

GOVERNMENT OF ALBERTA



Agriculture and Irrigation

Annual Report

2023-24

Alberta 

Agriculture and Irrigation, Government of Alberta | Agriculture and Irrigation 2023–2024 Annual Report

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Note to Readers: Copies of the annual report are available on the Alberta Open Government Portal website www.alberta.ca

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Sustainable Fiscal Planning and Reporting Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each ministry.

The 2023-24 Annual Report reflects the 2023-26 Ministry Business Plans, the Government of Alberta Strategic Plan, as well as the ministry's activities and accomplishments during the 2023-24 fiscal year, which ended on March 31, 2024.

The Annual Report of the Government of Alberta contains Budget 2023 Key Results, the audited Consolidated Financial Statements and Performance Results, which compares actual performance results to desired results set out in the government's strategic plan.

This annual report of the Ministry of Agriculture and Irrigation contains the Minister's Accountability Statement, the ministry's Financial Information and Results Analysis, a comparison of actual performance results to desired results set out in the Ministry Business Plan. This ministry annual report also includes:

- the financial statements of entities making up the ministry including the Agriculture Financial Services Corporation for which the minister is responsible;
- other financial information as required by the *Financial Administration Act* and *Sustainable Fiscal Planning and Reporting Act*, as separate reports, to the extent that the ministry has anything to report; and
- financial information relating to trust funds.

All Ministry Annual Reports should be considered along with the Government of Alberta Annual Report to provide a complete overview of government's commitment to openness, accountability, and fiscal transparency.

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2024, was prepared under my direction in accordance with the *Sustainable Fiscal Planning and Reporting Act* and the government's accounting policies. All the government's policy decisions as of **June 3, 2024**, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report¹.

[Original Signed by]

Honorable RJ Sigurdson
Minister of Agriculture and Irrigation

¹ Includes individual reporting entity Agriculture Financial Services Corporation.

Message from the Minister



During the 2023-24 fiscal year, Alberta's government has worked hard to ensure the economy is diversified, competitive, attracts investment and creates jobs.

The ministry of Agriculture and Irrigation (AGI) was well positioned to attract investment, expand trade, and help grow the province's economy. We focused on key priorities and took actions to enable the agriculture and agri-food sectors in addressing challenges in domestic and global markets. Our work supported rural communities to thrive and contribute to Alberta's growth and prosperity.

The annual report outlines the outstanding work we have accomplished to support Alberta's strategic plan and the ministry's business plan. To achieve results, the ministry concentrated its efforts on supporting increased investments, expanding trade, economic growth, increasing competitiveness and providing robust assurance systems.

Economic growth and sustainability

In April 2023, Alberta's government introduced the Alberta Agri-processing Investment Tax Credit Program. In 2023-24, the ministry promoted the program within Canada and overseas resulting in 11 applications, conditional approvals for six value-added agriculture companies and one of these successful recipients was approved to receive up to nearly \$1.3 million in future tax credits. This tax credit boosts the province's competitive advantage by creating the right conditions to attract large-scale investments that will continue to grow the value-added agricultural industry and diversify the economy.

In April 2023, the Sustainable Canadian Agricultural Partnership (Sustainable CAP), a five-year (2023-28), \$3.5-billion investment and partnership between federal, provincial and territorial governments replaced the previous Canadian Agricultural Partnership. Sustainable CAP allocated \$56.8 million through 1,185 grants in 2023-24 to focus on climate change and environment, building sector growth and capacity, science, research and innovation, resiliency and public trust, and market development and trade initiatives.

While it is important to grow investment, the ministry understands that research is also essential to diversify and grow the agriculture sector. Consequently, in 2023-24 we maintained our commitment to invest \$38.5 million per year over 10 years in Results Driven Agriculture Research (RDAR). This funding enabled RDAR to collaborate with producers, industry associations and commissions on research priorities that are helping to create a more abundant and affordable food supply, while providing benefits to Alberta farmers and ranchers, like increased productivity and higher profits.

In 2023-24, the ministry exceeded set targets for the annual total value of investment in the primary and agri-processing sectors as a result of ministry investment initiatives. During this period, Alberta attracted more than \$3 billion in new investment that will support the creation of approximately 1,300 jobs for Albertans.

Building Alberta

Alberta's government understands the importance of irrigation in bolstering crop production. In 2022-23, 84.2 per cent of irrigated fields within Alberta's irrigation districts were irrigated using efficient on-farm irrigation systems. This is a 4.8 per cent increase compared to four years earlier. We continued to invest in expanding the area of irrigated land to increase production by growing a diverse range of crops that cannot be grown on dryland, thereby increasing food manufacturing opportunities for Alberta producers and businesses. Along those same lines, in 2020, we announced a partnership with the Canada Infrastructure Bank and nine irrigation districts to invest \$933 million over seven years in irrigation infrastructure expansion and modernization. As of 2023-24, 38 of 92 projects were completed to make better use of irrigation water supply and increase agricultural production. A crucial part of supporting Alberta's agriculture industry in the coming year will be thoughtful water planning. Upcoming projects will explore, expand and upgrade water storage systems across Alberta.

Agriculture and Irrigation continues to lead government's priority on rural economic development. We heard what rural Albertans and Indigenous communities had to say and developed the Economic Development in Rural Alberta Plan to address the unique issues they face. We are in year two of this five-year plan that is guiding innovation and growth in rural communities with inclusive, community-led programs and services that enhance and diversify rural economies. The plan also includes strategies and actions to make sure rural Albertans and Indigenous communities have economic opportunities where they live. With this in mind, we launched the Small Community Opportunity Program (SCOP). This program provided \$3.24 million in grants in 2023-24 for 43 projects that tackle challenges and tap into local economic opportunities in rural areas. Funding through the SCOP will continue in 2024-2025 for projects that build capacity in agriculture, small business supports and rural economic development.

Food Safety

The ministry continued to support systems to protect public health and the long-term sustainability of the agriculture industry and rural communities. The ministry joined several animal health networks across Canada in support of the province's animal and crop health systems, including laboratory and diagnostic services, and disease response plans. The ministry leads, develops and allocates public funds to initiatives that are effective at mitigating risks to food safety along with animal and crop health. Some examples in the past year include a \$1.2 million capital grant and a one-time \$2.26 million Sustainable Canadian Agricultural Partnership grant to the University of Calgary Veterinary Medicine program to expand veterinary diagnostics for faster response to emerging animal disease threats and processing 22,924 lab tests through AGI labs to support farmed animal health surveillance and disease investigations. In 2023-24, following Alberta's world-class animal disease management practices, and working closely with industry and producers, only 20 farms reported being affected by avian flu – a 73 per cent decrease when compared to 2022.

Robust Assurance Systems

In 2023-24, \$168 million was allocated for two AgriRecovery initiatives that provided assistance to 7,924 producers in the livestock and bee industries for extraordinary costs associated with drought.

For the first initiative, Agriculture Financial Services Corporation (AFSC) received 7,847 applications for the 2023 Canada-Alberta Drought Livestock Assistance AgriRecovery program representing approximately 1.3 million animals, 93 per cent were cattle. \$165 million was provided to cover extraordinary losses to manage and maintain breeding animals in dry conditions. The ministry successfully advocated extending application deadlines and eligibility to more agricultural

areas than in the initial intake. Eighty per cent of applications were approved through an automated system resulting in compensating producers faster.

For the second initiative, in winter 2022, only 15 commercial beekeepers had insured 8,627 hives for overwintering hive losses, but 40 per cent of commercial beekeepers who chose not to take insurance, experienced close to 50 per cent hive losses. These historic loss levels triggered the 2022 Canada-Alberta Colony replacement Assistance Initiative. In 2023-24, this AgriRecovery initiative provided \$3.3 million to 68 applicants for restocking hives, colonies, bee packages and queen bees. In the past year, the ministry promoted the AgriStability program including insurance and coverage to help reduce future need for AgriRecovery. In 2023-24, this work resulted in 20 beekeepers buying overwintering loss insurance to manage risks of stock replacement and income loss compared to 15 beekeepers in the previous year.

The ministry made sure farmers and ranchers had access to insurance to mitigate extreme dry conditions in the 2023-24 growing season and will continue to contribute to AFSC's insurance fund balance. In addition, in 2023-24, drones were used to inspect wildlife damage on over 215,000 acres. The use of this technology rapidly shortened AFSC's payment timelines with 30 per cent of wildlife damage-related claims being fully paid without requiring an inspection and 85 per cent of clients eligible for cash advances.

This past year, Moisture Deficiency Insurance (MDI) for pasture was improved through the use of monthly payments from the previous annual payments. This allowed producers to quickly access cash to get feed at critical times. Significant improvements in policies for minimum rainfall and ways to address high temperatures increased protection for livestock producers against drought. These improvements resulted in \$326 million in payouts after producers contributed just \$66 million in premiums for the 2023 growing season.

Looking ahead, Agriculture and Irrigation remains committed to collaborating with rural Albertans and the agriculture and agri-food sectors to continue strengthening Alberta's economy. Together, we will help lead Alberta's economic growth now and into the future.

Management's Responsibility for Reporting

The Ministry of Agriculture and Irrigation includes:

- *Department of Agriculture and Irrigation*
- *Agriculture Financial Services Corporation*
- *Farmers' and Property Rights Advocate Office*
- *Alberta Agricultural Products Marketing Council*
- *Marketing of Agricultural Products Act Appeal Tribunal*
- *Irrigation Council*
- *Drainage Council*

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry Business Plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports, and other financial and performance reporting.

Responsibility for the integrity and objectivity of the accompanying ministry financial information and performance results for the ministry rests with the Minister of Agriculture and Irrigation. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, which includes the financial information, performance results on all objectives and initiatives identified in the Ministry Business Plan, and performance results for all ministry-supported commitments that were included in the 2023-26 Government of Alberta Strategic Plan. The financial information and performance results, out of necessity, include amounts that are based on estimates and judgments. The financial information is prepared using the government's stated accounting policies, which are based on Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- **Reliable** - Information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- **Understandable** - the performance measure methodologies and results are presented clearly.
- **Comparable** - the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- **Complete** - outcomes, performance measures and related targets match those included in the ministry's *Budget 2023*.

As Deputy Minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance, and the Minister of Agriculture and Irrigation the information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry Business Plans and annual reports required under the *Sustainable Fiscal Planning and Reporting Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives of the individual entities within the ministry.

[Original signed by]

Jason Hale
Deputy Minister of Agriculture and Irrigation
June 3, 2024

Results Analysis

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Ministry Overview

The Ministry of Agriculture and Irrigation (AGI) is responsible for the policies, legislation, programs and services that enable Alberta's agriculture and agri-processing sectors to grow and contribute to economic growth and the wellbeing of Albertans. This role is diverse, ranging from supporting industry growth, diversification and value-added processing, to investing in irrigation infrastructure and rural communities; from offering business risk management programs to ensuring animal and crop health and food safety. AGI supports programs that are foundational to irrigation and agricultural societies, helping to create strong rural communities and resilient agriculture sectors. Amidst evolving challenges, the Ministry continues to build clarity and efficiency in agricultural regulatory systems, while also adapting policies and legislation to create agricultural opportunities thus encouraging producers and processors to leverage Alberta's competitive advantages to meet market demand.

Growth and Economic Sustainability

The ministry's commitment to agricultural diversification and enhancing value-added processing capacity, including investment tax credits and an efficient concierge service, is making Alberta more attractive to investors while increasing farm cash receipts and creating jobs. By investing in the modernization and expansion of irrigation infrastructure along with encouraging producers' uptake of innovative irrigation practices, AGI ensures the resilience and continued growth of the primary agriculture sector that is critical for a competitive and thriving value-added sector. The ministry funds local agricultural societies and related rural infrastructure revitalization projects; provides grants through the Small Community Opportunity Program to build capacity in rural economic development, agriculture-related skills for youth, and enhance rural quality of life.

Competitive Business Environment

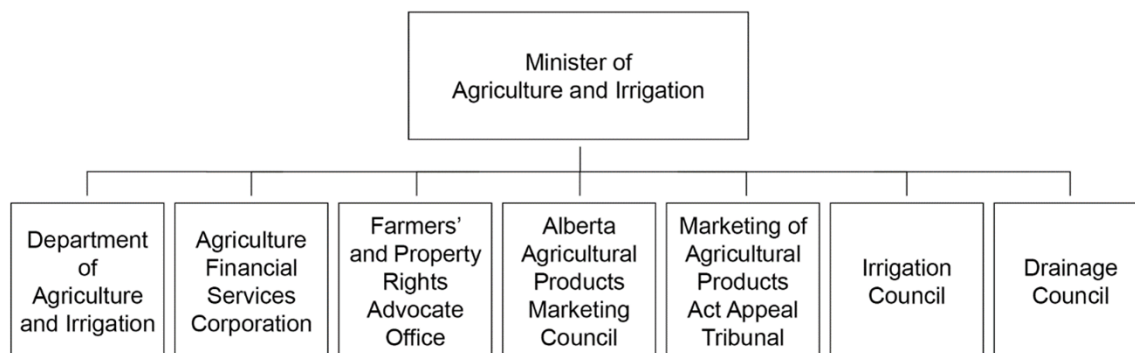
The ministry continues to build Alberta's profile as a preferred trade partner and a reliable supplier of premium agricultural products through programs and services that are based on Alberta's economic advantages. This involves supporting market access and development of existing and emerging markets through Sustainable Canadian Agricultural Partnership grant programs and export development services. Long term competitiveness, productivity growth, innovation and resiliency are supported through AGI's financial commitment to Results Driven Agriculture Research and grants made directly to producers and processors to enable innovative, efficient and sustainable production systems across the agriculture sector. The range of policies, advocacy, programs and incentives positively influence the operating environments and are responsive to short-and long-term challenges related to commodity market swings, rising production costs, supply chain challenges, variable weather conditions and market access interruptions.

Reliable Assurance Systems

The ministry develops and enhances the effectiveness of crop and animal health assurance systems using science-based frameworks, best practices, and biosecurity measures; prioritizes water availability and quality through water infrastructure management and operations; supports agricultural yield growth and harvestability, and food safety through longstanding foundational programs. The ministry fosters confidence in domestic and international markets in Alberta's agricultural system, water stewardship, and ability to handle extreme weather events through cross-government and industry collaboration, policy harmonization and agile communication.

Organizational Structure

The Ministry of Agriculture and Irrigation is comprised of the Department of Agriculture and Irrigation, the Agriculture Financial Services Corporation, as well as other entities including the Farmers' and Property Rights Advocate Office, the Alberta Agricultural Products Marketing Council, the *Marketing of Agricultural Products Act* Appeal Tribunal, the Irrigation Council and the Drainage Council.



Operational Overview

Department of Agriculture and Irrigation

Financial Services Division

The division provides leadership in establishing fiscal management and manages financial reporting and systems. This division also delivers support services in emergency management, and fleet and facilities management. Additionally, the division serves as the ministerial liaison with the Agriculture Financial Services Corporation (AFSC), Service Alberta and Red Tape Reduction, Technology and Innovation and Treasury Board.

Primary Agriculture Division

Primary Agriculture Division includes:

- Animal Health and Assurance Branch;
- Crop Assurance and Rural Programming Branch;
- Natural Resource Management Branch, and
- Water Infrastructure and Operations Branch.

The division supports the development and competitiveness of the livestock and crop industries by encouraging emergency preparedness, traceability, disease and pest surveillance activities and cross-government surveillance networks. The division also focuses on enhancing Alberta's reputation for responsible and efficient resource use management in agricultural production. The division builds sustainable agricultural capacity using regulatory frameworks for animal and plant health. It also facilitates knowledge transfer to producers to advance the competitive position of Alberta's agricultural industry.

Through water supply management, education and financial incentives, the division assists livestock and crop producers, irrigators and other water license holders to capitalize on opportunities to gain water efficiencies, modernize and rehabilitate irrigation infrastructure. Other

activities to reduce the risks and impacts of flood and drought include the operation, maintenance and assessment of provincially owned water management infrastructure such as dams and canals.

The division is also home to the Dam Safety Regulator for the province, as legislated under the *Water Act*. The Dam Safety Regulator is responsible for regulating over 1,300 private and provincially owned dams throughout the province to ensure dam owners meet their responsibilities outlined in the Water Act and the Dam and Canal Safety Directive.

The division also supports industry leadership and builds rural community capacity to address a wide range of opportunities and challenges by aiding in the improvement of governance of industry-led boards and commissions, community organizations, and agricultural society infrastructure. The division collaborates with stakeholders to provide funding for agriculture research and rural programming while supporting crop and farmed animal health.

Trade, Investment and Food Safety Division

Trade, Investment and Food Safety Division includes:

- Export and Investment Branch;
- Food and Bio-Processing Branch;
- Food Safety Branch;
- Intergovernmental and Trade Relations Branch; and
- Rural Economic Development Branch.

The division focuses on developing and growing the agriculture and food industry through value-added processing development, business development, investment attraction, international relations, market access, export development, and rural economic development capacity building through the Small Community Opportunity Program. It supports businesses by identifying new opportunities, growing and diversifying Alberta's agri-processing industry through numerous programs and services including investment tax credits, and supporting market development for industry to succeed. The division focuses on building a strong culture of food safety including proactively identifying and mitigating food safety issues. It supports the growth of new and emerging food and bio-based companies with access to expertise, equipment and facilities for product and process development, interim processing, and commercial scale up. The division also conducts applied economic and competitiveness analyses.

Policy Services, Planning and Innovation Branch

The branch provides policy advice, analysis, review, tracking and coordination to teams across the department. It takes a lead role on cross-divisional or cross-ministry policy initiatives and develops ministry business plans and annual reports, leads the enterprise risk management framework, and red tape reduction. The branch also provides legislative and advocacy services, manages appointment processes, supports public engagement, and drives innovation within the ministry.

Other Entities

Agriculture Financial Services Corporation

A diverse provincial Crown corporation with several core business areas, Agriculture Financial Services Corporation (AFSC) works to grow and sustain agriculture in Alberta. AFSC provides farm and agribusiness loans, crop and livestock price insurance and income stabilization. To mitigate risks associated with crop production and commodity price fluctuations, AFSC carries out negotiated Sustainable Canadian Agricultural Partnership programs and initiatives such as

AgriInsurance, AgriStability and AgriRecovery, while continually upgrading and advancing improvements in service delivery.

Farmers' and Property Rights Advocate Office

The Farmers' and Property Rights Advocate (FPRAO) provides supports for farmers and ranchers, including advocacy for policy and legislative changes on behalf of property owners to provide protection and appeal mechanisms for energy, utility and surface rights. It also provides timely communication and advice on municipal concerns, agricultural contracts, leases, and water-related matters while supporting navigating legal procedures and engaging in rural dispute resolution. The FPRAO listens to Albertans' concerns regarding property rights and agricultural-related matters and brings them before government. The Farmers' and Property Rights Advocate administers the *Farm Implement and Dealership Act*, which provide consumer protection through warranty, parts availability, and licensing of all Alberta farm implement dealers and distributors, including inspection services to assist in Farm Implement Board hearings.

Alberta Agricultural Products Marketing Council

The Alberta Agricultural Products Marketing Council (Marketing Council) is the oversight body for Alberta's 19 agricultural marketing boards and commissions. The Marketing Council provides advice to the Minister of Agriculture and Irrigation on matters related to the establishment, operation and management of the marketing boards and commissions established under the *Marketing of Agricultural Products Act* (MAPA). The Marketing Council also provides strategic support to marketing boards and commissions on board governance, leadership development, strategic and business planning, and regulatory and policy matters.

Marketing of Agricultural Products Act Appeal Tribunal

The *Marketing of Agricultural Products Act* Appeal Tribunal has at least five members appointed to hear appeals of orders, directions or decisions made by Alberta's 19 regulated marketing boards and commissions on board governance, leadership development, strategic and business planning, and regulatory and policy matters.

Irrigation Council

The Irrigation Council establishes policies and approves three-year plans and projects submitted by Alberta's 11 irrigation districts to ensure accountability of the public's ongoing cost-shared investment in a strong, efficient and sustainable irrigation industry. The Irrigation Council also acts as an appeals body and makes recommendations to the Minister of Agriculture and Irrigation for matters under the *Irrigation Districts Act*.

Drainage Council

The Drainage Council is an adjudicative agency enabled by the *Drainage Districts Act*. The Council provides advice and recommendations to the Minister of Agriculture and Irrigation to ensure drainage districts are maintaining their regulatory obligations per the Act and hears appeals regarding decisions of drainage district boards of trustees related to drainage rates and drainage construction damages.

Farm Implement Board

The Farm Implement Board, a non-public agency, reports to the Minister of Agriculture and Irrigation and advises on matters arising from the operation of the *Farm Implement and Dealership Act*. The Board hears applications for compensation and other issues that cannot be resolved with the Farm Implement Inspector such as settling warranty complaints, mediating disputes and providing assistance in situations where machinery does not perform, or lease/sale agreements are breached.

Key Highlights

The Ministry of Agriculture and Irrigation focused on accomplishing three outcomes identified in the 2023-26 Ministry Business Plan:

Outcome One: Alberta's economic growth is supported by increased investments, expanded trade in Alberta's agriculture sector and by maximizing economic opportunities across Alberta.

Outcome Two: Alberta's competitive business environment provides a strong foundation for resilient agriculture sectors and rural communities.

Outcome Three: Robust assurance systems and effective resource management practices support agriculture sector success and protect public safety in communities across Alberta.

Key highlights and results achieved by the Ministry of Agriculture and Irrigation in 2023-24 include:

Growth and Economic Sustainability

- Facilitated \$3.1 billion in new investments in value-added processing which exceeded both historical standards and the annual target of \$539 million.
- Primary agricultural exports reached \$8.2 billion in 2023, far exceeding what was achieved in 2022 by more than \$900 million. Value-added agricultural exports reached \$9.7 billion, almost \$800 million over and above the 2022 level.
- Specialized facilities, equipment, and expertise supported value-added agriculture processors through 104 service agreements to launch 23 new products. These businesses were further supported by the provision of business development coaching, product and process development, and business incubation services.
- Based on latest available data (2022-23), a total of 84.2 per cent of irrigated farmlands in the irrigation districts were under efficient irrigation enabling more acres to be irrigated using the same amount of water, a 4.8 per cent increase compared to four years earlier.
- The Irrigating Alberta Infrastructure Investment Grant enabled 38 of 92 projects to be completed from 2021 to 2024, improving nine irrigation districts' water availability while making water available for agriculture processors and other users.
- \$321 million in approved Next Generation loans helped clients who were entering the farming industry and those under the age of 40 to start or develop their farming operations, which leveraged \$368 million in total dollar investments.
- Provided 670 workshop participants, throughout Alberta, with decision support and information on tools and services for handling intergenerational farm transitions, succession planning and associated management.
- Continued promotion of the Agri-Processing Investment Tax Credit program resulted in 11 applications submitted, with one out of six conditional approvals announced. Four approvals were for the construction of new processing facilities and two were for expansions of current facilities.
- Results Driven Agriculture Research leveraged \$38.5 million in Alberta funding to support active producer participation and research knowledge transfer through 685 research projects since 2020, including 363 active projects.

Competitive Business Environment

- Improved moisture-related insurance to fairly compensate producers experiencing low precipitation and allow faster salvage of crops for livestock feed.
- Two AgriRecovery initiatives allocated \$168 million to livestock and bee industries in 2023-24, buffering extraordinary costs associated with drought for 7,924 producers.
- The Agricultural Societies Infrastructure Revitalization Program supported 34 projects with \$2.5 million so that agricultural societies can continue to use facilities to enhance the quality of life in rural communities.
- The Farmers' and Property Rights Advocate Office supported more than 1,189 rural landowner and property owner legal and advocacy related inquiries by phone and email, and conducted 189 mediations, including 63 Farm Implement Inspector issues that were resolved without Farm Implement Board hearings.
- The Small Community Opportunity Program provided \$3.24 million across 43 projects led by Indigenous and/or small communities, and the non-profits they work with, to build capacity in agriculture and grow local entrepreneurship, mentorship, and networks.

The Ministry of Agriculture and Irrigation remains committed to regulatory approaches and program delivery that reduces unnecessary government oversight and emphasizes outcomes, to improve access to government services, attract investment, support innovation and competitiveness, and grow Alberta businesses. Actions to grow agricultural prospects included:

- The Agricultural Products Marketing Council worked with Alberta Milk to clarify its authority, add disincentives for milk overproduction and remove unnecessary regulatory requirements. These legislative changes enable industry improvements to reduce milk waste and improve profitability.
- Drone use for over 215,000 acres of wildlife damage inspections sped up Agriculture Financial Services Corporation payments. Approximately 30 per cent of claims surveyed by drones were fully paid without requiring an inspection, and nearly 85 per cent of clients were eligible for cash advances, with inspections to be completed at a later date.

