	611	1,064	10,433	8,927	3,413	7,331	8,136	1,165	38,598
4. Fruits and vegetables ^{1/}	759	2,803	2,984	16,274	19,812	5,000	9,794	8,820	3,387	69,633
5. Honey and maple products	1	7	20	2,796	464	12	32	24	22	3,378
6. Forest products	1,418	4,919	5,414	28,528	22,829	2,611	4,461	3,804	2,362	76,356
7. Wool	8	24	21	143	3	6	18	13	3	239
8. House rent	1,669	4,681	4,729	23,609	59,961	11,156	18,921	18,585	5,156	148,467
9. Total	5,573	16,365	17,800	99,126	128,622	28,744	52,923	47,340	15,068	411,551

^{1/} Includes potatoes.

TABLE 2C. - FARM OPERATING EXPENSES AND DEPRECIATION CHARGES

- thousand dollars -

1. Taxes ^{1/}	564	4,262	4,932	19,422	44,612	9,818	23,523	18,613	7,817	133,663
2. Gross rent	108	280	242	2,471	17,614	14,912	58,826	29,771	1,783	123,977
3. Hired labour	2,866	8,328	7,773	19,520	41,895	15,666	30,452	29,167	21,420	177,087
4. Interest on indebtedness ^{1/2/}	384	406	422	6,885	10,501	3,830	16,799	8,534	888	48,749
5. Feed and seed ^{3/}	3,212	8,399	6,336	95,872	120,989	7,806	10,120	17,582	26,235	296,551
6. Tractor	613	1,407	1,187	9,679	25,821	18,088	47,896	24,734	6,489	145,914
7. Truck	556	1,535	1,159	7,932	14,201	6,183	18,047	15,782	4,718	70,115
8. Automobile ^{4/}	686	2,132	1,937	10,852	31,668	7,070	11,000	12,919	4,233	82,497
9. Engine and combine	110	71	110	989	1,140	3,085	9,058	5,017	103	19,683
10. Machinery repairs ^{5/}	465	1,160	1,575	8,550	12,200	6,900	15,500	12,500	2,000	60,650
11. Fertilizer	2,864	1,580	3,867	8,265	28,384	1,728	2,061	3,136	2,381	54,266
12. Fruit and vegetable supplies ^{6/}	737	2,896	1,852	7,691	16,281	2,366	4,999	4,261	3,138	44,221
13. Building repairs ^{1/}	1,539	3,414	2,764	20,757	31,955	5,622	10,978	8,944	3,273	89,256
14. Miscellaneous ^{7/}	983	2,122	2,073	13,526	21,414	5,484	14,084	11,481	5,044	75,211
15. Total operating	15,789	37,962	36,029	232,411	418,675	108,568	271,343	212,541	89,522	1,422,840
16. Depreciation, bldg. ^{1/} and machinery ..	2,079	4,591	4,476	29,291	65,747	29,915	61,953	48,780	5,743	252,575
17. Operating and depreciation	17,868	42,553	40,505	261,702	484,422	138,483	333,296	261,321	95,265	1,675,415

^{1/} Owned land and buildings only. ^{2/} Secured and unsecured debt. ^{3/} Purchases through commercial channels only. ^{4/} Expenses incurred for farm business only. ^{5/} Repair parts and machine shop charges. ^{6/} Pesticides, containers and nursery stock. ^{7/} Veterinary expenses, binder twine, irrigation charges, fence repairs, rope, salt, hardware, etc.

TABLE 3A. - NET INCOME^{1/} OF FARM OPERATORS FROM FARMING OPERATIONS, CANADA BY PROVINCES^{2/} - 1955

	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskat- chewan	Alberta	British Columbia	CANADA
- thousand dollars -										
1. Cash income ^{3/}	25,931	42,745	47,797	424,193	749,104	173,542	424,650	365,130	104,041	2,357,133
2. Income in kind	5,506	15,983	17,347	97,710	124,227	28,403	52,265	47,280	14,585	403,306
3. Value of inventory changes	-357	-736	-946	4,028	1,547	18,043	140,235	49,115	-109	210,820
4. Gross income	31,080	57,992	64,198	525,931	874,878	219,988	617,150	461,525	118,517	2,971,259
5. Operating and depreciation	17,149	40,085	37,344	243,942	452,806	128,181	323,512	251,926	86,446	1,581,391
6. Net income (ex. supp. payments)	13,931	17,907	26,854	281,989	422,072	91,807	293,638	209,599	32,071	1,389,868
7. Supplementary payments	-	-	-	-	-	5,342	22,134	5,776	86	33,338
8. Net income	13,931	17,907	26,854	281,989	422,072	97,149	315,772	215,375	32,157	1,423,206

^{1/} Includes estimated rental value of farm homes and supplementary payments made under the provisions of the Prairie Farm Assistance Act.
^{2/} Excludes Newfoundland. ^{3/} Not strictly comparable with cash income estimates prior to 1952.

