Annual Report
Agriculture and Irrigation
2022-2023
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Preface

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

On October 24, 2022, the government announced new ministry structures. As such, some of the responsibilities of the former Ministry of Agriculture, Forestry and Rural Economic Development were transferred to the Ministries of Forestry, Parks and Tourism, and Affordability and Utilities. Some of the responsibilities of the former Ministry of Environment and Parks were transferred to the Ministry of Agriculture and Irrigation. The 2022-23 Annual Report reflects the 2022-25 ministry business plans, the Government of Alberta Strategic Plan, as well as the ministry’s activities and accomplishments during the 2022-23 fiscal year, which ended on March 31, 2023.

The Annual Report of the Government of Alberta contains Budget 2022 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 Fiscal Planning and Transparency 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, 2023, was prepared under my direction in accordance with the *Fiscal Planning and Transparency Act* and the government’s accounting policies. All of the government’s policy decisions as at June 14, 2023 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.¹

[Original signed by]

Honourable R] Sigurdson

Minister of Agriculture and Irrigation

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¹ Includes the individual reporting entity Agriculture Financial Services Corporation.
Message from the Minister

During 2022-23, Alberta’s government was committed to driving economic development. A strategic realignment across ministries gave Agriculture and Irrigation the organizational structure and mandate to support sustainable growth, diversification and innovation in the province’s agriculture and food industries.

The ministry was positioned to attract investment and help grow the province’s economy. We focused on key priorities and took actions to enable the agriculture and agri-food sectors and rural communities to thrive and prosper.

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 economic growth, increasing competitiveness and providing robust assurance systems.

Economic growth

Since 2019, Alberta’s Agri-food Sector Investment and Growth Strategy has guided the ministry in creating new jobs, modernizing and expanding irrigation infrastructure, and spurring growth in the agriculture industry. I am proud to say we exceeded key milestones that were set for 2019 to 2023. During this period, we attracted more than $2 billion in new agri-food investment, created approximately 4,000 jobs for Albertans, achieved $16 billion in agriculture and agri-food exports and supported investment in more than 90 irrigation and water storage projects. This coming year, the strategy will be updated with new targets and activities to continue growing the province’s agri-food sector.

This past year, Agriculture and Irrigation led government’s priority on rural economic development. We listened to rural Albertans and Indigenous communities to develop the Economic Development in Rural Alberta Plan and address the unique issues they face. This five-year plan charts a path forward to help build regional and targeted capacity and support sustainable economic opportunities in rural communities. We brought the plan to life by providing almost $2 million in grants to various organizations for initiatives that create conditions for economic success in rural Alberta.

The end of 2022-23 also marked the final year of the Canadian Agricultural Partnership (CAP) between the federal, provincial and territorial governments. It was a $3 billion five-year (2018-23) joint investment that provided programs and services to strengthen and grow Canada’s agriculture and agri-food sectors. Throughout the program, Alberta’s sectors received $182 million in grants to expand markets and trade, address environmental sustainability and climate change, advance science and research, and enhance risk management and public trust.

The CAP has been replaced by the Sustainable Canadian Agricultural Partnership (Sustainable CAP) as of April 1, 2023. During the past year, the ministry worked diligently to finalize this agreement with federal, provincial and territorial partners. It will provide $3.5 billion in cost-shared programs to support continued innovation, growth and prosperity in the agriculture and agri-food sectors.

In addition, in 2022-23, Alberta’s government introduced the Alberta Agri-processing Investment Tax Credit. It boosts the province’s competitive advantage by creating the right conditions to attract
large-scale investments that will grow the value-added agricultural industry and diversify the economy.

To further stimulate Alberta’s economy, we increased Agriculture Financial Services Corporation’s (AFSC) borrowing limit to $3.3 billion to provide farmers, agri-food processors and agribusinesses with reliable access to capital. During the year, AFSC also improved processes and reduced red tape to make it easier for borrowers to access funding and grow their business.

While it is important to enhance Alberta’s investment climate, the ministry understands research is also essential to diversify and grow the agriculture sector. Consequently, in 2022-23 we maintained the commitment to invest $37 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 tangible benefits to Alberta farmers and ranchers, like increased productivity and higher profits.

**Business competitiveness and assurance systems**

Alberta’s government knows irrigation is a game-changer when it comes to bolstering business competitiveness in primary crop production, and we continued investing in irrigation expansion and rehabilitation. Of note was the partnership that was established with the Municipal District of Acadia, the Special Areas Board and the Canada Infrastructure Bank to invest about $7 million to continue planning for a large-scale irrigation project in east-central Alberta.

During 2022-23, the ministry also focused on reducing red tape and regulatory requirements to create a robust, competitive business environment for agricultural sectors and rural communities to thrive. We exceeded government-wide performance expectations and reduced red tape by 38.3 per cent, which was 5 per cent higher than our target.

AFSC also contributed to the ministry’s red tape reduction outcome and their client-focused business risk management solutions enabled producers to remain competitive amid issues like the Highly Pathogenic Avian Influenza and extensive hail damage to crops. Thanks to AFSC’s insurance and income stabilization programs, Alberta led all provinces in supporting producers through about $763 million in payments to offset the financial impacts of many challenges.

Water management and flood mitigation are also critical in reducing risk for the agricultural sectors and rural Alberta. As a result, we took a whole-government approach to manage and maintain the provincial water management infrastructure to prevent flooding and make sure Albertans had safe, reliable water supplies. For example, this past year construction continued on the Springbank flood mitigation project and Ghost Reservoir elevations were managed during peak storm periods to lower flood risks on the Bow River.

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 keep the momentum going and help lead Alberta’s economic growth now and into the future.
Management’s Responsibility for Reporting

The Ministry of Agriculture and Irrigation (AGI) includes:

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

The executives of the individual entities within AGI 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 2022-25 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 2022.

As Deputy Minister, in addition to program responsibilities, I am responsible for the ministry’s financial administration and reporting functions. AGI 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;
Introduction

• 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 Fiscal Planning and Transparency 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 14, 2023
Results Analysis

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Ministry Overview

The Ministry of Agriculture and Irrigation (AGI) is responsible for the policies, legislation, regulations, programs, and services necessary to grow, prosper and diversify Alberta’s agriculture and agri-food industries. Comprehensive programs to guide the production and export of high quality agricultural, agri-food and other value-added products were actioned through strategic investment opportunities, business development, and business risk management programs. The ministry also transferred the latest agricultural research knowledge to producers, advocated for industry, and supported rural capacity building while lowering barriers for adoption of beneficial management practices, innovation and resource management along the entire value chain. Agriculture and Irrigation also ensures public health through food safety oversight, provides reliable water supplies through capital maintenance and rehabilitation of infrastructure, and farmed animal and crop health oversight.

The ministry priority areas are:

- **Trade and Investment** – Alberta’s agriculture and agri-processing sectors are export-oriented and face challenges related to commodity market swings, rising production costs, supply chain challenges, variable weather conditions and trade access interruptions. The ministry continues to build Alberta’s profile as a preferred trade partner and a safe and reliable supplier of premium agriculture and food products. This is achieved through policies and advocacy, and programs and initiatives that cultivate export opportunities in current and emerging markets. Agri-businesses are aided in acquiring the processes, skills and knowledge they need to succeed on the global stage. Ministry policies, programs and initiatives are designed to address barriers to agricultural growth and investment in Alberta, stimulate job creation and product development in pursuit of new market opportunities, and ensure rural Alberta has the development opportunities necessary for prosperity.

- **Competitive Business Environment** – The ministry is working to expand its agriculture sectors, creating more jobs and generating new economic growth. Efforts in this area focus on bolstering innovation, increasing diversification and making Alberta more attractive to investors. AGI collaborates with partners to increase sector capacity through translation of research knowledge and encouraging uptake of innovative irrigation practices and technologies. Alberta is committed to building long-term, self-sustaining economic growth for agriculture-based industries. Assistance is provided to Alberta organizations to enhance rural life through rehabilitation of aging community infrastructure, and enhancing productivity by improving and modernizing the processes and requirements necessary to do business.

  Alberta is strongly committed to growing its agri-processing sector to create new market opportunities for products, improve food security, and to generate economic benefits like more jobs and greater diversification. AGI undertakes a range of activities designed to positively influence operating environments and performance, including investments in irrigation infrastructure projects, rural infrastructure enhancements, grants and incentives for investors, and business risk management tools that help producers through short- and long-term challenges inherent to the industry.

- **Assurance and Public Safety** – To sustain industry successes, the agriculture industry must continue to adapt to changing demand trends. To maintain Alberta’s position as an effective steward and leader in farmed animal health, crop health, and safe food products, the ministry facilitates adoption of integrated beneficial management practices such as on-farm efficiencies and sustainable improvements in productivity, efficiency, resource conservation and water security. The effectiveness of assurance systems is maintained through cross-government and industry collaboration, policy harmonization and reporting. These frameworks effectively protect public health and safety, enhance animal protection and crop health. Disease and pest
outbreak events are prevented, detected, investigated, and traced, enabling response and recovery. Policies and programs applying these frameworks ensure Albertans have confidence in the ministry’s handling of:

- infrastructure assessment and rehabilitation of dams, canals and reservoirs to ensure safe and reliable water supply;
- incentives for producer adoption of tools to determine on-farm risks and support strategic improvements in energy use; and
- opportunities for water efficiency gains for optimum production, and waste reduction.

These areas of assurance and public safety support the competitiveness and economic development of communities across Alberta. Agriculture and Irrigation ensures Albertans have confidence in the ministry’s handling of internationally accepted assurance systems, robust plans to maximize public safety, water availability and quality, crop yield and harvestability. The ministry works to build public confidence in Alberta’s food safety, response to crop and farmed animal health emergencies, and extreme weather events.

In 2022-23, AGI worked to achieve the following outcomes outlined in the 2022-25 Business Plan:

- **Outcome One:** Increased investments and expanded trade for Alberta’s agriculture and forest sectors support economic growth and rural economic development.
- **Outcome Two:** Alberta’s competitive business environment provides a strong foundation for resilient agriculture and forest sectors and rural communities to thrive.
- **Outcome Three:** Robust assurance systems and effective resource management practices support agriculture and forest sectors success and protect public safety.

**Organizational Structure**

The ministry organizational structure was updated in October 2022 to address new mandates and broader government strategic realignment.

Agriculture and Irrigation assumed responsibility for both the comprehensive operation and maintenance of provincially owned water management infrastructure, and administration of the Provincial Dam Safety program under the *Water Act*. The Water Infrastructure and Operations Branch enables continued supply of safe and secure water for industrial users, municipalities and irrigated agriculture. The Drainage Council provides advice and support to the nine Alberta drainage districts. The Forestry Division was transferred to the Ministry of Forestry, Parks and Tourism, and some responsibilities of Primary Agriculture Division were transferred to the Ministry of Affordability and Utilities.

Division-level updates as of March 31, 2023 are reflected in the organizational chart below.
Operational Overview

Department of Agriculture and Irrigation

Financial Services Division

Financial Services Division includes:

- Financial Services Branch;
- Emergency Management Branch; and
- Facilities and Fleet Services Branch.

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 the Public Service Commission on matters related to occupational health and safety.

Primary Agriculture Division

Primary Agriculture Division includes:

- Animal Health and Assurance Branch;
- Crop Health and Assurance 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 traceability, disease surveillance activities and cross-government surveillance networks, and emergency preparedness. The division also focuses on enhancing Alberta’s reputation for responsible resource management in agricultural production and resource use efficiency. The division builds sustainable agricultural capacity using regulatory frameworks for animal and plant health and research knowledge transfer to advance the competitive position of Alberta’s agricultural industry.

Through water management education and financial incentives, the division assists livestock and crop producers, irrigators and other water licence holders to capitalize on opportunities to gain water efficiencies and 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 also supports industry leadership and builds rural community capacity by improving governance of industry-led boards and commissions and community organizations, and infrastructure to enable communities to address a wide range of challenges and opportunities. The division also collaborates with stakeholders to provide funding for agriculture research that addresses producers’ needs.

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 and market access, and export development. It supports businesses by identifying new opportunities, supporting innovation, the growing and diversifying of Alberta’s agri-processing industry, and developing market opportunities and solutions 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 analysis.

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 government policy initiatives and develops ministry business plans and annual reports, and leads enterprise risk management frameworks, and red tape reduction. The branch also provides legislative services, manages appointment processes, supports public engagement processes, and drives innovation within the ministry.

Other Entities

Agriculture Financial Services Corporation

Agriculture Financial Services Corporation (AFSC) is a provincial Crown corporation that provides Alberta’s farmers and agribusinesses with loans, crop insurance and farm income stabilization. AFSC has been partners in the agriculture industry for over 80 years and it works alongside Alberta’s producers to build a strong, growing and diverse industry.

Alberta Agricultural Products Marketing Council

The Alberta Agricultural Products Marketing Council (Marketing Council) is the oversight body for Alberta’s agricultural marketing boards and commissions and 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.

Farmers’ and Property Rights Advocate Office

The Farmers’ and Property Rights Advocate Office (FPRAO) works to ensure the rights and interests of Albertans are recognized, understood and protected. Through the FPRAO, Alberta farmers, ranchers and other property owners have an impartial voice of advocacy, consumer protection, surface rights, land and energy expertise, resolution of some rural disputes, and representation to ensure fair process and compensation for land expropriation. In addition, the office provides assistance to all Albertans in navigating property rights mechanisms provided by the Government of Alberta. The Farmers’ and Property Rights Advocate administers the Farm Implement Act and the Farm Implement Dealerships 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.

**Irrigation Council**

The Irrigation Council (Council), established under the *Irrigation Districts Act*, makes recommendations to the Minister on any matter under the Act, particularly issues related to maintaining a strong, efficient and sustainable irrigation industry. The Council acts as an appeal body in accordance with the Act and establishes policies. It approves annual rolling three-year plans and projects submitted by the irrigation districts to ensure accountability of the public’s ongoing cost-shared investment in irrigation district water conveyance infrastructure.

**Marketing of Agricultural Products Act Appeal Tribunal**

The MAPA Appeal Tribunal (Appeal Tribunal) hears appeals related to orders, directions or decisions made by a regulated marketing board or commission in Alberta. Marketing Council staff provide secretariat support to the Appeal Tribunal when required throughout the year. In the event of an appeal hearing request, a Marketing Council staff member is assigned to serve as administrator to the appeal.

**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, ensures that 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 construction drainage damages.

**Farm Implement Board**

The Farm Implement Board reports to the Minister of Agriculture and Irrigation and advises on matters arising from the operation of the *Farm Implement Act* and *Farm Implement Dealerships 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.

**Livestock Identification Services Ltd.**

Livestock Identification Services Ltd. (LIS) is a not-for-profit organization which provides inspection services to livestock producers in Alberta. LIS maintains a brand registry, and licenses livestock dealers on behalf of the Government of Alberta pursuant to statutory delegations. The brand registry and inspection system offer protection to all livestock owners against stray or stolen livestock. Eight member organizations are represented on the LIS Board of Directors to give equal voice to all parts of the livestock industry.
Key Highlights

Many of Agriculture and Irrigation’s significant achievements for 2022-23, including progress toward commitments in the 2022-23 Government of Alberta Strategic Plan, are outlined below:

**Economic Growth**

**Trade and Investment Opportunities**

- The Alberta Agri-Processing Investment Tax Credit was announced in February 2023. This program aims to attract larger-scale agri-processing investors by offering a 12 per cent non-refundable tax credit on capital investments over $10 million.

