

5.—Cash Receipts from Farming Operations, by Province, 1962-65

Province	1962	1963	1964	1965
	\$'000	\$'000	\$'000	\$'000
Prince Edward Island.....	24,284	25,223	31,654	40,259
Nova Scotia.....	46,792	47,805	46,455	50,585
New Brunswick.....	40,913	40,867	47,372	59,434
Quebec.....	442,218	454,417	458,212	506,599
Ontario.....	924,199	997,793	1,020,370	1,091,712
Manitoba.....	249,764	268,459	297,517	337,392
Saskatchewan.....	673,004	692,013	836,254	878,940
Alberta.....	552,394	523,074	597,463	650,563
British Columbia.....	148,220	149,502	152,901	160,296
Totals.....	3,161,788	3,198,953	3,488,188	3,775,750

Net Income of Farm Operators from Farming Operations.—Two different estimates of net income from farming operations are prepared by the Agriculture Division. One is called *realized net income* and is obtained by adding together cash income from farming operations, supplementary payments and the value of income in kind, and deducting farm operating expenses and depreciation charges. This estimate of farm net income represents the amount of income from farming that operators have left for family living or investment after provision has been made for operating expenses and depreciation charges. The second estimate is referred to as *total net income* and is obtained by adjusting realized net income to take into account changes occurring in inventories of livestock and stocks of grains on farms between the beginning and the end of the year. The latter estimate is the one used to calculate the contribution of agriculture to national income.

Realized farm net income reached an estimated \$1,595,800,000 in 1965, an amount 13.4 p.c. above the 1964 estimate of \$1,407,800,000 and 27.6 p.c. higher than the average of \$1,250,700,000 for the five-year period 1960-64. Although farm operating expenses and depreciation charges moved up 6.3 p.c. during 1965, this increase was more than offset by higher total receipts from the sale of farm products, supplementary payments and income in kind. Changes from 1964 to 1965 in these items are covered in Table 6. Income in kind, which is the value of the farm consumption of home-produced farm products plus an imputed rental value of the farm dwelling, totalled \$432,800,000 in 1965 compared with \$396,400,000 in the previous year, an advance accounted for by an increase in the value of consumption of meat, poultry products, fruits and vegetables and a higher imputed rental value for the farm dwellings.

All items considered in estimating farm operating expenses were higher in 1965 than in 1964. For the third consecutive year, fertilizer accounted for the greatest percentage increase in outlay, reflecting a combination of higher prices and increased consumption. In absolute terms, the most important gain was recorded for feed, the result of substantially increased quantities purchased through commercial channels. Expenditures for hired help continued to rise as wages climbed and increasing use of credit was reflected in a steady rise in farmers' interest payments. Farm land rental payments were up substantially, mainly as a result of the higher share-rental payments arising out of larger crop production in Saskatchewan and Alberta. The steady year-to-year rise in the allowance for depreciation, which was extended into 1965, reflects the continued expansion of mechanization on Canadian farms.

Total farm net income, estimated at \$1,660,300,000 in 1965, was 26.4 p.c. above the 1964 level of \$1,313,200,000 and 29.0 p.c. above the 1960-64 average. Farm inventories of grains in the Prairie Provinces increased substantially between the beginning and the end of the year as a result of a high level of production; this, together with an increased year-end carryover of tobacco, more than offset some decline in livestock numbers.