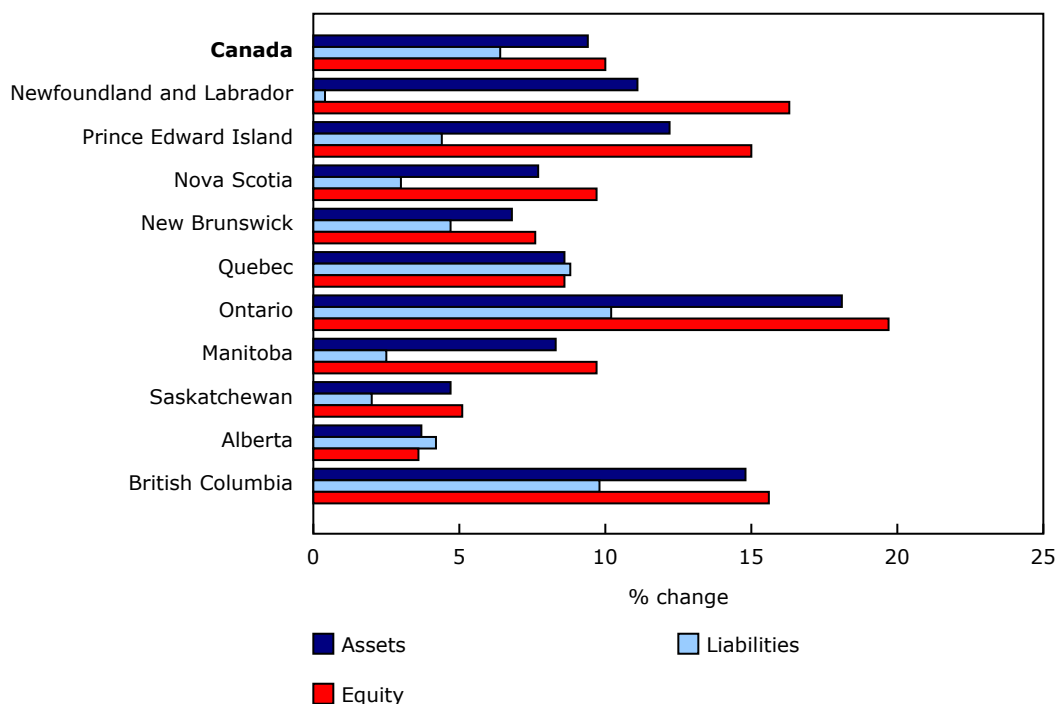


# Balance sheet of the agricultural sector, December 31, 2021

Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, June 23, 2022

The value of equity in Canada's farm sector totalled \$627.2 billion on December 31, 2021, up 10.0% from the same date a year earlier. This was the largest percentage increase in farm equity since 2013. Equity increased in all provinces, led by Ontario (+19.7%) and British Columbia (+15.6%). Gains in equity were driven largely by increases in farmland values.

**Chart 1**  
Year-over-year percentage change in the value of total assets, total liabilities and equity, 2020 to 2021



Source(s): Table 32-10-0056-01.

## Farm real estate values drive increase in total asset values

The value of total assets rose by 9.4% to \$748.6 billion in 2021. Nearly all of the increase in the value of total assets came from gains in farm real estate, up \$58.4 billion. For the first time since the series began in 1981, all components of farm real estate (farmland, homes and service buildings) posted an increase of at least 10%. Over 80.0% of the growth in farm real estate was from farmland. According to the 2021 Farm Credit Canada Farmland Values Report, historically low interest rates, high commodity prices and a tight supply of farmland available for sale supported the farmland values increase in 2021.

Values of crop inventories declined 7.1% to \$19.4 billion in 2021, the largest annual percentage decrease since 2014. Although most principal crops commanded higher [prices on the market in 2021](#), the [sharp decline in stocks](#), a result of drought in much of western Canada, led to the decrease in the value of crop inventories. Saskatchewan experienced the largest decrease in the value of crop inventories, down \$1.9 billion to \$6.4 billion.



The poultry and market livestock inventory value increased 12.2% to \$8.8 billion in 2021 because of higher prices for most livestock and supply-managed commodities. All provinces reported gains in the poultry and market livestock inventory value, with Alberta (+\$312.7 million) and Ontario (+\$260.4 million) accounting for almost 60.0% of the national increase. Strong export demand and higher production costs contributed to higher prices for livestock and supply-managed commodities.