- The two-year Lloydminster Interprovincial Food Trade pilot was launched in January 2023 to enable free trade of foods, including meat, within Lloydminster municipal boundaries.

**Access to Capital**

- Alberta increased the Feeder Association Loan Guarantee program limit from $100 million to $150 million, improving 2,000 livestock producers’ ability to secure capital.

- The AFSC borrowing limit was about $3.3 billion, an increase of about $267 million over the previous year.

**Diversification**

- Industry estimated $102.5 million in new investments and 145 permanent jobs were created through value-added processing programs and services through unique ministry facilities.

- The Agri-Value Processing Business Incubator (APBI) completed the $25 million, two-year expansion of two new food processing suites, supporting value-added, agri-food product development for food processors pursuing new market opportunities.

**Research Knowledge Transfer**

- Results Driven Agriculture Research received $37 million to work with producers and industry bodies, guide research priorities and promote active participation in generating higher profits and a more abundant food supply at an affordable cost to consumers.

**Rural Economic Development**

- The Economic Development in Rural Alberta Plan released in December 2022 signified government’s commitment to sustainable, long-term rural prosperity by addressing unique challenges through regional collaborative approaches. Close to $2 million was provided to various groups and organizations to improve economic development capacity in rural Alberta.

- To plan renovation and expansion, the Medicine Hat Exhibition and Stampede received $0.5 million in funding.

**Increasing Competitiveness**

**Improving Efficiencies and Resilience**

- The ministry met and exceeded the target of 33 per cent reduction in regulatory requirements.

- The Agricultural Products Marketing Council worked with Alberta Pork to add regulatory requirements for data surrounding the settlement of processed swine. These changes enable on-farm and industry improvements to increase income opportunities and stabilization.
Business Risk Management

- The AgriStability deadline was extended so poultry producers affected by Highly Pathogen Avian Influenza (HPAI) could manage income declines while addressing costly biosecurity measures and enabling early detection.
- Improved compensation for wild boar damage, and improved eligibility and coverage for bear destruction of beehives and hail damage, met producers’ needs.
- Alberta and other Canadian jurisdictions successfully concluded negotiation of a five-year (2023-28) $3.5 billion investment in the Sustainable Canadian Agricultural Partnership. This will strengthen competitiveness, innovation and resiliency of the agriculture, agri-food and agri-based products sector. This five-year strategic plan includes an increase to AgriStability compensation from 70 per cent to 80 per cent.

Water Infrastructure Efficiencies and Investments

- A total of 83.1 per cent of irrigated agricultural farmlands were under efficient irrigation, so that more acres can be irrigated using the same amount of water.
- The Irrigating Alberta Infrastructure Investment Grant enabled 46 of 92 completed projects benefit nine irrigation districts and communities using shared water resources.

Robust Assurance Systems

Flood and Drought Mitigation

- Cooperative relationships applied through a ministry-led approach to water sharing and water supply issues resulted in no Water Act regulatory interventions required to prevent drought.
- More than 1,200 infrastructure inspections, engineering investigations and dam safety assessments of government-owned water management infrastructure were completed.

Effective Resource Management

- The Canadian Agricultural Partnership provided $1.9 million in funding for 114 efficient grain handling projects by 108 agricultural producers. The funds were used to improve the energy efficiency of grain handling systems to better manage operating costs, reduce greenhouse gas emissions, and increase profitability.
- Through two programs incentivizing water-use efficiency and improvements to on-farm irrigation systems and water supply management, 604 grants totaling $3.4 million were awarded to 484 applicants to the Canadian Agricultural Partnership.

Disease Prevention and Mitigation

- HPAI outbreak response included more than 2,220 samples sent for laboratory testing, mapping and tracing, and communications with about 10,000 small flock poultry owners. Alberta experienced 60 infected flocks, with 1.4 million birds impacted. The ministerial control zone to limit disease spread lasted only two months due to the effective and rapid response.
- Two wild boar at-large bounty programs were launched with municipal and Agricultural Service Board (ASB) partners.
- ASBs surveyed more than 16,000 fields for insects and diseases, investigated over 1,200 sites for soil erosion issues and inspected more than 45,000 sites for regulated weeds, and licensed 98 stationary and mobile seed cleaning facilities across Alberta.
Looking Back: Canadian Agricultural Partnership 2018-23

The Canadian Agricultural Partnership (CAP) was a $3 billion Federal-Provincial-Territorial investment for Canada’s agriculture and agri-food sector in effect from April 1, 2018 to March 31, 2023. $182 million was provided directly to 3,426 recipients in the agriculture sector over the five-year period.

The following table represents the 2018-23 actual expenditures across the three outcomes of the ministry in this annual report. Programs, grants, and projects are discussed under key objectives.

<table>
<thead>
<tr>
<th>Outcome areas/priority areas 2018-23</th>
<th>2018-23 Actual ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment Sustainability and Climate Change</td>
<td>$ 46.1</td>
</tr>
<tr>
<td>Markets and Trade</td>
<td>$ 61.1</td>
</tr>
<tr>
<td>Public Trust</td>
<td>$ 6.1</td>
</tr>
<tr>
<td>Risk Management</td>
<td>$ 19.4</td>
</tr>
<tr>
<td>Science and Research</td>
<td>$ 49.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$182</strong></td>
</tr>
</tbody>
</table>

Source: Agriculture and Irrigation
Grant dollars disbursed to program recipients between April 1, 2018 and March 31, 2023 reflects data available as of April 26, 2023.
Discussion and Analysis of Results

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

Key Priority Two: Growing Alberta’s Economy

Alberta’s diverse industries and emerging sectors provide the strong foundations that are crucial to sustaining stable, long-term economic recovery and growth as well as enabling Albertans to access rewarding, family-supporting jobs. Government is committed to building on Alberta’s strengths, growing key and emerging sectors, and reducing regulatory burden to ensure a more dynamic, innovative and sustainable economy that is ripe for investment. Government will continue to advocate for a fair deal for Alberta.

Objective One: Attracting investment and growing the economy

Alberta’s government will continue to enhance the investment climate to support the province's economic growth. Building on our strong foundations, including low taxes and an efficient regulatory environment, we will support established and emerging sectors and create job opportunities for Albertans. Leveraging our competitive advantages will support growth in sectors such as new technology, value-added petrochemical manufacturing, mineral resource development including rare earth minerals, and pharmaceuticals.

Actions:

- Implementing strategies to develop, grow and attract investment in key industry sectors including: the Alberta Technology and Innovation Strategy; the Pharmaceutical and Life Sciences Strategy; the Agri-food Sector Investment and Growth Strategy; and the Natural Gas Strategy and Vision, and Hydrogen Roadmap. These strategies will attract new investment, diversify our economy and create jobs in Alberta.
  
  - Detailed reporting found on pages 20 to 24, 26 to 28 and 30 to 32.

- Implementing a Rural Economic Development Action Plan to help increase economic development capacity and opportunities of rural communities, and improving conditions for ongoing economic success.
  
  - Detailed reporting found on pages 29 to 30.

- Increasing the lending capacity for the AFSC to $3.6 billion by 2024 to ensure primary producers, agribusinesses, and value-added agri-processors have reliable access to capital.
  
  - Detailed reporting found on pages 26 to 27.
Red Tape Reduction

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

As of March 31, 2023, the ministry reduced its red tape by 38.3 per cent, exceeding the Government of Alberta’s reduction target of 33 per cent. Ministry accomplishments on initiatives for 2022-23 are summarized in four broad outcomes below. Additional information is under key objective 2.1.

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Status</th>
<th>2022-23 Results</th>
<th>Next Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Growth and Job Creation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bylaws under the revised <em>Marketing of Agricultural Products Act</em></td>
<td>Ongoing</td>
<td>Support Marketing Boards and Commissions (MBCs) to have greater autonomy over their operations with Marketing Council approval</td>
<td>Continue to support bylaw development for MBCs to better support industry governance.</td>
</tr>
<tr>
<td>Amend the <em>Irrigation Districts Act</em> and Regulations</td>
<td>Completed</td>
<td>Modernized and enhanced communication and board governance practices and processes.</td>
<td>Apply amendments to increase efficiency of irrigation district operation, leading to better irrigation water use.</td>
</tr>
<tr>
<td>Improved Service Delivery</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved AFSC processes and insurance products</td>
<td>Ongoing</td>
<td>Improve processes, policies, and forms for better access to lending services and business risk management tools.</td>
<td>Phased work to improve client services and review of client feedback.</td>
</tr>
<tr>
<td>Canadian Agricultural Partnership (CAP) Modernization</td>
<td>Completed</td>
<td>Simplified application processes and enhanced timelines for funding applications and approvals.</td>
<td>Apply principles to Sustainable CAP, where possible.</td>
</tr>
<tr>
<td>Smart Regulation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Update meat facility standards and food safety policies</td>
<td>Completed</td>
<td>Increased clarity to focus on outcomes, and remove outdated requirements.</td>
<td>Communicate changes with stakeholders to improve regulatory compliance.</td>
</tr>
<tr>
<td>Digital Transformation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AFSC cloud computing</td>
<td>Ongoing</td>
<td>Increase security and automate user account handling.</td>
<td>Develop supporting requirements such as Privacy Impact Assessment.</td>
</tr>
</tbody>
</table>

Classification: Public
Results Analysis

Outcome One: Alberta’s economic growth and recovery are supported by increased investments, expanded trade in Alberta’s agriculture and forest sectors, and by maximizing economic opportunities across Alberta.

This outcome aims to improve competitiveness for the agriculture and agri-food sectors, and support rural economic development. The ministry focuses on securing domestic and international market access and improving the contribution of the agriculture and agri-food sectors to Alberta’s economic success. AGI works through trade advocacy, business services and connections, and facilitating business promotional activities. Emphasis is placed on maximizing the impact of these efforts by increasing investments in Alberta, creating jobs, providing business capital and lending services, funding strategic agricultural research, increasing value-added processing, product development and commercialization to grow value-added processing exports.

AGI identified one key initiative that helped make progress toward achieving growth and prosperity through partnerships and specialized services tailored to Alberta’s agriculture and agri-food sectors:

- Fund $37 million in Results Driven Agriculture Research.

The Ministry of Forestry, Parks and Tourism is reporting on the forestry aspects of this outcome.

Key Objectives

1.1 **Provide trade services and prevent market disruptions for Alberta’s agriculture sectors and forest sectors.** The Ministry of Forestry, Parks and Tourism is reporting on the forestry aspects of this key objective.

This key objective focuses on continuing to build Alberta’s profile as a trade partner and a reliable supplier of premium agriculture, food and other value-added agricultural products for markets in a globally competitive environment. The ministry enhances agricultural trade relations, and advocacy to address market barriers. Global supply chains transmit market disruptions widely and quickly, so the ministry also focuses on offsetting extreme or sudden global events that can disrupt agricultural markets and food supply chains through programs that diversify export markets for Alberta’s agricultural products.

Trade Advocacy

Alberta continues to work with the federal government to ensure Alberta’s agriculture and value-added products get to domestic and international markets. Work continued with federal and provincial partners to urge the Chinese government to end high-cost packaging requirements and lift the temporary suspension on Canadian beef. There is no evidence that COVID-19 can be transmitted through food packaging so China’s packaging requirements are unnecessary. Canada has achieved negligible risk status for Bovine Spongiform Encephalopathy (BSE) through internationally recognized safeguards effective at protecting food safety and animal feed, so a ban on Canadian beef is unjustified. Alberta’s consistent BSE surveillance framework contributed to [Japan gradually lifting the last tariffs on Canadian beef imports starting in April 2023](#).

Industry estimates lifting of processed beef restriction represents up to $8 million in exports for Canadian producers. This follows the United States removal of BSE-related restrictions on live sheep and goat and most of their products, and South Korea and Philippines lifting their temporary suspensions in January 2022.
Supply chain resiliency, risks of relying on a few export markets, and high costs of doing business were advocacy priorities, including:

- improved rail and port access;
- policy analysis for a nationwide Grocery Code of Conduct;
- alleviating bee shortages due to overwintering losses through allowing importation of bee packages from the U.S.; and
- monitoring international reactions to Alberta’s Highly Pathogenic Avian Influenza (HPAI) response, and advocating for removal of temporary poultry import suspensions still in place for South Africa and South Korea.

Work continued to refine advocacy and intergovernmental mechanisms that advance Alberta’s interests in contributing to Canada’s sustainable and inclusive economic growth. The ministry encouraged new trade agreements and seeking conclusion of negotiations favourable to Alberta, including the Canada-United Kingdom Free Trade Agreement, and the Canada-India Free Trade Agreement.

AGI successfully advocated for a broader base of export markets that supports greater investment, including work with federal, provincial and industry partners to bring awareness to issues affecting Alberta producers and exporters:

- China’s restrictions on canola seed based on unsubstantiated claims of pest contamination. The canola trade restriction ended, and this will help support a stable and growing oilseed sector in Alberta; and
- as a major pulse-producing province, Alberta’s trade interests were bolstered through the successful negotiation of a one-year pilot with India without unscientific pulse fumigation requirements. A more stable set of trade policies on pulse crops may expand Alberta’s market share and open new markets critical to sustainable growth of Alberta’s agriculture industry.

Export Expansion Initiatives

Work with the agricultural sector to identify barriers to market development and expansion continued, together with supports and services such as mission coordination, business connection facilitation to identify export opportunities, and engaging and educating Alberta agriculture. AGI also worked with agri-food companies to increase their capacity to become export-ready, enter new markets, and expand in existing markets.

International market development initiatives include outbound missions with Alberta companies to key international trade shows, business-to-business meetings, inbound missions from international buyers looking to connect with Alberta exporters, and seminars to prepare companies to enter international markets. The ministry also supports in-market promotions to help Alberta companies access new markets and channels, such as e-commerce, and adapt to an increasingly complex and rapidly changing trade environment. 537 representatives of Alberta companies participated in 165 ministry-led international market development initiatives. These are designed to strengthen Alberta agriculture and agri-food companies’ knowledge of and interest in exporting, facilitation of business meetings to generate leads with international buyers, and ability to profile Alberta products to international buyers and consumers. Examples of these initiatives, some in collaboration with Alberta International Offices, include:

- support provided to 10 companies during the FoodEx 2023 trade show in Japan included first-hand market intelligence, pre-arranged business-to-business meetings and tours of local stores. Participants reported more than 50 leads from this outbound mission;
• **market-specific promotions** that helped companies adapt to an increasingly complex and rapidly changing trade environment. For example, nine Alberta agri-food companies are now listed on a third-party e-commerce platform targeting the South Korea market; and

• a delegation of seven producers promoting their genetics to Mexican ranchers at the Congreso Ganadero de las Estrellas (Congress of Stars Cattle Show) were supported in conducting first-hand market intelligence-gathering, and a pre-arranged **business-to-business meeting** program.