Reliable Assurance Systems

- Through AGI labs, processed 22,924 tests to support farmed animal health surveillance, disease investigations, and national surveillance networks.
- Contributed \$1.2 million to the University of Calgary Faculty of Veterinary Medicine to develop a modern molecular biology laboratory that will support faster response to emerging animal disease threats as well as veterinary medicine career development.
- A 73 per cent decrease in the number of poultry farms affected by avian influenza in 2023 compared to 2022. While this result is mainly due to a decrease of the virus load in migrating birds, government communications with industry and producers complying with guidance also played a significant role.
- Eradicated regulated weeds on 116,348 kilometers of municipal roadways and inspected and licensed 89 stationary and mobile seed cleaning plants that will lower costs for farms.

- The Alberta Plant Health Lab provided crop diagnostic support including a tool for detecting both canola Verticillium wilt and blackleg, which present similarly and co-exist in the same plants, but have different treatment approaches.
- In 2023-24, 659 Environmental Farm Plans (EFPs) were completed, and 51 EFP producer workshops across Alberta were attended by 254 producers.
- 1,150 inspections and 21 independent engineering assessments were performed on government-owned water management infrastructure to ensure reliable water supplies, increase water availability and enhance public safety.

Discussion and Analysis of Results

Actions that support the priorities of the Government of Alberta Strategic Plan

Key Priority One: Securing Alberta's Future

Objective Two: Attracting investment and growing the economy.

Action: Developing and implementing a competitive Agri-Food and Value-Added Processing and Manufacturing program to help industry reach its full economic potential and contribute to the provincial economy. Incentivizing increased capital investment will enable Alberta to maintain its advantage in agri-food manufacturing within Western Canada.

Results: The Agri-Processing Investment Tax Credit program was launched in 2023 to stimulate large-scale investment in Alberta's value-added agricultural processing capacity. Six conditional approval letters have been issued to value-added agriculture processors to date, one of which has been announced. This program builds on other AGI programs to facilitate competitive and sustainable growth as other jurisdictions apply incentive programs to enhance their strengths and advantages.

Detailed reporting found on page 33.

Objective Three: Building Alberta

Action: Investing in the expansion and improvement of the irrigation network in Alberta. Investments in irrigation will enhance crop production through the ability to grow an increasingly diverse array of crops that cannot be grown under dryland conditions and provide expanded food manufacturing opportunities.

Results: A total of 84.2 per cent of irrigated agricultural farmlands in the irrigation districts were reported as efficiently irrigated in 2022-23. This is a 4.8 per cent increase compared to four years earlier, which demonstrates a continual increase in the number of acres that can be irrigated using the same amount of water.

The Irrigating Alberta Infrastructure Investment Grant is a \$933 million partnership until 2028 that could expand irrigated agricultural lands by up to 230,000 acres. As of 2023-24, there have been 38 of 92 projects substantially completed to make better use of irrigation water supply and increase agricultural production.

Detailed reporting found on page 24.

Sustainable Canadian Agricultural Partnership: Year One

The Sustainable Canadian Agricultural Partnership (Sustainable CAP) is a five-year (2023-28), \$3.5 billion investment that includes \$1 billion in federal programs and activities, and \$2.5 billion in cost-shared programs and activities by federal-provincial-territorial governments. Alberta's cost-shared support for its agricultural sector continued innovation, growth and prosperity is \$508 million over five years (\$304.8 million in federal funds, \$203.2 million in provincial matching funds).

The ministry used these funds to deliver impactful ministry supports and services via [nine grant programs](#) and one initiative across the five priority areas agreed upon by federal-provincial-territorial parties, with the overall goals of:

- Stimulating the creation of new jobs and spur growth in the agriculture sector.
- Supporting value-added processing competitiveness, attraction of new investment and expansion of irrigation capacity that will enhance crop production.
- Protecting plant and animal health and animal welfare, managing risks to natural resources and investing in producer-led agriculture research.

Similar to the previous five-year agreement (2018-23), eligible applicants under the current agreement included primary producers, farmers, ranchers, processors, post-secondary institutions, research bodies and institutions, not for profits, municipalities, Indigenous individuals and groups and grazing associations.

Top five eligible recipients: processors (110 grants), primary producers (1,035 grants), research bodies (16), industry organizations (18) and service providers (3). **Total approved for 2023-24: \$56.8 million** across **1,185 grants** grouped under five focus areas below:

Grant Opportunity Name	Number of Grants Approved	Value of Approved Grant amounts
Focus Area: Climate Change & Environment		
Resilient Agricultural Landscape Program (RALP)	231	\$ 11,887,935
Farm Technologies and Security	268	\$ 4,077,492
Efficient Grain Handling	163	\$ 2,154,031
Water Programs	356	\$ 2,667,820
Focus Area: Building Sector Capacity, Growth and Capacity		
Emerging Opportunities	17	\$ 13,676,300
Value-Added	95	\$ 7,976,900
On Farm Value-Added	16	\$ 545,700
Focus Area: Science Research and Innovation		
RDAR - Accelerating Agricultural Innovations	28	\$ 8,266,986
Focus Area: Resiliency and Public Trust		
Resiliency & Public Trust Programming	10	\$ 5,027,189
Focus Area: Market Development and Trade		
Market Development and Trade Initiatives	1	\$ 500,000
Year One Totals	1,185	\$ 56,780,353

Source: Agriculture and Irrigation

Note: Value of approved grants will not match actuals due to multiyear commitments.

Outcome One: Alberta’s economic growth is supported by increased investments, expanded trade in Alberta’s agriculture sector and by maximizing economic opportunities across Alberta

AGI is committed to improving competitiveness for the agri-food sector, including irrigated agriculture, and supporting rural economic development.

Key Objectives

1.1 Provide export and trade services to help Alberta’s agriculture producers and processors expand their exports into existing and new markets.

Representing Alberta’s Trade Interests

Securing offshore market access involves vigorous advocacy to open up new or closed markets for Alberta’s agricultural products. Alberta supported Canada’s effort in regaining full market access to Taiwan for a variety of Canadian beef and beef products. In 2023, Alberta exported \$8.3 million worth of beef to Taiwan, a 16.7 per cent increase from 2022; this figure is expected to grow now that Taiwan has at long last lifted its import ban on all types of Canadian beef. The ministry continues to work with government and industry partners towards an export framework that streamlines requirements, standards and regulations in support of international outflows of primary agricultural and processed products. Results of pre-cleared trial shipments to Japan were reviewed with federal and international parties to determine if standard export review and authorization practices can be streamlined. Export process reliability and cost-benefit investigations continue to be examined. Responsive actions to support Alberta’s export readiness and capacity to meet market demands and address market barriers include transitioning to digital signatures and other documentation changes.

Ensuring bilateral trade with our top trading partner, the United States, flows smoothly is a priority for Alberta. In this regard, the ministry expressed concerns to the U.S. Department of Agriculture, Food Safety and Inspection Service regarding the voluntary “Product of USA” labelling rule for agricultural products that will become effective January 2026. Although voluntary, the rule could jeopardize the highly integrated North American meat and livestock supply chains and may prove to be contrary to U.S. international trade obligations. Alberta will continue to closely monitor the rule for any adverse trade impacts on Alberta’s agriculture and agri-food exports to the U.S. market.

In response to U.S. state level animal welfare regulations (particularly California’s Proposition 12) that have created compliance challenges for certain Alberta agriculture exports into the state, in April 2024, Alberta and other provinces started an **advocacy campaign** with U.S. Congress outlining provincial concerns. The advocacy stresses how conflicting animal welfare standards across states could disrupt supply chain continuity and impact the mutually beneficial cross-border trade in agricultural livestock and meat products.

Advocating for a Competitive Landscape for Alberta Producers

In addition to promoting Alberta’s position in multilateral and bilateral trade negotiations and non-discriminatory treatment of Alberta’s businesses in the Indo-Pacific region, the ministry pursued federal regulatory changes to reduce unnecessary economic strain on beef processors as a result of the current **specified risk material** (SRM) requirements. Industry estimates SRM compliance costs an additional \$31 million a year in handling and disposal costs compared to U.S. counterparts. Canadian requirements are well above other countries with the same negligible risk status for bovine spongiform encephalopathy.

Through research, diagnostic testing and inspection services, Alberta beekeepers are supported to prevent or control the spread of honeybee diseases and pest in view of few domestic colony development opportunities due to climate and geographic factors. Import opportunities to replenish beehives from New Zealand, Australia and Chile each spring are subject to air transportation issues. As such, the ministry worked collaboratively with Air Canada, honeybee importers and transportation partners to develop standards for air cargo transport of live bees that will build future sources of queen and package bees. This follows on the ministry's successful advocacy for **federal review of the 2013 Canadian Food Inspection Agency pest and disease risk assessment** for long-term resolution of access to honeybee restocking sources in the United States.

Growing Domestic and International Markets

Alberta international offices and Alberta-based trade development officers promoted Alberta as a trusted supplier of quality agricultural products, helping local companies become export-ready, and supporting introductions of Alberta companies to retail buyers. Actions to enhance Alberta's agricultural export capacity so that industries and companies are well-positioned for growth and success in local and international markets included:

- **Reducing domestic barriers to value-added processing and expansion:** \$16,000 was spent on the successful Lloydminster Interprovincial Trade Pilot with regulatory amendments currently underway to permanently exempt Lloydminster from the Safe Food for Canadians Regulations. This has given rise to consideration of additional meat trade pilots. Work continues with industry and through federal-provincial-territorial initiatives to use existing, dependable food safety standards, trade networks and distribution infrastructure in other border communities.
- **Fostering domestic and national market growth:** 492 Alberta-based participants were involved in market development activities which led to 1,104 new business connections including orders for Mexican grocery stores and improved awareness of regulatory requirements, certification and customer preferences to maximize their presence at international trade shows such as Congreso Ganadero de las Estrellas in Mexico, Biofach in Germany, FoodEx in Japan, and Food2China Expo in China.
- **Implementing 90 export development initiatives,** including 43 initiatives to connect Alberta companies with international buyers, 34 market readiness initiatives to prepare companies to enter new markets, and 13 market promotions and seminars that profiled Alberta and its agricultural products.

Strategic coordination of services and supports to expand access to established and new priority export markets contributed to a remarkable increase of 10.5 per cent in Alberta's total agri-food exports in 2023 compared to the previous year. See Performance Indicator 1.c.

1.2 Attract investment to grow, diversify, and improve competitiveness of the agriculture and value-added agriculture sectors.

Concierge Service to Investors

The ministry offered concierge services to meet investors' unique needs in site selection, access to grant funding opportunities, navigating regulatory processes, introductions to partners and suppliers, and aftercare. Examples of supported value-added processing investors include:

- **English Bay Blending and Fine Chocolates:** invested \$30 million to build a new processing facility in Stony Plain. The facility is expected to create 75 permanent jobs in 2025.
- **McCain Foods Limited:** doubled the size and output of its Lethbridge County facility, which is expected to create 260 jobs, boosting the facility's workforce to 485 using modern and environmentally conscious manufacturing processes.
- **Pattison Food Group Ltd.:** invested approximately \$18 million to establish a new 60,000 square foot meat processing facility in Edmonton to be managed by Five Corners Meat Co. The facility is expected to create 88 jobs once operational.

Increasing Agricultural Product Innovation and Commercialization

The unique ecosystem of scientific expertise and specialized facilities offered by the Ministry provided business development, product and process development, and business incubation support to a wide range of companies under a total of 104 service agreements resulting in the launch of 23 new products. Six companies manufactured product at these facilities for export or export evaluation for the United States and Asia.

Bio-Processing Innovation Centre (BPIC) and Bio-Industrial Development Laboratory facilities, equipment and expert services supported 30 process development, scale up and interim manufacturing projects, including bioplastics and reuse of agricultural waste with seven companies launching nine new bio-based products to market. BPIC also hosted 18 webinars, workshops and missions with 585 participants focused on growing business for new and existing business owners.

The federally licensed **Food Processing Development Centre (FPDC)** focuses on value-added food products, food processes and industry-led applied research using crops and livestock products. Business development, product and process development and business incubation services helped companies through 74 service agreements launch 14 new value-added food products to market. The ministry successfully supported the viability of new and growing value-added processors by enabling them to defer costs and risky investments, while continuing to enhance Alberta's economic diversification. Examples of **market acceleration** through product development and interim manufacturing included:

- Formulation, prototyping and process development for **Ellie Bianca's skincare and cosmetic products** at the Bio-Processing Innovation Centre (BPIC). The company manufactures for sale and fulfills audit requirements that will enable products to be on more major retailers' shelves.
- With FPDC's business development support and manufacturing equipment and facilities, **Red House Salsa** scaled up their production, leading to successful product distribution to more than 80 retailers across Alberta and British Columbia.
- **Plant Plus'** product and process innovation developed a fully compostable drinking straw product from locally sourced hemp fibres, pea starch and other eco-friendly materials. Manufacturing process development continues through BPIC facilities.

Made-in Alberta Program

The **Made-in-Alberta voluntary labelling program** launched in 2022 had more than 300 producers and processors enrolled in the program and more than 500 products registered in 12 categories as of April 2024. The five-year project is supported by \$5 million in funding from September 1, 2022, to May 31, 2027. An external program administrator was provided \$1 million in 2023-24 to run the program which helps shoppers identify local products more easily and promotes Alberta-made foods and beverages. Sixteen companies using BPIC, FPDC and other

ministry facilities and services also took advantage of promotion opportunities such as the Made-in-Alberta website, billboard advertising and promotions through retail stores. Value-added processors accessing multiple ministry services indicates the services are relevant and necessary.

Supporting Agricultural Research

Results Driven Agriculture Research (RDAR) is a third-party not-for-profit organization that received \$38.5 million in 2023-24 for research priorities put forward by Alberta producers, industry groups, processors and academic experts. Research priorities include supporting the development of climate-resistant crop varieties and farmed animal genetics and breeds, minimizing the environmental footprint of Alberta's agriculture and agri-food sector, addressing animal and human health, and driving irrigation innovation. Anticipated tangible benefits include higher profits to producers and a more abundant food supply at an affordable cost to consumers. These investments enable agricultural innovations across the province, helping producers to adopt beneficial practices on their farms and become more competitive globally. Every \$1 invested by RDAR was matched by approximately \$2.9 from industry; in other words, every \$1 from RDAR equals a \$3.9 investment in agricultural research.

1.3 Continue to invest in the expansion and improvement of the irrigation network in Alberta to maintain Alberta's standing as a leader in food development and distribution, including new irrigation opportunities.

Alberta has about 70 per cent of Canada's irrigated agriculture on about 1.5 million acres, less than five per cent of the province's cultivated lands. Irrigated acres grow diverse crops and intensive livestock feeding operations. About 21 per cent of irrigated areas in the **irrigation districts (IDs)** grew specialty crops such as sugar beets, alfalfa, hemp, dry beans, dry peas and potatoes. Irrigation expansion and improvements allow producers to take advantage of a wider range of markets. Additional water availability and usage improvement feasibility studies, policy and programming work with partners are described under Outcome 3.

Most **water conveyance modernization projects** involve stages of pipeline installations with a wide variety of timelines and requirements. Projects are approved based on factors such as irrigation district (ID) size, existing infrastructure and readiness for cost-sharing. Each participating ID determines new land that will receive irrigation water, and districts are limited in how much they can expand. Gradual water efficiency improvements consistently carried out over long periods can achieve up to 25 per cent gains. Incremental annual gains are important for the ministry's irrigation strategy to maximizing crop production with reduced agriculture's footprint on natural resources while maximizing crop production.

The **Irrigation Rehabilitation Program (IRP)** was funded with \$13.5 million in 2023-24 to support conversion and rehabilitation of open, unlined canals to newer, more water efficient technology, including lined canals and pipelines. Modernization reduces water loss through seepage and evaporation. Improvements in water conveyance efficiency allow more to be done within the existing irrigation water allocation and may lead to increased ability to grow crops that require more water. IDs contribute 25 per cent to IRP investments while the ministry contributes 75 per cent. Projects completed for better water security included:

- A total of 84.2 per cent of irrigated farmlands in the irrigation districts were under efficient irrigation in 2022-23, so that more acres can be irrigated using the same amount of water. This is a 4.8 per cent increase compared to four years earlier.
- In 2023-24, \$13.5 million was spent on Irrigation Rehabilitation Program projects to improve water-use efficiency to allow more acres to be irrigated within existing water licences, and to set aside water for agri-processing needs.

- **Improved water efficiency:** installed 2.55 kilometres of buried pipeline to replace an open channel canal, reducing maintenance costs while delivering water for 4,422 irrigated acres, livestock operations and others users.
- **Increased system capacity:** Installed 1.14 kilometres of buried pipeline to replace a deteriorating canal, improving water efficiency. Part of a larger, multi-year project that serves 691 irrigated acres and domestic, habitat and livestock users.

The ministry also enabled producers to grow irrigated crops through the **Irrigating Alberta Infrastructure Investment Grant**, a one-time acceleration initiative of IRP-like projects jointly funded by Canada Infrastructure Bank (50 per cent to be repaid by the IDs), nine participating IDs (20 per cent) and the ministry (30 per cent or \$279.8 million). Year Three of the \$933 million agreement saw \$22.3 million invested to complete 38 out of 92 projects, and significant progress on 38 others, including four water storage projects at early stages. Up to 6,800 direct and indirect permanent jobs, and up to 1,280 construction jobs are estimated to be created through these large-scale projects. Various funding contributions will be added in stages each year until 2028, as construction continues to proceed as planned. This project will increase primary agriculture production capacity and support a diversified value-added processing sector by increasing Alberta's irrigated area by up to 208,000 acres.

Across the spectrum of irrigation rehabilitation, modernization and improvement projects, IDs pipeline grew to 4,645 kilometres out of 7,721 kilometres in total conveyance works. Irrigation through pipeline increased to 60.1 per cent in the 2022 irrigation year (latest available data) compared to 56.5 per cent in the 2018 irrigation year. Approximately 3.7 kilometres of open canals were moved to pipeline, benefitting 5,115 acres. These results meet ministry objectives to work with key water partners involved in water management and governance in support of long-term agricultural water quality and availability.

1.4 Provide the next generation of farmers with access to capital through Agriculture Financial Services Corporation lending services to sustain farm operations and agricultural production.

AFSC continued to provide **access to capital for new and young producers, developing producers and value-added agribusinesses** with favourable loan terms. AFSC staff provided insightful and practical advice based on industry experience to guide lending and risk management decisions that sustain agricultural growth and commercial activities which in turn strengthen rural communities.

The **Next Generation Loan** provides opportunities for those starting a farm or taking over an existing family farm by assisting them with farmland purchases, equipment, livestock, and capital improvements. Lower interest rate options and loan periods of up to 35 years help producers under 40 years of age and those entering the industry, manage capital costs associated with farming. In 2023-24, 805 Next Generation loans were authorized for a total of \$321 million in direct dollars, resulting in a total project dollar investment of \$368 million.

The **Developing Producer loan** provides a consistent source of fixed-rate loan terms to expand farm operations including renovations and share purchases for change of ownership. In 2023-24, 387 Developing Producer loans were authorized for a total of \$142 million, resulting in \$174 million in total project dollar investments. Producers and agribusinesses also received 138 approvals for \$53 million through the Revolving and Agribusiness loans to make agriculture-related capital available.

The **Feeder Association Loan Guarantee Program** helps local, producer-run cooperatives obtain competitive financing. Alberta increased the overall loan guarantee from \$100 million to \$150

million in November 2022. Individual and joint loan limits, excluding advances, increased from \$2 million to \$3 million in July 2023, further improving small- to medium-sized livestock producers' access to capital so they can grow their businesses. In addition, the maximum number of supply periods (contracts) increased from four to six to provide members of feeder associations with more options to purchase and market livestock as well as generate better cash flow for their operations. The program financed 45 feeder associations with 2,000 livestock members to finish about 25 per cent of calves in Alberta by using the guarantee to secure capital from lending institutions. Changes to legislation and policies increased opportunities to purchase beef calves and sheep due to higher cattle prices and greater demand for feeder cattle. The tangible increase in loan limits improves future prospects for Alberta's cattle feeders and makes the industry more accessible for new entrants and young farmers.

Performance Measure 1.a: Annual total value of investment in the primary and agri-processing sectors facilitated through ministry investment initiatives, and the corresponding jobs created.

	Prior Years' Results				2023-24	2023-24 Annual Target	2023-24 Annual Actual
	2019-20	2020-21	2021-22	2022-23 ¹			
Cumulative Investment Enabled (\$ millions)	\$527	\$886	\$1,483	\$2,105	Annual Investment Enabled (\$ millions)	\$539 ²	\$3,054
Cumulative Jobs Created	981	2,128	2,998	4,144	Annual Jobs Enabled	1,043 ²	1,323

Source: Agriculture and Irrigation.

¹Note: The results for 2022-23 have been revised to reflect the addition of \$10 million in value-added agriculture investment and the associated 12 jobs to be created.

²Note: Adjusted targets for 2023-24 in the 2024-27 Ministry Business Plan are reflected in this chart. Performance measure changed from being reported cumulatively to annually in 2023-24. Results for 2019-20, 2020-21, 2021-22, and 2022-23 represent the cumulative investment enabled and cumulative jobs created. Results starting in 2023-24 and moving forward are reported as annual investment enabled and annual jobs created to reflect the nature of programs and their uptake.

Description: This performance measure captures total investment in the agri-food industries and the corresponding job creation enabled by the department's investment attraction efforts, not including Agriculture Financial Services Corporation lending-enabled investment. Investments in the agriculture and agri-processing sectors are anticipated to grow Alberta's productive capacity, increase competitiveness, facilitate employment opportunities and contribute to Alberta's long-term economic performance.

Rationale: Building manufacturing and processing capacity to capture value-added opportunities and create jobs here in Alberta requires attracting substantial investments nationally and internationally requires departmental efforts including effective concierge services, targeted grant programs and incentives. A growing value-added processing sector enhances Alberta's competitiveness, economic diversification and GDP growth. A strong value-added processing sector also increases domestic market alternatives for the primary sector and reduces its exposure to global commodity market instability.

Results and Variance Explanation: In 2023-24, the ministry facilitated more than \$3 billion in new investments that supported the creation of 1,323 new, permanent jobs. The 2023-24 targets for investment and job creation (\$539 million and 1,043, respectively) were exceeded due to focused investment attraction efforts through concierge services, grants and the Agri-Processing Investment Tax Credit program. It should be noted that it can take several years to confirm investment and job creation results for large, multi-year investment projects. As well, a small number of investments could generate highly impactful results. For example, one investment in 2023-24 accounted for about 39 per cent of the reported annual investment enabled. The top five confirmed investments accounted for \$2.8 billion in investment (90.7 per cent of the annual result) and for 572 jobs created (43 per cent of the annual result).

Performance Measure 1.b: Percentage of irrigated agriculture area using efficient irrigation systems within Alberta’s eleven irrigation districts.

Percentage of irrigated agriculture area under efficient irrigation systems	Prior Years’ Results					2023-24 Target	2023-24 Actual
	2018	2019	2020	2021	2022		
	79%	80%	81%	83%	84%	84%	N/A

Source: 11 Irrigation Districts and Agriculture and Irrigation (2022 results as of June 2024)

Note: Adjusted targets for 2023-24 in the 2024-27 Ministry Business Plan are reflected in this chart.

Note: Results for 2023-24 actual will be available in July 2024

Description: The percentage of irrigated area using efficient on-farm water application systems (e.g., low pressure sprinkler irrigation systems) within the 11 irrigation districts measures how efficiently irrigation water is applied to field crops. The objective is to apply the water to the crop root zone to meet crop water requirements and optimize yield. High efficiency irrigation lowers operating costs, improves production per unit of water delivered, helps to promote better or improved use of water resources in agriculture, and may improve environmental management.

Rationale: AGI supports advancement in this metric through actions like the monitoring of water application methods across the 11 irrigation districts, and through technical and financial support to irrigators to make this practice change through the Sustainable CAP Water program.

Results and Variance Explanation: During the 2022 irrigation season (May to September), more than 1.4 million acres of irrigated agricultural farmlands were under efficient irrigation systems within the 11 irrigation districts, an 84.2 adoption rate. This result is slightly higher than this year’s target and the prior year’s result, continuing to the upward trend over the past five years. The improvement is due in part to financial incentives provided to farmers to purchase more efficient on-farm irrigation systems.

