

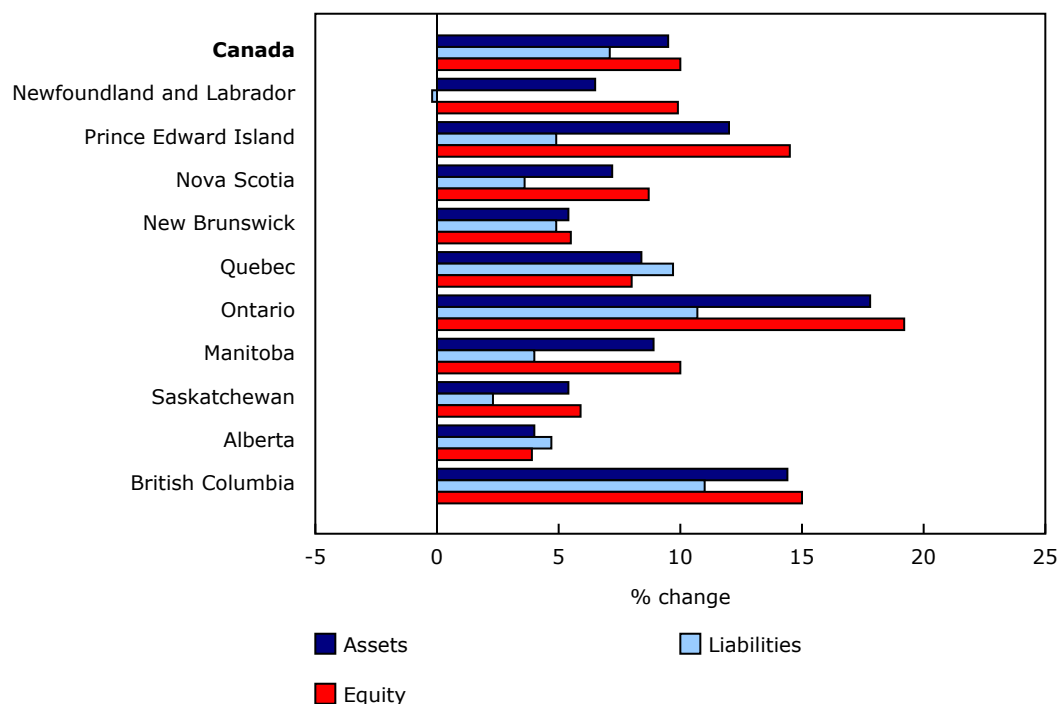
Balance sheet of the agricultural sector, December 31, 2021 (revised data)

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The value of equity in Canada's farm sector totalled \$627.6 billion as at 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 (+19.2%) and British Columbia (+15.0%). 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 9.5% to \$749.8 billion in 2021. Nearly all of the increase in the value of total assets came from gains in farm real estate, up \$57.6 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 10.0%. The farmland component accounted for over 85.0% of the growth in farm real estate between December 31, 2020, and December 31, 2021. According to Farm Credit Canada's *Farmland Values Report 2021*, historically low interest rates, high commodity prices and a tight supply of farmland available for sale supported the farmland values increase.



Values of crop inventories increased slightly to \$21.2 billion, up 0.9%. In 2021, [significant declines in year-end farm stocks for most principal crops](#)—wheat (-42.7%), canola (-40.1%), pulse crops (-39.5%) and barley (-45.4%)—were partially offset by higher prices, moderating their impact on crop inventory values. Overall, in 2021, year-end farm stocks for total crops fell by 33.0% and the average crop prices rose by 50.7%.

The poultry and market livestock inventory value increased 13.3% to \$9.2 billion as at December 31, 2021, mainly because of higher prices for most livestock and supply-managed commodities. All provinces reported gains in the poultry and market livestock inventory value, with the most important increases in Alberta (+\$512.3 million) and Ontario (+\$242.4 million). These two provinces accounted for over two-thirds of the increase across Canada. Strong export demand and higher production costs for fertilizer, feed and fuel contributed to higher prices for livestock and supply-managed commodities.