Participants across ministry-led export development initiatives reported **875 business connections and leads** with international buyers. The number of reported business connections and leads has increased over the past three years, demonstrating the ministry is strategically creating the right conditions for agribusinesses to prosper in Alberta.

Some markets were slower to re-open to international travel post-COVID-19, delaying relationship rebuilding with international buyers. To mitigate this challenge, AGI continued to facilitate virtual meetings, while encouraging face-to-face connections with **inbound international buyers** representing diverse international markets.

Alberta companies redefined their export development plans due to post-COVID-19 impacts on their businesses. To expand the pool of export-ready agri-food processors, the ministry provided ongoing assistance to potential new exporters to help address their export readiness and market development needs. Ministry services are expected to help grow exports by allowing companies to seize export opportunities through business intelligence about potential investors and joint ventures, securing resources and information for sound investment decisions, delivering support to existing investors, coordinating missions between governments, industry and other stakeholders, and educational webinars about entering different international markets.

### 1.2 Provide grants, programs and services to support research, growth and diversification in the agri-food sector.

This key objective focuses on maximizing collaboration between industry, governments and researchers to increase practical use of innovative technology and practices. By supporting research translation to meet industry needs, and providing processing facilities and expertise, the ministry enables emerging agri-processors to lower risks to achieve productivity and profitability, and capitalize on market opportunities that create long-term, diverse economic growth and jobs.

### Agri-Processing Investment Tax Credit (APITC)

AGI continues to develop the most effective tools to land large-scale investments to grow Alberta’s agri-food industry, diversify the economy, and be competitive with comparable jurisdictions. Work with Treasury Board and Finance focused on improving Alberta’s competitiveness by building on the province’s strengths, such as a strong primary agriculture sector, no provincial sales tax, and one of the lowest corporate income tax rates in North America.

Feedback received from industry and during roundtable events at the 2021 and 2022 Calgary Stampedes indicated there was room to improve Alberta’s competitiveness through investment incentives that would attract large multinational firms. Alberta was one of the few among
comparable jurisdictions examined that did not offer an incentive program targeting investment in value-added agriculture. The APITC program was launched in spring 2023 to lower barriers for companies deciding between investing in Alberta or in a comparable jurisdiction. The APITC provides a 12 per cent non-refundable tax credit against eligible capital expenditures to corporations making a minimum investment of $10 million in value-added agricultural processing in Alberta. The program will improve Alberta’s ability to compete for investment in the growing value-added agriculture sector.

In 2023-24, the ministry will continue focusing on creating the right conditions for the agri-food sector to do business in Alberta. Increased value-added processing capacity in Alberta will translate into more market opportunities for Alberta’s primary producers and reduce their risk exposure to trade disruption and global commodity market swings. Updates to the Agri-Food Sector Investment and Growth Strategy are underway and will reflect recent analyses of the most effective ways Alberta can progress towards further expanding and diversifying Alberta’s agriculture and value-added sectors to help employ even more Albertans in the future. AGI will engage with stakeholders to discuss opportunities and challenges related to the growth of value-added agriculture in Alberta, and how AGI can collaborate with industry to increase investment and diversification.

**Diversifying Agri-Processing**

The collective value of new investments made by industry is estimated at $102.5 million, with companies reporting that 145 permanent jobs were created through value-added agriculture processing programs and services offered at the ministry’s unique facilities.

Through product and process development, interim processing, industry-driven applied research, and business development services, the Food Processing Development Centre (FPDC) supported growth of Alberta’s value-added food product sector by developing more than 85 new products with 45 companies. The number of products developed indicate progress towards pre-COVID-19 agri-processing industry interest levels in exploring new markets and preparing for more favourable market circumstances for Alberta-made meat products, plant-based proteins, beverages, sauces, condiments, dairy products and confectionery items. Twenty-five products were introduced to market through various channels such as farmers’ markets, retail, food service and online storefronts, as well as ingredients for further processing.

Examples of food products AGI supported include beef, pork and chicken products such as bulgogis and sausages, ready-to-eat chicken noodle salads, tortillas, rotis, gummy candies, berry fruit pops, and pulse-based products such as dill pickle hummus and chickpea patties. Product and process development activities included lupin and chia protein extracts for use as ingredients, maple syrup-based caramel, high pressure processed haskap juice, and an ethnic ginger sauce. Interim processing agreements with 22 companies supported their scale up and commercialization by providing access to business productivity expertise, product labelling advice, food safety testing and market development advice.

FPDC delivered nine business-focused webinars to 531 registrants to transfer business development expertise to agri-processors and increase market expansion acumen. Two in-person
workshops and five market development missions including domestic missions to Toronto and Vancouver were also delivered to support food and beverage processor success. The missions provided understanding of what retailers in different markets are looking for, and how Alberta-based agri-processors can create demand and deliver the sales required to stay on retail shelves. The ministry will continue to provide support for current and potential agri-processors to increase the global competitiveness of homegrown companies using Alberta-grown crops that take advantage of infrastructure and services to support the establishment and growth of new companies and new business ventures in Alberta.

To further support the growth of value-added companies, the Agri-value Processing Business Incubator (APBI) underwent a two-year $25 million, 25,000 square foot expansion, successfully completing two of three new processing suites to offer prospective food processing tenants during 2023. It is anticipated APBI will house more than 100,000 square feet of federally inspected food processing space in its 10 processing suites, common storage areas and employee welfare facilities. The APBI functions to increase support for Alberta tenant companies to grow their production volumes and delay heavy investment in facilities of their own until such time as volumes permit. Four tenants operated in six of the seven suites during 2022-23 to manufacture and ship within Alberta, throughout Canada and export to international markets. AGI was challenged with supply chain disruptions to secure parts and services to complete the $2.8 million protein fractionation suite, delaying its commissioning and leasing to interested companies.

In the past year, Bio-Industrial Opportunities Section (BIOS) worked with 37 different companies to develop agricultural value-added opportunities in the areas of plant protein, specialty ingredients, cosmetic and personal care products, biocomposites and biomaterials, and adding value to waste. The ministry worked with several companies to incorporate industrial hemp components into biocomposite materials that can be used in oil and gas, packaging, and agri-food industries.

The ministry also worked with Egg Farmers Canada to demonstrate the utilization of spent hens, a common by-product stream, to develop plant nutrient solutions. Other examples of expert consultation provided to clients include using oilseeds to manufacture personal care products and new protein ingredients for aquaculture feed, producing hundreds of kilograms of plant protein for market trials, and creating a new animal feed product to be used as an alternative antibiotic. If these products are successfully commercialized in the future, AGI can provide further expertise to expand high value markets for Alberta crops which will lead to market growth and creation of jobs.

BIOS staff also provided advice and expertise to help grow the bio-industry through various industry development activities including co-chairing the Federal Provincial Territorial Bio-products working group, supporting renewable natural gas blending policy design efforts, and assisting stakeholders through project development.

Alberta Beef Producers and other cattle groups received $0.12 million through CAP to develop the Alberta’s Meat Processing Sector Resiliency Report to determine how Alberta’s beef industry can continue to grow sustainably and remain competitive. The study released in March 2023 aimed to address barriers and opportunities
for expanding beef processing capacity. The ministry leads several programs and activities to address the recommendations in the report, in the areas of labour challenges, access to capital, need for processor-specific improvements to practices, and interprovincial trade of meat. Highlights of actions in progress:

- continue cross-ministry work to make the Alberta Advantage Immigration Program simpler and easier. Changes to the Rural Entrepreneur and Rural Renewal streams will help Alberta’s rural communities remain vibrant and grow. A lowered investment threshold of $0.1 million for the Rural Entrepreneur Stream will open the door to additional qualified entrepreneurs who wish to establish or purchase an existing business in participating rural Alberta communities;
- increase awareness of the APITC potential to spur investment in meat processing capacity; and
- continue to work with producers, Alberta Beef Producers, Alberta Cattle Feeders Association and the federal government on options for voluntary price reporting by beef processors that may help ensure reporting sustainability.

Ministry actions and strategic projects through the Economic Development in Rural Alberta Plan discussed under key objective 1.5 may enhance opportunities in beef processing capacity, which may increase the supply of beef over time. Increased local supply may put some downward pressure on beef retail prices.

**Successes through Grants Informs New Programs**

The **CAP Growth and Value-Added** grant streams supported the ministry’s priority of growth in value-added food and bio-industrial processors. These grant programs supported product development, helped companies pursue new market opportunities, and supported emerging agri-processing sectors leading to business growth and job creation. Successful applicants received $6.13 million through 111 grants to support product development and pursue new market opportunities that may lead to business growth and job creation. Examples of value-added growth supported include:

- Arjazon Seed Trading was supported to make critical investments in equipment that improved product quality and processing speed. The family business now employs 32 staff and subcontractors to meet market demand around the world. CAP funds accelerated an expansion plan for automated packing of locally sourced lentils, peas, beans, chickpeas and hemp; and
- CBL Bakeries increased the production of cinnamon rolls made with locally sourced ingredients, and is considering food processing facility expansion. U.S. retail sales increased exponentially over the last two years through grants and ministry-facilitated promotional efforts, direct marketing and tradeshows.

The **Emerging Opportunities CAP** grant program supported strategic initiatives that contribute to significant sector growth and job creation in Alberta. This CAP stream focused on growing trade and expanding markets, growing Alberta’s agriculture and agri-food innovation and sustainability, and supporting diversity in a dynamic and evolving rural economy. Thirty-nine grant recipients received $8.9 million for 41 projects, including INCA Renewtech, a globally recognized hemp manufacturing company. The company was approved for up to $0.4 million for combining agri-tech, innovation and growth and diversification in Vegreville. This funding is being used towards the construction of a $72 million hemp decortication and product manufacturing facility anticipated to create more than 70 jobs. INCA Renewtech intends to transform hemp fibre into natural fibre composites. The investment is anticipated to create demand for 54,000 tonnes of locally grown hemp biomass per year, adding an estimated $270 million in additional farm income over 25 years.

Alberta has prime growing conditions for hemp cultivation with long hours of sunshine and cool nights, and is Canada’s top producer, growing 40 per cent of the country’s hemp. Agri processors improving hemp processing quality and efficiency at the InnoTech Alberta Vegreville Hemp
Decortication Facility received a CAP grant of $0.2 million to accelerate developing, testing, and improving hemp processing for textiles, create livestock bedding, building materials, erosion mats, oilseeds for healthy food ingredients and natural care products.

**CAP Transition to Sustainable Canadian Agricultural Partnership (Sustainable CAP)**

Funded projects can require long lead times from implementation to results achievement due to the nature of large capital investments. Overall progress was made in positioning value-added processors and organizations for success and improving the likelihood of achieving long-term business goals that align with government’s diversification interests for the agri-food sector. Although the CAP budget for the Growth and Value-Added stream was fully disbursed, some recipients were not able to complete the full scope of their projects as intended due to inflationary pressures, and rising interest rates which affected the costs and financing of their projects due to ongoing supply chain delays and geopolitical disruption. Some grant recipients were compensated only for the portions of projects completed. While not all the projects were completed as planned, the ministry made significant investments and progress was achieved towards increased value-added processing capacity.

CAP grant recipients and industry stakeholders were advised about funding under the new Sustainable CAP framework as of April 2023. Demand for the Growth and Value-Added suite of programs is expected to remain high under Sustainable CAP, in part due to active engagement with prospective applicants to find the best program to fit their projects, and ensuring applications are fully completed. The Sustainable CAP, announced as the new name of the Next Policy Framework in July 2022, is a five-year, $3.5 billion investment by Canada’s federal, provincial and territorial governments that supports Canada’s agri-food and agri-products sectors.

Sustainable CAP includes a $2.5 billion commitment that is cost-shared 60 per cent federally and 40 per cent provincially for programs that are designed and delivered by provinces and territories. The Sustainable CAP framework represents a cost-shared Canada-Alberta investment of $508 million over five years to position the agriculture and agri-food industry for greater long-term success. Most programs transitioned from CAP to Sustainable CAP in April 2023 to stimulate the creation of new jobs and spur growth in the sector by supporting:

- value-added processing competitiveness, attraction of new investment, and expansion of irrigation capacity that will enhance crop production; and
- protecting plant and animal health and animal welfare, managing risks to our natural resources and investing in producer-led agriculture research.

RDAR Delivers Industry Benefits

In 2021, RDAR awarded $0.78 million for Lethbridge College and Sunterra Greenhouse Acme facilities to grow soft fruit by minimizing crop protection products and water use. Insights on yields and quality were applied to commercial greenhouse operations. Sunterra anticipates up to 200 new jobs will be created after completing greenhouse expansion by 2025.

In 2022, RDAR investments included:

- $1.6 million in regional variety trials over three years for cereals and forages will update the Alberta Seed Guide, the go-to crop variety and performance information source for more than 50,000 Alberta farmers.
- $0.2 million in beef cattle feeder productivity predictions to help improve genetic selection of animals and crops for drought tolerance, feed efficiency, and methane emission, using genome data to enhance farm productivity and sustainability.
Results Driven Agriculture Research (RDAR)

The ministry continued to support agricultural research with tangible benefits to Alberta farmers and ranchers, like higher profits and a more abundant food supply at an affordable cost. RDAR is an arm’s length, non-profit organization that received $37 million from the ministry, to be supplemented with funding from industry and other sources. Producers and industry associations and commissions work with RDAR to guide research priorities and active participation.

Through this organization, Alberta’s agriculture industry has flexibility and autonomy to fund agricultural research projects over multiple years, including more than 93 projects grouped under:

- profitability, productivity and competitiveness, including 49 projects aligned to producer needs;
- 23 projects for sustainability and responsible agriculture;
- 10 projects for meeting market demands; and
- Final Mile Knowledge Transfer to producers and processors.

A Transdisciplinary Irrigation Cluster was also developed across research institutions, value-added industry, and irrigated farms in southern Alberta to increase development, create new jobs and grow farm revenues. Included in the $37 million RDAR received from AGI was $11.6 million in CAP funding that RDAR was able to fully invest in research projects despite supply chain challenges for producers affecting project completion. Due to the multi-year nature of many agriculture research projects, measures of economic returns are not yet available.

This stable foundation for translational research led to RDAR success at delivering the On-Farm Climate Action Fund to encourage Alberta farmers and ranchers to use beneficial management practices (BMPs), including rotational grazing, cover cropping and nitrogen management. A total of $12.3 million in federal funds has been disbursed to 639 producers implementing BMPs since 2021.

Improved Access to Capital

The Feeder Association Loan Guarantee Program helps local, producer-run co-operatives obtain competitive financing. Alberta provides an overall loan guarantee. The guarantee was increased to $150 million from $100 million. This increase will improve producers’ access to capital so they can grow their businesses and meet the demands of today's marketplace.

45 feeder associations with 2,000 livestock members use the guarantee to secure capital from lending institutions to buy beef calves and sheep to be fed for a number of months before being sold at market. A larger loan guarantee reflects current cattle prices and greater demand for feeder cattle. The increase improves the future for Alberta’s cattle feeders and makes the industry more viable and accessible for new entrants and young farmers. The ministry used increased cattle prices to improve this program for greater access to low-interest capital loans for organizations that are essential to the province’s agriculture industry and rural economy.

