



STATISTICS

Provincial Treasury

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STATISTICS CANADA RELEASES NET FARM INCOME AND QUARTERLY FARM CASH RECEIPTS DATA

2005 NET FARM INCOME

On May 26, 2006 Statistics Canada released preliminary estimates of Net Farm Income for Canada and the provinces for 2005 with revisions to 2004. *Total net farm income* measures the financial flows and stock changes of farm businesses (*net cash income* minus *depreciation* plus *income in kind* and *value of inventory change*). On Prince Edward Island total net farm income in 2005 is valued at -\$37 million, the second lowest value in Island history. Net farm income on P.E.I. for 2004 was -\$6 million. The last positive value of net farm income occurred in 2002 when it was \$98.1 million.

The value of realized net income in 2005, which also allows for depreciation and income-in-kind, increased from -\$12 million in 2004 to -\$7 million in 2005. The detailed results for Canada and Prince Edward Island are presented Table 1.

Net cash income in 2005 was valued at \$32 million, an increase of \$7 million over the previous year. The increase in net cash income resulted from a \$16 million dollar rise in total farm cash receipts (including government payments) together with a \$10 million increase in total operating expenses after rebates.

Table 1. NET FARM INCOME, CANADA AND P.E.I., 2004 and 2005

Item:	2004		2005		2005/2004	
	Canada	PEI	Canada	PEI	Canada	PEI
	(millions \$)		(millions \$)		Percentage change	
+ Total farm cash receipts incl. payments	36,554	348	36,992	364	1.2	4.6
- Total operating expenses after rebates	29,876	323	30,389	333	1.7	3.1
= Net cash income	6,678	25	6,603	32	-1.1	28.0
+ Income-in-kind	134	1	153	1	14.2	0.0
- Depreciation	4,501	38	4,622	40	2.7	5.3
= Realized net income	2,311	-12	2,134	-7	-7.7	-41.7
+ Value of inventory change	1,753	7	476	-30	-72.8	-528.6
= Total net income	4,063	-6	2,610	-37	-35.8	516.7

Source: Statistics Canada

QUARTERLY FARM CASH RECEIPTS

Today Statistics Canada also released preliminary estimates of farm cash receipts for Canada and the provinces for the first quarter of 2006. Prince Edward Island's farm cash receipts for the first three months of 2006 totalled \$108.7 million, up 14.7 per cent from the first three months of 2005. **This was the highest rate of growth in the country.** Rebounding potato prices coupled with higher cattle receipts were responsible factors.

Nationally farm cash receipts totalled \$9.1 billion, down \$308 million (-3.3%) from the same period in 2005. Crop receipts fell by 8.0 per cent as abundant world grain supplies and a strong Canadian dollar depressed prices. At the same time livestock sector edged down 0.1 per cent with a decline in hog receipts offsetting gains in the cattle and calf sector. Total direct payments to farmers decreased from \$1.61 billion in the first quarter of 2005 to \$1.56 billion in the first quarter of 2006, a decrease of 2.6 per cent. National and provincial farm cash receipts for the first three months of 2006 and comparable data for 2005 are presented in Table 2.

Table 2. NATIONAL AND PROVINCIAL FARM CASH RECEIPTS

Province:	Jan. to	Jan. to	Jan-Mar. 2005
	March 2005	March 2006	to Jan-Mar. 2006
	\$ millions		% change
Canada	9,380	9,072	-3.3
Newfoundland and Labrador	20	21	5.0
Prince Edward Island	95	109	14.7
Nova Scotia	128	130	1.6
New Brunswick	105	112	6.7
Quebec	1,391	1,335	-4.0
Ontario	2,153	1,983	-7.9
Manitoba	1,065	1,034	-2.9
Saskatchewan	1,864	1,761	-5.5
Alberta	2,064	2,084	1.0
British Columbia	496	503	1.4

Source: Statistics Canada.

Table 3. QUARTERLY FARM CASH RECEIPTS, P.E.I.

Item:	Farm Cash Receipts		
	Q1 2005 (\$ '000s)	Q1 2006 (\$ '000s)	Percentage change
Crops	44,659	68,163	52.6
<i>Potatoes</i>	39,396	62,015	57.4
<i>Other crops</i>	5,263	6,148	16.8
Livestock	33,166	32,450	-2.2
<i>Cattle</i>	4,898	6,038	23.3
<i>Hogs</i>	7,486	5,203	-30.5
<i>Dairy</i>	15,744	15,779	0.2
<i>Other</i>	5,038	5,430	7.8
Total direct payments	16,805	8,061	-52.0
Total Receipts	94,630	108,674	14.7

Source: Statistics Canada

P.E.I. HIGHLIGHTS (see Table 3)

Crops

- Higher farm cash receipts during the first quarter of 2006 were partly a result of an increase in potato receipts.
- Potato receipts rose from \$39.4 million in the first quarter of 2005 to \$62.0 million during the first three months of 2006, an increase of 57.4 per cent.
- Vegetable and grain receipts totalled \$6.1 million, an increase of 16.8 per cent over 2005.

Livestock

- Livestock receipts during the first three months of 2006 totalled \$32.4 million, a 2.2 per cent decrease compared to the same period in 2005.
- Cattle receipts expanded by 23.3 per cent to value \$6.0 million.
- Hog receipts dropped by 30.5 per cent to total \$5.2 million.
- Dairy product receipts for the first three months of 2006, totalling \$15.8 million, have increased by 0.2 per cent over the first three months of 2005.

Support payments

- Government payments and support to farmers totalled \$8.1 million, decreasing by 52.0 per cent during the first three months compared to the first three months of 2005.
- Combined crop and livestock receipts net of government support payments grew by 29.3 per cent.

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