Liabilities continue to increase

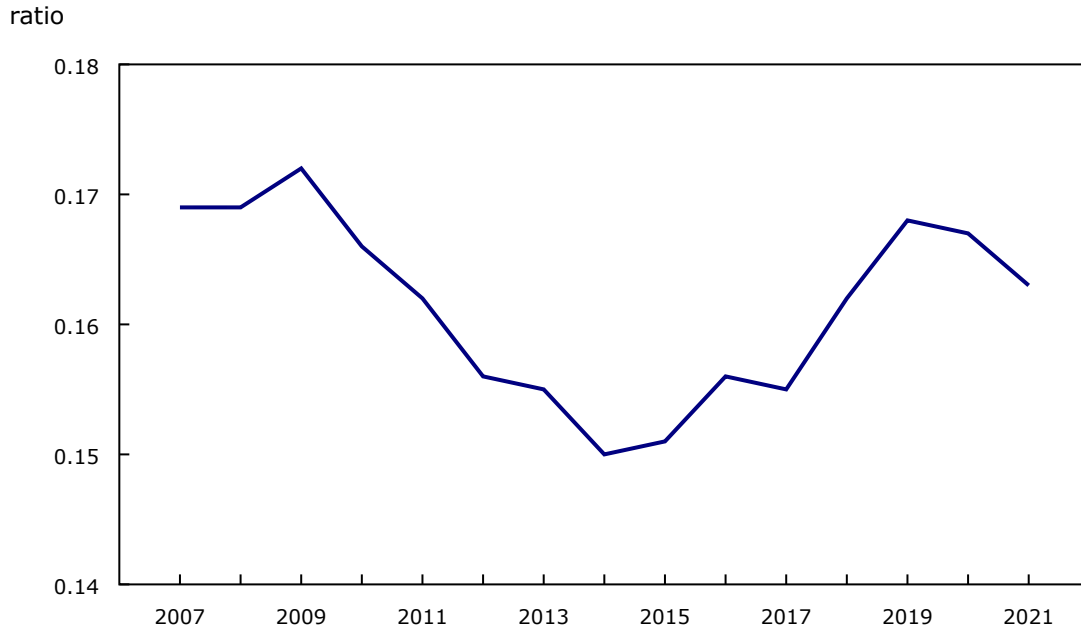
The value of total liabilities as at December 31, 2021, rose 7.1% to \$122.2 billion, continuing the steady upward trend since 1994. Liabilities increased in all provinces except Newfoundland and Labrador (-0.2%), with Ontario (+10.7%) leading the gains followed by British Columbia (+11.0%). The low 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 (0.020) and return on equity (0.016), declined to their lowest levels in the last three years. While cash income hit a record high in 2021, 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.

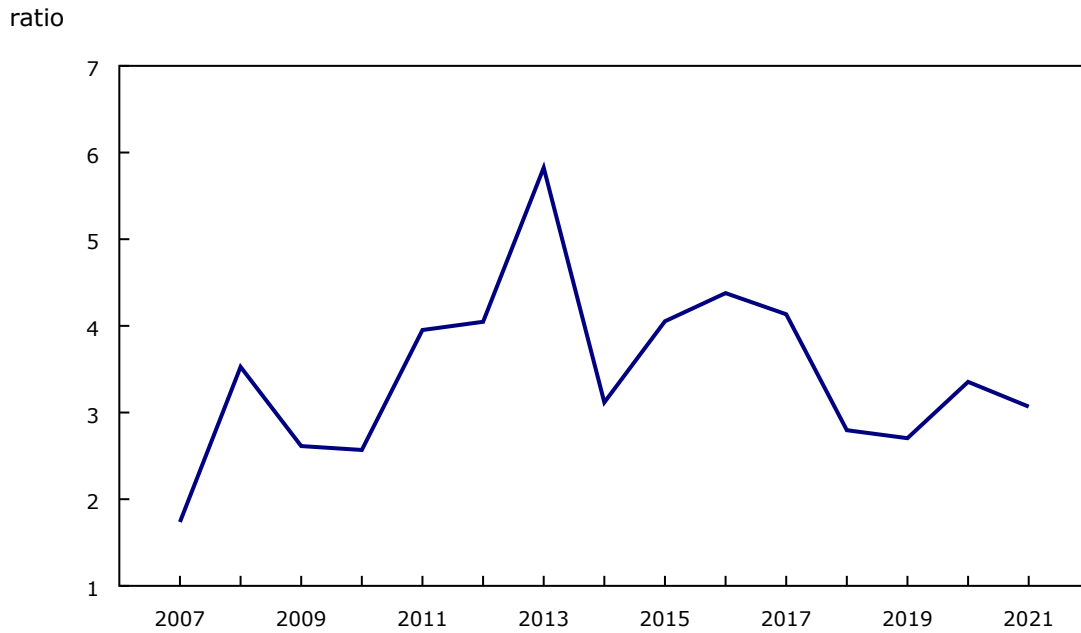
In 2021, the debt-to-asset ratio (0.163) and debt-to-equity ratio (0.195) decreased for a second year in a row. However, both ratios remained higher when compared with their 10-year averages. Decreases in these ratios indicate that a smaller proportion of productive agricultural assets are financed by 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.

As a result of the release of data from the 2021 Census of Agriculture on May 11, 2022, data on farm cash receipts, operating expenses, net income, capital value and other data are being revised, where necessary. The complete set of revisions will be released in the next 6 to 12 months.

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) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).