Agriculture Financial Services Corporation (AFSC) provides access to capital for specific target markets focused on new and young producers, developing producers, and value-added agribusinesses. AFSC lending programs provide much-needed support for rural Albertans operating agribusinesses that help grow the economy.

AFSC lending programs included the Next Generation, Developing Producer, Alberta Producer, Agribusiness and Revolving Loan Programs. AFSC has made it easier and quicker for Albertans to access lending by improving a quick loan approval process to access up to $0.25 million, automatic renewal of lending terms for loans in good standing, producer-friendly process for loan payment deferral and use of electronic signatures for added convenience. AFSC also migrated its loan
services to a modern and secure loan management system. The AFSC approved 1,348 loans for a total of $487 million. A decrease of 16 per cent of approved loans compared to 2021-22 was primarily due to decreased demand in a rising interest rate environment impacting producers’ borrowing decisions.

The AFSC overall borrowing limit will increase to $3.6 billion by 2024 to ensure Alberta farmers, ranchers and food producers have reliable access to capital to grow and continue sustainable diversification of Alberta’s economy. The borrowing limit in 2022-23 was $3.334 billion, an increase of $267 million over 2021-22. Overall demand for loans decreased compared to the last two fiscal years as expected due to rising interest rates, but the increased borrowing limit will serve producers well in coming years. AFSC continues to offer deferred payments, interest-only payments and re-amortizations to help loan recipients manage cash flow.

1.3 **Ensure long-term access to a sustainable and secure fibre supply by implementing the Forest Jobs Action Plan.** The Ministry of Forestry, Parks and Tourism is reporting on this key objective.

1.4 **Attract investment and increase value-added product development to support the Agri-food Sector Investment and Growth Strategy.**

The ministry continued to support the growth, expansion and competitiveness of Alberta food and bio-processing companies to help add value for commodities, and aid in commercialization success and the growth of Alberta businesses. This key objective focuses on supporting economic growth through offering prospective investors pathways to agribusiness startup or expansion and through process and product development and commercialization. Investments are attracted through a supportive environment that provides assistance and information to help investors make sound investment decisions and grow to diversify the value-added sector.

The Agri-food Sector Investment and Growth Strategy carried out from 2019 to 2023 was designed to build on the sector’s strengths to attract investment and create jobs for Albertans. Activities supporting the Strategy included tailored services to help investors make investment decisions, adding agriculture-focused staff to key Alberta International Offices, and generating investment leads.

**Agriculture-focused officers** were hired for the Düsseldorf and Singapore Alberta International Offices. A total of eight agriculture-focused positions in Tokyo, Beijing, Seoul, New Delhi, Mexico City, Minneapolis, Düsseldorf and Singapore will help grow and diversify export markets, attract investment to Alberta’s agri-food sector, provide improved export market understanding, and profile Alberta as a preferred supplier of agriculture and agri-food products.

Target markets for proactive investment attraction were Asia, Europe, the United Kingdom and the United States. The ministry organized **29 incoming missions** targeting companies looking to invest in Alberta in the areas of plant-based protein, potato processing, indoor farming and agri-tech. AGI also organized **nine outgoing missions** to promote Alberta as an investment destination including the Plant-Based Protein Summit North America in Chicago, the Protein Industries Canada Investor Forum in Toronto, and the Food Industry Technology Show in Korea.

During 2022-23, AGI facilitated an additional $612.1 million in agri-food sector investments for 135 projects supporting 1,134 jobs. From April 2019 to March 2023, the department facilitated $2.1 billion in agri-food sector investments supporting the development of 4,132 jobs. The ministry facilitates investments through a unique blend of grant programs, expertise, specialized facilities, product and process development, interim processing, incubation, facilitation of business
connections, and other business services. AGI’s Agri-Food Sector Investment and Growth Strategy is one piece of the Government of Alberta’s Investment and Growth Strategy. The ministry developed targets and provided major opportunities for the sector to build on its existing strengths and capitalize on opportunities for value-added growth.

AGI anticipated investment decisions in the value-added agri-processing industry would continue to be impacted by factors such as increased global competition, interest rate increases, geopolitical events, economic uncertainty, and high input costs. Continuing to facilitate a supportive agri-processing growth environment through the ministry’s specialized business and trade services was essential to sustain growth in the value-added sector. Additional details are under Performance Measure 1.a.

The Agri-Food Sector Investment and Growth Strategy targets and enabling strategies for growing and diversifying Alberta’s agri-food sector also included specific targets to grow primary and value-added agricultural exports to $16 billion by 2023. The targets in the Strategy included growing primary agriculture commodities by 7.5 per cent per year, and value-added agriculture products by 8.5 per cent per year. Alberta continues to shift from primary commodities to value-added exports, increasing the value derived from Alberta’s high-quality products. In 2022, Alberta’s total agri-food exports set a third consecutive record high at $16.2 billion, with value-added agriculture exports accounting for 54.9 per cent to meet the overall target. Additional details are found under performance indicator 1.b.

New Investments Attracted in Value-Added Processing

**PIP International:** In partnership with the federal government, the ministry awarded $1 million to this Canadian agri-food company to support engineering systems and processing equipment for a new $20 million pea processing pilot facility in Lethbridge. As part of a two-phase project, the pilot facility will test PIP’s new innovative protein isolate extraction technology. Phase 2 will see the establishment of a $250 million wet fractionation yellow pea protein facility in Lethbridge. Once operational, the facility is anticipated to create 135 new jobs, process about 126,000 tonnes of yellow peas annually, and support more than $75 million in annual pea contracts for local and regional growers.

**Super-Pufft Snacks:** This food processor received $0.25 million in funding to purchase equipment for their $50 million Airdrie agri-food facility across two project phases. When both phases of the investment project are complete, Super-Pufft will use about 78,000 tonnes of locally produced potatoes each year and create more than 100 jobs at its first western Canada facility. This investment through CAP grants grows trade and the sustainability of the value-added processing sector through diverse and evolving market demands and technological changes.

These programs, grants and services contributed to food manufacturing sales, the second largest manufacturing industry in Alberta. Industry sales reached $22.7 billion in 2022, up almost 14.2 per cent from 2021. In 2022, the food manufacturing industry employed about 25,800
individuals. To make it easier for companies to decide between comparable jurisdictions for investments, Alberta continues to work with municipalities, developers and other stakeholders to increase value-added and agri-food processing. These approaches include streamlining labour and regulatory requirements.

1.5 Develop and implement a Government of Alberta rural economic development plan to help create the conditions for ongoing economic success in rural communities.

This key objective involved planning and facilitating the development of unique regional collaboration opportunities to strategically enhance economic development capacity. These partnerships include addressing entrepreneurial and skill development to create sustainable economic opportunities and increasing business retention and expansion for resilient and prosperous rural communities.

The ministry developed the Economic Development in Rural Alberta Plan (EDRAP) based on insights gained from engagement sessions in fall 2021 and June 2022 with rural stakeholders. AGI developed relationships with rural Alberta entrepreneurs and businesses, obtained stakeholder input about the draft EDRAP, and gathered insights to inform strategic planning. Released in December 2022, the five-year plan targets entrepreneurship, skills development, small business supports, marketing rural and Indigenous communities, promoting tourism, and rural economic development interconnectivity at the regional level. The Alberta government will develop annual progress reports in 2023, an interim report in 2025, and a final impact report in 2028.

Skill development to enhance workforce capacity included seeking input through the Agriculture Labour Task Force, and a one-time grant of $0.1 million to Young Agrarians. This grant improved awareness of agriculture and agri-food related careers, and an on-farm apprenticeship program to develop hands-on skills and knowledge to run a rural farm business. Agriculture for Life received $2.5 million to increase public awareness of agricultural career opportunities, as well as human resources training to support worker retention.

AGI also enabled local partner organizations through additional one-time funding for regional and targeted capacity building:

- Alberta Association of Agricultural Societies: $50,000 for the Rural Development Cluster Coaching Series that focuses on developing agri-tourism, creating rural partnerships and using regional approaches;
- Alberta Women Entrepreneurs: about $0.2 million to expand the NextStep to Success program, which offers Indigenous women entrepreneurs mentorship, business training and guidance to ensure Indigenous women building businesses are supported by inclusive communities;
- Economic Developers Alberta: $0.13 million for education and skills training, mentoring and creating networks that share best practices. Enabling skill development in rural communities will enhance workforce capacity today and in the future; and
- Alberta’s library system: $0.2 million for rural knowledge transfer and skills development. The Public Library Grant for Skill Development in Rural Alberta assists smaller rural areas to strengthen their services and programs to become more resilient and sustainable.

To advance a culture of innovation across rural Alberta one-time funding was provided to:

- Alberta Municipalities and Rural Municipalities of Alberta: $0.15 million to address unique challenges to growth; and
- Ministry of Jobs, Economy and Northern Development: about $0.8 million to work with each of the nine Regional Economic Development Alliances (REDAs). REDAs are non-profit
Corporations that work with municipalities and drive regional economic development and planning. In some cases, the REDA is the sole economic development entity supporting rural or remote communities.

Recognizing project success can vary depending on specific local circumstances and capacity, the ministry, in collaboration with Transportation and Economic Corridors, also supported assessing restoration potential of the shortline rail between Oyen and Lyalta by providing the Special Areas and Oyen Development Corporation with nearly $0.5 million to fund a feasibility study. Connecting communities to Class 1 rail lines may expand access to export markets for agricultural products and other goods.

**Other Programs to Spur Ongoing Rural Prosperity**

AGI continued to deliver other programs and services to help create conditions for ongoing economic success in rural communities by increasing opportunities for producers through **entrepreneurial capacity-building, small business supports**, and improved **rural tourism initiatives**, including:

- a $5-million agreement with the Alberta Food Processors Association until May 2027 to support Alberta producers, processors, and manufacturers by delivering the **Made in Alberta** voluntary labelling program. Shoppers can quickly identify local products;

- $1 million enabled 4-H to deliver agriculture and agri-food development and rural leadership programs to 5,500 members at 280 locations across Alberta. In September 2022, **4-H Alberta** launched four programming adaptations to attract and retain youth;

- $0.1 million increased **Open Farm Days** agri-tourism opportunities for 115 participating farms and agri-food entrepreneurs. On-farm demonstrations and locally grown and produced products were marketed directly to 15,934 farm visitors with almost $0.107 million in on-farm sales. Compared to 2021, the number of participating farms increased by eight per cent, visitors increased by 28 per cent, and sales increased by 131 per cent with the decline of COVID-19 restrictions and impacts;

Delivery of the **Century Farm and Ranch Award** to 47 families and inducted three new members to the **Alberta Agriculture Hall of Fame** to recognize families who have made multi-generational commitments to the agricultural industry, and provided significant leadership to sustain rural vibrancy. AGI also celebrated two farms achieving **125 Year awards**; and

The latest available data from 2022 shows Alberta had 43,200 employees on more than 41,000 farms. The annual **Innovation Award** recognized three agricultural societies for innovation, resilience and commitment to these farming communities which make up about 15 per cent of Alberta’s population.

The results of a strategic focus on identifying and improving enabling irrigation infrastructure to support investment and growth in rural Alberta are reported under key objective 2.3.
Performance Measure 1.a:
Cumulative total value of investment in the primary and agri-processing sectors facilitated through ministry investment initiatives, and the corresponding jobs created.

<table>
<thead>
<tr>
<th>Prior Years’ Results</th>
<th>2018-19</th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23 Target</th>
<th>2022-23 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative Investment Enabled ($ millions)</td>
<td>n/a</td>
<td>$527</td>
<td>$886</td>
<td>$1,483</td>
<td>$1,000</td>
<td>$2,095</td>
</tr>
<tr>
<td>Cumulative Jobs Created</td>
<td>n/a</td>
<td>981</td>
<td>2,128</td>
<td>2,998</td>
<td>1,445</td>
<td>4,132</td>
</tr>
</tbody>
</table>

Source: Agriculture and Irrigation
Note: Results prior to 2019-20 are not available.

Description: The performance measure represents the total investment in the agri-food industries and the corresponding job creation enabled by the ministry's investment attraction efforts under the Agri-food Sector Investment and Growth Strategy, including results from preceding years beginning with 2019-20. Investment is the total value of an investment project undertaken by a client, including capital and non-capital expenses, but not including operational expenses. Investment value could include federal and provincial grants if applicable. Job creation is the number of new, permanent jobs related to an investment that did not exist before the ministry provided assistance, excluding construction, temporary or contract positions. Job creation represents the total creation, including both jobs that have been created and the expected additional job growth once the investment projects are completed.

Rationale: Access to capital enables Alberta agri-processing businesses to start up and grow, which supports economic growth and diversification in the province. Investments increase productive capacity, reduce long-term costs, increase competitiveness, and raise profits. Growth in the agriculture and agri-processing sectors facilitates the creation of employment opportunities and contributes to Alberta’s economic growth. This contributes to Alberta’s gross domestic product and improves Alberta’s long-term economic performance.

Results Analysis and Variance Explanation:

From April 2019 to March 2023, the ministry facilitated the investment of $2.1 billion in agri-food sector investments exceeding the four-year (2023-24) target. These investments are expected to create 4,132 new, permanent jobs. The job creation target was met two years in advance. The ministry’s focused approach contributed to the accelerated achievement of the targets. Investment projects supported by AGI in a certain fiscal year may not be confirmed within the same fiscal year. It can take three to five years to confirm investment and job creation results for large multi-year investment projects. In addition, investment and job creation results were highly impacted by a small number of investments. For example, 13 investments (9.6 per cent of investments in 2022-23) accounted for about half the reported job creation in 2022-23.

In 2022-23, the top five confirmed investments (4 per cent of cases) accounted for $404 million in investment (66 per cent of the annual result), and the top five confirmed job creation projects accounted for 342 jobs of the jobs to be created (30 per cent of the annual result).
Performance Measure 1.b:
Value of Alberta’s primary agriculture commodities and value-added agriculture products exports ($ in millions).

<table>
<thead>
<tr>
<th>Prior Years’ Results</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022 Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Agriculture Commodities</td>
<td>6,141</td>
<td>5,808</td>
<td>5,272</td>
<td>6,325</td>
<td>5,870</td>
<td>7,299</td>
</tr>
<tr>
<td>Value-Added Agriculture Products</td>
<td>5,584</td>
<td>6,074</td>
<td>6,372</td>
<td>6,683</td>
<td>8,252</td>
<td>8,886</td>
</tr>
</tbody>
</table>

Source: Statistics Canada; Agriculture and Irrigation (Results current as of May 10, 2023)

**Description:** This indicator tracks the type, monetary value and growth of Alberta's agri-food exports and provides an indication of whether the industry is shifting from primary commodities to value-added products. 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 agriculture commodities are products that are in a raw or unprocessed state, such as crops or livestock. Value-added agriculture products involve refining primary commodities to increase value, such as turning canola seed into canola oil or turning cattle into beef.

**Rationale:** Diversification of agricultural exports strengthens Alberta’s agricultural industries and contributes to provincial economic growth. AGI influences this indicator through programs and services that result in research, products, processes and technologies that generate economic benefits through value-added processing. Adding value to agricultural products supports diverse secondary industries across the food supply chain, including transportation and logistics, refrigerated storage facilities, beverage manufacturing, wholesale and retail distributors, and the food service industry.

