

2005 in a nutshell

- Upturn in the cattle and calf sector
- Decrease in program payments
- Decrease in the hog and grain sectors
- Rise in the maple products sector

Headlines

Substantial decrease in receipts in the hog sector
Higher income in the potato sector

Stable cash receipts in the first half of 2006

Farm cash receipts remained relatively stable in the first half of 2006. The gross income of Québec farmers reached \$3,150 million, a modest increase of 0.8% compared with the same period last year.

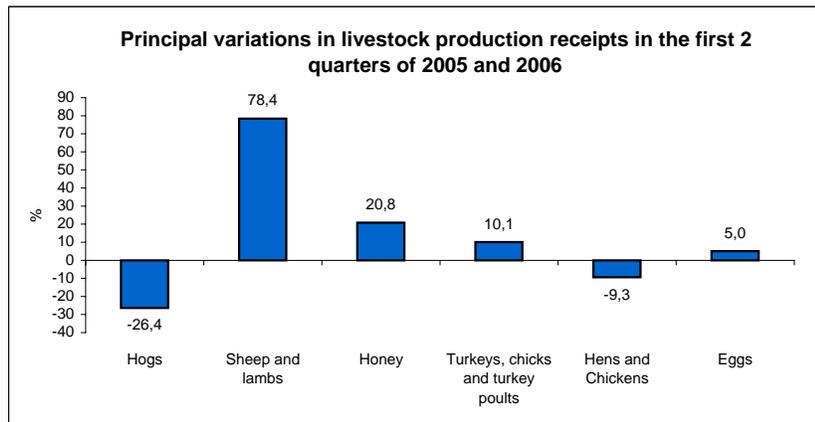
However, on the national level, gross farm income was down by 4.7% from the record high reached in the first half of the previous year.

Livestock production

Total market receipts from livestock production were down by 7.1% from the same period in 2005.

For the second consecutive year, hog receipts registered the greatest negative change. They fell by \$147 million, or 26.4%, compared with the gross income for the first half of 2005.

This decline marks a new all-time low for Québec hog producers, whose gross income was at its lowest level in five years (on a semi-annual basis). An increase in the mortality rate, but primarily the drop in prices, contributed to the slump in cash receipts in this sector.



On a more positive note, producers of mutton, honey, and poultry (turkeys, chicks and turkey poults) saw the highest increases in their gross income, at 78.4%, 20.8%, and 10.1% respectively.

Increase in program payments

In Québec, as in Canada overall, program payments were on the rise. They reached \$597.6 million, up 38.3% from the first half of 2005.

The provincial stabilization program was largely responsible for this increase, with payments of \$369,151 million, or 61.8% of the total payments received by farmers during the last six-month period.

Crop production

During the first half of 2006, the crop production sector generated total receipts of \$643.7 million, up 0.8 % from the same period last year.

Potato receipts increased by 55.5% in the first half of 2006 compared with the same period in 2005. This strong growth is due to the recovery of the transaction price (+ 89%) and a drop in the volume marketed (- 18%). Receipts rose from \$42.5 million to \$66.1 million.

An increase in delivery volume (+ 4.7%) combined with a rise in prices (+ 10.1%) boosted corn production receipts by \$17.8 million compared with the first half of 2005. They totalled \$134.1 million for the period from January to June 2006.

Prices for oil and protein seed crops continued to decline during the first quarter (- 18.6%). Linked to a decline in the volume marketed (- 34.7%), cash receipts fell to \$35.3 million in the first quarter, down from \$66.5 million a year earlier.

Expenses down slightly in 2005 and up in the first half of 2006

Total expenses after rebate amounted to \$5,568.7 million in 2005, down 1.2% from the previous year. However, this amount remains higher than the previous five-year average of \$5,209 million.

Preliminary data for the year 2006 show an increase in expenses. Total expenses after rebate amounted to \$2, 933.5 million, up by 2.98% compared with the same period in 2005.

