

Farm Business Cash Flow – Estimation Methodology Summary

Cash income is derived by subtracting cash uses (disbursements) from cash sources (receipts). It corresponds to the net cash income (from the derived survey Net Farm Income, survey ID 3473) augmented by family wages, the value of room and board, cash rent and share rent paid to farm operators, dividends and interests.

Cash sources include the amounts received from the sales of primary production, the sales of secondary production, the program payments, the government rebates and other cash sources, such as custom work receipts and dividends and interest.

Sales of primary production are derived by subtracting the sales of forest products and the share rent paid to non-operator landlords from the combined crop and livestock sales.

Sales of secondary production correspond to the sales of forest products (wood harvested from farm wood lots) and are obtained directly from the derived survey Net Farm Income.

Program payments and **Government rebates** are both obtained from the derived survey Net Farm Income. Only payments or rebates tied to agriculture production and paid directly from government to farmers are included in this derived survey.

Preliminary estimates of **Custom work receipts** are derived using a forecasting model until final data from the Taxation Data Program (survey ID 3447) become available, almost 18 months after the end of the reference year.

Dividends and interest are derived by multiplying the farm business share of cash, bonds, and savings by the chartered bank administered interest rates for non-chequable savings deposits.

Cash uses are the cash disbursements made to other non-farm sectors for the production of agricultural products. They include the expenses on inputs, business taxes, interest, cash wages to hired labour and cash rent to non-operators. Wages paid to family labour and rent paid to other farm operators are not considered as cash disbursements since these amounts do not leave the agricultural sector.

Expenses on inputs correspond to the Expenses on inputs from other sectors obtained from the derived survey Agriculture Value Added Account (survey ID 5030). They are derived by subtracting property taxes, cash rent, share rent, cash wages, the value of room and board and interest expenses from the total Farm Operating Expenses before rebates and by adding custom work receipts to it.

Business taxes correspond to the property taxes expenses and are obtained from the derived survey Net Farm Income.

Interest expenses are obtained from the derived survey Net Farm Income.

Cash wages to hired labour are derived by subtracting family wages and the value of room & board (estimated using data from the Census of Agriculture) from total cash wages, which include room and board, obtained from the derived survey Net Farm Income.

Cash rent to non-operators are derived by subtracting cash rent paid to farm operators (estimated using data from The Farm Financial Survey) from cash rent, from the derived survey Net Farm Income.

Net change in loans outstanding, which represent the change in loans held by farm operators, is estimated using data from the derived survey Farm Debt Outstanding (survey ID 3472) and The Farm Financial Survey (FFS) (survey ID 3450). In this account, the loans outstanding exclude the loans contracted by farm operators for personal use (home) and the farm loans held by non-operators. The net change in loans outstanding is calculated by subtracting the previous year's loans outstanding from the current ones.

Cash for investment or withdrawal is derived by adding the net change in loans outstanding to cash income.

Net capital purchases are derived by subtracting capital sales from capital investments, both of which made by farm operators.

Cash for financial investments or withdrawal is calculated by subtracting net capital purchases from cash for investment or withdrawal.