**Result and Variance Explanation:** In 2022, Alberta’s total agricultural exports set a third consecutive record high at $16.185 billion, of which processed agricultural products accounted for 54.9 per cent of the total. Value-added exports increased in 2022 (up 7.7 per cent from the previous calendar year to $8.886 billion), and primary exports rose (up 24.3 per cent from the previous calendar year to $7.299 billion). The combined value of Alberta’s agriculture exports exceeded the Agri-food Investment and Growth Strategy target by $0.2 billion.

The $7.299 billion in revenues from primary commodity exports is 11.5 per cent higher than the target of $6.544 billion. The increase from 2021 was largely the result of the higher value for exports of wheat, live cattle (excluding purebred), canola seed, lentils, dry peas and other products. The $8.886 billion in revenues from value-added products exports is about 9.2 per cent higher than the target of $8.134 billion due to substantial increases in value for oilseed cake and meal, beef, processed potatoes, canola oil (refined), other cereals milled, and other products.

Exports of value-added products continued to account for more than half of the total agricultural exports compared to primary commodities which accounted for 45.1 per cent. There is considerable volatility in annual export values for both primary agriculture commodities and value-added agriculture products because of numerous factors outside the ministry’s control. These factors include changes in crop and livestock production limitations and yields, fluctuations in
international commodity prices and demand, international trade impediments, and currency exchange rates.

Due to these factors, annual results may vary considerably. In recent years, the annual growth rate has been as low as -9.2 per cent (2018 and 2019) to as high as 24.3 per cent (2021 and 2022) for primary agriculture commodities, and as low as 4.9 per cent (2015 and 2016) and as high as 23.5 per cent (2020 and 2021) for value-added agricultural exports.

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

This outcome fosters a business environment and enables improved infrastructure in which agriculture and value-added sectors and rural communities can thrive, and achieve their business goals and full economic potential. To make progress on this outcome efforts focus on reviewing legislation, policies and business processes, providing business risk management tools to agricultural producers, developing sector strategies and approaches to enable rural growth, providing targeted socioeconomic programs to rural areas, and investing in irrigation infrastructure.

The ministry identified one key initiative to improve water conveyance infrastructure, water storage efficiencies and management techniques to enable competitive, low-cost agricultural and value-added production environments that supports progress toward growth and prosperity of Alberta’s agriculture and value-added sectors:

- Deliver $43.2 million in irrigation rehabilitation and expansion.

The Ministry of Forestry, Parks and Tourism is reporting on the forestry aspects of this outcome.

Key Objectives

2.1 Streamline agriculture and forest sector’s regulatory requirements to reduce red tape.

The Ministry of Forestry, Parks and Tourism is also reporting on this key objective.

This key objective focuses on improving service delivery for Albertans by streamlining and simplifying ministry services and programs, and reducing the burden of ineffective regulation on agriculture and agri-food industries. These activities aim to foster economic growth through more efficient processes and legislated or administrative requirements so that industry can carry out business in a supportive environment.

Rural economic development engagement sessions were held in fall 2021 and spring 2022. At those sessions, producers and rural stakeholders emphasized that guiding principles to build economic capacity through policies, initiatives and programs should include flexibility for new and emerging industries and opportunities, collaboration between governments, and inclusivity across rural and Indigenous communities. These approaches should take into account their capacities, resources and geography.

Ministry accomplishments under this key objective relate to policies and processes that reflect these guiding principles. The ministry has focused on reducing unnecessary processes to encourage economic growth and make Alberta one of the freest and fastest-moving economies in the world.

The Government of Alberta asked all ministries to reduce red tape by one-third by 2023. AGI exceeded the goal by about five per cent, achieving a 38.3 per cent reduction. Reductions were made to the number of agriculture-related regulatory requirements in its statutes, regulations,
policies and forms, and is committed to a net zero increase. With this cap, when a new regulatory requirement is introduced, AGI plans on eliminating an existing requirement.

Red tape reduction by streamlining and simplifying ministry services and programs continued, as well as reducing the burden of unnecessary processes on agriculture and agri-food industries to support Alberta’s job creators. AGI found clear linkages between actions and processes agribusinesses must undertake to exercise their capacity to sustain themselves and grow.

Recent activities include:

- **Irrigation Districts Act** and Regulations amendments: improve irrigation districts (IDs) notification methods and procedures, enhance user practices, and improve IDs’ board processes and activities.

- **Bee Act** and Regulation amendments: include updates to the Bee Disease List to include pests and diseases that currently threaten honeybees in Alberta. The outdated test to identify Africanized honey bees was also addressed, which allows regulated beekeepers the flexibility to use the latest tests and improvements for bee identification to meet animal health and food safety requirements more effectively.

- **Marketing of Agricultural Products Act** bylaw implementation
  - implementing bylaws for marketing boards and commissions (MBC) addresses requests from MBCs for greater autonomy over operations; and
  - pursuant to the *Marketing of Agricultural Products Act* amendments in 2020 to provide bylaw-making authority to MBCs, a Marketing Board or Commission’s board and Marketing Council will approve bylaws for all Marketing Boards and Commissions without requiring Ministerial approval.

- **review of Meat Facility Standards, Food Safety Policies and Forms**
  - meat facility standards, food safety documents and policies were reviewed and updated. Increased clarity and enhanced flexibility were achieved by focusing on an outcome-based approach rather than prescriptive requirements. Unnecessary requirements were identified, including information gathered in forms; and
  - enhanced flexibility and reduce administrative burden for stakeholders.

AFSC continued process improvements to make it easier for Albertans and companies to access programs and services. Key improvements under this initiative included:

- accuracy changes to hail rate factors and policy changes;
- changes to insurance policies to allow client experience transfer that includes non-family members who play significant roles in farm decision-making; and
- improvements to price methodology for yellow dry beans and mixed grain.

Replacement of the insurance platform improved security of private information and user account handling, and may improve understanding of program uptake and provide opportunities for future service improvements.

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

AFSC’s competitive, market-responsive, risk management solutions help agricultural producers operate successful agribusinesses, especially when natural and market events occur beyond the agribusinesses’ control. This key objective aims to achieve a competitive agricultural production
business environment in the event of downturns. Effective risk management programs such as agricultural insurance products are essential to shorten recovery time and provide a stable position from which Alberta’s agricultural industry can achieve its full economic potential and enhance the sustainability of communities in rural Alberta. Payments to producers increased for AgriRecovery, hail insurance, AgriStability and livestock insurance, and declined under AgriInvest compared to the previous year.

AgriInsurance supports the agricultural economy by providing insurance coverage to Alberta producers to assist with livestock and crop production risk management. The 2022 crop year saw the highest participation rate in AFSC history for Production Insurance, indicating agricultural producers considered the extreme weather conditions of 2021 to be significant financial risks, especially combined with high input costs and variable commodity prices. Uptake of perennial production insurance is heavily influenced by recent moisture and weather events, and crop loss experiences. Challenging growing conditions such as 2021 is often followed by increased insured acres. Total liability coverage across annual and perennial production insurance was about $10.8 billion, and net premiums collected were approximately $1.02 billion. AFSC insured:

- 81.6 per cent of annual crop acres, above the average range of 70 to 75 per cent. 17.4 million annual crop acres provided $10.3 billion in liability coverage through about $1 billion in collected premiums; and
- 35 per cent of perennial crop acres, above the average range of 25 to 30 per cent. 8.5 million perennial crop acres provided $561.4 million in liability coverage through about $59.1 million in collected premiums.

A total of 6,971 annual and 3,570 perennial crop subscriptions experienced a loss, resulting in payments of about $1.3 billion. By offering strong options backed by sound financial management practices, Alberta’s agricultural producers were better protected against the risks of production, and better positioned in 2022 for future success and financial stability. Many producers without insurance prior to 2021 may not have been able to self-insure if another prolonged extreme weather event had occurred in 2022. Once producer income stability is attained, insured acres may decrease in future years if producers regain confidence in their ability to self-insure in the future.

The ongoing on-farm risks faced by producers include increasing fertilizer, fuel, electricity and labour costs. AgriInvest is a government-matched savings program that helps producers manage income declines and make investments to manage on-farm risks. This cost-shared savings account incentivizes producers with net sales of $25,000 or more to set money aside with matching contributions to achieve income stability. The savings program supports recovery from small income shortfalls such as mitigating effects of weather-based disasters, or making investments to reduce on-farm risks. For the 2022 program year, an estimated $1.46 million was deposited, with the Government of Canada contributing 60 per cent and the Government of Alberta contributing 40 per cent.

AgriRecovery is a framework to assess events that can significantly impact the agriculture sector. Initiatives offered through the framework assist producers with extraordinary recovery or mitigation costs related to natural disasters such as disease, pest outbreaks, and extreme weather. AgriRecovery assessments take existing programs and support into consideration so that assistance available through other business risk management programs, private insurance or other sources are not duplicated.

In 2022-23, an AgriRecovery assessment to support beekeepers impacted by overwintering losses was completed and approved since the financial impact of this event was beyond the capacity of producers to manage despite existing programs. Bee overwintering losses occur annually in Alberta, averaging 26.2 per cent hive losses since 2007. The overwintering loss for 2022 was estimated to be close to 50 per cent primarily due to Varroa mite, a parasite with increasing...
populations in Alberta brought on by the extremely hot and dry summer of 2021. Relief for beekeepers is anticipated during 2023-24. The ministry continues to explore various ways to support beekeepers through financial impacts of the extraordinary costs of hive replacement ranging from 17 to 29 per cent of producers’ average gross revenue.

AGI also sought assessment of **Highly Pathogenic Avian Influenza** (HPAI) under AgriRecovery to support Alberta’s impacted poultry producers, but was unsuccessful in obtaining funding approvals for this cost-shared income stabilization emergency response program in 2022. This request was made to support producer costs associated with a disease outbreak that were not covered by other means such as private insurance. As HPAI continues to persist in wild birds and pose a risk to poultry, the ministry will continue to provide timely support for poultry producers to handle business risks should another outbreak affect industry.

**AgriStability** is a margin-based program designed to help producers manage large income declines. AGI successfully negotiated **increased AgriStability compensation** from 70 per cent to 80 per cent as requested by industry stakeholders for the Sustainable Canadian Agriculture Partnership (Sustainable CAP) framework from April 2023 to March 2028. This improvement will provide a more robust response and additional compensation to producers who are experiencing a type of decline triggering a claim under the program.

In May 2022, the AgriStability enrolment deadline for the 2022 program was extended to February 28, 2023 for poultry producers’ late participation if affected by **Highly Pathogenic Avian Influenza** (HPAI) control measures. Approval of specific qualifying circumstances is required before AgriStability coverage becomes available. The department successfully advocated to the federal government for poultry producers’ late participation in the cost-shared program to manage income declines while addressing costly biosecurity measures and enabling early detection. Additional information about HPAI is found under outcome 3. AgriStability claims reporting is a year behind other programs because it relies on producer tax information filed with the federal government. As of March 31, 2023, AFSC had processed 5,879 of the 8,062 AgriStability claims received for the 2021 program year and paid out about $32 million. Program payments for 2022 will include payments to poultry producers affected by HPAI, and will continue until all remaining claims are processed.

The **Hail Insurance Program** provides protection for spot-loss damage to viable annual crops or perennial crops (excluding pasture) caused by hail, accidental fire, and fire caused by lightning. A total of 6,218 claims were processed, resulting in payments of $619 million across the Straight Hail product and the Hail Endorsement.

The Livestock Price Insurance program provided coverage to eligible cattle and hog producers who purchase price protection in the form of an insurance policy. There were 1,347 policies purchased with about $0.5 million of indemnities paid as of March 31, 2023 to 28 producers. Indemnities have decreased steadily over the 10 years of the program as part of the federal suite of AgriRisk Initiatives due to decreased program participation. It is anticipated that new business risk management programming for the sector will more easily account for fluctuations in cattle and hog prices and enable more timely support to producers under the Sustainable CAP framework.
Alberta led all provinces in supporting producers through business risks and income stabilization through about $763 million in payments to producers, mainly through four streams: AgriRecovery, hail insurance, AgriStability and Livestock Price Insurance.

**Enhancements to Insurance Programs**

Changes applied to the 2023 crop season based on input from producers and industry organizations across Alberta to keep products relevant to clients include:

- **split season Moisture Deficiency Insurance option for pasture paid monthly** to give livestock producers in claim situations faster access to cash flow and feed markets;
- **Satellite insurance for pasture migrated to Moisture Deficiency Insurance** with the same coverage and discounts for a smooth transition;
- **compensation levels for re-seeding** updated to keep pace with current costs. The re-seeding benefit provides farms with coverage to re-seed managed crops before June 20 if required;
- **bear predation damage to beehives** added to the Wildlife Damage Compensation program;
- **Straight Hail maximum coverage limits increase and coverage added for market gardens** with eligibility improvements: one acre is the minimum to be eligible instead of three acres, maximum insurable acreage increased from 30 to 60, and only one crop grown by the operation is required to be eligible; and
- **weather stations additions** improve data used for Moisture Deficiency Insurance and Pasture and Corn Heat Unit Insurance.

AFSC held focus group meetings with clients to gather feedback to better understand challenges faced by the market garden industry. Producers expressed interest in alternative programming such as revenue insurance. While AFSC explores this option, market garden producers can choose AgriStability for risk mitigation.

AGI is making efforts to ensure premiums remain affordable, that coverage reflects the value of producers’ crops, and that participation remains constant year to year. The 2022 crop insurance premium increase helped to restore the Agrilnsurance fund after payments made for the 2021 drought. Advocacy for insurance-based programs that are equitable, timely, predictable and easy to understand continues.

### 2.3 Expand irrigation infrastructure to increase crop production to support Alberta’s economic recovery plan.

This key objective represents several mutually reinforcing activities including policies, programs, and consultation to facilitate sustainable use of water resources for agricultural production so more land can be used to maximize crop yield and harvestability, and maintain water availability for other uses that support Alberta’s economy. Since the volume of water allocated to irrigation is largely capped in parts of Alberta, AGI uses various tools to increase water efficiency and improve water use and quality.

Improvements in water use and efficiency gains on currently irrigated acres, such as pipelines replacing canals and modernized irrigation equipment, support increased and consistent crop yields for the same volume of irrigation water. AGI supports irrigation expansion and rehabilitation of irrigation infrastructure to stimulate the economy. The Irrigation Alberta Infrastructure Investment Grant, and the Irrigation Rehabilitation Program (IRP) are some of the significant approaches AGI is using to secure funding through federal-provincial agricultural policy frameworks and achieve this objective.
The Agri-Food Sector Investment and Growth Strategy outlined enabling strategies for growing and diversifying Alberta's agri-food sector. The Strategy includes an irrigation pillar with a target of investing in the modernization of irrigation infrastructure and expansion of irrigated area of up to 230,000 acres. These irrigation projects including the **Irrigating Alberta Infrastructure Investment Grant** support growth through water savings and water use efficiency, and investigating expansion of irrigated agriculture to areas of Alberta where large scale irrigation projects do not currently exist. This strategy integrates with the Government of Alberta's broader objective of attracting investments and growing the economy.