Performance Indicator 1.c: Value of Alberta’s primary agriculture commodities and value-added agriculture products exports. (\$ in millions)

Value of Alberta’s Agricultural Exports	Prior Years’ Results					2023 Results
	2018	2019	2020	2021	2022	
Primary Agriculture Commodities	5,808	5,272	6,325	5,869	7,298	8,207
Value-Added Agriculture Products	6,074	6,372	6,683	8,252	8,891	9,684

Source: Statistics Canada; Agriculture and Irrigation (Results current as of May 22, 2024)

The export values help understand not only the export performance of each category, but also their relative share in total export performance. Increasing the export share of value-added products relative to primary commodities allows the industry to generate and retain a larger portion of revenues and economic benefits from global agri-food trade. Primary agricultural commodities such as crops or livestock are more prone to global market swings than value-added agricultural products such as canola oil and beef.

The ministry contributes to these export results through market access advocacy and programs, services, processes and facilities that generate more export-ready value-added products which adds value to the supply chain that includes transportation, logistics, refrigerated storage facilities, wholesale and retail distributors, and the food service industry.

In 2023, exports of primary commodities rose 12.5 per cent in value to \$8.2 billion. Higher export values for wheat, dry peas, live cattle (excluding purebred), barley, lentils, and others contributed to the increase. Exports of value-added products grew 8.9 per cent in value to \$9.6 billion in 2023. This was due to increased export values of canola oil (refined), beef, processed potatoes, malt (roasted or not roasted) oilseed cake and meal, and other products.

Outcome Two: Alberta’s competitive business environment provides a strong foundation for resilient agriculture sectors and rural communities

The ministry seeks to create a business environment and improved infrastructure upon which the agriculture sector and rural communities can thrive and achieve their business goals and full economic potential.

Key Objectives

2.1 Coordinate government-wide effort on rural economic development.

Alberta’s **Economic Development in Rural Alberta Plan (EDRAP)** sets out a five-year commitment (2023-28) to enable rural Albertans to build strong, self-reliant communities and foster conditions that enrich community life. The following five strategic directions are anticipated to address unique challenges and unlock broad economic potential for long-term rural economic growth.

Improving Enabling Infrastructure

A total capital grant of \$2.5 million was approved through the **Agricultural Societies Infrastructure Revitalization Program** for 34 projects to support up to \$100,000 in major repairs

and infrastructure improvements at existing agricultural society facilities so that they can continue to serve their respective rural communities.

Two hundred and ninety-one primary and regional agricultural societies were supported through the **Agricultural Societies Grant Program** to encourage improvements in agriculture and enhance quality of life in rural communities. of Ministry annual funding of \$11.5 million to support operational expenses was topped by direct spending by agricultural societies totaling approximately \$100 million.

Advance Entrepreneurship Capacity and Innovation

The **Small Community Opportunity Program** (SCOP) targeted challenges experienced by local business related to entrepreneurship, mentorship, and building networks. SCOP offered Indigenous and/or small communities, and the non-profits they work with, grants focusing on agriculture, local economic development and small business supports. Forty-three applications received \$3.24 million. Key stakeholders that focus on economic development in rural Alberta's communities received \$0.46 million, including public library boards to build local work skills and learn about the changing economic environment.

Enable Skills Development that Enhances Workforce Capacity

To facilitate rural businesses' ability to attract and retain skilled workers, the ministry provided \$2.5 million to the **Agriculture for Life** initiative to raise awareness of agriculture jobs, provide training and support to recruit, hire, and retain workers in the agriculture and agri-food industry. An example recipient, Serfas Farms in Turin, was approved for \$30,000 to improve recruitment and human resource practices that reduces heavy reliance on seasonal workers toward employing more full-time, skilled workers.

In collaboration with Intergovernmental Relations, Education, and regional colleges, the **Green Certificate Program** had 1,487 participating students. This program is offered in 267 high schools that span 352 communities across Alberta. The 499 program completions in 2023-24, which is a nine percent increase from 2022-23, strengthens Alberta's rural economy through the skills-based development program that may enable the agriculture industry to retain an experienced workforce. Students earned credits towards graduation through off-campus, apprenticeship-style learning opportunities with experienced farm personnel. The curriculum was developed by industry to encourage students to choose agriculture-related education or careers.

Enhance Rural Tourism

Alberta Approved Farmers' Market programs support local producers and agri-processing businesses to contribute to the growth of Alberta's economy. In 2023, 149 Alberta Approved Farmers' Markets operated for a total of 4,203 market days. This program further helped local producers and agri-processing businesses to build connections with non-profits, local Chambers of Commerce and community and business associations, while hosting more than 3.6 million visitors. In 2023, 77 per cent of the markets serve rural communities with populations of less than 10,000, and 112 communities across Alberta were served by at least one Alberta approved farmers' market.

The Alberta Association of Agricultural Societies was provided with \$100,000 to train and offer sales know-how to producers for continued success of **Open Farm Days**. This program enhances public awareness of how food is grown and made in Alberta. One hundred and thirty-three host farms and agri-food entrepreneurs participated in the agri-tourism opportunity and became involved in educating consumers and raising awareness about farming practices. In 2023, \$299,000 in sales represented a 33 percent increase despite 15 per cent fewer visitors (35,811) compared to 2022. The increase in sales is due to higher spending per person at 76 food events compared to 70 in 2022. The ministry improved pre-event training for participating farms, which resulted in more products for sale at increased prices. The decrease in total visitors could be due to many factors, including weather-related issues resulting in less travel.

Stimulate Rural Capacity Building

Financial supports and programming to increase public awareness included **Sustainable CAP Resiliency and Public Trust** incentives that help producers build consumer confidence in Alberta's agriculture and agri-food sectors while improving attraction and retention of skilled workers in rural communities. The ministry committed \$7 million to 21 opportunities to improve awareness about best practices and continuous improvements that support public trust such as:

- Inside Education's **Experiential Agriculture Education** provided K-12 students and teachers with real-world insight into agriculture and agri-food science, technology, innovations and careers.
- AgKnow **Alberta Farm Mental Health Network** applied \$388,500 to expand producer support during stressful crises such as disease outbreaks and drought that increase unpredictability of farm operations, workload and financial pressures.
- **VBP+ Extension** through Alberta Beef Producers trains and certifies Alberta beef operations in sustainable production practices which increases access to sustainable supply chains and lowers industry-wide risks associated with food safety.

4-H Alberta received \$1 million to provide experiential education and help develop youth into tomorrow's agricultural and rural leaders through more than 5,500 members participating at 280 locations across Alberta. Thirteen 4-H members participated in the Ag Next Gen Tour to gain insights into agriculture and food careers across Alberta.

In recognition of leadership and stewardship in agriculture and agri-food industries, 47 families who have made multi-generational contributions received the **Century Farm and Ranch Award** in 2023-24. Further, KAC Agricultural Society, Stettler District Agricultural Society and La Crete Agricultural Society were recognized for their creativity, resilience and commitment to their communities through the Alberta **Agricultural Society Innovation Award**. The **Women in Ag Awards** recognized eight women in agriculture and agribusinesses and were provided means to attend the Women in Agriculture Conference that further celebrated the growing presence of women in agriculture.

In 2023-24, 6,000 subscribers across Alberta accessed 48 issues of the ministry's **Agri-News** weekly newsletter that helps rural business owners of all types make timely decisions and plan for a strong agricultural future. **310-FARM** supported 8,573 calls as the ministry's first point-of-contact that provides prompt referrals to specific programs and agriculture-related resources for Albertans. The 25 per cent increase in calls compared to in the previous fiscal year reflects consistent efforts to inform rural Albertans of opportunities and risk management approaches. Common inquiries related to access to grants (21 per cent), Premises Identification (16 per cent), water (14 per cent), and Farmers Advocate Office services (7 per cent). Other calls sought advice and support regarding avian influenza, pests (rats, wild boar), crop pests and diseases, farm management, and livestock inquiries.

The Farmers' and Property Rights Advocate Office (FPRAO) allocated \$1.1 million to support more than 1,189 rural landowner and property owner inquiries, legal and advocacy needs by phone and email, and provided 189 mediation services, including resolving 63 Farm Implement Inspector issues without requiring Farm Implement Board hearings. In addition to licensing 500 farm implement dealers and distributors, FPRAO also:

- Worked with farm implement stakeholders to determine the best approaches to retain Albertans' right to repair increasingly digital machinery, and secure associated farm data.

- Informed Albertans about renewable energy project approvals, reclamation processes, and restrictions on agricultural land development through 35 presentations, webinars and engagements, and distributed and updated associated materials to enable effective decision-making, and rural business retention, expansion and attraction.

These achievements demonstrate that FPRAO is meeting Albertans' needs as part of the broader legislative and justice system. Improved consumer and landowner services that enabled rural Albertans to access accurate, reliable and actionable information, dispute resolution, and other interventions that make legal processes transparent and parties accountable show FPRAO's value to Albertans.

Additional Enabling Support for Rural Business Success

Legislative changes and governance framework improvements supported the creation of the new **River Valley Agricultural Society** in the Hinton area, increasing the total primary agricultural societies to 284. Timely assistance enabled planning for fundraising, equine first aid training and networking opportunities, 2024 rodeo preparations, and the non-profit's first annual general meeting. These changes also supported 27 agricultural societies that have been incorporated for more than 100 years to evolve and stay relevant.

Agribusiness competitiveness analyses provided directly to businesses also helped develop programs, services and policies. For example, Agriprofit\$ reports provide insight into cow-calf business costs, like winter feed or fuel, and how they change over time. This service is tailored to support startups, and growth and expansion of beef, dairy, dryland and irrigated crops, greenhouse growers, beekeepers and more, in exchange for participation in data gathering research that benefits industry.

Farm safety education delivered in collaboration with AgSafe Alberta focused on confined spaces, respiratory health and safety, and public awareness and education to prevent grain entrapment including firefighter training using specialized grain rescue equipment and procedures.

Cumulatively, programs and services highlighted and summarized for this Key Objective benefitted rural communities to access accurate and necessary information, programs and services to build long-term resilience in the face of unique challenges. The ministry will evaluate and review supports that incentivize local vibrancy to ensure a centralized approach is working as intended and achieving strategic objectives. Related priority actions that contributed directly to the health and growth of rural economic development are found under other Key Objectives of this annual report: value-added agriculture, irrigation, and water supply and infrastructure management.

2.2 Deliver agricultural insurance products to give producers tools to reduce agricultural production risk.

The suite of Business Risk Management (BRM) products and programs are designed to be responsive to how producers are adapting to changing weather patterns and business challenges. Most of the province received below-average moisture during the year. In preparation for dry conditions in the 2024 growing season, and to improve upon drought responses in two previous years, agricultural insurance awareness was promoted and insurance policies were improved using producer feedback. Producers are encouraged to use comprehensive and supplemental BRM programs offered through Agriculture Financial Services Corporation (AFSC).

Moisture Deficiency Insurance (MDI) for pasture shifted from annual to monthly payments to enable eligible producers to quickly access cash to get feed at critical times. Significant improvements in policies for minimum rainfall amounts and ways to address high temperatures

increased protection for livestock producers against drought. These changes may contribute to more insured producers and decrease their reliance on AgriRecovery in the future. These improvements resulted in increased payouts to producers for the 2023 growing season, in which \$326 million was paid out, with producers contributing \$66 million in premiums.

Silage Greenfeed Insurance (SGI) for annual crops offer payouts when moisture at weather stations fall below 80 per cent of historic levels. A cumulative 22 per cent increase in participation since 2021 was achieved due to AFSC's ongoing work to increase awareness about this type of insurance during ongoing dry conditions. Increased producer awareness is correlated with increased insured acres from 460,000 in 2021 to 538,000 in 2022 (nearly 17 per cent increase), to 566,000 acres in 2023, a 5 per cent increase compared to 2022.

Producers also increased participation in **perennial crop production insurance** in 2023. The increase is associated with changes made to crop insurance coverage related to dry conditions such as increased compensation for reseeding and increased coverage for hail. Program participation is anticipated to continue trending upwards for the 2024 growing season. In 2023, 17.8 million annual crop acres were covered for over \$1.5 billion in losses (6,833 applications processed as of April 2024) for which farmers paid \$1.2 billion in premiums. Farmers also got value for money by insuring 8.5 million perennial crop acres for \$348 million in losses (5,627 applications processed as of April 2024), while paying \$73.8 million in premiums. In 2023, 18.5 million acres were covered under hail insurance. Performance Measure 2.a further describes crop insurance protection results.

Other timely benefits during a low moisture growing season included doubling of the low-yield allowance, which incentivized producers to shift low yielding grain crops to livestock feed during poor growing conditions. Irrigators insured 930,460 irrigated annual crop acres for \$1.1 billion in liability, and 19,183 irrigated perennial crop acres for \$10.9 million in liability.

Improving BRM Relevance, Timeliness and Responsiveness

The ministry worked to keep premiums affordable for clients, maintain coverage that reflects the value of their crops, and keep participation levels consistent year to year. Annual and perennial insurance premium increases are capped at 10 per cent in most cases. This cap is part of a long term approach to ensure insurance premiums are stable and predictable as producers face rising costs. Insurance coverage that adjusts to market conditions further allows producers to accurately insure their crops based on the markets they are exposed to. Coverage options are tailored to producers to reduce coverage levels that match producer budgets, and challenges in cash flow as part of farm-specific, long-term risk management strategies.

The ministry improved BRM knowledge and skills to support decisions about **intergenerational farm transitions and succession planning**. Information about fixed-rate term loans was shared at three Bridging the Gap workshops in Red Deer, Lethbridge and Grande Prairie. More than 400 participants attended the workshops and gained awareness about flexible insurance, lending options, and trends and approaches that may enable farm profitability and a secure agricultural future. These events also include topics related to navigating the farm transition journey and understanding legal and tax issues as well as information on where to access resources. The Dish risk management workshops had 270 attendees in Olds and Lethbridge.

Producers who participate in the AgriStability program receive compensation and support when they experience significant margin declines for their whole farming operation. These declines could happen due to production shortfalls, falling commodity prices, and/or rising input costs. In 2023 the AgriStability program paid out \$45.8 million to 6,433 producers for margin declines they experienced in the 2022 production year. (AgriStability payments rely on tax returns and therefore data is a year behind.)

AFSC received 7,847 applications for the **2023 Canada-Alberta Drought Livestock Assistance AgriRecovery Program** representing approximately 1.3 million animals, 93 per cent of which were cattle. Program funding of \$165 million covered extraordinary losses incurred to manage and maintain breeding animals in dry conditions. The ministry successfully advocated to extend the application deadline and expanded eligibility conditions to more agricultural areas than in the initial intake. Eighty per cent of applications were processed through automated approval criteria in order to compensate producers faster.

Alberta was Canada's largest honey producer in 2023, with 302,900 colonies or 38.1 per cent of Canada's hives. Alberta also relies on bees as essential pollinators. Alberta beekeepers experienced another year of high beehive overwintering losses and drought coupled with wildfires and pests during the winter of 2023. Pests such as varroa mites affect adult longevity, brood production and honey production, and cause colonies to die. In winter 2022, only 15 commercial beekeepers had insured 8,627 hives for overwintering hive losses, while 40 per cent of commercial beekeepers who chose not to take insurance, experienced close to 50 per cent hive losses. These historic loss levels triggered the **2022 Canada-Alberta Colony replacement Assistance Initiative**. This AgriRecovery response was completed in January 2024, enabling 68 applicants to put \$3.3 million towards restocking hives, colonies, bee packages and queen bees.

As a cost-shared federal-provincial program, AgriRecovery availability is subject to many factors, so the ministry put additional effort into effective promotion and awareness of insurance availability and coverage to reduce future potential need for AgriRecovery. This work contributed to 20 beekeepers taking up overwintering loss insurance in 2023 to manage risks of stock replacement and income loss compared to 15 in the previous year.

The ministry achieved coverage improvements for wildfire damage, crop insurance and income stabilization options, and support for cattle and beef processing beyond immediate drought recovery. A review of **Livestock Price Insurance (LPI)** premium volatility across all cattle products was completed to increase premium stability. LPI participation increased by 53 per cent in 2023-24 compared to 2022-23 providing 1,028 cattle and hog producers financial stability with coverage options that meet individual risks to reduce price risk against unpredictable and volatile markets in the face of rising input costs. Calf program participation increased 183 per cent compared to the previous year, and a total 222,554 calves, feeder and fed cattle were insured in 2023. AFSC continued to support maritime cattle producers access to LPI, which raised Alberta's influence and negotiating power when advocating for changes with federal-provincial-territorial partners to benefit Albertans. Other AFSC program improvements included:

- **Faster client payouts:** taking steps to hire and retain more adjusters and change policies to allow client or third party drones for wildlife damage inspections (of over 215,000 acres) which provided minimal disruption to harvest. Increased advance payments so that producers can receive up to 100 per cent of their claims upon filing a year-end report. Approximately 30 per cent of claims were fully paid without requiring a human inspector, and nearly 85 per cent of clients were eligible for a cash advance against their claim with an inspection done later.
- **Consulting with clients on their greatest risks:** added accidental fire as a cause of loss to products that did not have this coverage in the past. In 2024, clients who participate in annual multi-peril insurance, processing vegetable, honey production and hay insurance types will benefit from this change which adds to coverage for fire caused by lightning.
- **Increasing the AgriStability compensation rate** from 70 per cent to 80 per cent coverage. This means if a farm's production margin (net income) in a current year falls below a historical reference margin by more than 30 per cent, due to any combination

of production loss, adverse market conditions or increased costs, the producer receives 80 cents for every dollar of decline below the threshold. Additional AgriStability improvements are summarized under Key Objective 2.5.

Young producers and startups were also encouraged to take advantage of Alberta's favourable climate for hemp production through **New Crop Insurance**, which protects new and non-traditional crops like hemp, poppy and mint not otherwise insurable through other AFSC products. Hemp producers are eligible for AgriStability and AgriInvest. In 2023, 10,460 acres of hemp seed were insured with \$10 million coverage, the highest annual production insurance coverage since it was first offered in 2015.

Total insurance claims increased from 10,700 in 2022 to 11,500 in 2023, and compensation to producers increased from \$1.3 billion in 2022 to \$1.9 billion in 2023. Overall, participating producers received more benefits than they paid in premiums, in part due to improved assessments of the fair value of disaster-driven impacts, and prompt claim payments. In 2023 Alberta's total farm cash receipts reached \$23.3 billion, the highest in Canada.

2.3 Develop and implement a competitive agri-food and value-added processing and manufacturing program that will make Alberta more competitive with competing jurisdictions.

Global competition for agri-processing investment is growing. To help Alberta maintain its edge and meet the challenge, the ministry introduced the **Agri-Processing Investment Tax Credit (APITC)** in 2023.

The APITC Program offers a 12 per cent non-refundable capital investment tax credit for corporations investing \$10 million or more to build new or expand existing agri-processing facilities in Alberta. The program helps the province compete for investment by building on our other advantages, including low corporate taxes, targeted grant programs and abundant, high quality, agricultural inputs.

Eleven corporations applied to the APITC program in 2023-24 and six conditional approval letters were issued. The Little Potato Company was among the first to receive conditional approval for a new \$39.5 million facility in Nisku to double its processing capacity and has subsequently been announced as the first recipient of APITC. This successful company is eligible for up to \$1.3 million in tax credits against its Alberta corporate taxes redeemable over a 10-year period. Complementary Sustainable CAP programming designed to help individual agri-processing companies to expand their operations, create jobs and grow Alberta's economy include:

- **Emerging Opportunities Program:** up to \$2 million for innovative projects anticipated to result in significant company growth and sector impact.
- **Value-added Program:** up to \$0.25 million to increase sales, production capacity and expand market opportunities.
- **On-Farm Value-Added Program:** up to \$0.25 million to grow sales, expand production capacity and explore market opportunities.

2.4 Optimize utilization of the Agri-Value Processing Business Incubator to support growth and diversification in the agri-food sector.

Facilities, services and expert advice at the **Agri-Value Processing Business Incubator (APBI)** support food companies looking to expand domestically or internationally. The multi-tenant, federally licensed facility in Leduc is 100,000 square feet (with the 25,000 square foot expansion

done in 2023) facility to support new food processors to scale up and commercialize new products and technologies. Renovations required \$26.9 million, \$0.96 million of which was spent in 2023-24, allowing up to nine businesses to lease food processing suites compared to seven pre-renovation. Tenant businesses are encouraged to grow using these facilities until they can invest in facilities and transition to standalone operations. APBI graduates have in the past invested more than \$80 million in facilities and equipment in Alberta and are forecasted to invest \$50 million more before 2028.

In 2023-24, there were five occupied suites, one vacant and two in the final construction stages, and wet fractionation plant protein extraction equipment is being added to the ninth suite. Tenants can achieve target sales volumes of proteins, starches and fibres processed from crops such as pulses using the wet fractionation equipment. To date, six companies have expressed interest in accessing the fractionation equipment.

To increase future technical capabilities at specialized facilities including the APBI, the ministry secured two capital grants totaling \$1.4 million from PrairiesCan and Alberta Innovates. Over the next two years, the new equipment will enhance existing expertise and unique facilities to help clients with biomaterials, natural health products, plant proteins, and other innovations.

2.5 Continue to streamline processes and unnecessary oversight to improve service delivery, enhance competitiveness and support business growth.

The ministry continued to review intake policies, processes and practices, and other ways to make government services more competitive with other jurisdictions. Streamlined processes, particularly to increase the competitiveness of small businesses disproportionately affected by regulatory compliance requirements, included:

- Minister delegating routine grant programs to the department to improve grant application processing timelines since many projects cannot be undertaken unless grant funding is secured in advance. This change assisted more applicants to take timely action to improve agricultural operations and business prospects.
- Amendments to the *Investing in a Diversified Economy Act* and Regulation to make it easier for partnerships to apply for the Agri-processing Investment Tax Credit.
- The **Lloydminster food trade pilot** helped 15 businesses improve their market access to provide high-quality, safe food from trusted producers to consumers. The pilot resulted in the currently underway process to amend the federal Safe Food for Canadians Regulation to exclude Lloydminster from unnecessary interprovincial trade clauses and improve future trade opportunities.

Training and tools to improve governance of agriculture-focused organizations involved advice related to election irregularities and director removal and improving strategic and succession plans. **Improvements to governance and operations of 19 agricultural marketing boards and commissions** (MBCs) continued by transferring some regulations to bylaws. Amalgamating two MBCs required bylaws and a regulatory framework for the new Alberta Grains Commission, resulting in an estimated \$400,000 in annual savings, and anticipated cost savings and efficiency gains. This work helps MBCs remain competitive, relevant, and adaptive to evolving global markets.

About \$8.1 million was spent in 2023-24 to **replace insurance platforms** and associated systems to make online 24/7 access to AFSC services and resources more secure, reliable and user-friendly. These technological changes are expected to continue until 2026-27, enabling AFSC client access to real-time updates about application statuses and reducing operating costs.

In 2023, about 6,000 Alberta producers participated in **AgriStability** that will see three changes finalized for implementation in the 2025 program year:

- Offering producers a choice of cash or accrual reference margins, which will likely increase enrollment without the need for prior historical reporting, and increase participation rates with less need for costly accounting services.
- Moving deadlines forward to June 30 that may allow participants to receive benefits sooner.
- Issuing coverage notices that may improve producer understanding and ability to compare programs and options.

The above AgriStability changes are expected to result in a more simple, predictable, transparent and timely program, especially for operations with less than \$250,000 annual revenue. In addition, AFSC has launched a pilot to explore options to make AgriStability responsive to the cow/calf and hog industries. Pilot results will be reviewed to determine if improved AgriStability participation would reduce the need for disaster recovery initiatives such as AgriRecovery. Results may be used to gather support from federal-provincial-territorial partners to make necessary changes to AgriStability.

Communication about Policies and Processes to Increase Access to programs by Albertans

In Year One of the **Sustainable Canadian Agricultural Partnership** (Sustainable CAP) agreement, programming continuity was a priority. Therefore, most programs from the Canadian Agricultural Partnership transitioned with minimal changes. Feedback received during engagements in 2023 helped streamline processes in April 2024. New **Resilient Agricultural Landscape Program** (RALP) and Public Trust and Resiliency programs received strong interest due to communication priorities to make eligibility criteria and application mechanisms easy and transparent. Areas of improvement to keep potential, eligible and successful applicants informed about changes, program launches and criteria included:

- Technical improvements to process grant applications for multiple parcels of land on one application. In previous years, the ministry could only process one parcel per application.
- Sustainable CAP website moved to a Government of Alberta website for continuity with other Alberta programs. Program manager or 310-FARM contacts are included online, during one-on-one interactions and outreach activities. Eight hundred email subscribers received direct communications about program updates.
- Two contracts until 2028 worth \$2 million supported outreach and specialized grant assistance, including one-on-one support for the RALP. The longer term outcomes are to promote awareness and accelerate the adoption of beneficial management practices.

