

Study shows large farms making record investments

March 18 2013, by Paul Mayne

In 2009, in the midst of a global economic recession total investments on Canadian farms exceeded \$11.4 billion, up from \$8.2 billion in 2001. The latest research from Ivey School of Business Agri-food Innovation Centre, entitled "Investment and Growth on Canadian Farms 2001-2009," found over that period large farms on average increased their investments almost continuously while investments by small and medium farms were generally showing a downward trend.

"While the rest of the world was mired in a recession, large-scale farmers in Canada were generally optimistic," said Ivey's David Sparling, chair of Agri-[Food Innovation](#). "Crop, potato and dairy sector investments rose, however those in livestock plummeted."

Large farms overall resisted investment in environmental protection but focused more on farm machinery and equipment, farm real estate, and stocks, bonds and other [financial assets](#). By comparison, small and medium farms invested proportionately more in house construction and environmental protection. As a result, large farms will likely enjoy increased productivity and competitiveness, which will mean more incentives and resources to invest in the farm.

"It's encouraging to see large-scale operations investing directly back in their business on items like equipment, it's a different story with smaller farms," said Ivey's Nicoleta Uzea, postdoctoral associate. "The declining propensity for small-to-medium farms to invest in productive assets raises questions about the effectiveness of Business Risk Management

programs and their impact on farm investment."

While the total investments made by the [farming industry](#) increased substantially between 2001 and 2009 fewer farmers were investing more. In 2001, 60.2 per cent of farms used to make capital investments but by 2009 only 52.7 per cent invested. Trends show the contribution of large farms to total investments in Canadian agriculture rose from less than 36 per cent in 2001 to 61 per cent in 2009, while that of small and medium farms dropped from more than 64 per cent to 39 per cent. That is, large farms collectively invested \$7 billion into their businesses in 2009 up from \$2.9 billion in 2001, while [investments](#) on small and medium [farms](#) amounted to only \$4.4 billion down from \$5.3 billion in 2001.

More information: [sites.ivey.ca/agri-food/files/ ... Growth-2001-2009.pdf](https://sites.ivey.ca/agri-food/files/2013/03/2013-03-large-farms-investments.html)

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