The ministry continued to implement the joint agreement between Canada Infrastructure Bank (CIB) and nine participating IDs. AGI provides oversight for 92 modernization projects by the IDs. The St. Mary River and Taber IDs amalgamated in August 2022, so the total number of participating IDs in this report is nine instead of 10. Two projects previously approved were combined so the total number of projects reported is 92 instead of 93. Four off-stream reservoir projects continue to be developed within the $932.7 million agreement and are anticipated to be completed by 2028.

The ministry invested $31.2 million in 2022-23, which continued to support increased acres to be irrigated approximately 10.6 per cent above the 2020 commitment of 208,000 acres. A total of 26 projects have been completed since 2020. This cost-shared agreement sees 50 per cent of the CIB financing to be repaid by the IDs, AGI funds 30 per cent, and the participating IDs fund 20 per cent. Expanding irrigated acres in Alberta within existing water allocations through this investment has the potential to add an approximate 15.6 per cent increase to the current 1.47 million irrigated acres across the nine participating IDs.

The ministry, CIB, Municipal District of Acadia and Special Areas Board partnered for the **East Central Alberta Irrigation Project Study** to study the feasibility of developing an irrigation project in the region. The project considers up to 108,000 acres about 250 kilometres east of Calgary, and 100 kilometres north of Medicine Hat, using previously cultivated land. Feasibility was demonstrated through the Phase One report developed using $0.3 million and released in August 2022.

Phase Two in 2023 includes engagement with stakeholders including the municipalities of Oyen and Hanna, First Nations, and elected officials. It will include preliminary design, energy requirements optimization, governance, financial structure and other information for regulatory approval processes.

The **IRP** is an annual cost-shared program between the provincial government and Alberta's 12 IDs to rehabilitate existing irrigation infrastructure. IRP improves sustainable water use by replacing open channel canals with buried pipelines, reducing water conveyance losses through seepage and evaporation, and improves water delivery efficiencies by reducing pumping energy requirements.

Two IDs involved were amalgamated during 2022-23 so the total number of IDs in this report is 12 instead of 13. The ministry funds 75 per cent and the participating IDs fund 25 per cent. The ministry applied $12 million to support 11 rehabilitation projects, including pipelines, structure replacement, and canal rehabilitation projects such as:

- **Scope Dam upgrade**: $0.46 million to increase stability of the dam in Bow River ID; and
- **Bow Slope**: $3.2 million to replace a canal with pipeline in the Eastern ID.

Approximately 9.2 kilometres of open canals were converted to pipeline in 2022 through IRP. This successful result fully applied allocated funding and contributed to the overall achievement of ensuring irrigation in Alberta achieves overall water efficiency improvements and ensuring a reliable water supply. These infrastructure improvements support sustainable economic growth.
through mutually reinforcing activities (such as replacement and rehabilitation, and collaborative research and planning studies) all of which improve the sustainable use of water resources for agriculture and other uses.

IRP supported primary agriculture, including producers managing over 310,000 acres of specialty crop in the latest available data from 2021. About 21 per cent of irrigated areas was used for specialty crops such as sugar beets, alfalfa, hemp, dry beans, dry peas, and potatoes. These crops increase crop diversity, yield per acre, and improve food supply stability in Alberta. Irrigation rehabilitation maintains the quality, safety, efficiency and reliability of the domestic water supply for about 50,000 people. Irrigation water losses and associated greenhouse gas emissions for electricity and natural gas to operate some irrigation works are also reduced.

Survey data about the 2021 irrigation season shows 83.1 per cent of irrigated agricultural farmlands within the 12 IDs were under efficient irrigation, primarily low-pressure centre-pivot systems that enable water delivery to crop roots with minimum water loss. There is an ongoing gradual increase in Alberta’s irrigation water-use efficiency as more producers purchase more efficient on-farm irrigation systems and components to replace less efficient systems.

Open canals have been gradually converted to pipeline to reduce water loss, improve irrigation efficiency, and support further irrigation expansion to enhance the economic productivity of water. The latest data from 2021 shows that Alberta’s irrigation conveyance network through pipeline increased from 26 per cent in 2001 to 57.4 per cent by the 2021 irrigation year, a 5.1 per cent increase compared to five years ago (2018 irrigation year: 54.6 per cent). This success is in due in part to the ministry’s ongoing strategic project management with IDs and other stakeholders to manage aging water conveyance rehabilitation across the province. 2022 data will be available for 2023-24 reporting. Water use data, extreme weather, and ability to precisely control irrigation water flow will continue to be factors in how the ministry prioritizes investments and seeks efficiencies for the remaining open canals.

IDs submit three-year infrastructure rehabilitation plans to the Irrigation Council for project approval. As material costs for irrigation infrastructure rise due to inflationary pressures, IRP successes bolster the ministry’s advocacy efforts for water supply modernization and irrigation expansion funding with other government bodies for further improvements in productivity, efficiency, conservation, and water stewardship.

The following table represents the 2022-23 actual expenditures for irrigation infrastructure activities undertaken by the ministry, which was budgeted for $43.2 million.

<table>
<thead>
<tr>
<th>Irrigation Initiatives (Outcome 2: Agriculture and Irrigation Business Plan 2022-25)</th>
<th>2022-23 Actual ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irrigation Rehabilitation Capital Grants Total</td>
<td>$12.0</td>
</tr>
<tr>
<td>Irrigating Alberta Infrastructure Investment Grant</td>
<td>$31.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$43.2</strong></td>
</tr>
</tbody>
</table>

* includes inter-entity transactions
2.4 Support socio-economic development in rural Alberta by maintaining and enhancing rural infrastructure and realizing new economic opportunities.

This key objective addresses ministry goals related to enabling infrastructure and rural development that supports upcoming agricultural, food and rural entrepreneurs, and new entrants to Alberta’s rural communities and economy by enhancing rural programming.

Rural Supports for High Quality of Life

$11.5 million was provided to agricultural societies across Alberta to carry out programs and activities that address local needs, and build vibrant communities where people live and work. Programs and initiatives delivered by primary and regional agricultural societies included agricultural events, maintenance of community facilities and educational programs in public speaking, economic development, and leadership capacity in youth and adults. The ministry maintained a funding model based on the five-year average of the annual operating grant each agricultural society received between 2017 and 2021, combined with the base grant. This approach allowed greater flexibility in how rural communities can apply funds to a wide range of activities. AGI distributed $8.67 million across the 283 primary agricultural societies, and $2.8 million was equally distributed across the seven regional agricultural societies (about $0.4 million each) to address significant, diverse initiatives including:

- 92 rodeos, 83 farmers’ markets and 223 community events such as concerts, seasonal celebrations and special events;
- 61,500 volunteers provided 584,497 volunteer hours in their communities; and
- agricultural societies held over 2,000 events and activities.

Agricultural societies own or operate more than 900 facilities including trade centres, exhibition and fairgrounds and riding arenas. Outcome 2 includes supporting the resiliency of rural communities. Maintaining and enhancing their infrastructure can help them to achieve economic growth. Aging infrastructure used for agricultural society programs and activities was therefore prioritized for rehabilitation. The Medicine Hat Exhibition and Stampede (MHES) Grandstand and Event Centre Project was awarded an initial grant of $0.5 million to support engineering, project planning and design, in addition to the almost $0.4 million the regional agricultural society receives each year. Potential benefits include 150 temporary contractor jobs and new partnerships, events and agri-food trade opportunities in the region.

The Green Certificate program (GCP) is an industry-driven apprenticeship style agriculture training program that supported 415 high school students to gain credentials leading to potential agribusiness careers in cow/calf, feedlot, dairy, sheep, swine, field crop, irrigated crop, beekeeping, equine, greenhouse production and poultry production. GCP completions met the six-year average of 414 per year. This specialized, hands-on training delivered in partnership with the Ministry of Education supports industry efforts to address the emerging labour needs for Alberta to remain competitive in the agriculture sectors and to build thriving rural communities.

Socioeconomic Benefits through Improved Governance

Alberta’s 20 Marketing Boards and Commissions’ (MBCs) primary responsibilities are to carry out projects and programs to start, stimulate, increase or improve the production and marketing of their particular agricultural product and serve as a voice of the industry they represent. The Alberta Agricultural Products Marketing Council (Marketing Council) continued to support MBCs through governance and regulatory excellence and align MBCs’ regulatory frameworks with each agricultural industry’s needs to remain competitive and support growth and sustainability.
The Marketing Council completed bylaws implementation for three MBCs. This work continues the transition from regulation to bylaws after the Marketing of Agricultural Products Act was amended in July 2020 to provide MBCs with the authority, with APMC approval, to make bylaws for operational governance. Work continues with the barley and wheat commissions to complete their amalgamation by August 2023.

The Marketing Council worked with Alberta Pork to add regulatory requirements for pork processors to report various data and information relating to the settlement of processed swine. Aggregate data from pork processors will allow Alberta Pork to identify potential on-farm improvement opportunities, and assist preparedness planning for foreign animal disease, disasters and pandemics requiring depopulation.

The Marketing Council also increased collaboration across commodity types, enhanced leadership and governance capabilities, and increased MBC resiliency through:

- a July 2022 roundtable dialogue involving all MBCs on a wide range of issues important to Alberta’s agriculture and agri-food industry. The session prepared all parties to articulate provincial priorities in a clear and unified way, and enhance Alberta’s agricultural presence and consistency at national tables;
- an all-day event involving several sessions to enhance governance and leadership acumen for all 20 MBCs in October 2022, with 70 MBC board leader participants; and
- three governance training sessions in February 2023 for about 60 MBC member participants.

### Performance Measure 2.a:
Percentage net reduction of red tape faced by the agriculture and forest sectors.

<table>
<thead>
<tr>
<th>Prior Years’ Results</th>
<th>2022 Target</th>
<th>2022 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td>n/a</td>
<td>33%</td>
</tr>
<tr>
<td>2019-20</td>
<td>8.2%</td>
<td>38.3%</td>
</tr>
<tr>
<td>2020-21</td>
<td>12.1%</td>
<td></td>
</tr>
<tr>
<td>2021-22</td>
<td>37.4%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Agriculture and Irrigation
Notes: Results and targets are presented in cumulative format. This performance measure was introduced in 2019-20 and results for prior years are reported as not applicable (n/a). 2022 Actual does not include Forestry red tape reduction counts (39.7% reduced to 38% due to government reorganization). The Ministry of Forestry, Parks and Tourism is reporting on the forestry aspects of this performance measure.

**Description:** The measure tracks the net reduction in red tape faced by the agriculture and agri-food sectors, for which Agriculture and Irrigation has an oversight responsibility, including results from preceding years beginning with 2019-20. A regulatory requirement is an obligation for stakeholders to complete an action to access government services or programs, carry out business, or pursue legislated privileges. Regulation is any government rule with an expectation of compliance, including legislation, regulations, and any other aspect of government behavior that can influence or compel specific behaviours by business and the community.

**Rationale:** A reduction in the number of red tape requirements demonstrates a reduction in the overall regulatory burden imposed on Albertans. Reducing these requirements would drive innovation and competitiveness by reducing inefficient regulation and improving the delivery of ministry services and programs.
Result and Variance Explanation: From May 2019 to March 2023, the ministry completed targeted red tape initiatives that resulted in net reduction of red tape count faced by the agriculture sectors by 12,809 out of 33,440. This represents a reduction of red tape count by 38.3 per cent, exceeding the target for 2022-23 by 5.3 per cent, representing the fourth consecutive year the ministry has met or exceeded its targets. With this result, AGI has exceeded government-wide performance expectations in reducing red tape by 33 per cent by 2023. This expected result is largely attributed to two significant initiatives:

AFSC Forms and Policy Review – AFSC will accomplish additional reductions by seeking out redundancies, outdated requests, and streamlining client experience where possible.

Canadian Agricultural Partnership (CAP) Modernization – CAP was a cost-shared funding agreement between the federal and provincial governments between April 2018 and March 2023 that invests in strategic grant programs to promote growth and sustainability in the agriculture industry. The ministry continues to simplify application processes and enhance processing timelines for funding applications and approvals.

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

This outcome focuses on AGI's efforts to improve systems to manage risks to humans, animals, and plants for which AGI is accountable and has oversight responsibility, including food safety, water security, flood and drought mitigation, animal traceability and animal and plant health.

Collaborative systems ensure public health and industry viability are protected through inspection, traceability and surveillance approaches that identify issues, clarify or adjust policies, response plans and communication plans to manage risks. AGI works closely with industry organizations, veterinarians, and animal and human health partners to apply existing regulatory frameworks for oversight and accountability.

The Ministry of Forestry, Parks and Tourism is reporting on the forestry aspects of this outcome.

Key Objectives

3.1 Support primary producers' competitiveness through responsible resource management.

This key objective focuses on fostering change in agricultural decisions by incentivizing science-based solutions and practices that increase beneficial management practices. The ministry supports primary producers' efforts to maintain or grow their businesses by improving efficiencies and reducing wasted resources. Barriers to adoption of these practices include up-front and long-term maintenance costs perceived as risks to profitability. Producer efforts to implement these practices support lower operating costs and improved handling of resource management risks.

The ministry supported the improvement of agricultural producers' environment stewardship and climate footprint with:

- better riparian and grazing expertise and management. A $500,000 grant to the Alberta Riparian Habitat Management Society came to a close in 2022-23 with a final payment of $31,000 to educate and increase producer knowledge on their operations; and
• funding from 2021-22 for the University of Calgary Simpson Centre Carbon Program, which informs producers about agriculture industry emissions and explores policy options. Information will continue to be shared through discussion forums up to October 2023.

The ministry also collaborated with partners to deliver resource management programming such as the Environmental Farm Plan (EFP) to help producers identify areas of environmental risk and improvements. Thirty-two EFP producer workshops were held across Alberta, which were attended by 178 producers with 443 EFPs completed. Attendance rose over 17 per cent compared to the previous year due to increased producer exercising interest after the 2021 drought as COVID-19 restrictions lifted. Twenty-four EFP technician training sessions were held, which were attended by 51 technicians.

Work will continue with stakeholders to smoothly transition from CAP to the Sustainable CAP framework, while ensuring the new framework supports Alberta’s agricultural needs. Under the Sustainable CAP framework, the Resilient Agricultural Landscape Program will position the province for greater long-term successes in responsible resource management. Between April 2023 and March 2028, funding will be available to producers to accelerate their adoption of beneficial management practices maximizing the provision of ecological goods and services, through carbon sequestration and climate resilience enhancement.

AGI continued to incentivize effective use of available on-farm resources, increased efficiencies and greater security to support more profitable, more connected, and more precise future farms that help primary producers to adopt more beneficial management practices, and manage their on-farm resources through CAP.

CAP Farm Technology Program: supported adoption of innovative technology that minimizes agricultural waste, optimizes farm efficiency and digitalization of farming operation and sensors. The farm security component of the program encourages the adoption of security devices that help protect farms.

• 234 Farm Technology projects were supported through $2.75 million invested in accelerating adoption of digital technology towards a more connected, more automated and precise operations while also supporting farm security projects, which include data collection and analysis systems to enhance on-farm security and efficiency.

