

**Net Income of Farm Operators from Farming Operations.**—Two different estimates of net income from farming operations are prepared by the DBS. 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.

For the year 1966, it is estimated that realized net income of farm operators from farming operations amounted to \$1,786,600,000. This estimate is 17.5 p.c. above the 1965 level of \$1,521,000,000 and 11.4 p.c. above the previous record of \$1,603,900,000 set in 1951. During 1966, record-high farm cash receipts together with increased income in kind and supplementary payments more than offset increased farm operating expenses. Changes from 1963 to 1966 in these items are covered in Table 9. Income in kind, which is the value of farm consumption of home-produced farm products plus an imputed rental value of the farm dwelling, totalled \$469,600,000 in 1966 as against \$432,000,000 for 1965. This increase was due largely to a higher total imputed rental value of farm homes and, to a lesser extent, to an increase in the value of consumption of meat and poultry products.

During 1966, total operating expenses and depreciation charges reached a new high level of \$2,956,500,000, a figure 8.3 p.c. higher than the estimate of \$2,729,300,000 for 1965. Nearly all items considered in the estimates of farm operating expenses were higher in 1966. Expenditure on feed recorded the greatest increase at \$525,500,000; it was well above the outlay of \$459,200,000 in 1965 as a result of increased use of prepared feeds and higher prices. Costs of operating farm machinery continued to move up because of increased fuel expenditures and greater outlays for repairs. The growing importance of fertilizer as an item of farm expense is reflected in the increase in the outlay for this item from \$138,800,000 in 1965 to \$164,100,000 in 1966; the increase was particularly marked in the Prairie Provinces. Interest payments on farm indebtedness continued to move up as farmers made greater uses of credit sources available to them. The farm labour force declined during 1966 but wages reached new high levels.

Total farm net income amounted to \$1,977,900,000 in 1966, an increase of 26.4 p.c. over the 1965 total of \$1,565,200,000 and slightly higher than the previous record of \$1,931,400,000 established in 1951. Farm inventories of grains in the Prairie Provinces increased substantially between the beginning and the end of the year as a result of the record crop production. The lower cattle population in 1966 was offset by increased numbers of hogs and poultry on farms.

#### 9.—Net Income of Farm Operators from Farming Operations, by Item and by Province, 1963-66

(Exclusive of Newfoundland)

NOTE.—Includes estimated rental value of farm homes, supplementary payments made under the provisions of the Prairie Farm Assistance Act and payments under the Western Grain Producers' Acreage Payment Regulations.

Item	1963	1964	1965	1966
Item	\$'000	\$'000	\$'000	\$'000
1. Cash receipts from farming operations.....	3,197,881	3,490,896	3,805,519	4,232,230
2. Income in kind.....	375,062	396,373	432,016	469,558
3. Supplementary payments.....	14,769	8,477	12,762	41,345
4. Realized gross income (Items 1+2+3).....	3,587,712	3,895,746	4,250,297	4,743,133
5. Operating and depreciation charges.....	2,382,226	2,519,879	2,729,332	2,956,494
6. Realized net income (Items 4-5).....	1,205,486	1,375,867	1,520,965	1,786,639
7. Value of inventory changes.....	289,943	-94,904	44,280	191,236
8. Total gross income (Items 4+7).....	3,877,655	3,800,842	4,294,577	4,934,369
<b>Totals, Net Income (Items 8-5).....</b>	<b>1,495,429</b>	<b>1,286,963</b>	<b>1,565,245</b>	<b>1,977,875</b>