Widespread **wildfires** caused emergency declarations and evacuation orders during 2023, affecting more than 200,000 livestock and 500,000 poultry, and their producers in 35 municipalities, Metis Settlements, and First Nations. The ministry's agricultural advice and expertise to support producers with evacuation zones and closed roads resulted in few reports of deceased animals due to fires. A new fire emergency preparedness guide is being developed, and cross-ministry work is ongoing to enhance fire prevention information for producers.

Performance Measure 2.a: Percentage of eligible seeded acres for major crop categories insured under Production Insurance.

Crops Under Production Insurance	Prior Years' Results					2023 Targets	2023 Results
	2018	2019	2020	2021	2022		
Annual Crops	71%	73%	71%	81%	82%	82%	82%
Perennial Crops	28%	29%	29%	35%	35%	31%	35%

Source: Statistics Canada; Agriculture Financial Services Corporation (AFSC)

Description: AFSC provides insurance products to offset the risks of agriculture production that are beyond producers control. Production Insurance, known as AgriInsurance is designed to help agricultural producers when negatively impactful natural and market events that are beyond their control occur.

Rationale: In the event of a downturn, AgriInsurance shortens producers' recovery time and hence allow the viability of successful farm operations while providing a stable platform for the industry as a whole to achieve its full economic potential.

Results and Variance Explanation: In 2023, 17.7 million out of the estimated 21.4 million annual crop seeded acres were insured, an 82 per cent uptake, and 8.5 million out of the estimated 24.2 million perennial crop seeded acres for perennial crops in Alberta, a 35 per cent uptake. These results are most likely due to producers' reduced ability to self-insure due to dry conditions continuing for a third consecutive year, financial decisions about insurance product options, high input costs, fluctuations in commodity prices, concerns about upcoming dry conditions, AFSC client experience improvements, and increased producer awareness of AFSC insurance products.

Outcome Three: Robust assurance systems and effective resource management practices support agriculture sector success and protect public safety in communities across Alberta

Key Objectives

3.1 Deliver programs and services to support primary producers to improve environmental sustainability on their operations.

The ministry improved the materials for **Environmental Farm Plans (EFPs)** to make them more relevant to more producers with current disease, pest management, emergency planning, and other farm production concerns. The ministry also collaborated with partners such as the Agricultural Research and Extension Council of Alberta, to deliver resource management programming to help producers. In 2023-24, 659 EFPs were completed compared to 443 in 2022-23, indicating greater awareness among producers about environmental assessment tools, and that EFPs are prerequisites for Sustainable Canadian Agricultural Partnership (Sustainable CAP) Efficient Grain Handling, Farm Technology and Resilient Agricultural Landscape Program (RALP) grants. In 2023-24, 51 EFP producer workshops were held across Alberta, which were attended by 254 producers. 33 EFP technician training sessions were attended by 102 technicians, compared to 24 sessions attended by 51 technicians in 2022-23. Increased awareness among producers and technicians in

2023-24 about the EFP completion process may generate awareness about environmental risks and potential improvements to agricultural operations and stewardship of Alberta's natural resources.

During the 2022 calendar year (latest available data), **Agriculture Service Boards (ASBs)** had 2,385 one-on-one consultations with producers, covering topics such as EFPs, Canadian Agriculture Partnership programs, and other environmental topics. ASBs fulfilled the ministry's aim to raise awareness about environmentally sustainable beneficial management practices (BMPs) and promoted Sustainable CAP programs to increase the adoption of BMPs.

Also in 2022, agricultural fieldmen employed by ASBs completed inspection of 10,321 fields for soil erosion, resolved 244 soil erosion issues and helped producers learn how to manage topsoil that is vital for crop production. To prepare producers across different soil and climatic zones for productive spring seeding, the ministry prepared information about the *Soil Conservation Act* and provided expertise about soil sampling, fertility and how to incorporate use of the Alberta Farm Fertilizer Information and Recommendation Manager. Updates on soil health and quality management, [legislation, research, data and online tools](#) were presented at the spring 2024 Agricultural Service Board conference in Lethbridge.

Additional work on long-term, comprehensive policies and frameworks to improve environmentally sustainable practices included:

- **Agricultural Plastics Recycling Pilot:** examines plastic management options that may increase the quantity recycled and build a circular agricultural plastics economy. Eleven new collection sites were added across Alberta for a total of 159 sites, which applied \$0.4 million to divert more than 832 tonnes of waste such as grain bags and twine during 2023-24 from landfills. The ministry relies on the cumulative progress of the pilot since 2020 to collaborate effectively with partners towards affordable and sustainable long-term solutions for agricultural plastic waste.
- Contributed to the development and release of Canada's first **National Index on Agri-Food Performance** and the associated Centre for Agri-Food Benchmarking. This intends to build Canada's food system on sustainability, environment, economic, food integrity and societal well-being principles, measured through 20 indicators and 130 metrics. The policies, recommendations, standards and processes being developed will serve public interests by shaping sustainable agricultural and agri-food systems.
- Monitored and reported on agricultural land use to address environmental impacts and update **regional land use plans** that identify and set resource and environmental management goals. Regional forage production forecasts were used to estimate forage shortfalls in times of poor growth such as in 2023. Approximately 47,000 producers and agriculture stakeholders had access to 4,000 maps and 28 moisture updates in 2023-24. These processes and tools enabled producer decisions about irrigation management, crop and pasture insurance programs, and may increase interest in research to mitigate dry growing conditions.
- Grants approved through the **Sustainable CAP** framework increased grant funding by 12.5 per cent compared to the previous **five-year framework for greenhouse gas emissions reductions and agricultural waste**. Funded projects included investments in precision nutrient application and modifying farm machinery and equipment for energy efficiency or to be powered by renewable energy sources. Precision agriculture uses fine monitoring, control and treatment of animals and crops to improve productivity and reduce waste. The Efficient Grain Handling program reduces natural gas costs to operate grain dryers while reducing greenhouse gas emissions. The Farm

Technology program incentivizes use of digital systems and data to improve farm performance and operations. The RALP reimburses up to 100 per cent of eligible expenses to restore or maintain agricultural lands over a three-year term, with a focus on greenhouse gas management and enhanced climate resilience.

Facilitated Improvements in Agricultural Water Use (also see Key Objectives 3.3 and 1.3)

Effective and judicious use of water continues to be a focus of sustainable agriculture in Alberta towards which Sustainable CAP invested \$2.7 million across 356 grants to improve water-use efficiency and energy use for the **On-farm Irrigation grant**. Replacements or irrigation system upgrades to modern electronic control panels, variable-rate irrigation technologies, high-efficiency sprinkler nozzles, and drip irrigation were eligible. Other funded upgrades included replacement of older gravity, side-wheel, or high-pressure centre pivot irrigation systems with new, low-pressure center pivot systems.

The **On-farm Water Supply grant** improved water supply security through wells, dugouts, spring developments, dams, unshared pipelines and connections to multi-user water supplies. In 2023, challenging dry conditions and increased agri-business and construction costs resulted in increased interest in the On-farm Water Supply grant stream, but a decreased number (195) of new water source development projects were supported in 2023-24 compared to 283 in the final year of the previous CAP framework (2022-23). This support resulted in 161 new water source developments, with the majority being new wells (133 wells, 10 cisterns, eight dugouts, six tie-ins and four unshared pipelines). The program also supported 31 well decommissioning and well pit removals to protect water resources. These are important results since gradual improvements in water supply management and new water source developments have long-term benefits to agricultural users and all Albertans.

The two Sustainable **CAP On-Farm Water Programs** benefited more than 49,421 acres and led to water savings of about 5.6 million cubic meters and energy savings of about 0.99 million kilowatt hours per year. The effect of this funding stream was to obtain \$9.60 for every \$1 Alberta contributed, a high-level leverage of shared funding. Challenging on-farm conditions, increased costs of irrigation equipment, and high interest rates contributed to the 15 per cent decrease in uptake compared to the five-year average. Increasing complexity of irrigation decisions contributed to an overall slowdown of producer-driven on-farm irrigation equipment improvements. To improve on these results, the ministry will continue targeted investments in irrigation infrastructure to increase water conveyance efficiency. The ministry will also seek ways to optimize producer participation in insurance types that can offset significant decreases in water availability.

3.2 Implement programs to mitigate risks to food safety, animal, crop and human health.

Cooperative work with governments and industry continued to establish and maintain effective warning and mitigation processes and standards to detect, prevent or respond to events that can impact consumer confidence domestically and internationally in food safety, farmed animal health and welfare, and crop health.

Safe Food Provision and Industry Compliance

All **provincially licensed abattoir facilities** for poultry and red meat require animal slaughter inspections that address food safety risk factors related to adequate hand washing, personnel hygiene practices, protection from contamination, slaughter equipment maintenance, and facility sanitation practices. As some operators retire and transition out of the business, additional time was spent on best practices and recommendations for 21 new abattoir, mobile butcher and dairy pasteurizer license applicants. These engagements are anticipated to increase future inspection

effectiveness. In 2023, 4.2 million animals were subject to inspected slaughter that maintained and improved food safety culture compared to 4.4 million in 2022.

Spending of \$7.8 million on **meat and dairy inspection and oversight** actions contributed to a highly successful result in which fewer than one per cent of licensed abattoirs required corrective action reports for minor non-compliance, similar to 2022. Consistently low rates of notable findings suggest on-site inspection processes are achieving the goal of reduced food safety risk for Albertans. Tracking, follow-up and communication about minor correctable slaughter practices and operational procedures will continue to be important to prevent repeated, low-risk food safety incidences.

The ministry provided **customized lab services** that build Alberta's reputation as a consistent and reliable bee and honey supplier through 15,095 tests of honey products. About 4,000 more tests were completed than in the previous year due to high honey production and increased demand from customers for specific tests. The ministry will continue to provide testing services and expertise at the only provincial laboratory in Canada accredited to conduct honey testing to support regulatory requirements and consumer preferences for low pesticide and antibiotic residues.

Enhanced Producers' Capabilities in Animal Health

Complementing an effective food safety inspection system, the ministry carried out internationally recognized sample testing, surveillance, disease response, emergency planning and exercises, and continued progress on **livestock traceability**. In 2023-24, 22,924 lab tests supported farmed animal health surveillance programs, disease investigations, and outbreak response. Support for producers and industry to make informed decisions about their animals included:

- **Foot and Mouth Disease (FMD) vaccine bank:** contributed to national strategy and vaccine bank development to enhance current industry preparedness plans. Vaccination of cattle, swine, sheep, goats and other cloven-hoofed animals would reduce severity and duration of FMD outbreaks in livestock dense areas, and improve market recovery and public confidence in a robust assurance system.
- **Aligning Alberta's disease monitoring and surveillance strategies and approaches** through national and international forums on cohesive action plans for animal disease surveillance, emergency response, and antimicrobial drug use that support government and industry resilience. AGI also contributed to surveillance initiatives like the Canadian Animal Health Surveillance System and CanSpotASF. Industry estimates an ASF outbreak would cost Alberta pork exporters about \$380 million.
- Providing \$1.2 million capital grant and a one-time \$2.26 million Sustainable CAP grant to increase laboratory testing capabilities at the University of Calgary Faculty of Veterinary Medicine. Local diagnostics capacity increases support to producers and veterinarians and enables rapid detections and response to emerging threats.

Highly effective detection and response controlled the spread of 82 cases of **Highly Pathogenic Avian Influenza (avian flu)** between April 2022 and March 2024. The first avian flu case was detected following spring wild bird migration in April 2022. This virus poses significant risk to farmed poultry, causing large numbers to die in a short time after introduction into a flock. Support for poultry producers included rapid laboratory testing, carcass disposal, mapping and premises identification to reduce transmission risks and tracing. Most of the cases of avian flu were single-point introductions from wild birds or the environment. Producers had confidence in and had high compliance with the ministry's guidance to prevent disease spread between farms. Ministry guidance helped the poultry industry expand capacity for humane destruction of infected flocks, analyze risks associated with poultry shows and exhibitions, and alerted small flock producers throughout the outbreak.

In 2023, only 20 farms were affected by avian flu and approximately 400,000 birds were depopulated, a 73 per cent decrease compared to 2022. This result was achieved due to prompt ministry communications about biocontainment standards, poultry producer compliance, and possible reduction in virus levels in wild bird populations.

The **Alberta Society for the Prevention of Cruelty to Animals** (AB SPCA) was provided \$1.25 million to carry out animal protection investigations and compliance under the *Animal Protection Act*. A total of 2,500 files were opened, an increase of 400 files compared to the previous year. Wildfire and drought risks posed additional threats to animal welfare through reduced feed supplies and access to water. AB SPCA peace officers conducted livestock welfare education, enforcement and engagement through surveys and distributed materials to industry organizations, abattoirs, auctions markets, individual producers and students. By encouraging regulatory awareness and consistent participation, the ministry is positioning the livestock industry to continually improve animal welfare and reduce animal distress throughout the province.

Through 18 engagements, communication opportunities and training activities, the ministry enabled increased agriculture sector awareness of information and resources to comply with the *Agriculture Operation Practices Act*. This legislation supports responsible practices on livestock operations across Alberta, such as permitting confined feeding operations, limiting nuisances, odors, dust and noise, and ensuring industry can grow to meet opportunities.

Crop Health Assurance

The ministry provides diagnostic services and conducted surveillance of plant diseases and crop pests, including insects and weeds. A total of \$4.1 million was committed in 2023-24 to update producers across the province about potential threats to crops and provide services and supports in a framework for effective risk management activities. Use of the right type and amount of treatment, combined with crop variety improvements, support profitability and environmental sustainability. Left unchecked, pests, diseases and weeds can spread to cause serious and long-term damage, rendering some crops uneconomical to grow.

The **Alberta Insect Pest Monitoring Network** provides timely, accurate insect management resources in support of crop quality. In 2023, the ministry monitored nine key insect pests across 3,261 unique sites, provided forecasting and updates on pests with significant economic consequences. These updates supported regulatory advocacy for pest control substances, and are made available to crop producers, industry associations and municipalities to increase timely monitoring and pest control decisions.

In 2023, *Verticillium* stripe was detected in the provincial canola disease survey, a soil-borne disease carried by wind, water and boots from field to field with few management options. Nine

crop surveys evaluated 40 diseases in canola, wheat, barley, alfalfa, and pulses, profiling how and where the diseases are evolving, and enabled communications with industry and the agricultural community to support research, and producer and industry adaptation. Producer awareness and monitoring for diseases may prevent economic losses. Ministry work included crop risk profiles, evaluating management options, and tracking strategies. Disease monitoring included:

- Blackleg, clubroot and Sclerotinia place increasing pressures on the economics of canola, with few control options and fungicide insensitivity presenting high economic risks. The potential economic impact of these crop diseases is substantial, with canola seed (5.4 million tonnes) being the second largest crop produced in Alberta after wheat, and canola products amounting to \$4.5 billion in agricultural exports in 2023.
- Bacterial leaf streak and wheat streak mosaic virus in cereal crops that do not have in-season management tools and cause up to 50 per cent yield loss.
- Aphanomyces root rot monitoring in pulses will increase understanding of the distribution and prevalence of the disease in Alberta and the length of rotation required to reduce risk.

The **Alberta Plant Health Lab** (APHL) provided crop diagnostics support to Alberta's crop and bee industry. The APHL processes samples from rural and urban sources, the ministry, and from federal-provincial-territorial and industry collaborators. To prepare measures that increase the vitality of Alberta's crops, the APHL developed diagnostics tools for new or emerging diseases, leading Canada's development and diagnostic activity for bacterial leaf streak, and co-detection of canola *Verticillium* wilt and blackleg. This co-detection tool is important in Alberta, where the diseases commonly co-exist with similar symptoms, but have different treatments and outcomes.

The ministry also tackled crop risks by encouraging proactive contributions from ASBs. Through \$8.4 million in provincial grant funding leveraged to a total \$102.5 million, 69 ASBs supported crop health on over 49 million acres of farmland to handle agricultural pests, weeds and soil erosion in 2022 (latest available data). ASBs' contribution in providing local support for ministry implementation and enforcement of the *Agricultural Service Board Act*, *Weed Control Act*, *Agricultural Pests Act*, *Soil Conservation Act*, and control of animal disease under the *Animal Health Act* is vital.

Control and Mitigation of Invasive Species

Well-established collaborative frameworks with industry, governments, agricultural fieldmen and producers fulfilled prevention and detection of pest, weed and invasive species in Alberta's soil, crops, forages and waters. This framework was effective even as the number of federally permitted pest control substances were reduced. In 2023-24, an additional \$3 million commitment increased agricultural fieldmen ability to carry out evaluations such as pest management control effectiveness on Richardson's Ground Squirrels, and:

- The **Provincial Coyote Predation Program** continued work as directed by Health Canada to ensure Compound 1080 is an effective means of coyote control.
- Monitored and responded to reports of wild boar at-large through the **Wild Boar Control Program**. During 2023-24, the ministry received 112 reports of wild boar at-large. In collaboration with Alberta Pork trappers, 20 sounders (83 wild boar at large) were removed. Since 2018, 66 sounders (a total of 410 wild boar at large) have been removed through this collaboration. Building on this success, Alberta is leading the implementation and evaluation of Canada's Invasive Wild Pig Strategy (2022-2032), which works towards elimination - the best way to protect Alberta's livestock against foreign animal diseases and support human health.

The latest update from 2023, during which time \$11.9 million was spent on ASBs, is expected to maintain the positive outcomes from 2022 that included support for crop growth on farmer fields through the **roadside weed survey**. The survey covered 11,500 kilometres of roads across central and southern Alberta. Eighty per cent of municipalities' weed burden reports were within the expected range, due in large part to vigilant surveillance, education and consistent weed eradication. ASBs eradicated regulated weeds on 116,348 kilometres of municipal roadways and inspected and licensed 89 stationary and mobile seed cleaning plants to remove weed seeds and other contaminants. Agricultural fieldmen also investigated and followed up on 75,731 prohibited noxious weeds and weed sites and worked with the ministry to share expertise on invasive grasses with 250 participants through the Alberta Invasive Species Council.

3.3 Effectively work to mitigate the adverse effects of flood and drought, and manage water supply through government owned or operated water management and monitoring infrastructure.

Managing Water Availability

Effective measures were taken to support producers through **2023 drought conditions** across much of the province, and areas of the province that have experienced multiple consecutive years of drought. These included streamlining approvals for livestock water access and ensuring policy decisions balance long-term agricultural soil sustainability with the economic needs of crop and livestock industries and other water users. The **Emergency Water Pumping Program** fielded 333 calls (100 more than the previous year) and fulfilled 298 government equipment rental requests (86 more than the previous year).

Agricultural water specialists were contacted 202 times for advice and recommendations on constructing new dugouts, or protecting or improving water quality in existing dugouts, more than double of the previous dry year. Forty-one producers completed approved dugout construction plans in 2023-24 compared to 21 in 2022-23, indicating the increasing relevance of ministry services, expertise and programs to industry in complex and uncertain growing conditions.

The ministry continued to update agrologists, producers, grazing disposition holders and other land and water users with water management recommendations. The ministry engaged with governments, non-profits, agricultural fieldmen and industry organizations to transfer information about soil moisture, farmland recovery from historic droughts, and best management practices to lessen pressures on water users. Long-term preparation for extreme weather challenges included:

- Knowledge sharing with the **Bow River Working Group** members and land and water users enhanced communities ability to withstand future flooding or droughts, and promoted the ongoing stewardship and preservation of Alberta's watersheds.
- Collaboration with municipalities and non-profit organizations to increase **watershed resiliency** increased the province's ability to reduce the intensity, magnitude, duration, and effects of flooding and drought. The ministry also worked with Alberta North American Waterfowl Management Plan Partnership to retain wetlands and associated habitats.
- Updates to the **Agriculture Drought and Excess Moisture Risk Management Plan** provided a coordinated, proactive approach to reduce the short- and long-term effects of drought and excess moisture on Alberta farms and ranches.
- Co-chaired the **Drought and Excess Moisture Advisory Group** (DEMAG) with Rural Municipalities of Alberta in six meetings to discuss agricultural producers' issues. Agriculture Moisture Situation Updates were provided to DEMAG online throughout the year so producers could access precipitation levels and soil moisture reserves available

for the current and next crop season. The 28 updates were accessed 21 times in 2023-24, indicating they helped producers prepare for risks in 2023 and upcoming years.

The above examples summarize successful service delivery to meet rural and agricultural needs during 2023-24 as dry conditions and related impacts on producers' operations escalated. The ministry brought together experts, governments, and communities to help producers, and continued to address factors in reliable water supply, including dam safety, discussed below.

Ensuring Reliable Water Supply

The ministry continues to address challenges for water supply and storage with water users and other partners, while providing unified and consistent water security programs and supports. With funding of about \$200 million, the **Snake Lake Reservoir expansion project** will increase water storage by up to 67,000 acre feet. Approximately 140,000 irrigated acres are unsupported by the current reservoir or receive limited reservoir support. The **Eastern Irrigation District (EID)** will improve water security in the region by removing 36 per cent of the current river-supported acres to reservoir-supported acres. EID was close to its expansion limit of 311,000 acres with very few new acres available. The expansion will add 29,000 additional acres to the EID, and the Snake Lake Reservoir will add an additional 5,000 acres for a total of 34,000 irrigated acres that did not previously exist in the region to grow more crops without impacting non-agricultural water use.

Most new large-scale water conveyance and storage projects are funded after **feasibility studies** are completed to ensure future investments will increase resiliency and reliability of water supply. This work includes engineering investigations, conceptual designs, cost-benefit analyses, stakeholder consultations, scoping and initial preparation to meet regulatory requirements. Feasibility studies underway include \$5 million in federal, irrigation district and Alberta cost-shared funding committed to the **Eyremore Dam**, and \$7 million in cost-shared funding committed to examining the potential of large scale irrigation in east-central Alberta to determine if steps can be taken for planning and construction. Upcoming feasibility studies will examine the potential of expanding or upgrading existing water storage systems in and around southern Alberta.

The ministry received steady interest in irrigation demand modelling services to support predictive work led by the Environment and Protected Areas' **Drought Command Team**, complementing work on the **Irrigation District Water Quality Program**. Water quality evaluations inform water users of current conditions and enable improvements to a limited supply of water, working in partnership with irrigation districts (IDs) and the Alberta Irrigation Districts Association.

Approximately 450,000 Albertans rely on privately owned wells for household needs, and thousands of new wells are drilled each year. The responsibility of well maintenance, testing, and local source water protection lies with the private well owner. The **Working Well Program** was delivered to 498 participants in 24 communities across Alberta to help private well owners access and maintain safe, secure drinking water supplies. The ministry worked with partners to deliver 24 Working Well in-person and virtual workshops (compared to 21 workshops in the previous year) and participated on the Working Well Steering Committee and technical committee to ensure workshop materials and resources remain relevant and accurate for target audiences.

Addressed Dam Safety and Efficiency Issues

The **Dam Safety Regulator** (the Regulator) develops policies and frameworks for dam safety and efficiency, serves as a technical specialist for *Water Act* approvals and to resolve dam safety emergencies, and ensures compliance from non-energy related dam and canal owners. The Regulator manages safety, efficient operations, surveillance, and emergency preparedness standards across all dam owners, including government, municipalities, corporations, and private owners, through dam consequence classifications.

These consequence classifications are used to manage regulatory requirements, standards, and best practices over the life cycle of water infrastructure, including operations, maintenance, surveillance, rehabilitation, safety, emergency management, and closure. During 2023, the Regulator accomplished three objectives to manage water supply:

Education: built and maintained dam safety technical capacity and public awareness through map and webpage updates made available to all dam owners. Reviewed safety and compliance requirements with 176 dam owners during annual audit inspections, and shared professional knowledge with the Canadian Dam Association and other regulatory jurisdictions.