CAP Efficient Grain Handling Program: assisted primary producers with reducing the overall energy use on their farms. The program supported the purchase of grain handling system components that significantly improve energy efficiency over standard practices. The program was oversubscribed, receiving funding requests more than double the program’s budget.

• 114 efficient grain handling projects by 108 agricultural producers were supported through $1.9 million invested in improving the energy efficiency of grain handling systems to better manage operating costs, reduce greenhouse gas emissions, and increase profitability.

The CAP Water Program provided funding to incentivize water-use efficiency gains through on-farm irrigation systems (On-Farm Irrigation, formerly the Irrigation Efficiency program) and improvements to on-farm water supply management (On-Farm Water Supply, formerly the Farm Water Supply program). The 484 applicants for both Water Program streams in the final year of the program received 604 grants totaling $3.42 million.
• **On-Farm Irrigation**: about $2.33 million through 333 projects to 221 individual irrigators, farm businesses, and non-profits. Upgrades that include modern control panels, variable-rate irrigation technologies, pump modifications, and high-efficiency sprinklers and nozzles impacted 28,462 hectares across 533 projects. **These investments are estimated to have led to water savings of about 8.3 million cubic metres per year and energy savings of about 1.4 million kilowatt hours per year.** Irrigation producers invested more than $24 million on these improvements. The effect of this grant was an **economic multiplier of 10.3**. The cost-shared funding provided was 25 per cent of the cost of eligible equipment to a per parcel maximum of $5,000 for system upgrades, or a maximum of $15,000 for purchase of a new irrigation system to replace less efficient systems.

• **On-Farm Water Supply**: supports producers to improve their water supply security, more effectively and efficiently manage their on-farm water resources, and protect their water resources through beneficial management practices. Two hundred and forty-seven grants worth about $0.972 million incentivized 246 primary producers to implement on-farm water management projects.

The ministry also provided funding under the **CAP Public Trust** priority area through 18 grants worth more than $1.5 million to expand assurance support and sustainability certification, agricultural literacy, industry governance, and mental health. Two examples of the projects funded include:

- **Certified Sustainable Beef Framework Implementation and Dissemination Phase Two.** Expected outcomes: business components of the framework will be completed and the supply-demand gap closed through communications, peer-to-peer learning and collaborative initiatives; and

- **Alberta WaterPortal Society Water Connections.** Expected outcome: increase public trust in agriculture through greater awareness among young Albertans of its role in water stewardship.

**Guiding Water and Land Use Decisions**

AGI monitored soil moisture levels and continued work on the Agriculture Drought and Excess Moisture Risk Management Plan, a coordinated approach to reduce the short- and long-term effects of drought or excess moisture on agricultural producers. The ministry also co-chaired with Rural Municipalities of Alberta the Drought and Excessive Moisture Advisory Group, a multi-stakeholder advisory group that provides advice and recommendations to complement government actions and long-term strategies to mitigate the effects of drought and excessive moisture.

The 10-year review of the Lower Athabasca Regional Plan (LARP) was initiated in August 2022 as part of the **Land Use Framework**. A cross-ministry and cross-sector review focused on the relevancy and effectiveness of the regional plan. Under the South Saskatchewan Regional Plan, municipalities are identifying areas where agricultural activities and agri-processing facilities should be the primary land use. AGI also maintained and updated agricultural operation practice legislation and standards that relate to the protection of surface and ground water quality and ensure that any development or expansion of intensive livestock operations are consistent with applicable municipal development plan land use provisions or **Alberta Land Stewardship Act** regional plans.

The ministry delivered the **Working Well program** in partnership with other ministries and rural partners to ensure safe and secure groundwater supplies for water well users in Alberta. In 2022 there were 21 workshops with 502 participants. Attendance was down from 693 last year, when the program was delivered virtually due to COVID-19. AGI also participated in the Working Well Steering Committee to ensure resources remain relevant and effective for target audiences.
The Farmers’ and Property Rights Advocate’s Office (FPRAO) reached a milestone of 50 years of service to farmers and ranchers. More than 300 producers were assisted with renewable energy land use and lease issues, and to mitigate the impact of oil and gas surface lease and right of entry frameworks. Services included responding to more than 800 calls and informing more than 2,000 attendees at speaking engagements throughout the province about the rights and responsibilities of landowners, developers, municipalities and the province, as well as landowner implications of the lifecycle of renewable energy operations. These implications include solar and wind operators’ surface access agreements, decommissioning and land reclamation costs, impacts on local domestic water wells, fire safety and waste from battery energy storage systems.

The ministry will continue to work with Environment and Protected Areas on ensuring landowners understand the potential implications of utility-scale renewable energy developments on private land, to manage tax changes, site access and maintenance, and end-of-life reclamation and concerns.

3.2 Develop and implement effective policies, grants, and innovative technologies for wildfire management. The Ministry of Forestry, Parks and Tourism is reporting on this key objective.

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

This key objective supports outcome three through a suite of regulations, frameworks, collaborations and standards designed to address risks to food safety and human, animal, and crop health through science-based, project-driven and outcome-based approaches. These risk mitigation approaches depend on internationally recognized prevention, mitigation, response, recovery, inspection and continuous improvement efforts.

Food safety and animal health are shared responsibilities among provincial and federal governments, industries and consumers. Risk- and science-based inspection, monitoring and surveillance systems and policies in response to existing and emerging risks optimize ministry resources to focus on issues of highest risk. The ministry succeeded at developing and implementing food safety systems, process controls, promoting a positive culture of food safety and facilitating adoption and knowledge of food safety best practices and standards. Collaborative efforts to guide animal disease mitigation may not have immediate results within the year but are critical to prevent and mitigate diseases.

AGI conducted more than 37,000 laboratory tests to guide science-based incident response situations and support public health and animal health decisions, policies, and communications. The ministry also conducted 11,000 tests on honey for producers who supply just over 30 per cent of Canada’s total honey exports. No other provincial laboratory in Canada is accredited to conduct honey testing to secure access to markets and meet varied customer requirements such as herbicide and antibiotic residue testing. AGI continues to undergo continuous improvement to implement more comprehensive and responsive programs through policy development that effectively incorporate routine surveillance data and risk management approaches.

Surveillance and Disease Management

While African Swine Fever (ASF) has not been detected in Alberta or North America, the ministry participates in creating national and provincial preparedness strategies, including providing advice and education through industry organizations and veterinarians to help producers develop on-farm livestock disease prevention plans and protocols. Emergency response plans were refined to ensure a quick and effective response and reduce market disruption. CanSpotASF surveillance expanded to include samples from abattoirs and is being examined for possible inclusion of samples from captured wild boar at-large in the future.
The ministry also continued work with the Canadian Food Inspection Agency (CFIA), pork producers, industry stakeholders and other partners to prepare for the welfare cull of about 1.5 million hogs in Alberta as of May 2023. This represents 11 per cent of all hogs in Canada (about 13.6 million head), should ASF be detected in Canada and cause market closures. In 2022, Alberta’s hog industry processed close to 264,471 tonnes of pork.

Canada’s last case of foot-and-mouth disease was 70 years ago. AGI contributes to a national vaccine bank and vaccination strategy to minimize Alberta’s risks and serve interests of producers responsible for about 4.8 million cattle as of January 2023. This represents about 42.7 per cent of all cattle in Canada (11.3 million head). The severe and highly contagious virus also affects sheep, swine, goats, deer, bison and other cloven-hoofed animals, both domesticated and wild.

Effective response to the most significant outbreak of Highly Pathogenic Avian Influenza (HPAI) in Canadian history saw AGI coordinating with federal counterparts and industry to mitigate adverse impacts through laboratory testing of more than 2,200 samples, disposal, mapping and tracing, and communications with more than 10,000 small flock poultry owners. Alberta experienced 60 infected flocks, with 1.4 million birds impacted and depopulated. Control measures limited the spread of HPAI, including a ministerial control zone prohibiting events where birds may comingle, such as shows, swaps and sales. This control zone was in effect during April to June 2022.

The ministry continues to work with Alberta’s poultry industry to enhance preparedness should the CFIA lack resources to respond to HPAI or other outbreaks, including depopulation, disposal, cleaning and disinfection, biocontainment, and surveillance. AGI is also committed to communicating with affected poultry stakeholders to enable early action.

Bovine Spongiform Encephalopathy (BSE) active and ongoing surveillance efforts involving industry, veterinarians and government bodies ensure control measures are effective, and support advocacy for changes to Canada’s management of BSE testing requirements to align with the World Organization for Animal Health’s rating of negligible risk.

Targeted surveillance and education continued for foreign, trade-limiting and production limiting diseases including avian influenza, BSE, infectious laryngotracheitis, rabies, scrapie, and:

- **Chronic Wasting Disease** (CWD): worked closely with the cervid industry to continue to explore ways to deal with chronic wasting disease, including advocacy initiatives to bring about change in how this disease is managed. Market access continues to be threatened by the increasing presence of this disease, but producers face increased challenge in preventing this disease as it becomes more prevalent in wild deer populations.

- **Porcine Epidemic Diarrhea** (PED): detected one positive herd. AGI supported this herd in achieving PED negative status. A collaborative partnership with the producer, the herd veterinarian and Alberta Pork was critical in achieving this milestone for that herd, and keeping the rest of Alberta PED-free.

- **Anthrax**: outbreaks occurred in five herds in northern Alberta, affecting more than 1,700 cattle and bison. Most animals were quickly vaccinated after detection but a small number were lost to the disease. AGI provided guidance to local veterinarians on cases, disposal of carcasses to minimize environmental contamination, and other advice on disease management, vaccination, and proper handling to reduce the risk of spread.

- **Salmonella**: initiated work with the Alberta Hatching Egg Producers to enhance Salmonella controls. This work is anticipated to benefit Alberta broiler chicken production, with further public health and market access benefits.
Inspection Oversight of AGI Licensed Meat and Dairy Facilities

An important step forward in domestic food trade was achieved by raising the profile of Alberta’s high food safety standards through the Lloydminster Interprovincial Food Trade Pilot Project. Cross-ministry collaboration with the federal and Saskatchewan governments resulted in a two-year pilot project until January 2024. During the pilot, businesses in the bi-provincial city of Lloydminster could rely on provincial food safety regulations to trade most foods, including meat, across provincial borders. AGI awarded $16,000 to the Lloydminster Chamber of Commerce to provide monitoring, feedback and results reporting. An exemption from federal legislation would remove a long-standing limiting factor in maximizing the domestic sale of meat in Lloydminster.

AGI administers the provincial Meat Inspection Act and regulations, which govern provincially licensed and inspected slaughter and meat processing facilities. The department provided about 6,251 days of inspection oversight at 122 abattoirs and 53 mobile butcher facilities that process red meat and poultry, and 11 dairy processing facilities that produce cheeses and yogurt. New licences issued continued to increase safe agri-food processing capacity: one inspected abattoir, 18 mobile butchers, seven mobile butcher facilities, 29 pasteurizer operators and one dairy processor.

Ministry meat and dairy inspectors issued fifteen corrective action requests. These facilities were monitored to ensure compliance, and followed-up on until all issues were resolved and corrective actions successfully completed to reduce the risk of lapsing into non-compliance. The consistent advancement of a positive food safety culture through regulatory activities, education and monitoring will help Alberta continue to achieve high consumer protection.

Video ante-mortem inspection (VAMI) via video technology relieved animal suffering in instances when animals could be transported to an abattoir and minimize economic loss and wait times for in-person ante-mortem inspections. Seven licensed abattoirs participated in the VAMI program in 2022 to humanely slaughter 24 beef and bison.

The On-Farm Slaughter Operation (OFSO) licence, introduced in 2020, continued to see strong interest in 2022 with the total number of licences now exceeding 500. Meat slaughtered under an OFSO licence is for the animal owner’s household only, or the households of up to four co-owners for large animals such as beef, bison or elk. The meat cannot be made available for resale, barter, gift or distribution. The addition of mandatory pre-licensing training for OFSO applicants is being considered to ensure all licensees understand legislative requirements, including their responsibilities for food safety, animal welfare, and disposal.

The ministry continues to provide additional communication, resources, training and programs to industry about various recent changes to the Meat Inspection Act and Regulation to facilitate understanding about current legislated food safety requirements.

Collaborative Initiatives

Wild boar at-large are a pest in Alberta that can cause significant damage to crops, property, the environment and spread diseases such as ASF, tuberculosis and PED to livestock. AGI launched two

310-FARM Supports For Producers

Resource management and animal and crop health supports were among the top categories producers contacted the ministry about in 2022-23.

- CAP Water Program: 333 calls
- CAP Efficient Grain Handling: 50 calls
- Premises Identification: 1364 calls
- Rat/Wild Boar: 271 calls
- Water Concerns/Access to Water Specialists: 391 calls
- Avian Influenza: 65 calls
bounty programs through agreements with rural municipalities and ASBs. Alberta Pork received a CAP grant in 2019-20 for $1.4 million and an additional $1 million in 2020-21 for African swine fever emergency preparedness which included collaborating with rural municipalities to actively trap and conduct surveillance for wild boar at-large. Results Driven Agriculture Research invested about $0.43 million in a transdisciplinary research project to study invasive wild pigs and the potential spread of infectious diseases across Alberta. Any one of the diseases hosted by wild boar at-large could devastate operations of Alberta pork and beef cattle producers.

AGI also participated in national surveillance networks such as the Western Canadian Animal Health Network, Canadian Western Swine Health Intelligence Network, Canadian Animal Health Surveillance System and the Canadian Meat Inspection Network. Collaboration also continued with Alberta Health to develop a provincial Antimicrobial Resistance (AMR) Framework to help guide provincial actions in alignment with the Pan-Canadian Action Plan on AMR.

An initial $3.44 million grant from the department and the CAP program was provided in 2020-21 to the University of Calgary, Faculty of Veterinary Medicine (UCVM) for a 4-year pilot program to provide needed diagnostic services to the livestock and poultry industry. This increased capacity will benefit surveillance initiatives and enhance knowledge and services for Alberta veterinarians, especially in rural areas. In 2022-23, an additional $0.56 million was provided through a CAP grant to expand the diagnostic capacity at UCVM for molecular biology services.

The Canada-Alberta Agreement to Share Inspectors to Maintain Critical Services in effect until March 2024 is under review and consideration for renewal. Provincial inspectors were not required to support the CFIA in 2022-23, but the agreement could be valuable in various emergency situations to prevent market disruptions.

The Alberta Society for the Prevention of Cruelty to Animals was provided $1.1 million to support animal protection investigation and compliance with the Animal Protection Act in Alberta.

The following table represents the 2022-23 actual expenditures for food safety and animal health initiatives.

