could be expected to deteriorate into a non-viable financial situation within two years; and financially vulnerable farms which were expected to continue as viable operations but were experiencing some short-term financial difficulty, usually evidenced by accounts that had recently fallen into arrears. These Agriculture Canada data suggest that 21,050 or 11.7% of farm borrowers were either non-viable, deteriorating, or financially vulnerable.

TABLE 2.2

ESTIMATED NUMBER OF FARM BORROWERS IN FINANCIAL DIFFICULTY BY REGION, 1986

(Per cent of region's farm borrowers in brackets)

	Non-viable	Deteriorating	Financially Vulnerable	Total
British Columbia	175	200	310	685
	(2.5)	(2.9)	(4.4)	(9.8)
Alberta	930	1470	2055	4455
	(3.0)	(4.7)	(6.6)	(14.4)
Saskatchewan	1115	2480	2950	6545
	(2.4)	(5.3)	(6.3)	(14.1)
Manitoba	470	730	1250	2450
	(2.4)	(3.8)	(6.5)	(12.8)
Ontario	540	830	1370	2740
	(1.9)	(2.9)	(4.7)	(9.5)
Quebec	380	820	1305	2505
	(1.0)	(2.1)	(3.4)	(6.5)
Atlantic	290	430	950	1670
	(3.4)	(5.1)	(11.2)	(19.8)
Canada	3900	6960	10190	21050
	(2.2)	(3.9)	(5.7)	(11.7)

Source: Agriculture Canada, *Farm Financial Assessment Report*, April 1986, p. 4.

Farm cash flow (i.e. total cash receipts less total operating expenses excluding interest charges) has not kept pace with debt servicing requirements (i.e. annual principal and interest charges on all debts) over the past ten years. Although recent forecasts by Agriculture Canada suggest debt servicing requirements as a proportion of cash flow decreased in 1986 and will continue to decrease in 1987, a review of Table 2.3 below indicates that a difficult debt servicing situation remains. Not all of the industry's annual cash flow can be used to service farm debt: it must also meet rising levels of family consumption at least in nominal terms, while sustaining existing levels of productive resources through reinvestment in the farm.