Prevention: The Regulator worked with dam owners and professionals to apply best industry practices communicated through the **Environment Infrastructure Management System (EIMS)**, which saw five technical improvements to enhance surveillance, monitoring, tracking, communication and user experiences. Twenty-nine individual users among eight dam owners in 2023 used Dam Safety Portal interfaces in EIMS to monitor and track regulatory requirements, and report to the Regulator. Prevention activities also included:

- Completed 25 dam safety reviews, 11 consequence classification assessments, seven annual performance reviews, and five risk assessments. These activities ensure dam owners are aware of how dams are performing through regular assessments and evaluations.
- Reviewed 41 new or updated emergency preparedness plans. These are required from dam owners of significant and higher consequence classification dams.
- Reviewed 19 *Water Act* and *Environmental Protection and Enhancement Act* approval applications and provided recommendations and requirements for managing risk for new and existing dams.

Enforcement: improved collaboration and follow-ups to achieve dam owner accountability for safety deficiencies without requiring the Regulator to compel compliance under the Environment and Parks Regulatory Assurance Program. This service delivery success used EIMS to record and track dam safety incidents, deficiencies, technical reviews, correspondence, and short-term requirements. The EIMS was a mechanism to improve relationships and consistency in service delivery. There are 50 dams with at least one dam safety deficiency. AGI Dam Safety is tracking 169 dam safety deficiencies which includes three critical dam safety deficiencies. The dams with outstanding safety deficiencies are in satisfactory condition, according to independent qualified professionals. AGI Dam Safety continues working with dam owners to ensure deficiencies are addressed.

The ministry handles more than 200 **government-owned and operated water management infrastructure systems**, such as dams, canals, weirs and water diversion headworks, including 33 high to extreme consequence dams. Ensuring safety standards by government-owned infrastructure enabled delivery of a sustainable water supply, environmental protection, economic prosperity and public trust. In total, the ministry completed 1,150 inspections and 21 engineering contracts for government-owned infrastructure, including those for performance reviews, failure analyses and inundation studies. As of April 2024, the replacement value of the infrastructure is estimated at \$10.9 billion, signifying the impact of the work described in Performance Measure 3.a.

In 2023-24, \$25.8 million in operating expenses was spent on water management infrastructure to enable continued supply of safe and secure water for municipalities and irrigated agriculture. Approximately \$35.5 million is allocated through Transportation and Economic Corridors for capital and other deficiency management in water infrastructure.

Performance Measure 3.a: Percentage of water management infrastructure in good, fair and poor status.

Status	Prior Years' Results					2023-24 Target	2023-24 Actual
	2018-19	2019-20	2020-21	2021-22	2022-23		
Good	76.2%	78.0%	78.5%	78.8%	74.3%	n/a	75.9%
Fair	18.7%	17.7%	16.7%	16.1%	20.6%	≤20.0%	21.2%
Poor	5.1%	4.3%	4.8%	5.1%	5.1%	≤5.0%	2.9%

Source: Agriculture and Irrigation.

Note:

Good: Infrastructure requiring normal maintenance or operations, rated low or medium priority for rehabilitation and replacement.

Fair: Infrastructure requiring above normal maintenance and/or modified operations, rated elevated priority for rehabilitation or replacement.

Poor: Infrastructure requiring significantly above normal maintenance and/or significantly modified operations, rated high priority for rehabilitation or replacement with an action plan for implementation.

Description: Agriculture and Irrigation maintains provincially owned water management infrastructure to contribute to management of water supply, water quality, and adverse impacts of flood and drought. Maintenance and rehabilitation met service levels and standards.

Rationale: Consequences of infrastructure failure is factored into Good, Fair and Poor assessments to manage risks related to public safety, environmental impacts and economic losses. Service levels and standards for water management infrastructure were generally maintained during the assessment period.

Results and Variance Explanation: The 75.9 per cent result for the Good category is higher than the 2022-23 result. The increase in percentage of infrastructure in Fair status relative to target and the 2022-23 result is due primarily to the recent inspection and upgrading/downgrading of the Dickson Dam Main Embankment from Good to Fair status. This asset has a replacement value of approximately \$125 million. Moving this asset from Good to Fair status affected the relative percentage of assets in Good and Fair status. The 2.9 per cent of infrastructure in Poor status is just over half of the five per cent target, and a 2.2 per cent reduction compared to the 2022-23 result. The decrease was mainly due to Dickson Dam Spillway and Jensen Dam Flood Management system improvements that have a combined replacement value of \$236 million, affecting the relative percentage of assets moving from Poor to Good status. The Poor status result, which is 2.1 per cent better than the Poor status target, reflects investments in capital maintenance, and ongoing assessment and rehabilitation across the full inventory of water management infrastructure in keeping with Canadian and international dam community guidelines.

Performance Measure and Indicator Methodology

Performance Measure 1.a: Annual total value of investment in the primary and agri-processing sectors facilitated through ministry investment initiatives, and the corresponding jobs created.

Methodology: The result for this measure is the sum of industry-confirmed investments in Alberta’s agriculture and agri-food sector and the corresponding job creation enabled by Agriculture and Irrigation.

“Investment” refers to the value of project investment undertaken by an industry client to either establish a new agriculture and agri-food facility or expand existing operations within the province. All funding sources are included in the reported investment, whether it is direct program grant from the ministry, other source of debt, equity or investment by a third party. A project investment is considered confirmed upon a final investment decision by company ownership. Investments related to ministry grant programs are considered confirmed upon submission of a final report. Investments related to the APITC program are considered confirmed upon receipt of the proposed project investment plan from the industry client and the issuance of the conditional approval letter to that company from the ministry.

“Job creation” is the number of new, permanent full-time and part-time jobs related to an investment that did not exist before the ministry provided assistance, excluding construction, temporary or contract positions. Job creation represents total creation, including jobs that have been created and the expected job growth once the investment projects are completed.

Each industry client is asked to provide a written confirmation to verify the value of project investments enabled with the assistance from the ministry and the associated job creation when the investment project is confirmed. The total confirmed values of project investments and the corresponding job creation are aggregated and reported for this measure.

The reported result was collated from data supplied by ministry program areas involved in agriculture value-added product development, investment attraction, and market development services and related grant and incentive programs.

Source: Agriculture and Irrigation

Performance Measure 1.b: Percentage of irrigated agriculture area under efficient irrigation systems within Alberta’s eleven irrigation districts.

Methodology: The result for this measure is derived by dividing the area under efficient on-farm irrigation systems within the 11 irrigation districts (IDs) by the base total of irrigated agriculture area within the 11 IDs. The result is expressed as a percentage. An ID is the geographical area consisting of the parcels of land included in the district. There are currently 11 IDs in Alberta that operate under the authority of the *Irrigation Districts Act*. In April 2023, the Aetna and Leavitt IDs amalgamated to form the Southwest ID.

Efficient on-farm irrigation systems are water application systems that enable the delivery of water to the root zone of the crop with minimum water loss in relation to the water applied to the field. Examples include low-pressure centre-pivot irrigation systems and sub-surface drip irrigation.

Water application losses include evaporation from the air, soil surface, and plant leaf area; seepage from surface water channels or furrows; leaks from sprinkler systems or drip pipelines; percolation and deep drainage beneath the root zone; drift from sprinklers; or runoff from the field.

Each year during the irrigation season (May to October), staff from each ID complete an annual inventory assessment of the type of irrigation technologies and infrastructure systems that are used on all agriculture fields in their respective geographical area, including irrigated area in acres, and type of on-farm irrigation methods used and the corresponding irrigated area in acres.

Each ID provides data on irrigation use to Agriculture and Irrigation. The data is reviewed for accuracy, compiled and reported under this metric and in [Alberta Irrigation Information 2022](#). The measure represents the irrigation system types within the 11 IDs, which make up more than 80 per cent of the provincial irrigated land base. Irrigation inventory data for private irrigation schemes is not reported under this measure.

Source: Irrigation Districts and Agriculture and Irrigation

Performance Measure 1.c: Value of Alberta’s primary agriculture commodities and value-added agriculture products exports. (\$ in millions)

Methodology: The results for this performance measure are derived from the monetary value of Alberta’s agri-food products leaving the province through customs for a foreign destination market. This measure reports the total value of Alberta’s agri-food exports categorized into primary agriculture commodities and value-added products.

Agri-food exports refer to domestic exports, which exclude re-exports and include primary agriculture commodities and value-added agriculture products. Primary agriculture commodities refer to all crops grown and livestock raised in Alberta that have not been materially transformed. Value-added agriculture products refer to processed crops and livestock products under broad groupings of food, beverages, animal feed, and inedible crude animal and plant products.

The ministry purchases export statistics on agri-food from the International Accounts and Trade Division of Statistics Canada. This data set provides a detailed breakdown of agri-food exports originating from Alberta and valued at “Free on Board” port of exit from Canada. Canadian international export statistics are developed from Canada Border Services Agency and U.S. Border Protection administrative files. Information on Alberta’s agri-food exports is compiled by the Statistics and Data Development Section of Agriculture and Irrigation.

Statistics developed from administrative records of Customs may understate or incorrectly portray the destination of exports or the province of origin. Inaccuracies of export data often result from the attribution of exports on a province of landing basis rather than by province of origin. Export statistics are subject to revisions, with revisions being conducted by Statistics Canada on a monthly basis. In this report, revisions are made only in the case when the difference in annual value of exports is greater than five per cent.

Source: Statistics Canada and Agriculture and Irrigation

Performance Measure 2.a: Percentage of eligible seeded acres for major crop categories insured under Production Insurance.

Methodology: Annual crops refer to crops that need to be seeded every year including wheat (winter wheat, spring wheat, and durum wheat); oats; barley; fall rye; mixed grain; flaxseed; canola; corn for grain; dry peas; triticale; dry coloured beans; lentils; mustard seed; chick peas; sugar beets;

and corn for silage. Perennial crops refer to crops that do not need to be seeded every year including seeded pasture; export timothy hay; native/natural pasture; and tame hay.

Percentage participation for each of annual crops and perennial crops insured under the Crop Insurance program is the result of insured acres divided by eligible seeded acres. Eligible seeded acres for respective annual and perennial crops are reported by Statistics Canada in Table 32-10-0359-01 and Table 21-10-0249-01.

The Census of Agriculture is collected every five years, so acres may change during that time.

Source: Statistics Canada and Agriculture Financial Services Corporation

Performance Measure 3.a: Percentage of water management infrastructure in good, fair and poor status.

Methodology: Water management infrastructure status reflects the percentage of water management infrastructure in good, fair and poor status based on an aggregate assessment of physical condition, functional adequacy, utilization and consequence of failure, measured in current year replacement value dollars. Replacement costs do not factor in required enhancements to bring structures to current standards.

Good status refers to infrastructure rated as low or medium priority, fair status has elevated priority, and poor status has high priority for maintenance, rehabilitation or replacement based on assessed physical condition, functional adequacy, utilization and consequence of failure.

The result is measured in current year replacement value (dollars) by applying a cost adjustment factor to the actual cost. The total replacement value of infrastructure in good, fair, or poor status is divided by the total replacement value of all infrastructure and then a percentage is calculated to produce the results for the measure.

Source: Agriculture and Irrigation

Financial Information

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Reporting Entity and Method Consolidation

The financial information is prepared in accordance with government's stated accounting policies, which are based on Canadian Public Sector Accounting Standards.

The reporting entity is the ministry for which the Minister is accountable. The accounts of the ministry, which includes the department and the entities making up the ministry, are consolidated using the line-by-line method.

Under this method, accounting policies of the consolidated entities are adjusted to conform to those of the government and the results of each line item in their financial statements (revenue, expense, assets, and liabilities) are included in government's results. Revenue and expense, capital, investing and financing transactions and related asset and liability balances between the consolidated entities have been eliminated.

A list of the individual entities making up the ministry are shown on the "Management's Responsibility for Reporting" statement included in this annual report.

Ministry Financial Highlights

Statement of Revenues and Expenses (unaudited)

Year Ended March 31, 2024

	2024		2023	Change from	
	Budget	Actual	Actual	Budget	2023 Actual
In thousands					
Revenues					
Government transfers	\$ 517,811	\$ 651,515	\$ 491,654	133,704	159,861
Investment income	125,659	119,263	108,750	(6,396)	10,513
Premiums, fees and licenses	630,030	694,699	543,121	64,669	151,578
Other revenue	4,913	11,413	12,450	6,500	(1,037)
Ministry total	1,278,413	1,476,890	1,155,975	198,477	320,915
Inter-ministry consolidation adjustments	(38,594)	(63,682)	(49,461)	(25,088)	(14,221)
Adjusted ministry total	1,239,819	1,413,208	1,106,514	173,389	306,694
Expenses - directly incurred					
Programs					
Ministry Support Services	11,808	11,540	10,210	(268)	1,330
Rural Programming and Agricultural Societies	21,239	20,739	16,880	(500)	3,859
Trade, Investment and Food Management	36,319	33,626	34,260	(2,693)	(634)
Primary Agriculture	116,845	86,178	104,223	(30,667)	(18,045)
Lending	32,306	30,074	21,166	(2,232)	8,908
Insurance	464,855	2,040,000	1,453,439	1,575,145	586,561
Agriculture Income Support	104,980	326,928	189,777	221,948	137,151
Water Management	48,966	53,407	45,816	4,441	7,591
Sustainable Canadian Agricultural Partnership	58,497	53,726	48,941	(4,771)	4,785
Debt Servicing Costs	83,472	94,169	75,765	10,697	18,404
Ministry total	979,287	2,750,387	2,000,477	1,771,100	749,910
Inter-ministry consolidation adjustments	(87,332)	(103,368)	(78,186)	(16,036)	(25,182)
Adjusted ministry total	891,955	2,647,019	1,922,291	1,755,064	724,728
Annual surplus/(deficit)	\$ 347,864	\$ (1,233,811)	\$ (815,777)	\$ (1,581,675)	\$ (418,034)

Revenue and Expense Highlights

Revenues

Total revenue for the Ministry was \$1.5 billion, \$198.5 million higher than budget and \$320.9 million higher than 2022-23.

Change from Budget 2023-24

- Government transfers were \$133.7 million higher than budget, largely due to higher funding for Agriculture Income Support (\$129.5 million) due to the 2023 Canada-Alberta Drought Livestock Assistance AgriRecovery program, higher funding for AgriInsurance premiums (\$8 million) and also for wildlife damage compensation (\$3.1 million) due to increased commodity prices and higher than anticipated program participation. These increases were partially offset by lower contributions for livestock insurance (\$0.2 million) due to lower than anticipated costs and less funding for the Sustainable Canadian Agricultural Partnership (\$4.7 million) due to lower than anticipated program participation.
- Premiums, Fees and Licenses were \$64.7 million higher than budget, primarily due to higher than expected reinsurance recoveries (\$58.6 million) from the Crop Reinsurance Fund of Canada for Alberta and higher premiums for AgriInsurance (\$8.9 million) due to an increase in commodity prices and higher than expected program participation. These increases were partially offset by lower premiums for livestock insurance (\$2.4 million).
- Investment Income was \$6.4 million lower than budget due to lower than anticipated income due to the liquidation of portfolio investments.

Change from 2022-23 Actual

- Government transfers were \$159.8 million higher than the previous year, mostly due to higher contributions for Agriculture Income Support (\$81.8 million) for the 2023 Canada-Alberta Drought Livestock Assistance Program, higher funding for AgriInsurance premiums (\$76.7 million) resulting from increased participation, higher rates and commodity prices, higher funding for wildlife damage compensation (\$0.2 million) due to an increase in indemnities paid to producers, and higher contributions for livestock insurance administration (\$1.8 million).
- Premiums, Fees and Licenses increased by \$151.6 million compared to last year, primarily due to higher AgriInsurance premiums (\$111.5 million) due to higher participation, rates and commodity prices, combined with higher revenue for Agriculture Income Support (\$43.5 million) due to reinsurance recoveries from the Crop Reinsurance Fund of Canada for Alberta. These increases were partially offset by lower premiums for livestock insurance (\$1.8 million) due to fewer policies sold due to higher cattle prices throughout the year.
- Investment Income increased by \$10.5 million from last year due to higher interest on lending (\$14.6 million) resulting from an increase in the lending portfolio and higher interest rates, partially offset by a loss on the liquidation of portfolio investments.

Expenses

Total expense for the Ministry was \$2.7 billion, \$1.8 billion more than budget and \$749.9 million more than 2022-23.

Change from Budget 2023-24

- Primary Agriculture expenses were \$30.7 million lower than budget, predominantly due re-profiling Irrigation Infrastructure Assistance Program grants to future years.
- Insurance expenses were \$1.6 billion higher than budget, primarily due to higher than anticipated indemnities for crop insurance due to the 2023 drought (\$1.6 billion), combined with higher than expected hail insurance indemnities (\$6.4 million) due to a lower loss to premium ratio, and higher than expected wildlife damage compensation indemnities (\$5.3 million) due to increasing claims. These costs were partially offset by lower than anticipated livestock insurance indemnities (\$6.8 million) due to higher cattle prices throughout the year.
- Agriculture income support was \$221.9 million higher than budget, due to the 2023 Canada-Alberta Drought Livestock Assistance, AgriStability and AgriInvest programs related to the 2023 drought.
- Debt servicing costs were \$10.7 million higher than budget, due to increased borrowing and higher interest rates.

Change from 2022-23 Actual

- Primary Agriculture expenses were \$18 million lower than the prior year, mainly due to lower grants for Irrigation Infrastructure Assistance (\$29.7 million), partially offset by increased funding for grants for agricultural service boards (\$2.9 million), agriculture research (\$1.5 million) and a one-time capital grant for natural resource management (\$5 million).
- Lending expenses were \$8.9 million higher than last year, primarily due to a higher allowance for doubtful loans reflecting a growing loan portfolio, which followed a significant decrease in the allowance in the prior year.
- Insurance expenses were \$586.6 million higher than the previous year, mostly due to an increase in crop insurance costs (\$608 million) due to increased indemnities resulting from the 2023 drought, higher costs for livestock insurance (\$0.5 million) due to a lower loss to premium ratio for reinsurance and higher wildlife damage compensation (\$3.1 million) due to an increase in the severity of claims, partially offset by a decrease in hail insurance costs (\$12.7 million) due to fewer storms with less damage to crops.
- Agriculture income support payments were \$137.2 million higher than the prior year, primarily due to the 2023 Canada-Alberta Drought Livestock Assistance program.
- Water management costs were \$7.6 million higher than last year, mainly due to additional funding for natural resource management and other water management initiatives.
- Debt servicing costs were \$18.4 million higher than the previous year, mostly due to increased borrowing to support the lending portfolio and higher interest rates.

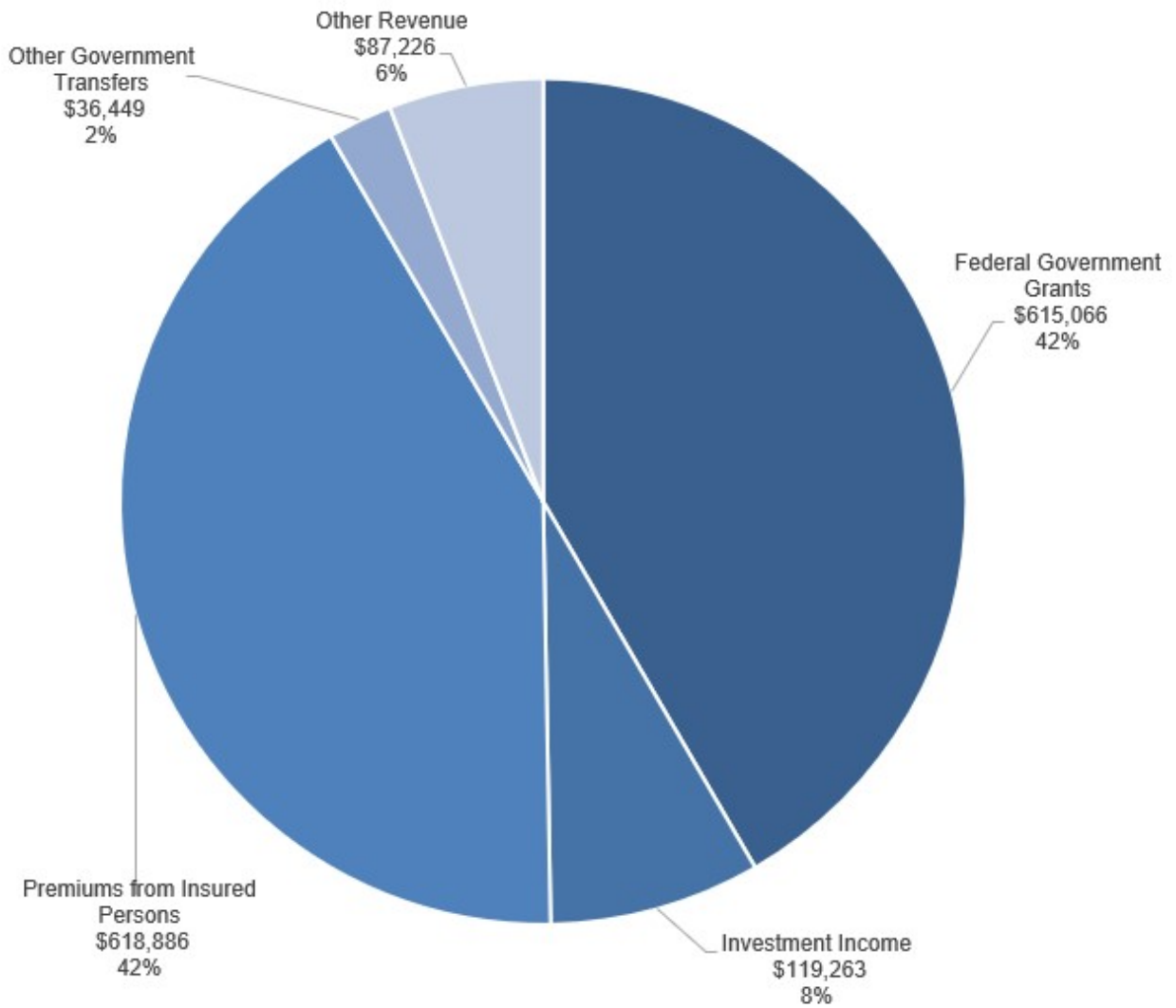
Breakdown of Revenues (unaudited)

	2024		2023
	Budget	Actual	Actual
<i>In thousands</i>			
Government transfers			
Internal Government Transfers	\$ 38,032	\$ 36,449	\$ 34,185
Federal Government grants			
Agriculture Insurance	380,949	391,850	305,729
Agriculture Income Support	44,482	173,970	92,189
Sustainable Canadian Agricultural Partnership	53,413	48,693	48,921
Other	935	553	10,630
	<u>517,811</u>	<u>651,515</u>	<u>491,654</u>
Investment income			
Agriculture Insurance	14,230	6,098	10,168
Lending	111,429	113,067	98,514
Other	-	98	68
	<u>125,659</u>	<u>119,263</u>	<u>108,750</u>
Premiums, fees and licenses			
Premiums from Insured Persons	612,850	618,886	510,766
Other	17,180	75,813	32,355
	<u>630,030</u>	<u>694,699</u>	<u>543,121</u>
Water Usage Agreements	3,850	6,659	10,438
Other revenue	1,063	4,754	2,012
	<u>4,913</u>	<u>11,413</u>	<u>12,450</u>
Total ministry revenues	<u>\$ 1,278,413</u>	<u>\$ 1,476,890</u>	<u>\$ 1,155,975</u>

Breakdown of Revenues (unaudited)

The following information presents detailed revenues of the ministry. The objective of detailed revenues disclosure is to provide information that is useful in understanding and assessing the financial impact of government's revenue raising and for enhancing legislative control.