TABLE 3B. - INCOME IN KIND

- thousand dollars -

1. Dairy products	694	1,839	2,224	9,221	6,023	3,500	6,875	4,783	1,307	36,466
2. Poultry and eggs	756	1,351	1,382	7,861	10,186	3,220	5,487	6,540	1,695	38,478
3. Meat	312	814	1,086	10,000	8,401	3,350	7,416	5,060	999	37,438
4. Fruits and vegetables ^{1/}	748	2,712	2,835	17,080	19,760	5,071	9,747	8,996	3,363	70,302
5. Honey and maple products	2	10	30	3,175	388	22	48	25	32	3,732
6. Forest products	1,381	4,790	5,272	27,788	22,229	2,542	4,344	3,704	2,300	74,350
7. Wool	10	22	19	143	2	6	14	19	1	236
8. House rent	1,603	4,445	4,499	22,442	57,248	10,692	18,334	18,153	4,888	142,304
9. Total	5,506	15,983	17,347	97,710	124,227	28,403	52,265	47,280	14,585	403,306

^{1/} Includes potatoes.

TABLE 3C. - FARM OPERATING EXPENSES AND DEPRECIATION CHARGES

- thousand dollars -

1. Taxes ^{1/}	636	4,069	4,533	18,202	40,966	9,495	22,575	18,613	6,967	126,046
2. Gross rent	101	240	228	2,339	16,837	12,747	58,804	30,200	1,764	123,260
3. Hired labour	2,810	7,833	6,680	19,013	36,476	14,391	28,222	27,690	18,363	161,678
4. Interest on indebtedness ^{1/2/}	372	386	409	5,929	9,794	3,664	16,351	8,238	847	45,990
5. Feed and seed ^{3/}	3,011	7,874	5,935	89,828	113,290	7,320	9,490	16,488	24,600	277,836
6. Tractor	555	1,209	1,044	8,689	24,662	15,290	44,225	32,072	5,565	133,312
7. Truck	519	1,492	1,082	7,101	13,386	5,633	17,019	14,950	4,208	65,400
8. Automobile ^{4/}	650	1,938	1,777	9,220	29,322	6,313	10,338	11,670	3,750	74,978
9. Engine and combine	108	67	106	968	1,120	2,560	8,096	4,571	95	17,690
10. Machinery repairs ^{5/}	453	1,132	1,327	8,260	12,123	6,624	15,065	12,370	1,886	59,240
11. Fertilizer	2,884	1,734	3,778	7,877	27,572	1,678	1,918	2,755	2,452	52,648
12. Fruit and vegetable supplies ^{6/}	669	2,631	1,681	6,995	14,847	2,152	4,549	3,876	2,853	40,253
13. Building repairs ^{1/}	1,391	3,064	2,481	18,633	28,684	5,055	9,855	8,028	2,939	80,120
14. Miscellaneous ^{7/}	1,010	2,063	1,992	13,184	20,657	5,111	13,992	11,317	4,684	74,010
15. Total operating	15,160	35,722	33,052	216,238	389,746	98,033	260,499	203,038	80,973	1,332,461
16. Depreciation, bldg. ^{1/} and machinery ..	1,989	4,363	4,292	27,704	63,060	30,148	63,013	48,888	5,473	248,930
17. Operating and depreciation	17,149	40,085	37,344	243,942	452,806	128,181	323,512	251,926	86,446	1,581,391

^{1/} Owned land and buildings only. ^{2/} Secured and unsecured debt. ^{3/} Purchases through commercial channels only. ^{4/} Expenses incurred for farm business only. ^{5/} Repair parts and machine shop charges. ^{6/} Pesticides, containers and nursery stock. ^{7/} Veterinary expenses, binder twine, irrigation charges, fence repairs, rope, salt, hardware, etc.