### Liabilities continue to increase

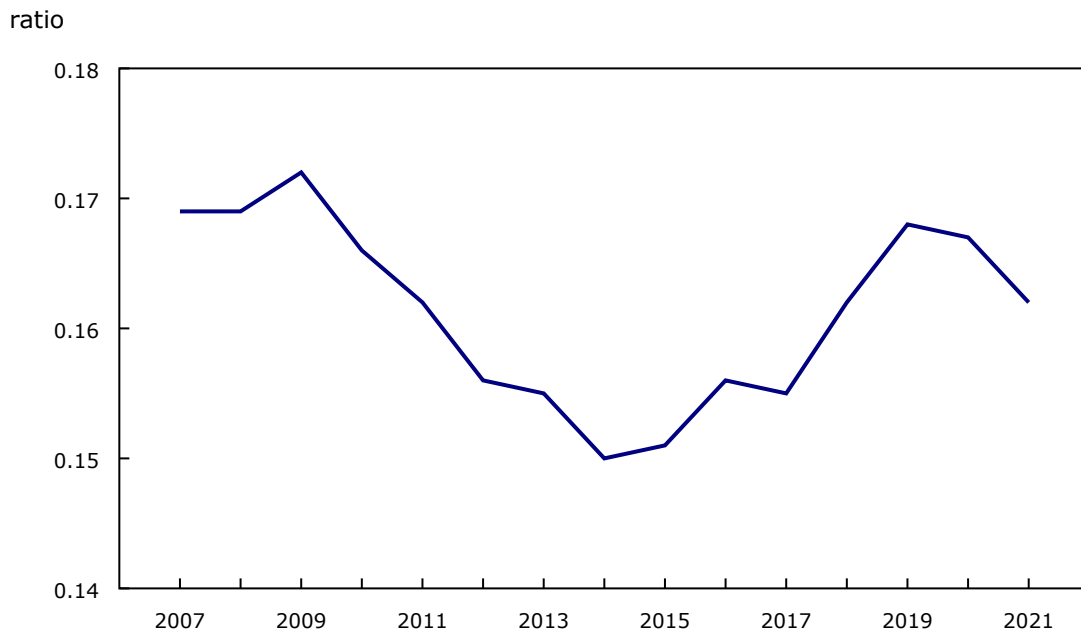
The value of total liabilities rose 6.4% to \$121.4 billion in 2021. Liabilities increased in every province, led by Ontario, which was up 10.2%. Low interest rates in 2021 may have encouraged farmers to take on debt to finance their businesses.

### Drought hinders profitability

In 2021, two profitability ratios, return-on-assets (0.017) and return-on-equity (0.013), declined to their lowest levels in over a decade. While cash income hit a record high, the drought in western Canada negatively impacted on-farm inventories, leading to a [drop in total net income](#). Therefore, farm businesses generated less profit from their capital.

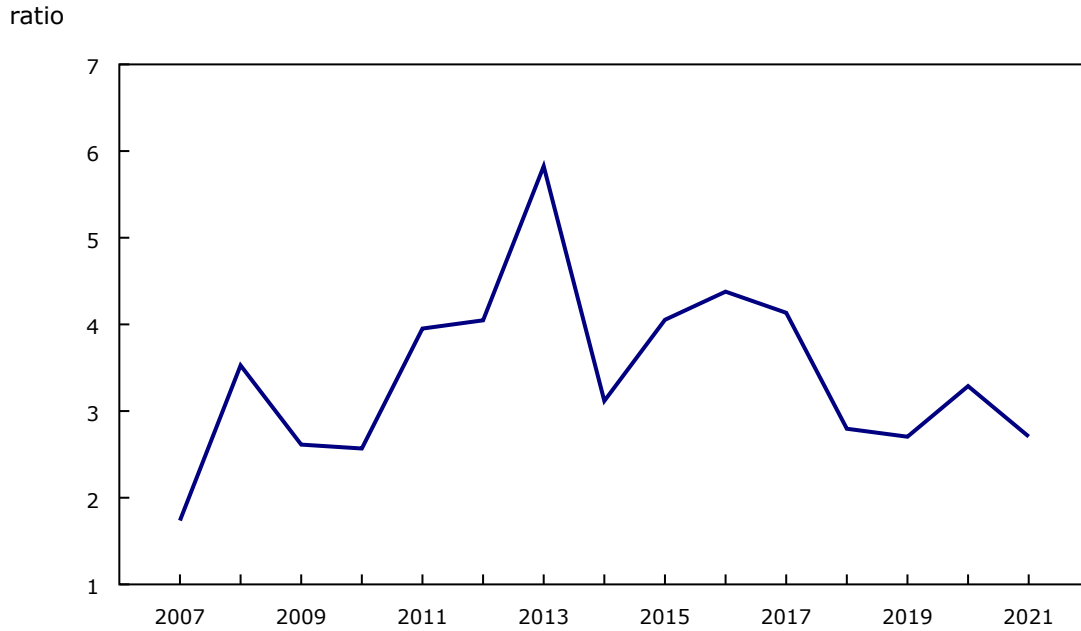
For the second consecutive year, both the debt-to-asset ratio (0.162) and debt-to-equity ratio (0.194), decreased in 2021. However, both ratios remained higher when compared with their 10-year averages. Decreases in these ratios indicate that a smaller proportion of productive agricultural assets are financed by creditors as opposed to farm owners.

**Chart 2**  
**Solvency ratio—debt, Canada, 2007 to 2021**



**Note(s):** The debt ratio is calculated as total liabilities divided by total assets.  
**Source(s):** Table [32-10-0056-01](#).

**Chart 3**  
**Efficiency ratio—interest coverage, Canada, 2007 to 2021**



Source(s): Table [32-10-0056-01](#).

**Note to readers**

*The balance sheet of the agricultural sector provides the value of farm assets used in agricultural production, the liabilities associated with these assets and the farm sector equity as of December 31 for Canada and the provinces.*

*Assets and liabilities in the agriculture sector's balance sheet include those of farm businesses and non-operator landlords (for farm real estate assets leased to farm operators and the corresponding liabilities) and exclude the personal portion of farm households. This most closely reflects the assets and liabilities used in agricultural production.*

*The balance sheet of the agricultural sector integrates data already produced by Statistics Canada, such as farm debt, value of farm capital, livestock and crop estimates, farm product prices, and selected data from the Farm Financial Survey. These data are subject to revision.*

*For the latest information on the Census of Agriculture, visit the [Census of Agriculture](#) portal.*

*For more information on agriculture and food, visit the [Agriculture and food statistics](#) portal.*

**Available tables:** table [32-10-0056-01](#).

**Definitions, data sources and methods:** survey number [5029](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations ([statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca](mailto:statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca)).