2024 Actuals
(in thousands)



Expenses – Directly Incurred Detailed by Object (unaudited)

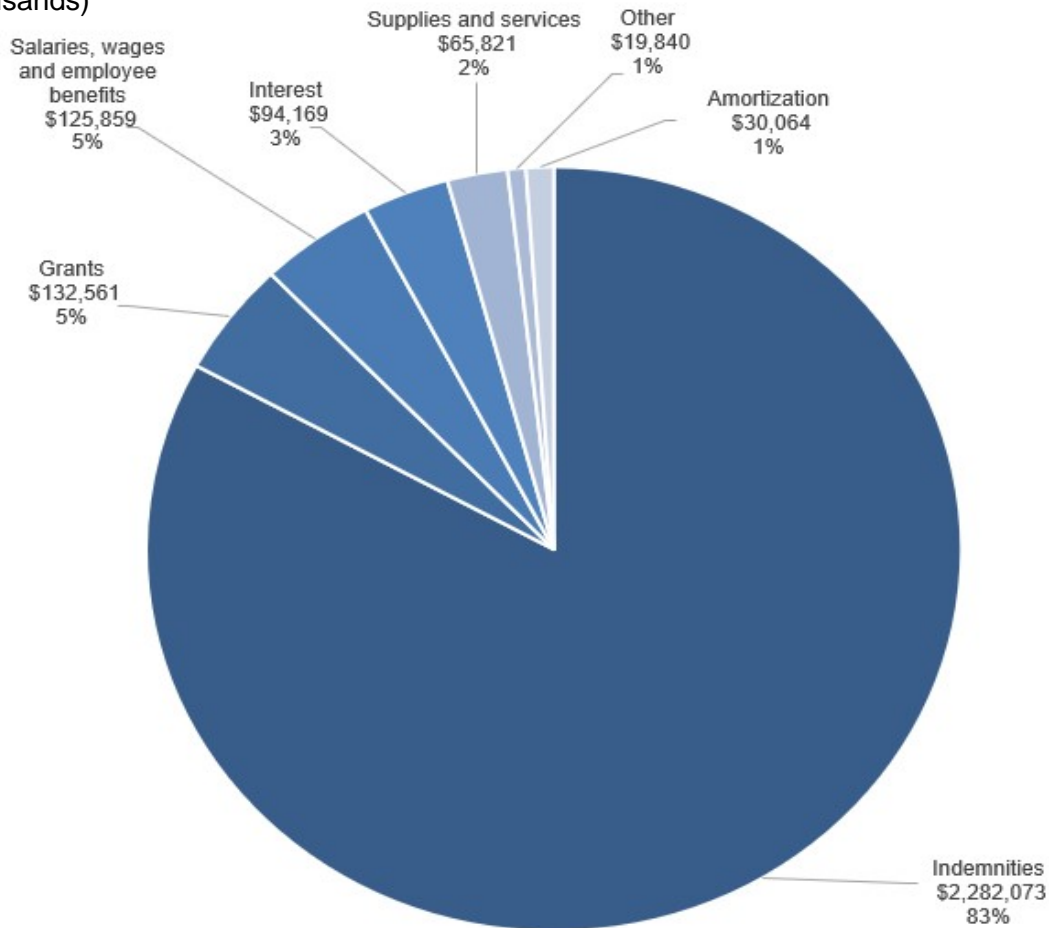
	2024		2023
	Budget	Actual	Actual
<i>In thousands</i>			
Indemnities	\$ 446,722	\$ 2,282,073	\$ 1,560,115
Grants	165,458	132,561	144,517
Salaries, wages and employee benefits	125,170	125,859	116,199
Interest	83,472	94,169	75,765
Supplies and services	59,299	65,821	57,160
Other	63,143	19,840	17,708
Amortization of tangible capital assets	36,023	30,064	29,013
Total ministry expenses	<u>\$ 979,287</u>	<u>\$ 2,750,387</u>	<u>\$ 2,000,477</u>

Expenses – Directly Incurred Detailed by Object (unaudited)

The following information presents expenses of the ministry that were directly incurred by object. The objective of disclosure of expenses by object is to provide information that is useful in evaluating the economic impact of government acquiring or consuming various types of resources.

2024 Actuals

(in thousands)



Total expense for the Ministry was \$2.7 billion, \$1.8 billion more than budget and \$749.9 million more than 2022-23.

- Indemnities were \$1.6 billion higher than budget, and \$722 million more than the prior year, primarily due to the 2023 Canada-Alberta Drought Livestock Assurance, AgriStability and AgriInvest programs as a result of the 2023 drought. These costs were partially offset by lower livestock insurance indemnities due to higher than expected cattle prices, and lower hail insurance indemnities resulting from fewer storms with less damage to crops.
- Grants were \$32.9 million less than budget, and \$12 million lower than the prior year, mostly due to re-profiling funding for Irrigation Infrastructure Assistance Program grants to future years.
- Interest expenses were \$10.7 million higher than budget and \$18.4 million higher than 2022-23 due to increased borrowing to support the lending portfolio and higher interest rates on borrowing.

Supplemental Financial Information

Portfolio Investments (unaudited)

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Interest-bearing securities	<i>(In thousands)</i>			
Deposits and short-term securities	\$ -	\$ -	\$ 14,492	\$ 14,374
Bonds and mortgages	-	-	263,588	250,269
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,080</u>	<u>\$ 264,643</u>

The following is a breakdown of portfolio investments:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Operating	<i>(In thousands)</i>			
Internally designated assets ^(a)	\$ -	\$ -	\$ 278,080	\$ 264,643
Total portfolio investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,080</u>	<u>\$ 264,643</u>

^(a) Designated for the AgriInsurance Fund.

Tangible Capital Assets (unaudited)

Estimated Useful Life	Land Indefinite	Land Improvements		Buildings 10-70 years	Equipment ⁽¹⁾ 3 - 25 years	Computer Hardware and Software		Dams and Water Management Structures		2024 Total	2023 Total
		5-40 years	3-15 years			25-80 years	50-75 years				
(in thousands)											
Historical Cost⁽³⁾											
Beginning of year	\$ 2,447	\$ 49	\$ 12,432	\$ 105,410	\$ 114,461	\$ 1,598,085	\$ 469	\$ 1,833,353	\$ 1,811,073		
Additions	180	2	-	3,457	5,832	234	-	9,705	4,029		
Transfers to/from Profit Centers	-	-	(1,898)	(290)	-	36,449	-	34,261	34,159		
Adjustments	-	-	275	(227)	-	2,499	-	2,547	449		
Disposals, including write-downs	-	-	-	(3,785)	(4,162)	-	-	(7,947)	(16,357)		
	\$ 2,627	\$ 51	\$ 10,809	\$ 104,565	\$ 116,131	\$ 1,637,267	\$ 469	\$ 1,871,919	\$ 1,833,353		
Accumulated Amortization											
Beginning of year	-	37	8,219	88,042	106,863	625,272	223	828,656	815,936		
Amortization expense	-	5	242	2,661	2,145	25,002	9	30,064	29,013		
Transfers to/from Profit Centers	-	-	(905)	(196)	-	-	-	(1,101)	-		
Adjustments	-	-	-	4	-	986	-	990	(117)		
Effect of disposals, including write-downs	-	-	-	(3,693)	(4,160)	-	-	(7,853)	(16,176)		
	-	42	7,556	86,818	104,848	651,260	232	850,756	828,656		
Net Book Value at March 31, 2024	\$ 2,627	\$ 9	\$ 3,253	\$ 17,747	\$ 11,283	\$ 986,007	\$ 237	\$ 1,021,163	\$ 1,004,697		
Net Book Value at March 31, 2023	\$ 2,447	\$ 12	\$ 4,213	\$ 17,368	\$ 7,598	\$ 972,813	\$ 246	\$ 1,004,697	\$ 1,004,697		

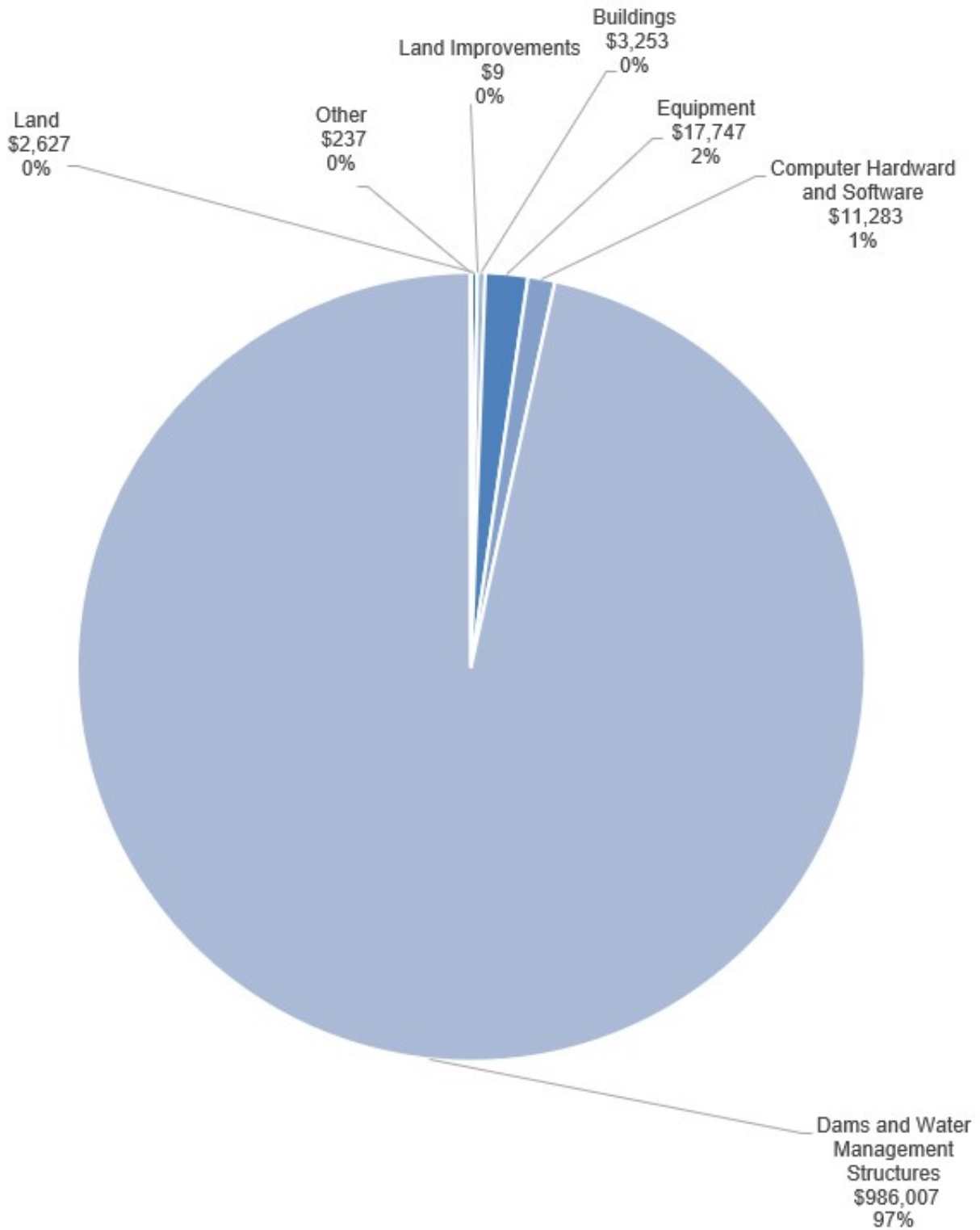
⁽¹⁾ Equipment includes vehicles, heavy equipment, office equipment and furniture, and other equipment.

⁽²⁾ Other tangible capital assets include bridges.

⁽³⁾ Historical cost includes work-in-progress and asset retirement costs for tangible capital assets still in productive use.

Tangible Capital Assets (unaudited)

Net Book Value as of March 31, 2024
(In Thousands)



Financial Statements of Other Reporting Entities

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**Agriculture Financial Services
Corporation**

Financial Statements

March 31, 2024

Agriculture Financial Services Corporation**Financial Statements**

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Independent Auditor's Report



To the Board of Directors of the Agriculture Financial Services Corporation

Report on the Financial Statements

Opinion

I have audited the financial statements of Agriculture Financial Services Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, change in (net debt) net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2024, and the results of its operations, its change from net financial assets to net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The Annual Report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

May 28, 2024
Edmonton, Alberta

Statement of Financial Position

Year ended March 31, 2024

(in thousands)

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 259,494	\$ 297,638
Accounts receivable (Note 5)	6,316	7,300
Due from Government of Alberta	59,592	49,597
Due from Government of Canada	242,654	182,355
Loans receivable (Note 6)	3,003,332	2,838,773
Investments (Note 7)	-	279,138
	<u>3,571,388</u>	<u>3,654,801</u>
LIABILITIES		
Accounts payable and other accrued liabilities (Note 8)	82,251	8,804
Due to other Provincial Governments (Note 9)	10,626	7,260
Indemnities payable (Note 10)	454,389	376,100
Borrowing from Government of Alberta (Note 11)	3,137,756	2,777,241
Deferred revenue (Note 12)	15,629	10,137
	<u>3,700,651</u>	<u>3,179,542</u>
Net (Debt) Financial Assets	<u>(129,263)</u>	<u>475,259</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	15,146	9,627
Prepaid expenses	8,422	7,062
	<u>23,568</u>	<u>16,689</u>
Net (liabilities) assets before spent deferred capital contributions	<u>(105,695)</u>	<u>491,948</u>
Spent deferred capital contributions (Note 12)	<u>7,158</u>	<u>2,508</u>
Net (Liabilities) Assets	<u>\$ (112,853)</u>	<u>\$ 489,440</u>
Net (Liabilities) Assets Accumulated (deficit) surplus	<u>\$ (112,853)</u>	<u>\$ 489,440</u>

Contingencies, Contractual Obligations and Commitments (Note 15)

The accompanying notes and schedules are part of these financial statements.

Approved by the Board:

Kelly Smith-Fraser, Chair of the Board of Directors
 Chioma Ufodike, Chair of the Board Finance & Audit Committee
 Darryl Kay, Chief Executive Officer
 Steve Lappin, Chief Finance and Risk Officer

Statement of Operations

Year ended March 31, 2024

(in thousands)

	2024		2023
	Budget	Actual	Actual
	(Schedule 1)		
Revenues (Note 2a):			
Premiums from insured persons	\$ 612,850	\$ 618,886	\$ 510,766
Interest	111,320	114,733	99,641
Contribution from Government of Alberta	418,713	511,626	387,069
Contribution from Government of Canada	425,431	565,820	405,323
Investment income	14,339	(8,793)	(14,597)
Fees and other income	15,069	74,143	30,730
	<u>1,597,722</u>	<u>1,876,415</u>	<u>1,418,932</u>
Expenses (Note 2b):			
Agrinsurance	416,081	1,971,592	1,363,512
Agriculture Income Support	104,980	326,928	189,777
Lending	115,778	121,961	96,932
Hail Insurance	26,283	34,457	47,171
Livestock Insurance	12,946	8,568	8,079
Wildlife Damage Compensation	10,195	15,202	12,072
	<u>686,263</u>	<u>2,478,708</u>	<u>1,717,543</u>
Annual (deficit) surplus	<u>\$ 911,459</u>	(602,293)	(298,611)
Accumulated surplus at beginning of year		489,440	788,051
Accumulated (deficit) surplus at end of year		<u>\$ (112,853)</u>	<u>\$ 489,440</u>

The accompanying notes and schedules are part of these financial statements.

Statement of Change in Net Financial Assets (Net Debt)

Year ended March 31, 2024

(in thousands)

	2024		2023
	Budget	Actual	Actual
Annual (deficit) surplus	\$ 911,459	\$ (602,293)	\$ (298,611)
Acquisition of tangible capital assets (Note 13)	(4,249)	(7,774)	(1,544)
Amortization of tangible capital assets (Note 13)	3,572	2,224	3,350
(Gain) on disposal of tangible capital assets	-	(255)	(125)
Proceeds on sale tangible capital assets	-	286	212
(Increase) in prepaid expenses	-	(1,360)	(229)
Increase (decrease) in spent deferred capital contributions	-	4,650	(680)
Increase (decrease) in net financial assets in the year	910,782	(604,522)	(297,627)
Net financial assets, beginning of year	475,259	475,259	772,886
Net (debt) financial assets, end of year	<u>\$ 1,386,041</u>	<u>\$ (129,263)</u>	<u>\$ 475,259</u>

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

Year ended March 31, 2024

(in thousands)

	2024	2023
Operating transactions:		
Annual deficit	\$ (602,293)	\$ (298,611)
Non-cash items included in operating results		
Amortization of tangible capital assets (Note 13)	2,224	3,350
Deferred capital contribution recognized as revenue (Note 12)	(1,297)	(1,517)
Amortization of premiums and discounts	(13,772)	(1,500)
Allowance for doubtful accounts and for losses	5,639	(5,394)
Loss on sale of investments	12,904	22,764
Gain on disposal of capital assets	(255)	(125)
Increase in net deferred revenue	5,492	1,932
Increase in prepaid expenses	(1,360)	(229)
Increase in accounts receivable	(599)	(2,853)
Decrease in environment liabilities	(993)	-
Increase (decrease) in indemnities payable	78,289	(190,028)
Increase (decrease) in accounts payable and other accrued liabilities	73,812	(2,385)
(Increase) decrease in due from provincial and federal governments	(64,775)	1,644
Cash applied to operating transactions ⁽¹⁾	<u>(506,984)</u>	<u>(472,952)</u>
Investing transactions:		
Proceeds from repayments of loans receivable	348,075	400,264
Loan disbursements	(515,628)	(545,932)
Purchase of investments	(150,552)	(276,605)
Proceeds on disposal of investments	415,639	682,482
Cash provided by investing activities	<u>97,534</u>	<u>260,209</u>
Capital transactions:		
Acquisition of tangible capital assets	(7,774)	(1,544)
Proceeds on disposal of tangible capital assets	286	212
Cash applied to capital transactions	<u>(7,488)</u>	<u>(1,332)</u>
Financing transactions:		
Borrowing from the Government of Alberta	5,194,591	2,893,591
Contributions restricted for capital (Note 12)	5,947	837
Repayment of borrowing from the Government of Alberta	(4,819,590)	(2,718,591)
Repayment of borrowing from the Government of Canada	(2,154)	(20,798)
Cash provided by financing transactions	<u>378,794</u>	<u>155,039</u>
Decrease in cash and cash equivalents	(38,144)	(59,036)
Cash and cash equivalents at beginning of year	297,638	356,674
Cash and cash equivalents at end of year	<u>\$ 259,494</u>	<u>\$ 297,638</u>

⁽¹⁾ Net cash applied to by operating activities includes \$58,603 (2023 \$80,495) of interest paid.

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 1 Authority and Purpose

The Agriculture Financial Services Corporation (AFSC, the "Corporation") operates under the authority of the *Agriculture Financial Services Act*, Chapter A-12 RSA 2000. The Corporation is exempt from income taxes under the *Income Tax Act*.

The Corporation provides income stabilization, disaster assistance, Agrilnsurance, livestock price insurance and loans and guarantees to primary agriculture producers in Alberta. Loans and guarantees are also provided to commercial Alberta businesses.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis of Financial Reporting:

(a) Revenue Recognition

Premiums from Insured Persons

Revenues from transactions with performance obligations are recognized when the Corporation provides the promised goods and/or services to a payor. For the Corporation, premiums from insured persons are considered exchange transactions with performance obligations and are recorded as revenues when earned over the insurance policy contract term for Agrilnsurance, Livestock Price and Hail Insurance programs. Premiums from Moisture Deficiency Insurance agreements are recognized over the period of coverage.

Cash received for goods and/or services not yet provided before year end is recognized as unearned revenue and recorded in accounts payable and other accrued liabilities.

Government Transfers

Transfers from all governments are referred to as government transfers or government contributions.

Government transfers and associated externally restricted investment income are recognized as deferred contributions if the eligibility criteria for use of the transfer, or the stipulations together with the Corporation's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, the Corporation complies with its communicated use of these transfers.

Stipulations for use of these transfers is generally the fulfillment of the performance obligation in the underlying insurance program contracts with insured persons.

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Revenue Recognition (continued)

Transfers for estimated compensation payments to participants under Agriculture Income Support programs such as AgriStability (formerly the Canadian Agriculture Income Stabilization (CAIS)), AgriInvest, AgriRecovery and Wildlife Damage Compensation are recognized over the period of the underlying contract term. Overpayments of compensation payments under the AgriStability program are recovered through repayment or the reduction of future eligible payments under the program or other programs administered by the Corporation. Overpayments are repayable to the Governments of Canada and Alberta.

Transfers received that are restricted for the acquisition of tangible capital assets are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired tangible capital assets.

All other government transfers, without stipulations for the use of the transfer, are recognized as revenue when the transfer is authorized, and the Corporation meets the eligibility criteria (if any).

Interest income on loans receivable is recognized as earned over the period of loan repayment except for impaired loans. At the date impairment is assessed, interest on arrears is derecognized and is not accrued until the loan reverts to performing status or is terminated. When an impaired loan is reverted to performing status, interest is accrued and recognized from the date of change in status of the loan. Interest previously unrecognized is recognized only when payment is received.

Investment income is recognized in the period in which the income is earned. Gains or losses on the value on investments are recognized when realized on disposition.

Fees which are primarily from lending activities and AgriStability applications are considered revenue arising from exchange transactions and are recognized on processing of the related application. AgriStability program application fees received in advance of the program commencement date are recorded as deferred revenue until earned.

(b) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed. Interest expense includes debt servicing costs such as amortization of discounts and premiums, and issuance costs.

Identifiable administrative expenses for all the programs administered by the Corporation are charged directly to the specific program. Where the direct charging of the administrative expenses to specific programs is not possible, these expenses are allocated to each program on a basis approved by management.

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Measurement Uncertainty

There is an inherent degree of uncertainty associated with the measurement of certain amounts recognized or disclosed in the financial statements. In the preparation of the financial statements, management is required to make estimates and assumptions that affect the reported amount of assets, liabilities, net assets, net debt and related disclosures. Estimates of material amounts relate to Indemnities payable and Allowances for doubtful accounts and for losses on Accounts receivable and Loans receivable. Accordingly, actual results could differ from these and other estimates thereby impacting future financial statements. Disclosure of the nature and circumstances giving rise to the uncertainty, have been disclosed in the relevant notes in the financial statements (See Notes 5, 6, and 10).

(d) Valuation of Financial Assets and Liabilities

The Corporation's financial assets and liabilities include cash and cash equivalents, accounts receivable, due from Government of Alberta, due from Government of Canada, loans receivable, investments, accounts payable and other accrued liabilities, due to other Provincial Governments, indemnities payable, borrowing from the Government of Alberta and deferred revenue. All these financial instruments are held at cost or amortized cost except for account receivables which are recognized at the lower of cost or net recoverable value. The effective interest method is used to recognize interest revenue or expense. Transaction costs related to all financial instruments are expensed as incurred.

Since no financial assets or liabilities are recorded at fair value and there were no material foreign currency transactions, these statements do not present a Statement of Remeasurement Gains and Losses as the Corporation has no remeasurement gains or losses.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes demand deposits in the Consolidated Liquidity Solution (CLS). Effective July 4, 2022, the CLS replaces the Consolidated Cash Investment Trust Fund (CCITF) as the Province's cash pooling structure. A CLS participant is paid interest on monthly basis on their cash balance at an interest rate based on a twelve week rolling average of the Province's three month cost of borrowing.

(f) Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

(g) Loans Receivable and Allowances for Doubtful Accounts and for Losses

Loans receivable are recorded at cost or amortized cost less any amount for provision for credit losses. Amounts included in the cost of loan receivable include principal not due, arrears of principal and interest, accrued interest and other capitalized costs.

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Loans Receivable and Allowances for Doubtful Accounts and for Losses (continued)

The Corporation records valuation allowances to reduce the cost of impaired loans to their net realizable value. A loan is classified as impaired when collection of principal and interest is no longer reasonably assured. Two types of allowances are established for loans receivable.

Specific allowance – this allowance is established after a loan-by-loan review of accounts meeting prescribed criteria indicative of a potential deterioration in the credit quality of debt. The specific allowance for each loan is determined as the difference between the loan principal amount outstanding and the discounted net present value of the related security net of the cost of realization. Changes in net realizable value of security subsequent to the recording of the initial allowance are adjusted through the specific allowance.

General allowance – two types of general allowance are recorded. The first type is for estimated probable losses relating to deterioration in the full recoverability of individual loan accounts which have not yet met management's criteria for setting up a specific allowance at the Statement of Financial Position date. A methodology is applied to determine the Corporation's risk exposure to probable losses on individual loan accounts not subject to a specific allowance. The second type is for the aggregate amount owing for individual loans under a specific program or industry sector or a geographical area. In determining the allowance, management considers economic and market conditions and uncertainties affecting recoverability of such loans.

Loans are written off against the related allowance for doubtful accounts and for losses if there is no realistic prospect of future recovery. Any recovery of amounts previously written off is recognized on receipt of proceeds.

(h) Concessionary Loans and Loan Discounts

A loan is considered to have concessionary terms when at inception of the loan, the net present value of expected future cash flows is less than present book value. Book values of concessionary loans are reduced to their net present values by loan discounts expensed in the year in which loans are disbursed and amortized to interest revenue over the period of the concessionary term in proportion to loan repayments received.