Net farm income in Québec by sector and quarter - 2005 and 2006

Sector	2005				2006			
	Q1	Q2	Q1+Q2	Q3	Q4	Q1	Q2	Q1+Q2
	\$M							
Total receipts¹	1 390,7	1 734,8	3 125,5	1 566,9	1 515,9	1 345,6	1 804,5	3 150,1
Livestock production	1 034,3	1 029,6	2 063,9	994,1	974,3	978,6	939,1	1 917,8
Cattle	59,1	86,0	145,1	72,9	68,8	74,5	71,0	145,5
Calves	49,2	50,0	99,2	53,2	55,5	50,9	49,6	100,5
Hogs	294,5	261,3	555,7	251,1	225,0	216,0	193,2	409,3
Hens and chickens	114,0	115,1	229,1	101,0	97,2	103,6	104,1	207,7
Other animals	19,5	20,9	40,4	23,7	25,8	24,6	26,9	51,5
Dairy products	463,1	463,4	926,5	458,0	467,8	473,4	461,1	934,6
Eggs	23,1	23,5	46,6	23,7	24,2	24,5	24,4	49,0
Honey	1,1	0,8	2,0	2,4	2,0	1,4	1,0	2,4
Other products of animal origin	10,8	8,5	19,2	8,1	8,0	9,6	7,7	17,4
Crop production	215,7	413,7	629,4	398,2	398,7	213,9	420,8	634,7
Grains other than corn	8,5	8,8	17,2	12,5	12,0	7,5	7,9	15,3
Corn	61,2	55,1	116,3	61,7	81,3	71,8	62,3	134,1
Flowers and nurseries	34,1	91,7	125,8	48,2	107,6	36,0	98,8	134,8
Maple products	7,6	144,1	151,7	0,0	0,0	6,8	130,0	136,8
Vegetables	27,6	36,8	64,4	167,9	58,7	27,4	40,1	67,5
Potatoes	18,9	23,6	42,5	27,9	31,3	30,5	35,6	66,1
Fruits	9,0	10,1	19,1	58,8	29,1	9,2	9,3	18,6
Oil and protein seed crops	37,7	28,7	66,5	14,4	57,4	13,7	21,6	35,3
Other crops	11,2	14,7	25,9	6,7	21,3	10,9	15,2	26,1
Programs ²	140,7	291,4	432,1	174,5	142,7	153,1	444,5	597,6
Total expenses after rebate¹	1 092,2	1 756,3	2 848,5	1 462,6	1 257,6	1 114,1	1 819,4	2 933,5
Total receipts - total expenses after rebate	298,5	-21,5	277,0	104,3	258,3	231,5	-14,9	216,6

1. Cash basis of accounting. The data of 2005 are estimated and not seasonally adjusted.

2. Includes NISA payments, crop insurance payments, income disaster program payments, provincial stabilization payments, dairy subsidies and other payments.

Sources: Statistics Canada.
Institut de la statistique du Québec.

