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FARM NET INCOME, ADVANCE STATEMENT, 1961 (1)

This report sets forth advance preliminary estimates of net income of farm operators from farming operations for the year 1961, and revised estimates for 1959 and 1960. For 1961, total farm net income, including changes in farm inventories of grains and livestock, is estimated at 1,006.0 million dollars, about 24 per cent below the revised estimate of 1,319.6 million dollars for 1960, and the lowest since 1957 when total farm net income was estimated at 1,058.3 million dollars. Although farm operating expenses continued to rise, most of the decline in farm net income between 1960 and 1961 can be attributed to the drastic reduction in the production of Prairie grain crops in 1961 and the consequent drop in the year-end inventories of grain on farms. This becomes quite apparent when consideration is given to realized farm net income which excludes the effects of inventory changes. In 1961, realized farm net income was estimated at 1,313.2 million dollars, 10 million dollars above the revised figure for 1960 and 2.4 per cent above the average of 1,282.7 million dollars for the five-year period 1956 to 1960.

Farm cash income, the most important component of farm net income, reached the all-time high of 2,928.9 million dollars in 1961, 2.4 per cent above the previous record high of 2,859.1 million dollars in 1952, and 5.3 per cent higher than the 2,781.5 million realized in 1960. Major contributions to the increase in farm cash income between 1960 and 1961 were higher returns from the sale of wheat, flaxseed, tobacco, cattle, calves, hogs, dairy products and poultry products, and increased Canadian Wheat Board participation payments.

Increases in farm net income in 1961 over 1960 occurred only in the provinces of Quebec, Ontario and British Columbia. The effect of the substantial decline in year-end farm inventories of grain was most noticeable in the three Prairie Provinces where total farm net income was down very significantly; realized income, however, was unchanged in Manitoba and higher in Saskatchewan and Alberta. Substantially lower returns from the sales of potatoes in Prince Edward Island and New Brunswick were largely responsible for the decline in both realized and total farm net income in these two provinces.

The regular annual estimates of farm net income, based on more complete data for 1961 and including details by items for each of the years 1959, 1960 and 1961, will be published in April.

Net Income of Farm Operators from Farming Operations (1) 1959-1961

	thousand dollars		
	1961 advance <u>preliminary</u>	1960 <u>revised</u>	1959 <u>revised</u>
Prince Edward Island	7,166	13,571	12,218
Nova Scotia	14,778	15,281	14,883
New Brunswick	11,908	21,365	16,639
Quebec	200,438	189,326	191,848
Ontario	331,072	327,412	316,252
Manitoba	53,338	110,040	107,833
Saskatchewan	103,720	352,623	240,862
Alberta	223,861	233,765	242,781
British Columbia	59,671	56,221	56,047
Canada (1)	1,005,952	1,319,604	1,199,363

(1) Excludes Newfoundland.
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Prepared in Farm Finance Section, AGRICULTURE DIVISION.

Net Income (1) of Farm Operators from Farming Operations, Canada, (2) by Provinces

	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada
	thousand dollars									
<u>1961 advance preliminary</u>										
1. Cash income from farm products	23,927	45,787	41,751	450,649	895,187	233,564	586,271	517,490	134,250	2,928,376
2. Income in kind	3,953	10,543	11,474	81,774	107,271	26,753	47,939	43,385	16,752	349,844
3. Supplementary payments	390	-	-	-	-	3,415	23,627	8,232	102	35,766
4. Realized gross income (1+2+3)	28,270	56,330	53,225	532,423	1,002,458	263,732	657,837	569,107	151,104	3,314,486
5. Operating and depreciation charges ..	21,142	41,752	40,378	340,231	688,570	152,695	323,324	299,309	93,923	2,001,324
6. Realized net income (4-5)	7,128	14,578	12,847	192,192	313,888	111,037	334,513	269,798	57,181	1,313,162
7. Value of inventory changes	38	200	- 939	8,246	17,184	-57,699	-230,793	-45,937	2,490	- 307,210
8. Total gross income (4+7)	28,308	56,530	52,286	540,669	1,019,642	206,033	427,044	523,170	153,594	3,007,276
9. Total net income (8-5)	7,166	14,778	11,908	200,438	331,072	53,338	103,720	223,861	59,671	1,005,952
<u>1960 revised</u>										
1. Cash income from farm products	29,141	44,046	48,106	415,265	869,329	223,149	550,751	474,700	127,051	2,781,538
2. Income in kind	4,074	10,875	11,732	81,041	108,765	26,723	48,069	43,977	16,787	352,043
3. Supplementary payments	-	-	-	-	-	9,724	42,181	25,010	289	77,204
4. Realized gross income (1+2+3)	33,215	54,921	59,838	496,306	978,094	259,596	641,001	543,687	144,127	3,210,785
5. Operating and depreciation charges ..	19,882	39,525	37,992	314,068	640,306	148,607	334,442	284,730	88,168	1,907,720
6. Realized net income (4-5)	13,333	15,396	21,846	182,238	337,788	110,989	306,559	258,957	55,959	1,303,065
7. Value of inventory changes	238	- 115	- 481	7,088	-10,376	- 949	46,064	-25,192	262	16,539
8. Total gross income (4+7)	33,453	54,806	59,357	503,394	967,718	258,647	687,065	518,495	144,389	3,227,324
9. Total net income (8-5)	13,571	15,281	21,365	189,326	327,412	110,040	352,623	233,765	56,221	1,319,604
<u>1959 revised</u>										
1. Cash income from farm products	28,307	42,766	43,759	420,276	855,542	230,772	564,179	481,141	124,448	2,791,190
2. Income in kind	4,062	10,964	11,541	79,387	106,740	25,820	47,179	42,568	16,203	344,464
3. Supplementary payments	-	-	-	-	-	1,719	13,104	7,128	136	22,087
4. Realized gross income (1+2+3)	32,369	53,730	55,300	499,663	962,282	258,311	624,462	530,837	140,787	3,157,741
5. Operating and depreciation charges ..	19,679	38,821	37,489	311,992	647,212	144,995	320,176	276,762	87,452	1,884,578
6. Realized net income (4-5)	12,690	14,909	17,811	187,671	315,070	113,316	304,286	254,075	53,335	1,273,163
7. Value of inventory changes	- 472	- 26	-1,172	4,177	1,182	- 5,483	-63,424	-11,294	2,712	-73,800
8. Total gross income (4+7)	31,897	53,704	54,128	503,840	963,464	252,828	561,038	519,543	143,499	3,083,941
9. Total net income (8-5)	12,218	14,883	16,639	191,848	316,252	107,833	240,862	242,781	56,047	1,199,363

(1) Includes estimated rental value of farm homes and supplementary payments (item 3) such as those made under the provisions of the Prairie Farm Assistance Act, Western Grain Producers' Acreage Payment Plan and the Federal-Provincial Emergency Unthreshed Grain Assistance Policy.

(2) Excludes Newfoundland.