(i) Investments

Investments are carried at cost or amortized cost unless there is an other than temporary decline in the value of the investments; then the investments are written down to recognize the loss. Premiums and discounts on investments are amortized to investment income using the effective interest rate method over the period to maturity of the related investment. Gains and losses realized on disposal of investments are included in investment income.

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(j) Borrowing from Government of Alberta

Borrowing is carried at amortized cost. Premiums and discounts on borrowing are amortized to interest expense using the effective yield method over the period to maturity.

(k) Non-Financial Assets

Non-financial assets are limited to tangible capital assets and prepaid expenses.

(l) Tangible Capital Assets including Capital Leases

Tangible capital assets are recognized at cost less accumulated amortization, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of assets. Costs includes overhead directly attributed to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Capital Assets shall be amortized on a straight-line basis over the estimated useful life of the Capital Assets. The estimated useful life of the Capital Assets shall be from the fiscal year in which the assets are first put to use.

Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incidental to the ownership of the asset to the Corporation are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executory costs. The discount rate used to determine the present value of the lease payments is the Corporation's incremental borrowing rate.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Statement of Operations.

(m) Agriculture Income Support (AgriStability, AgriInvest and AgriRecovery)

Payments under the programs to participants, administration expenses and corresponding contributions from the Governments of Canada and Alberta are recorded at 100% for AgriStability and AgriRecovery programs because the programs are delivered by the Corporation and at 40% for AgriInvest program because the program is delivered by Agriculture and Agri-Food Canada.

(n) Reinsurance

The Corporation carries reinsurance to cover AgriInsurance risks through two levels of government. Two crop reinsurance funds were established. On behalf of the Province, the Corporation administers the provincial fund called the Crop Reinsurance Fund of Alberta. The Government of Canada holds the federal fund called the Crop Reinsurance Fund of Canada for Alberta. The Crop Reinsurance Fund of Alberta is included as part of the AgriInsurance net debt of the Corporation. Contributions to and withdrawals from the Funds are made in

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(n) Reinsurance (continued)

accordance with terms and conditions of the agreement between the Governments of Canada and Alberta (see Note 18).

In addition, the Corporation carries two different types of reinsurance through private reinsurance companies for the Hail and Livestock insurance programs. This includes both Excess of loss and Quota share reinsurance. Excess of loss is a type of reinsurance in which the reinsurer indemnifies the ceding company for losses that exceed a specified limit.

Quota share is a type of pro rata reinsurance contract in which the insurer and reinsurer share premiums and indemnities according to a fixed percentage. To reflect the objective of reinsurance as cost recovery, all reinsurance transactions, including brokerage commissions, ceded premiums and indemnities recovered, are disclosed in Schedule 1 as Net reinsurance expenses or fees and other income if the indemnities recovered are greater than the ceded premiums. Disclosure of the actual amounts relating to brokerage fees, ceded premiums and indemnity recoveries have been disclosed in the financial statement notes (see Note 19).

(o) AgrilInsurance Accumulated Surplus Restriction

In accordance with the Federal/Provincial Agricultural Policy Framework Implementation Agreement, the AgrilInsurance accumulated deficit of \$312,576 (2023 surplus \$300,879) is restricted for AgrilInsurance purposes only (see Schedule 1).

(p) Pensions

The Corporation participates in multi-employer pension plans with related government entities. Pension costs included in these statements are comprised of the cost of employer contributions for the current year service of employees.

(q) Transactions with Related Parties

The Government of Alberta (the Government) significantly influences the programs delivered by the Corporation and is a major contributor to the funding of the programs. Therefore, the Government is considered a related party. All related party transactions with the Government of Alberta have been recorded at the exchange amount which is the consideration paid or received as agreed to by the related party (see Note 17).

(r) Environmental Liabilities

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organisms that exceed an environmental standard, being introduced into soil, water or sediment. The Corporation recognizes a liability for the sites no longer in productive use where the contamination has exceeded the relevant environmental standards and where the Corporation has accepted responsibility.

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(s) Net Debt Model

Net debt model has been adopted for the presentation of the financial statements. Net financial asset or net debt is measured as the difference between the Corporation's financial assets and liabilities.

A net financial asset balance indicates the extent of the Corporation's dependence on government transfers and operating revenues to net assets resulting from settlement of its financial assets and liabilities.

Note 3 Change in Accounting Policy

On April 1, 2023, the Corporation adopted the following accounting standards approved by the Public Sector Accounting Board.

- **PS 3400 Revenue** Effective April 1, 2023, the Corporation has adopted PS 3400 Revenue standard for recognition of AgrilInsurance, Agriculture Income Support, Livestock Price and Hail Insurance premiums. Prior period impact was deemed immaterial as only the Livestock Price Insurance program was affected. The Corporation used the prospective application to adopt the new standard. As a result, 2023 comparatives are not restated. The current year's unearned revenue has been deferred to the next fiscal year and the Livestock Price Insurance unearned revenue is now included in note 12.
- **PS 3160 Public Private Partnership** This accounting standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner. The Corporation does not have any partnerships within the scope of this standard.
- **PSG 8 Purchased Intangibles** This accounting standard provides guidance on how to account for intangibles purchased through an exchange transaction that meet the asset definition and general recognition criteria. The Corporation does not have any intangibles within the scope of this standard.

Note 4 Future Changes in Accounting Standards

On April 1, 2026, the Corporation will adopt the following new conceptual framework accounting standard approved by the Public Sector Accounting Board:

- **The Conceptual Framework for Financial Reporting in the Public Sector**
The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The Conceptual Framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.
- **PS 1202 Financial Statement Presentation**
Section PS1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework.

Management is currently assessing the impact of the Conceptual Framework and the standard on the financial statements.

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 5 Accounts Receivable

	2024	2023
Premiums from insured persons		
Livestock Insurance program	\$ 2,926	\$ 2,905
AgriInsurance program	2,758	1,639
Hail Insurance program	376	80
AgriStability & Agriculture Income		
Support programs:		
Overpayments	781	713
Administration fees	565	362
Due from reinsurers		
Livestock & Hail Insurance programs	-	1,553
Other	89	1,610
	<u>7,495</u>	<u>8,862</u>
Allowances for doubtful accounts		
At beginning of year	(1,562)	(2,397)
Decrease for the year	682	1,305
Write offs	(299)	(470)
At end of year	<u>(1,179)</u>	<u>(1,562)</u>
	<u>\$ 6,316</u>	<u>\$ 7,300</u>

Included in the allowances for doubtful accounts is \$781 (2023 \$713) representing the amount of overpayments under AgriStability and Agriculture Income Support programs in recognition of the Corporation's role as an agent for collection. The allowance for doubtful accounts is subject to measurement uncertainty as it is an estimate based on management's assessment of collectability of outstanding balances.

Note 6 Loans Receivable

Loans receivable are comprised of the following:

	2024			2023
	Fam	Commercial	Total	Total
Performing loans - non concessionary	\$ 2,790,411	\$ 162,720	\$ 2,953,131	\$ 2,797,262
Performing loans - concessionary	266	-	266	492
Impaired loans	2,828	23,825	26,653	18,329
	<u>2,793,505</u>	<u>186,545</u>	<u>2,980,050</u>	<u>2,816,083</u>
Accrued interest	36,802	747	37,549	32,614
Loan discount	(3)	-	(3)	(6)
	<u>2,830,304</u>	<u>187,292</u>	<u>3,017,596</u>	<u>2,848,691</u>
Allowances for doubtful accounts for loans	(1,522)	(12,742)	(14,264)	(9,918)
Net carrying value	<u>\$ 2,828,782</u>	<u>\$ 174,550</u>	<u>\$ 3,003,332</u>	<u>\$ 2,838,773</u>

All loans have fixed interest rates for the term of loan or renewal period.

Loans have blended repayments during the term. A significant number of loans in the portfolio can be repaid in full or part during the term without any penalty.

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 6 Loans Receivable (continued)

Allowances for doubtful accounts for loans are as follows:

	Farm	Commercial	2024	2023
At beginning of year	\$ 1,686	\$ 8,232	\$ 9,918	\$ 16,126
(Decrease) increase for the year	(167)	5,890	5,723	(5,028)
Write-offs	3	(1,380)	(1,377)	(1,180)
At end of year	<u>\$ 1,522</u>	<u>\$ 12,742</u>	<u>\$ 14,264</u>	<u>\$ 9,918</u>
Specific allowance	\$ 320	\$ 11,305	\$ 11,625	\$ 6,172
General allowance	1,202	1,437	2,639	3,746
	<u>\$ 1,522</u>	<u>\$ 12,742</u>	<u>\$ 14,264</u>	<u>\$ 9,918</u>

Valuation allowances of loans receivable are based on management's best estimate. Actual losses realized may vary significantly from management's estimate.

Loans receivable are secured by tangible assets consisting predominantly of land followed by buildings, equipment and other assets. The estimated values of such assets are \$6,200,994 (2023 \$5,819,674).

The composition of the Loans receivable balance by range of effective annual interest rates is as follows:

	2024	2023
Effective Annual Interest Rate		
Less than or equal to 2%	\$ 211,200	\$ 213,161
2.01% to 3.00%	537,287	652,487
3.01% to 4.00%	652,305	797,869
4.01% to 5.00%	905,086	788,573
5.01% to 6.00%	512,053	290,328
6.01% to 7.00%	133,174	53,644
7.01% to 8.00%	9,900	14,591
Over 8%	19,042	5,424
	<u>2,980,047</u>	<u>2,816,077</u>
Accrued interest	37,549	32,614
Allowance for doubtful accounts for loans	<u>(14,264)</u>	<u>(9,918)</u>
	<u>\$ 3,003,332</u>	<u>\$ 2,838,773</u>
Weighted average annual interest rate	4.08%	3.75%

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 7 Investments

The fair value of investments at March 31, 2024 is nil (2023 \$264,643). Fair value is based on market prices excluding accrued interest.

The following provides a breakdown of the investment portfolio by term to maturity.

	Term to Maturity ⁽¹⁾		2024	2023
	Within 1 Year	1 to 5 Years		
Bonds and debentures	\$ -	\$ -	\$ -	\$ 148,381
Yield ⁽²⁾	0.00%	0.00%	0.00%	3.52%
Corporate Securities	-	-	-	129,699
Yield ⁽²⁾	0.00%	0.00%	0.00%	4.50%
	-	-	-	278,080
Accrued interest	-	-	-	1,058
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,138</u>

⁽¹⁾ Term to maturity classifications are based on contractual maturity date of the security.

⁽²⁾ Yield represents the rate which discounts future cash receipts to the carrying amount.

Note 8 Accounts Payable and Other Accrued Liabilities

	2024	2023
Reinsurance premiums to Government of Canada	\$ 69,342	\$ 18
Supplies and services	5,832	2,902
Salaries, wages and employee benefits	5,066	4,831
Due to reinsurers Livestock & Hail Insurance programs	1,951	-
Environmental liability	60	1,053
	<u>\$ 82,251</u>	<u>\$ 8,804</u>

For 2022-23, amounts due to reinsurers for Livestock & Hail Insurance programs are included in accounts receivable.

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 9 Due to Other Provincial Governments

Due to provincial governments represents amounts collected from and owed to other provincial governments relating to the Livestock Price Insurance program which was implemented in April 2014. The program provides producers with protection against an unexpected drop in prices on cattle and hogs. The Corporation entered into an agreement with the other provincial governments to deliver this program to producers in British Columbia, Saskatchewan and Manitoba. Any premiums, indemnities or expenses collected on behalf of producers outside of Alberta are recorded as Due to provincial governments in the financial statements. The Corporation's Statement of Operations includes premiums, indemnities and administration expenses for Alberta producers only.

Breakdown of the amounts owing is as follows:

	2024	2023
Premiums collected	\$ 56,767	\$ 49,358
Reinsurance recoveries and ceded losses	13,943	13,449
Administration costs receivable	(209)	(176)
Reinsurance premiums	(21,869)	(18,568)
Indemnities paid	(38,006)	(36,803)
	<u>\$ 10,626</u>	<u>\$ 7,260</u>

Note 10 Indemnities Payable

	2024	2023
AgriStability, AgriInvest, AgriRecovery and related programs (Note 2(m))		
Current claim year	\$ 285,150	\$ 161,968
Prior claim years	69,894	122,790
	355,044	284,758
AgriInsurance	95,939	90,509
Livestock Price Insurance	2,848	5
Wildlife Compensation	525	777
Hail Insurance	33	51
	<u>\$ 454,389</u>	<u>\$ 376,100</u>

Estimated indemnities payable of \$454,389 and corresponding contributions and receivables from the Governments of Canada and Alberta are subject to measurement uncertainty because they could change materially in the future, if factors and assumptions considered by management in establishing the estimates were to change significantly.

Estimated indemnities for the current claim year for the AgriStability and AgriInvest programs are based on a variety of factors such as the number of participants, estimated reference margins, estimated claim year margins based on projected forecast commodity prices, crop yields, inventory changes and forecast changes in eligible income and expenses on an aggregate basis for different types of agriculture industry.

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 10 Indemnities Payable (continued)

There are some inherent limitations to the model such as the intrinsic uncertainty in agriculture market forecasts as well as uncertainty in forecasting participation. Applying macro adjustments may not be reflective of the sample of participants and the model cannot forecast disasters as it is biased to prior year results.

Based on the above key assumptions and using a statistical model for projections, estimated indemnities for the current year would be in the range of \$202,253 to \$263,146. In three out of the past five years, actual indemnities have fallen outside the range.

Estimated indemnities for prior claim years under AgriStability, AgriInvest and AgriRecovery programs are based on probable payments for claims not yet processed.

Estimated indemnities payable for the AgriInsurance program are based upon the number of claims remaining to be paid and average claim payment amounts. The indemnities payable also includes claims deferred by producers. Based on that information the projected estimated indemnities would be in the range of \$75,639 to \$116,239.

Indemnities for Livestock Price Insurance program are based on estimated payments using forward contract prices applicable to policies sold during the fiscal year with settlement dates beyond the end of fiscal year.

Note 11 Borrowing from Government of Alberta

All borrowings from the Government of Alberta bear interest rates which are fixed for the term of the borrowing.

The composition of outstanding borrowing from the Government of Alberta by range of effective annual interest rate is as follows:

	2024	2023
Effective annual Interest Rate		
Less than or equal to 2%	\$ 215,000	\$ 215,000
2.01% to 3.00%	1,189,000	1,372,000
3.01% to 4.00%	437,152	400,721
4.01% to 5.00%	1,305,863	784,294
	<u>3,147,015</u>	<u>2,772,015</u>
Accrued interest	(22)	12,024
Unamortized premium	(9,237)	(6,798)
	<u>\$ 3,137,756</u>	<u>\$ 2,777,241</u>
Weighted average annual interest rate	3.53%	3.08%

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 11 Borrowing from Government of Alberta (continued)

Principal repayments due in each of the next five years and thereafter are as follows:

Year ending March 31, 2025	\$ 1,251,432
2026	120,000
2027	215,721
2028	160,000
2029	258,000
Thereafter	<u>1,141,862</u>
	<u>\$ 3,147,015</u>

The estimated fair value of borrowings as at March 31, 2024 is \$3,137,970 (2023 \$2,774,137). Fair value is an approximation of market value to the holder.

Borrowing from Government of Alberta includes \$200 million owing to the Government of Alberta from the AgrilInsurance Reinsurance Fund of Alberta.

Note 12 Deferred Revenue and Spent Deferred Capital Contributions

	2024		2023	
Deferred revenue	\$ 15,829	\$ 10,137		
Spent deferred capital contributions	7,158	2,508		
	<u>\$ 22,787</u>	<u>\$ 12,645</u>		

	2024				2023
	Government of Canada	Non-government	Government of Alberta	Total	Total
Deferred revenue					
Balance at beginning of year	\$ -	\$ 10,137	\$ -	\$ 10,137	\$ 8,205
Received during year	-	15,829	-	15,829	10,137
Less amounts recognized	-	(10,137)	-	(10,137)	(8,205)
Balance at end of year	<u>\$ -</u>	<u>\$ 15,829</u>	<u>\$ -</u>	<u>\$ 15,829</u>	<u>\$ 10,137</u>

	2024				2023
	Government of Canada	Non-government	Government of Alberta	Total	Total
Spent deferred capital contributions					
Balance at beginning of year	\$ 1,433	\$ 97	\$ 978	\$ 2,508	\$ 3,188
Transferred capital assets received	3,537	30	2,380	5,947	837
Less amounts recognized as revenue	(715)	(97)	(485)	(1,297)	(1,517)
Balance at end of year	<u>\$ 4,255</u>	<u>\$ 30</u>	<u>\$ 2,873</u>	<u>\$ 7,158</u>	<u>\$ 2,508</u>

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 12 Deferred Revenue and Spent Deferred Capital Contributions (continued)

Deferred revenue represents premiums received from producers for AgriInsurance and Livestock Price Insurance programs and fees collected for the AgriStability program relating to the next fiscal year. Spent deferred capital contributions represent contributions received from the federal and provincial governments that are restricted for the acquisition of tangible capital assets.

Note 13 Tangible Capital Assets

	Estimated Useful Life						
	Land	Building	Furniture and Fixtures	Vehicles	Computer Equipment and Software	2024	2023
Historical Cost							
At beginning of year	\$ 2,247	\$ 10,210	\$ 11,898	\$ 5,130	\$ 99,772	\$ 129,057	\$ 139,787
Additions	180	-	12	1,823	5,759	7,774	1,544
Disposals including write-downs	-	-	(281)	(962)	(4,161)	(5,404)	(12,274)
	<u>2,427</u>	<u>10,210</u>	<u>11,429</u>	<u>5,991</u>	<u>101,370</u>	<u>131,427</u>	<u>129,057</u>
Accumulated amortization							
At beginning of year	-	7,100	10,863	4,108	97,362	119,431	128,267
Amortization expense	-	184	238	655	1,147	2,224	3,350
Effect of disposals including write-downs	-	-	(252)	(962)	(4,160)	(5,374)	(12,187)
	<u>-</u>	<u>7,284</u>	<u>10,849</u>	<u>3,799</u>	<u>94,349</u>	<u>116,281</u>	<u>119,430</u>
Net book value at March 31, 2024	<u>\$ 2,427</u>	<u>\$ 2,926</u>	<u>\$ 580</u>	<u>\$ 2,192</u>	<u>\$ 7,021</u>	<u>\$ 15,146</u>	
Net book value at March 31, 2023	<u>\$ 2,247</u>	<u>\$ 3,111</u>	<u>\$ 835</u>	<u>\$ 1,023</u>	<u>\$ 2,411</u>		<u>\$ 9,627</u>

Computer equipment, vehicles and software costs include \$6,154 (2023 \$78) of costs incurred that are not amortized because they are still being deployed or are still in the development stage. Furniture and fixtures also includes leasehold improvements with net book value \$433 (2023 \$609) amortized over the life of the lease.

Note 14 Pensions

The Corporation participates in the multi-employer Alberta Management Employees Pension Plan and the Alberta Public Service Pension Plan. The Corporation also participates in the multi-employer Supplementary Retirement Plan for Alberta Public Service Managers.

The Corporation does not have sufficient plan information to follow the standards for defined benefit accounting, and therefore, follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the plans is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits. The expense for these pension plans is equivalent to the annual contributions of \$4,250 for the year ended March 31, 2024 (2023 \$4,276).

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 14 Pensions (continued)

At December 31, 2023, the Alberta Management Employees Pension Plan reported a surplus of \$1,316,313 (2022 surplus \$924,735), the Alberta Public Service Pension Plan reported a surplus of \$4,542,500 (2022 surplus \$4,258,721) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$21,343 (2022 deficiency \$25,117). The Corporation's share of these pension plans' deficiency is not determinable. The Corporation is not responsible for future funding of the plan deficit other than through contribution increases.

Note 15 Contingencies, Contractual Obligations and Commitments

Contingent Liability

	2024	2023
Loan guarantees	<u>\$ 56</u>	<u>\$ 69</u>

The Corporation has not been named in any claims (2023 three). The specified amount total is nil (2023 \$444). The resolution of the indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

Contractual Obligations

	2024	2023
Reinsurance	\$ 9,292	\$ 8,533
Operating leases	6,160	7,965
Other contracts	21,510	9,787
Total contractual obligations	<u>\$ 36,962</u>	<u>\$ 26,285</u>

Reinsurance, operating leases and contracts due in each of the next five years and thereafter are as follows:

Year ending March 31,	2025	\$ 20,179
	2026	7,144
	2027	4,408
	2028	2,944
	2029	2,287
	Thereafter	-
		<u>\$ 36,962</u>

The Corporation entered into a quota share reinsurance contract which is a pro rata reinsurance contract in which the insurer and the reinsurer share in premiums and indemnities according to a fixed percentage. The fixed percentages are 51.0% for Livestock insurance and 30% for Hail insurance.

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 15 Contingencies, Contractual Obligations and Commitments (continued)

The operating lease contractual obligations are for accommodations with terms up to seven years.

Commitments

	2024	2023
Approved, undisbursed loans	\$ 242,098	\$ 268,683

Note 16 Financial Instruments and Financial Risk Management

Financial instruments comprise the majority of the Corporation's assets and liabilities. The Corporation is exposed to credit, interest and liquidity risks in respect to its use of financial instruments.

Credit Risk

Credit risk is the possibility that a debtor will not pay amounts owing to the Corporation, resulting in a loss to the Corporation.

The Corporation's maximum possible exposure to credit risk is as follows:

	2024	2023
Loans receivable	\$ 3,003,332	\$ 2,838,773
Due from Government of Canada	242,654	182,355
Due from Government of Alberta	59,592	49,597
Accounts receivable	6,316	7,300
Loan guarantees	56	69
Investments	-	279,138
Total	\$ 3,311,950	\$ 3,357,232

Loans receivable - Security requirements for a loan or guarantee depend on the risk involved in each individual operation. Adequate security is required for new and emerging businesses as well as for enterprises needing specialized or customized equipment. To mitigate credit risk, lending staff monitor loan accounts continually to ensure prompt response to any financial difficulties customers may encounter. Interest rates for loans and interest rates for borrowing are both set by the Government of Alberta. In order to mitigate the exposure of interest rate fluctuations, the Corporation maintains a balance of short-term funds.

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 16 Financial Instruments and Financial Risk Management (continued)

Investments – the Corporation invests surplus funds generated by Insurance operations. To decrease the risk of loss of investment, most of the funds are invested in bonds of federal or provincial governments or securities of corporations that have superior credit ratings. The investments are managed by Alberta Investment Management Corporation, an Alberta Crown Corporation. The Corporation also invests in asset-backed securities (AAA rating) and senior bank notes (A rating and higher). Both investments consist of securities with relatively low levels of risk.

Due from the Government of Alberta and the Government of Canada – the Corporation is not exposed to significant credit risk as payment in full is typically collected when due.

Accounts receivable - Payments to some AgriStability/Agriculture Income Support program participants resulted in overpayments when information provided to the Corporation by participants proved to be incorrect or not supported. This creates a risk of potential non-repayment of the overpayments. The Corporation may offset overpayments against any payments to customers.

The Corporation provides insurance coverage on crops, effective at the acceptance of the customer's application for insurance, with or without payment of premiums in full. Non-collection of outstanding insurance premiums is a risk. To minimize this risk, a discount is offered for early payment of insurance premiums and arrangements are made for a payment schedule for all customers not taking advantage of the discount. Insurance staff closely monitors outstanding premiums and promptly take collection action when required.

The following breakdown of the Loans receivable provides an indication of the concentration of credit risk in the loan portfolio. Further information is provided throughout these statements which disclose other concentrations of credit risk.

	2024		2023	
	Dollar	Percentage	Dollar	Percentage
Loans receivable by individual sector:				
Grain and oilseeds	\$ 1,688,475	56%	\$ 1,570,950	55%
Cattle	987,949	32%	944,547	33%
Other livestock	86,266	2%	75,817	3%
Accommodations and other services	49,036	2%	61,319	2%
Manufacturing	47,771	2%	58,594	2%
Trade - retail and wholesale	22,174	1%	24,719	1%
Other	135,925	5%	112,745	4%
Allowance	(14,264)	-	(9,918)	0%
	<u>\$ 3,003,332</u>	<u>100%</u>	<u>\$ 2,838,773</u>	<u>100%</u>

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 16 Financial Instruments and Financial Risk Management (continued)

Interest Rate Risk

Interest rate risk is the impact future changes in interest rates have on cash flows and fair values of financial assets and liabilities. The Corporation's interest rate exposure relates to investments, loans receivable, and borrowing from the Government of Alberta.