TABLE 4A. - NET INCOME^{1/} OF FARM OPERATORS FROM FARMING OPERATIONS, CANADA BY PROVINCES^{2/} - 1954

	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskat- chewan	Alberta	British Columbia	CANADA
- thousand dollars -										
1. Cash income ^{3/}	24,374	44,296	48,836	406,960	714,375	187,890	472,424	386,245	107,011	2,392,410
2. Income in kind	5,415	15,889	16,609	95,850	121,345	26,912	50,551	46,658	13,965	393,194
3. Value of inventory changes	-363	-273	-29	3,030	-7,929	-15,746	-95,622	1,068	425	-115,409
4. Gross income	29,426	59,912	65,415	505,840	827,791	199,056	427,353	433,991	121,401	2,670,196
5. Operating and depreciation	16,378	39,215	35,425	237,093	440,441	125,986	289,442	242,327	85,330	1,511,637
6. Net income (ex. supp. payments)	13,068	20,697	29,990	268,747	387,350	73,070	137,911	191,664	36,071	1,158,558
7. Supplementary payments	-	-	-	-	-	599	797	1,031	-	2,427
8. Net income	13,068	20,697	29,990	268,747	387,350	73,669	138,708	192,695	36,071	1,160,985

^{1/} Includes estimated rental value of farm homes and supplementary payments made under the provisions of the Prairie Farm Assistance Act.
^{2/} Excludes Newfoundland. ^{3/} Not strictly comparable with cash income estimates prior to 1952.

TABLE 4B. - INCOME IN KIND
- thousand dollars -

1. Dairy products	692	1,858	2,008	9,267	6,183	3,395	6,915	4,788	1,285	36,391
2. Poultry and eggs	775	1,312	1,332	7,755	10,898	2,926	5,688	6,485	1,606	38,777
3. Meat	303	767	878	9,952	8,757	2,994	7,084	5,395	823	36,953
4. Fruits and vegetables ^{1/}	701	3,029	2,932	16,637	19,731	4,648	9,442	8,641	3,364	69,125
5. Honey and maple products	2	11	23	3,192	455	17	39	19	26	3,784
6. Forest products	1,339	4,646	5,113	26,952	21,561	2,466	4,213	3,593	2,231	72,114
7. Wool	7	22	22	165	3	7	27	20	-	273
8. House rent	1,596	4,244	4,301	21,930	53,757	10,459	17,143	17,717	4,630	135,777
9. Total	5,415	15,889	16,609	95,850	121,345	26,912	50,551	46,658	13,965	393,194

^{1/} Includes potatoes.

TABLE 4C. - FARM OPERATING EXPENSES AND DEPRECIATION CHARGES
- thousand dollars -

1. Taxes ^{1/}	607	3,762	4,248	16,885	37,687	9,355	22,132	19,551	6,396	120,625
2. Gross rent	109	228	224	2,234	16,151	10,649	31,456	23,444	1,686	86,183
3. Hired labour	2,809	8,139	6,831	18,556	37,593	14,706	27,628	27,739	20,374	163,375
4. Interest on indebtedness ^{1/2/}	369	379	382	5,834	9,457	3,496	15,512	8,004	812	44,235
5. Feed and seed ^{3/}	2,953	7,721	6,821	88,089	111,090	7,174	9,300	16,157	24,105	272,410
6. Tractor	503	1,157	974	7,751	23,486	15,275	42,361	31,108	5,064	127,681
7. Truck	476	1,492	1,033	6,799	13,200	5,565	16,271	14,388	3,782	63,016
8. Automobile ^{4/}	597	1,654	1,608	8,601	26,975	6,018	10,076	11,093	3,444	70,066
9. Engine and combine	106	68	104	952	1,095	2,350	7,080	4,040	95	15,899
10. Machinery repairs ^{5/}	432	1,076	1,263	7,632	11,713	6,263	15,076	11,875	1,592	56,922
11. Fertiliser	2,424	1,693	3,764	8,170	28,175	2,386	2,788	3,000	2,369	54,769
12. Fruit and vegetable supplies ^{6/}	622	2,446	1,562	6,512	13,847	2,003	4,234	3,608	2,657	37,491
13. Building repairs ^{1/}	1,437	3,189	2,582	19,389	29,849	5,260	10,255	8,364	3,058	83,373
14. Miscellaneous ^{7/}	984	1,984	1,873	12,686	20,049	4,875	12,001	10,800	4,648	69,900
15. Total operating	14,417	34,988	31,259	210,090	380,369	95,385	226,170	193,171	80,086	1,265,945
16. Depreciation bldg. ^{1/} and machinery	1,961	4,227	4,156	27,003	60,072	30,601	63,272	49,156	5,244	245,692
17. Operating and depreciation	16,378	39,215	35,425	237,093	440,441	125,986	289,442	242,327	85,330	1,511,637

^{1/} Owned land and buildings only. ^{2/} Secured and unsecured debt. ^{3/} Purchases through commercial channels only. ^{4/} Expenses incurred for farm business only. ^{5/} Repair parts and machine shop charges. ^{6/} Pesticides, containers and nursery stock. ^{7/} Veterinary expenses, binder twine, irrigation charges, fence repairs, rope, salt, hardware, etc.

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