Net farm income by sector - 1999 to 2005¹

Sector	1999	2000	2001	2002	2003	2004	2005
	\$M						
Total receipts²	5 100,3	5 422,5	5 753,8	5 527,1	5 957,0	6 310,6	6 208,3
Livestock production	3 184,0	3 624,2	3 857,2	3 645,5	3 652,1	4 017,4	4 032,7
Cattle	228,0	287,6	327,6	334,5	232,9	220,6	286,7
Calves	180,7	193,9	225,5	224,4	161,6	175,4	208,0
Hogs	725,9	996,9	1 110,1	927,0	933,1	1 191,4	1 031,9
Hens and chickens	373,9	383,7	423,7	404,6	421,4	447,8	427,4
Other animals	72,8	80,6	86,8	87,7	85,3	92,6	89,8
Dairy products	1 479,1	1 553,1	1 543,9	1 510,4	1 676,6	1 745,7	1 852,3
Eggs	82,8	87,5	98,7	115,0	102,0	102,6	94,5
Honey	5,4	4,0	4,7	6,7	4,9	4,8	6,4
Other products of animal origin	35,4	36,8	36,2	35,1	34,3	36,5	35,7
Crop production	1 263,2	1 256,8	1 272,7	1 413,6	1 429,7	1 458,3	1 426,2
Grains other than corn	32,3	32,0	49,3	62,4	58,0	45,4	41,7
Corn	265,6	246,8	221,4	306,7	300,4	328,5	259,3
Flowers and nurseries	194,8	199,4	220,7	256,1	271,9	288,0	281,6
Maple products	131,4	158,7	130,6	132,2	134,3	128,0	151,7
Vegetables	256,2	259,2	286,1	278,2	284,7	299,3	291,0
Potatoes	84,7	85,6	95,7	110,7	85,6	81,7	101,6
Fruits	106,7	95,5	102,3	96,5	95,9	107,2	107,0
Oil and protein seed crops	107,1	98,3	95,3	101,5	131,0	120,7	138,3
Other crops	84,5	81,2	71,4	69,2	67,9	59,7	53,9
Programs³	653,1	541,5	623,9	468,0	875,2	834,8	749,3
Total expenses after rebates²	4 404,0	4 771,3	5 041,1	5 129,2	5 471,6	5 631,6	5 568,7
Depreciation on machinery and buildings	502,0	542,9	571,8	578,9	603,5	582,9	620,0
Operating expenses after rebates²	3 902,1	4 228,4	4 469,2	4 550,3	4 868,1	5 048,7	4 948,8
Commercial feed	951,8	967,0	1 071,5	1 135,8	1 198,2	1 246,2	1 068,0
Cash wages ⁴	552,0	589,5	620,8	664,2	684,2	711,5	729,3
Interest	444,3	544,6	546,7	515,4	513,5	501,2	530,8
Repairs to buildings and machinery (and other machinery-related expenses)	363,6	387,3	398,9	410,9	424,4	442,8	453,1
Fertilizer and lime	195,0	193,8	213,2	215,3	215,8	221,2	238,6
Machinery fuel	121,8	156,4	162,7	154,5	163,8	188,4	213,8
Commercial seed	121,5	133,0	143,2	155,9	169,8	180,0	177,3
Artificial insemination and veterinary fees	125,8	132,7	142,0	149,5	155,5	157,1	160,5
Business insurance	124,6	129,6	133,5	143,6	155,1	163,5	170,0
Other expenses	901,8	994,3	1 036,8	1 005,1	1 187,8	1 237,0	1 207,3
Net cash income	1 198,2	1 194,1	1 284,6	976,8	1 088,9	1 261,9	1 259,5
Income-in-kind	48,6	50,7	46,3	44,6	43,6	42,5	38,6
Realized net income	744,8	701,8	759,0	442,5	529,0	721,5	678,2
Value of inventory change	17,6	-67,8	88,2	19,4	106,3	127,3	-35,2
Total net income	762,4	634,0	847,3	461,9	635,3	848,8	643,0

1. Datas revised for detailed expenses, 2002 to 2005.

2. Cash basis of accounting.

3. Includes NISA payments, crop insurance payments, income disaster program payments, provincial stabilization payments, dairy subsidies and other payments.

4. Includes room and board.

Source: Statistics Canada.

Definitions

Farm cash receipts :	Measures the gross revenue of farm businesses. They include sales of crops and livestock products (except sales between farms in the same province) and program payments.
Farm operating expenses :	Represent business costs incurred by farm businesses for goods and services used in the production of agricultural commodities.
Net cash income :	Total farm cash receipts including payments - total operating expenses after rebates. This income measures farm business cash flow generated from the production of agricultural goods. Net cash income represents the amount of money available for debt repayment, investment or withdrawal by the owner. It does not take depreciation into account.
Realized net income :	Net cash income + income-in-kind - depreciation
Total net income :	Realized net income + value of inventory change. It measures the financial flows and stock changes of farm businesses. Total net income values agriculture economic production during the year that the agricultural goods were produced. It represents the return to owner's equity, unpaid labour, management and risk.

N.B.: All data are the subject of intercensal revisions.

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