Investments – Interest rate risk on investments is mitigated by the Corporation's Investment Policy for surplus funds. The investment policy is approved by the Board of Directors and compliance with the policy is reported to the Board Audit Committee at least twice a year. Duration of investments are set to match management's best estimate of when investments may be needed to be liquidated to meet financial commitments. These investments are normally held to maturity so changes in interest rates do not affect the value of the investments as they are carried at amortized cost.

Loans receivables – Loans receivable balances consist of loans with interest rates fixed either until maturity date or for a term with a renewable option. In prior years, the Corporation has allowed customers to prepay their loans without any prepayment penalty. On most new loans, customers now can pay a maximum of 25% of the loan balance without prepayment penalty. In the normal course of business, loan customers prepay their loans in part or in full prior to the contractual maturity date. Impact of interest rate changes on performance of loan portfolio and cash flows could be significant because of changes in market interest rates and borrower's repayment preferences.

Borrowing from the Government of Alberta - The interest rates on borrowings are fixed until maturity. For a vast majority of borrowings, principal repayments are due in full on maturity date with no prepayment option. Cash inflows are matched with outflows through additional borrowing as required from the Government of Alberta. Management has assessed that the interest rate risk related to borrowing is not significant.

The following position of the Corporation's loan portfolio and borrowing provides additional information on interest rate risk.

	Scheduled Repayment ⁽¹⁾				Not ⁽²⁾ Interest Rate Sensitive	2024	2023
	Within 1 Year	1 to 5 Years	6 to 10 Years	Over 10 Years		Total	Total
Loan balances	\$ 181,077	\$ 682,495	\$ 717,490	\$ 1,361,010	\$ 61,260	\$ 3,003,332	\$ 2,838,773
Yield	4.12%	4.30%	4.49%	4.62%	-	4.41%	3.97%
Borrowing from							
Government of Alberta	\$ 1,251,432	\$ 753,721	\$ 1,055,431	\$ 86,431	\$ (9,259)	\$ 3,137,756	\$ 2,777,241
Yield ⁽³⁾	2.99%	2.67%	2.66%	5.95%	-	2.80%	2.71%
Net gap	\$ (1,070,355)	\$ (71,226)	\$ (337,941)	\$ 1,274,579	\$ 70,519	\$ (134,424)	\$ 61,532

⁽¹⁾ For loan balances, scheduled repayments of principal are based on amortization of loans for the remaining term up to maturity at applicable interest rates. For borrowing from the Government of Alberta, scheduled repayments reflect contractual repayment of principal.

⁽²⁾ Includes impaired loans, specific and general allowance, accrued interest and unamortized loan discount.

⁽³⁾ Yield represents the rate which discounts future cash receipts to the carrying amount.

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 16 Financial Instruments and Financial Risk Management (continued)

Liquidity Risk

Liquidity risk relates to the Corporation's ability to access sufficient funds to meet its financial commitments.

The Corporation's primary liquidity risk relates to its liability for insurance claims. Insurance claims are funded firstly with current year premiums collected, which normally exceeds cash requirements. In addition, the investment portfolio of surplus funds in insurance operations is structured in such a way that a portion of the portfolio is accessible at short notice to fund claim payments. The Corporation also carries private sector reinsurance for Livestock Price Insurance and Hail Insurance providing significant protection against catastrophic losses. If all the above are exhausted, the AgriInsurance program has a reinsurance agreement with the Government of Canada and the Government of Alberta to provide additional funding for claim payments. Additionally, the Corporation has access to advances from the Government of Alberta to meet short-term cash flow needs.

Note 17 Related Party Transactions

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's consolidated financial statements. Related parties also include key management personnel and their close family members. All transactions were incurred in the normal course of business and have been excluded from this schedule.

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 17 Related Party Transactions (continued)

The Corporation had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	2024	2023
Revenues:		
Grants	\$ 511,626	\$ 387,069
Interest Income*	26,415	14,599
	<u>\$ 538,041</u>	<u>\$ 401,668</u>
Expenses:		
Interest	\$ 94,169	\$ 75,765
Other services	1,261	1,609
Accommodation	502	513
	<u>\$ 95,932</u>	<u>\$ 77,887</u>
Payable to:		
Ministry of Treasury Board and Finance	\$ 3,137,756	\$ 2,777,241
Ministry of Agriculture & Irrigation	650	650
Post secondary institutions	87	65
Ministry of Service Alberta & Red Tape Reduction	-	1
	<u>\$ 3,138,493</u>	<u>\$ 2,777,957</u>
Receivable from:		
Ministry of Agriculture & Irrigation	\$ 59,592	\$ 49,597
Interest Income	1,512	1,434
	61,104	51,031
Deferred Revenue from:		
Ministry of Agriculture & Irrigation	\$ 2,873	\$ 978

*Last year financial statements did not include \$14,599 of interest income earned from a related party.

Note 18 Crop Reinsurance Funds

The contributions, withdrawals and accumulated net asset positions of the AgrilInsurance Reinsurance Fund of Alberta and the AgrilInsurance Reinsurance Fund of Canada for Alberta are as follows (see Note 2(n)):

	AgrilInsurance Reinsurance Fund of Alberta		AgrilInsurance Reinsurance Fund of Canada for Alberta	
	2024	2023	2024	2023
Opening surplus	\$ 33,641	\$ 33,641	\$ 34,530	\$ 34,530
Contributions	39,078	-	50,243	-
	72,719	33,641	84,773	34,530
Withdrawals	(279,167)	-	(84,700)	-
Closing net (debt) assets	<u>\$ (206,448)</u>	<u>\$ 33,641</u>	<u>\$ 73</u>	<u>\$ 34,530</u>

Notes to the Financial Statements

Year ended March 31, 2024

(in thousands)

Note 18 Crop Reinsurance Funds (continued)

Agrilinsurance Reinsurance Fund of Alberta

Contributions to and withdrawals from the Agrilinsurance Fund of Alberta consolidated with the Agrilinsurance Fund in the Corporation. The transactions and balances are calculated according to the Sustainable Canadian Agriculture Partnership Agreement. Borrowing from the Government of Alberta on the Corporation's Statement of Financial Position includes \$200 million in amounts owing to the Government of Alberta from the Agrilinsurance Reinsurance Fund of Alberta to fund the current deficit. Withdrawals include \$2,282 (2023 nil) of interest resulting from the notes payable owed to the Government of Alberta.

Agrilinsurance Reinsurance Fund of Canada for Alberta

Net contributions to and withdrawals from the Agrilinsurance Reinsurance Fund of Canada for Alberta are recorded as other income by the Corporation. The Government of Canada holds the Agrilinsurance Fund of Canada for Alberta.

Note 19 Reinsurance Expense

	Hail Insurance	Livestock Insurance	2024	2023
Brokerage				
Brokerage rebate	\$ (184)	\$ (109)	\$ (293)	\$ (202)
Excess loss				
Reinsurance expense	2,159	2,014	4,173	3,782
Recoveries	-	-	-	(1,387)
Quota Share				
Ceded premiums and commissions	11,833	3,512	15,345	14,496
Ceded losses	(8,467)	(793)	(9,260)	(14,527)
Net reinsurance expense	<u>\$ 5,341</u>	<u>\$ 4,624</u>	<u>\$ 9,985</u>	<u>\$ 2,162</u>

For 2022-23, hail reinsurance recoveries of \$1,821 are consolidated in the Hail Insurance fees and other income on Schedule 1.

Note 20 Budget

The full financial plan was submitted to the Minister of Agriculture and Irrigation. The budget reported in the Statement of Operations reflects the original \$911,459 surplus.

Note 21 Comparative Figures

The 2023 figures have been reclassified where necessary to conform to 2024 presentation.

Note 22 Approval of Financial Statements

The Board of Directors approve the financial statements of Agriculture Financial Services Corporation.

Schedule of Operations

Year ended March 31, 2024

(in thousands)

Schedule 1

	2024	2023	2024	2023	2024	2023	2024
	AgrilInsurance Note 2(o)	AgrilInsurance Note 2(o)	Agriculture Income Support	Agriculture Income Support	Lending	Lending	Hail Insurance
Revenues:							
Premiums from insured persons	\$ 566,927	\$ 455,374	\$ -	\$ -	\$ -	\$ -	\$ 43,507
Interest	1,394	921	98	68	113,067	98,514	123
Contribution from Government of Alberta	367,877	295,822	136,805	85,681	-	-	-
Contribution from Government of Canada:	381,571	304,851	173,970	92,189	-	-	-
Investment income	(8,793)	(14,597)	-	-	-	-	-
Fees and other income	49,161	10,396	16,058	11,851	4,381	4,367	3,192
	<u>1,358,137</u>	<u>1,052,767</u>	<u>326,931</u>	<u>189,789</u>	<u>117,448</u>	<u>102,881</u>	<u>46,822</u>
Expenses:							
Indemnities	1,926,061	1,323,019	312,363	177,749	-	-	28,132
Salaries, wages and employee benefits	28,352	26,622	10,250	8,506	17,144	16,650	296
Supplies and services	14,229	12,902	4,155	3,681	6,470	7,811	514
Amortization of tangible capital assets	971	999	96	182	738	1,734	193
Interest	2,282	-	-	-	91,887	75,765	-
Reinsurance (Note 19)	-	-	-	-	-	-	5,341
Allowance for doubtful accounts and for losses	(303)	(30)	64	(341)	5,722	(5,028)	(19)
	<u>1,971,592</u>	<u>1,363,512</u>	<u>326,928</u>	<u>189,777</u>	<u>121,961</u>	<u>96,932</u>	<u>34,457</u>
Annual (deficit) surplus	(613,455)	(310,745)	3	12	(4,513)	5,949	12,365
Accumulated surplus at beginning of year	300,879	611,624	2,812	2,800	110,007	104,058	53,190
Accumulated (deficit) surplus at end of year	<u>\$ (312,576)</u>	<u>\$ 300,879</u>	<u>\$ 2,815</u>	<u>\$ 2,812</u>	<u>\$ 105,494</u>	<u>\$ 110,007</u>	<u>\$ 65,555</u>

Year ended March 31, 2024

(in thousands)

Schedule 1 (con't)

	2023	#	2024	2023	2024	2023	2024	2023
	Hail Insurance		Livestock Insurance	Livestock Insurance	Wildlife Damage Compensation	Wildlife Damage Compensation	Total	Total
Revenues:								
Premiums from insured persons	\$ 43,603		\$ 8,452	\$ 11,789	\$ -	\$ -	\$ 618,886	\$ 510,766
Interest	93		51	45	-	-	114,733	99,641
Contribution from Government of Alberta	-		701	597	6,243	4,969	511,626	387,089
Contribution from Government of Canada	-		1,043	878	9,236	7,405	565,820	405,323
Investment income	-		-	-	-	-	(8,793)	(14,597)
Fees and other income	3,485		1,211	516	140	115	74,143	30,730
	<u>47,181</u>		<u>11,458</u>	<u>13,825</u>	<u>15,619</u>	<u>12,489</u>	<u>1,876,415</u>	<u>1,418,932</u>
Expenses:								
Indemnities	46,008		1,932	2,509	13,585	10,813	2,282,073	1,560,098
Salaries, wages and employee benefits	448		1,080	897	667	739	57,789	53,862
Supplies and services	514		551	480	930	491	26,849	25,879
Amortization of tangible capital assets	201		206	205	20	29	2,224	3,350
Interest	-		-	-	-	-	94,169	75,765
Reinsurance (Note 18)	-		4,624	3,983	-	-	9,965	3,983
Allowance for doubtful accounts and for losses	-		175	5	-	-	5,639	(5,394)
	<u>47,171</u>		<u>8,568</u>	<u>8,079</u>	<u>15,202</u>	<u>12,072</u>	<u>2,478,708</u>	<u>1,717,543</u>
Annual (deficit) surplus	10		2,890	5,746	417	417	(602,293)	(298,611)
Accumulated surplus at beginning of year	53,180		19,834	14,088	2,718	2,301	489,440	788,051
Accumulated (deficit) surplus at end of year	<u>\$ 53,190</u>		<u>\$ 22,724</u>	<u>\$ 19,834</u>	<u>\$ 3,135</u>	<u>\$ 2,718</u>	<u>\$ (112,853)</u>	<u>\$ 489,440</u>

Schedule of Salaries and Benefits

Year ended March 31, 2024

(in thousands)

Schedule 2

	2024			2023	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-cash Benefits ⁽³⁾	Total	Total
Chair of Board	\$ 25	\$ -	\$ -	\$ 25	\$ 31
Board Members	60	-	1	61	56
Executive Members					
Chief Executive Officer	276	17	77	370	373
Chief Client Officer	252	1	60	313	297
Chief Information Officer B ⁽⁴⁾	243	2	56	301	203
Chief Strategy & Innovation Officer ⁽⁵⁾	243	1	56	300	294
Chief Financial & Risk Officer	235	1	54	290	276
Chief People Officer B ⁽⁶⁾	223	5	50	278	259
Chief Information Officer A ⁽⁷⁾				-	227
Chief People Officer A ⁽⁸⁾				-	128

⁽¹⁾ Base salaries include remuneration for the Chair and Board Members for attendance at meetings and base pay for employees.

⁽²⁾ Other cash benefits include vacation payments and lump sum payments including severance. There were no bonuses paid during the year.

⁽³⁾ Other non-cash benefits include employer's share of all employee benefits and contributions or payments made on behalf of employees, including health care, dental, medical and vision care, group life insurance benefits, pension and supplementary retirement plan, employment insurance, accidental death/dismemberment and long-term disability insurance, workers' compensation and professional memberships.

⁽⁴⁾ The 2023 Chief Information Officer B position was held by one acting individual for five and a half months and one incumbent for four months.

⁽⁵⁾ The 2023 amount for the Chief Strategy & Innovation Officer position was held by one permanent individual for one month, three rotating interim positions for five months and one incumbent for six months.

⁽⁶⁾ The 2023 amount for the Chief People Officer B position was held by one acting individual for six months and one incumbent for six months.

⁽⁷⁾ The 2023 amount for the Chief Information Officer A position was held by one permanent individual for two and a half months. The amount includes \$150 in severance benefit payment.

⁽⁸⁾ The 2023 amount for the Chief People Officer A position was held by one individual for less than one month. The amount includes \$100 in severance benefit payment.

Other Financial Information

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Trust Funds Under Administration (unaudited)

The ministry administers trust funds that are regulated and other funds consisting of public money over which the legislature has no power of appropriation. As the ministry has no equity in the funds and administers them for the purpose of various trusts, they are not included in the ministry's financial statements.

At March 31, 2024 trust funds under administration were as follows:

	2024	2023
	<i>in thousands</i>	
Claude Gallinger Memorial Trust Fund	<u>\$ 23</u>	<u>\$ 21</u>

Statement of Remissions, Compromises and Write-Offs (unaudited)

Ministry of Agriculture and Irrigation
Year Ended March 31, 2024

The following statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

Write-offs

Agriculture Financial Services Corporation	\$	(1,676,115)
Total remissions, compromises and write-offs	\$	(1,676,115)

Statement of Guarantees (unaudited)

The majority of loan guarantees relate to loans made by other financial institutions with repayment guaranteed by the ministry. Prior to issuing a loan, security is taken. The security taken depends on the nature of the loan.

	2024	2023	Expiry Date
<i>Feeder Associations</i>	\$ 149,201	\$ 108,191	Ongoing
<i>Agriculture Financial Services Corporation Guarantees</i>	<u>56</u>	<u>69</u>	Variable
	<u><u>149,257</u></u>	<u><u>108,260</u></u>	

Feeder Associations Guarantee Act – (authorized guarantee limit set by Order in Council is \$150 million).

Agriculture Financial Services Act – (authorized guarantee limit set by the *Agriculture Financial Services Regulation* is \$30 million). Loans and guarantees are provided to primary agriculture producers in Alberta. Loans and guarantees are also provided to commercial Alberta businesses.

Statement of Credit or Recovery (unaudited)

Department of Agriculture and Irrigation
Year Ended March 31, 2024

(in thousands)

The following has been prepared pursuant to Section 24(3) of the *Financial Administration Act*.

	Authorized ⁽¹⁾	Actual Revenue Recognized	Unearned Revenue	Total Amount Received/ Receivable	(Shortfall)/ Excess
EXPENSE AMOUNTS					
Sustainable Canadian Agricultural Partnership	\$ 53,413	\$ 50,286	\$ -	\$ 50,286	\$ (3,127)
Water Management Infrastructure	3,180	6,234	510	6,744	3,564
	<u>\$ 56,593</u>	<u>\$ 56,520</u>	<u>\$ 510</u>	<u>\$ 57,030</u>	<u>\$ 437</u>

⁽¹⁾ Only expenditures are authorized.

Lapse/Encumbrance (unaudited)

Department of Agriculture and Irrigation
Year Ended March 31, 2024
(in thousands)

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	Over Expended (Unexpended)
EXPENSE VOTE BY PROGRAM						
OPERATING EXPENSE						
1 Ministry Support Services						
1.1 Minister's Office	\$ 877	\$ -	\$ -	\$ 877	\$ 674	\$ (203)
1.2 Deputy Minister's Office	786	-	-	786	734	(52)
1.3 Farmers' and Property Rights Advocate	1,072	-	-	1,072	958	(114)
1.4 Corporate Services	8,870	-	-	8,870	8,150	(720)
	<u>11,605</u>	<u>-</u>	<u>-</u>	<u>11,605</u>	<u>10,516</u>	<u>(1,089)</u>
2 Rural Programming and Agricultural Societies						
2.1 Rural Programming	7,277	-	-	7,277	6,745	(532)
2.2 Agricultural Societies and Exhibitions	11,462	-	-	11,462	11,482	20
	<u>18,739</u>	<u>-</u>	<u>-</u>	<u>18,739</u>	<u>18,227</u>	<u>(512)</u>
3 Trade, Investment and Food Inspection						
3.1 Export and Investment	5,386	-	-	5,386	4,374	(1,012)
3.2 Food Inspection and Surveillance	13,292	-	-	13,292	13,080	(212)
3.3 Food and Bio-Processing	8,425	-	-	8,425	8,935	510
3.4 Intergovernmental and Trade Relations	7,013	-	-	7,013	5,453	(1,560)
	<u>34,116</u>	<u>-</u>	<u>-</u>	<u>34,116</u>	<u>31,842</u>	<u>(2,274)</u>
4 Primary Agriculture						
4.1 Animal Health and Assurance	10,132	-	-	10,132	9,970	(162)
4.2 Crop Health and Assurance	4,035	-	-	4,035	4,934	899
4.3 Agricultural Service Boards	11,896	-	-	11,896	11,727	(169)
4.4 Agriculture Research	26,925	-	-	26,925	26,925	-
4.5 Marketing Council	952	-	-	952	1,130	178
4.6 Natural Resource Management	9,946	-	-	9,946	10,272	326
	<u>63,886</u>	<u>-</u>	<u>-</u>	<u>63,886</u>	<u>64,958</u>	<u>1,072</u>
5 Agriculture Insurance and Lending Assistance						
5.1 Insurance	368,646	8,113	-	376,759	374,821	(1,938)
5.2 Agriculture Income Support	50,067	132,528	-	182,595	136,805	(45,790)
	<u>418,713</u>	<u>140,641</u>	<u>-</u>	<u>559,354</u>	<u>511,626</u>	<u>(47,728)</u>
6 Water Management	20,788	-	2,714	23,502	25,799	2,297
7 Sustainable Canadian Agricultural Partnership						
7.1 Agri-food and Agri-based Industry Support	46,922	-	-	46,922	42,136	(4,786)
7.2 Agricultural Science, Research and Innovatio	11,575	-	-	11,575	11,575	-
	<u>58,497</u>	<u>-</u>	<u>-</u>	<u>58,497</u>	<u>53,711</u>	<u>(4,786)</u>
CAPITAL GRANTS						
2 Rural Programming and Agricultural Societies						
2.2 Agricultural Societies and Exhibitions	2,500	-	-	2,500	2,482	(18)
4 Primary Agriculture						
4.6 Natural Resource Management	-	-	-	-	50	50
4.7 Irrigation Infrastructure Assistance	49,892	(31,392)	(5,000)	13,500	13,500	-
	<u>49,892</u>	<u>(31,392)</u>	<u>(5,000)</u>	<u>13,500</u>	<u>13,550</u>	<u>50</u>
	<u>52,392</u>	<u>(31,392)</u>	<u>(5,000)</u>	<u>16,000</u>	<u>16,032</u>	<u>32</u>

Lapse/Encumbrance (unaudited) (continued)

Department of Agriculture and Irrigation
Year Ended March 31, 2024

(in thousands)

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	Over Expended (Unexpended)
CAPITAL PAYMENTS TO RELATED PARTIES						
4 Primary Agriculture						
4.1 Animal Health and Assurance	1,200	-	-	1,200	1,200	-
Total	679,936	109,249	(2,286)	786,899	733,911	(52,988)
Credit or Recovery Shortfall			-	-	-	-
	\$ 679,936	\$ 109,249	\$ (2,286)	\$ 786,899	\$ 733,911	\$ (52,988)
(Lapse)/Encumbrance						\$ (52,988)
CAPITAL INVESTMENT VOTE BY PROGRAM						
Department Capital Acquisitions						
1 Ministry Support Services						
1.4 Corporate Services	\$ 990	\$ -	\$ -	\$ 990	\$ 105	\$ (885)
3 Trade, Investment and Food Inspection						
3.2 Food Inspection and Surveillance	301	-	35	336	545	209
3.3 Food and Bio-Processing	727	293	1,337	2,357	927	(1,430)
	1,028	293	1,372	2,693	1,472	(1,221)
4 Primary Agriculture						
4.1 Animal Health and Assurance	-	-	24	24	24	-
4.2 Crop Health and Assurance	-	-	-	-	84	84
4.6 Natural Resource Management	159	-	-	159	12	(147)
	159	-	24	183	120	(63)
6 Water Management	5,000	-	5,000	10,000	234	(9,766)
Total	\$ 7,177	\$ 293	\$ 6,396	\$ 13,866	\$ 1,931	\$ (11,935)
(Lapse)/Encumbrance						\$ (11,935)
CONTINGENCY VOTE BY PROGRAM						
OPERATING EXPENSE						
6 Water Management	-	-	2,500	2,500	2,500	-
CAPITAL GRANTS						
4 Primary Agriculture						
4.6 Natural Resource Management	-	-	5,000	5,000	5,000	-
Contingency Total	\$ -	\$ -	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
(Lapse)/Encumbrance						\$ -

⁽¹⁾ As per "Expense Vote by Program", "Capital Investment Vote by Program" and "Contingency Vote by Program" page 40/41 of the 2023-24 Government Estimates.

⁽²⁾ Per the Supplementary Supply Estimates approved on March 28, 2024. (Bill 15 - Appropriation (Supplementary Supply) Act, 2024)

⁽³⁾ Adjustments include encumbrances, capital carry over amounts, transfers between votes and credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. An encumbrance is incurred when, on a vote-by-vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding voted estimate in the current year.

Adjustments also include supply vote transfers for "Contingency" as approved by the Lieutenant Governor in Council under the direction of the Minister of Finance. The Contingency supply vote consists of a provisional funding authority transferable to any ministry. Upon approval by the Lieutenant Governor in Council, the President of Treasury Board and Minister of Finance may either spend or transfer all or a portion of this supply vote to another minister for public emergencies, disasters or unanticipated costs. As per Order in Council (OC) 057/2024, contingency funding of \$7,500 was approved for the southern Alberta bilateral agreement.

⁽⁴⁾ Actuals exclude non-voted amounts such as amortization, valuation adjustments, and other provisions as these amounts do not require any expenditure or payment of public money. Year-end expense accruals and payables which will immediately require a cash outlay (payment of public money) to settle or otherwise extinguish the liabilities are included in Actuals.

Annual Report Extracts and Other Statutory Reports

Public Interest Disclosure (Whistleblower Protection) Act

Section 32 of the *Public Interest Disclosure (Whistleblower Protection) Act* reads:

- 32(1) Every chief officer must prepare a report annually on all disclosures that have been made to the designated officer of the department, public entity or office of the Legislature for which the chief officer is responsible.
- (2) The report under subsection (1) must include the following information:
- (a) the number of disclosures received by the designated officer, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;
 - (b) the number of investigations commenced by the designated officer as a result of disclosures;
 - (c) in the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.
- (3) The report under subsection (1) must be included in the annual report of the department, public entity or office of the Legislature if the annual report is made publicly available.

There were no disclosures of wrongdoing filed with my office for your department between April 1, 2023 and March 31, 2024.