<table>
<thead>
<tr>
<th>Food Safety and Animal Health (Outcome 3: Agriculture and Irrigation Business Plan 2022-25)</th>
<th>2022-23 Actual ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lab Testing, Surveillance and Outreach</td>
<td>$5.0</td>
</tr>
<tr>
<td>Inspections and follow-ups</td>
<td>$7.5</td>
</tr>
<tr>
<td>Livestock Health Monitoring, Surveillance, and Disease Investigations</td>
<td>$8.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$21.4</strong></td>
</tr>
</tbody>
</table>

Assurance Systems through Agricultural Service Board (ASB) Partnerships

Six municipalities received $215,000 for rat and rabies control and carried out surveillance activities to keep Alberta rat-free. ASBs play a major role in reporting market-affecting diseases and assist during livestock emergencies under the Animal Health Act. ASBs assisted the ministry by informing producers about the threat of avian influenza through municipal extension networks, and help enforce the Agricultural Pests Act, Weed Control Act, and Soil Conservation Act as well as assist in the control of animal disease under the Animal Health Act. Individual ASBs leverage program funds with municipal funds to fulfill responsibilities under the provincial Acts at a ratio of 14 to 86 (province to municipality).

ASBs and municipal agricultural fieldmen provide support in rural emergencies including natural disasters. To assist rural municipalities with ASB programming, AGI provided $11.9 million in grant
funding, helping 69 ASBs to employ more than 700 staff to survey more than 16,000 fields for **insects and diseases** that could impact crop quality and market access. They also investigated over 1,200 sites for **soil erosion issues**, inspected more than 45,000 sites for **regulated weeds**, and inspected and licensed 98 stationary and mobile seed cleaning facilities.

The Alberta Insect Pest Monitoring Network (AIPMN) coordinated, managed, and carried out **seven insect surveys province-wide** to assess presence, abundance, and impact to the agriculture industry. Surveillance and monitoring support market access, quality assurance, and yield by providing information about insect populations, forecasts and population maps, and to direct insect pest research priorities. Surveys in 2022 found **decreased risks for bertha armyworm and cabbage seedpod weevil**. Grasshopper numbers continued to increase in southern Alberta, resulting in farmers using insecticides to protect crops from economic damage while reducing impacts on non-target organisms. Wheat midge populations increased in Flagstaff, Camrose, Beaver, Minburn, Two Hills, and Sturgeon counties. Producers were advised to pay attention to midge downgrading of wheat samples and to assess risk based on indicators specific to their farms due to field-to-field variations. The wheat stem sawfly survey saw a greater number of fields with a moderate rating across 81 fields in 20 municipalities. Producers were advised to consider planting broad-leaf crops or oats to reduce sawfly losses since survey results mean individual fields may have higher than moderate populations. Pea leaf weevil damage was found at higher levels than in previous years on the eastern side of the Peace Region and damage numbers are increasing in the Edmonton region.

The AIPMN also supported surveys and awareness of new and emerging pest threats to crops so the agriculture industry understands risks and potential damage. In 2022, surveillance for the invasive strawberry blossom weevil found this insect was not present in the province.

The following section describes programs, progress and achievements related to **Outcome 3 in the Environment and Protected Areas 2022-25 Business Plan: Albertans and visitors have enjoyable and safe experiences where they live, work and play in Alberta’s outdoors.**

3.3 **Key Objective from Environment and Protected Areas:** 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.

The ministry works with the Ministry of Transportation and Economic Corridors and the Ministry of Environment and Protected Areas to provide reliable water supplies that support the environment, economy and recreation. Through the capital maintenance and rehabilitation program, AGI systematically maintains safety across facilities and improves overall sustainability by rehabilitating and modernizing aging water infrastructure, such as dams, canals, and reservoirs as a whole-government priority. AGI also supports Environment and Protected Areas in advancing issues related to flood and drought management, development of regional flood plans and investigating options for new flood and drought mitigation infrastructure.

The **Springbank flood mitigation project** is under construction. It was designed to mitigate the impacts of sudden and extreme weather event flood risks by taking destructive energy out of the Elbow River. Dry dam construction continued with stakeholders to address conditions in the approval, including land management plans, mitigation and monitoring plans related to the aquatic environment, groundwater and water quality. Upon completion in 2025, this project will be operated by Agriculture and Irrigation together with other water infrastructure. AGI also worked with TransAlta to set **Ghost Reservoir elevations** during peak annual storm risk periods. By keeping the reservoir lower during these periods, there is more capacity to store water, reducing and delaying peak flows downstream of the dam and lowering flood risks on the Bow River and within the City of Calgary.
AGI continues to foster relationships with major water infrastructure owners, including the Bow Basin Major Water Users and the St. Mary River Irrigation District (ID). The partnership and ministry-led approach to water sharing and resolving water supply issues resulted in no Water Act regulatory interventions required. The Bow River instream flow requirements were also met to prevent drought from a regulatory and fisheries perspective. The joint management of water supply served large IDs and City of Calgary requirements, and supported long-term reservoir storage targets to ensure regional water security, recreation opportunities and support for aquatic environments.

Water Infrastructure Operations, Inspections and Maintenance

The effective and efficient delivery of water infrastructure operations contributes to water security (quantity and quality) that mitigates the adverse impacts of flood and drought, preserves healthy aquatic habitats, and ensures public health and safety.

The ministry operated and maintained over 200 provincially owned water management systems throughout the province including 535 kilometers of main irrigation canals, 1.5 billion cubic meters of storage in more than 120 dams, irrigation diversion works, lake control structures, and pump houses. This infrastructure helped supply safe and secure water for 50 municipalities and irrigated lands. Well-maintained water management infrastructure can reduce the impacts of flood and drought across the province, provide reliable water supplies for the economy, environment, and public safety. Infrastructure age and weather events can significantly impact their overall status. Regular monitoring and maintenance are critical to maintain service levels and standards. AGI will continue to identify and address critical infrastructure needs and maintain water management infrastructure operations as part of its robust assurance systems.

Alberta's provincially owned water management infrastructure contributes to managing multi-purpose water supply in the face of potentially adverse impacts from flood and drought conditions. The department ensures compliance with Dam and Canal Safety Regulations and mitigates infrastructure risk related to public safety, environmental impacts and economic losses. The frequency of extreme weather events has introduced additional operational risks that potentially impact the ability to manage water management infrastructure. AGI continues to manage flood and drought risks by maximizing operational capacity of existing water management infrastructure.

AGI ensures safe and operable water management infrastructure for effective management of floods, protecting communities and providing a safe and adequate water supply for Albertans.

The Government of Alberta invested $5 million to deliver more than 1,200 infrastructure inspections, engineering investigations and dam safety assessments. The ministry also reports on the overall condition of GoA water management infrastructure. Current reporting shows 5.1 per cent of Alberta's water management infrastructure was in poor status. Additional details are found under performance metric 3.a. This expected result informed and prioritized specific maintenance utilizing an annual capital maintenance program of $30 million, administered through the Transportation and Economic Corridors Water Management Infrastructure Program. The long-term capital maintenance plan in place that focuses on infrastructure elements in poor status.

Dam and Canal Safety Regulatory Framework

AGI ensures dams and canals are designed, constructed, operated, maintained and decommissioned or closed in a safe manner using best available technologies and best practices. Monitoring and reporting were completed on 1,350 government and private dams. 150 audit and 10 emergency or incident-related inspections were completed. These activities ensured dam owners managed identified risks to ensure public safety and to minimize potential impacts on land and water.
3.4 Protect and enhance the health of Alberta’s forest resources.
Performance Measure 3.a Percentage of wildfires contained before 10 a.m. the day following assessment. The Ministry of Forestry, Parks and Tourism is reporting on this key objective and associated performance measure.

Performance Measure 3.a from the Ministry of Environment and Protected Areas:
Percentage of water management infrastructure in good, fair and poor status.

<table>
<thead>
<tr>
<th></th>
<th>Prior Years’ Results</th>
<th>2022-23 Target</th>
<th>2022-23 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018-19</td>
<td>2019-20</td>
<td>2020-21</td>
</tr>
<tr>
<td>Good</td>
<td>76.2%</td>
<td>78.0%</td>
<td>78.5%</td>
</tr>
<tr>
<td>Fair</td>
<td>18.7%</td>
<td>17.7%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Poor</td>
<td>5.1%</td>
<td>4.3%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

Source: Environment and Parks 2021-22 Annual Report, and Agriculture and Irrigation.

Description:

**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.

**Rationale:** Agriculture and Irrigation is responsible for maintaining provincially owned water management infrastructure that contributes to managing water supply and adverse impacts of flood and drought. The maintenance and rehabilitation meet service levels and standards. Consequences of infrastructure failure is factored into assessments to manage risks related to public safety, environmental impacts and economic losses.

**Result and Variance Explanation:** Service levels and standards for water management infrastructure were generally maintained during the assessment period. The 20.6 per cent result for the Fair category is slightly above the target of less than or equal to 20 per cent, and showed a slight decrease when compared with the 2021-22 results.

The 5.1 per cent of infrastructure in the Poor category remains slightly higher than the 5 per cent target, and about the same as the 2021-22 result. The increase in percentage of infrastructure in Fair status is due primarily to the recent inspection and downgrading of the Travers Dam Spillway from Good to Fair status. This asset has a replacement value of approximately $360 million. Moving this asset from Good to Fair status affected the relative percentage of assets in Good and Fair status by 3.4 per cent.

Results achieved close to the targets set also reflect investments in capital maintenance, ongoing assessment and rehabilitation at a number of sites.
Performance Measure and Indicator Methodology

Performance Measure 1.a:
Cumulative 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.

"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 complete. 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 programs.

Source: Agriculture and Irrigation

Performance Indicator 1.b:
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 administrative files of Canada Border Services Agency and U.S. Border Protection. 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 net reduction of red tape faced by the agriculture sectors

**Methodology:** Results for this performance metric are determined by dividing the net change in the red tape baseline count as at March 31, 2023 by the red tape baseline count as at May 1, 2019. The result is expressed as a percentage. This calculation accounts for changes in or elimination of legislation, policies or forms. It also includes the red tape imposed by the Government of Alberta’s procurement, grants and cost-recovery framework, but not information sheets, questions and answers, explanatory manuals, guidelines or standards. A red tape baseline count in Government of Alberta’s statutes, regulations, policies and forms as of May 1, 2019 was completed in February 2020. The baseline count represents the benchmark that is used to measure annual reduction targets and the final one-third reduction.

Counters within the ministry followed a common count methodology and guidelines developed by Treasury Board and Finance. Training and ongoing guidance were provided to ensure consistency in methodology across departments and agencies. The methodology identifies which types of reduction in red tape are in and out of scope, as well as specific instructions on how to count different kinds of in-scope requirements as they appear in different regulatory instruments. As regulatory instruments are revised, added, or repealed, the ministry is required to update the count of regulatory requirements and resulting net changes to the red tape count.

**Source:** Agriculture and Irrigation

**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 due 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
### Appendix A Agriculture and Irrigation Statistics

#### Alberta Agriculture and Agri-Food Industries

<table>
<thead>
<tr>
<th></th>
<th>2021(^r)</th>
<th>2022(^p)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employed Labour Force</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agri-Food Industries (Number of Persons)</td>
<td>64,200</td>
<td>69,000</td>
<td>7.5</td>
</tr>
<tr>
<td>% of Total Alberta Employment</td>
<td>2.8%</td>
<td>2.9%</td>
<td></td>
</tr>
<tr>
<td>Agriculture Industries</td>
<td>41,300</td>
<td>43,200</td>
<td>4.6</td>
</tr>
<tr>
<td>Food and Beverage Manufacturing Industries</td>
<td>22,900</td>
<td>25,800</td>
<td>12.7</td>
</tr>
<tr>
<td>% of Total Manufacturing Industries</td>
<td>18.4%</td>
<td>19.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Farm Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Farm Cash Receipts ($ billions)</td>
<td>$18.68</td>
<td>$22.25</td>
<td>19.1</td>
</tr>
<tr>
<td>Crops</td>
<td>$8.94</td>
<td>$10.50</td>
<td>17.5</td>
</tr>
<tr>
<td>% of Total Farm Cash Receipts</td>
<td>47.9%</td>
<td>47.2%</td>
<td></td>
</tr>
<tr>
<td>Livestock and Livestock Products</td>
<td>$7.66</td>
<td>$8.96</td>
<td>16.9</td>
</tr>
<tr>
<td>% of Total Farm Cash Receipts</td>
<td>41.0%</td>
<td>40.2%</td>
<td></td>
</tr>
<tr>
<td>Supply Management (Dairy, Poultry, and Eggs)</td>
<td>$1.19</td>
<td>$1.33</td>
<td>11.9</td>
</tr>
<tr>
<td>% of Livestock and Livestock Products Receipts</td>
<td>15.5%</td>
<td>14.8%</td>
<td></td>
</tr>
<tr>
<td>Direct Program Payments</td>
<td>$2.08</td>
<td>$2.79</td>
<td>34.3</td>
</tr>
<tr>
<td>% of Total Farm Cash Receipts</td>
<td>11.1%</td>
<td>12.6%</td>
<td></td>
</tr>
<tr>
<td>Farm Operating Expenses (After Rebates) ($ billions)</td>
<td>$13.30</td>
<td>$16.58</td>
<td>24.7</td>
</tr>
<tr>
<td>Net Cash Farm Income ($ billions)</td>
<td>$5.39</td>
<td>$5.68</td>
<td>5.4</td>
</tr>
<tr>
<td>Realized Net Income ($ billions)</td>
<td>$3.22</td>
<td>$3.30</td>
<td>2.6</td>
</tr>
<tr>
<td>Total Net Income ($ billions)(^3)</td>
<td>$0.89</td>
<td>6.09</td>
<td>586.1</td>
</tr>
<tr>
<td><strong>Food and Beverage Manufacturing Industries Value of Sales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food and Beverage Industries ($ billions)</td>
<td>$21.43</td>
<td>X(^4)</td>
<td>n/a(^5)</td>
</tr>
<tr>
<td>% of Total Alberta Manufacturing Sales</td>
<td>24.3%</td>
<td>n/a(^5)</td>
<td>n/a(^5)</td>
</tr>
<tr>
<td>Food Manufacturing</td>
<td>$19.88</td>
<td>$22.71</td>
<td>14.2</td>
</tr>
<tr>
<td>Beverage Manufacturing</td>
<td>$1.54</td>
<td>X(^4)</td>
<td>n/a(^5)</td>
</tr>
<tr>
<td><strong>Top Three Largest Food Manufacturing Sales Groups in 2022:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Meat Products (including Poultry)</td>
<td>$10.06</td>
<td>$11.39</td>
<td>13.2</td>
</tr>
<tr>
<td>2. Grain and Oilseed Milling</td>
<td>$4.57</td>
<td>$4.98</td>
<td>8.9</td>
</tr>
<tr>
<td>3. Dairy Products Manufacturing</td>
<td>$1.52</td>
<td>$1.52</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Agri-Food Exports to All Countries</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Agri-Food Exports ($ billions)</td>
<td>$14.12</td>
<td>$16.18</td>
<td>14.6</td>
</tr>
<tr>
<td>Primary Commodities (Animals and Crops)</td>
<td>$5.87</td>
<td>$7.30</td>
<td>24.3</td>
</tr>
<tr>
<td>Value-Added Products</td>
<td>$8.25</td>
<td>$8.89</td>
<td>7.7</td>
</tr>
</tbody>
</table>

---

1. r indicates “revised”
2. p indicates "preliminary, subject to revision"
3. Realized net income adjusted for inventory change
4. X indicates "confidential"
5. n/a indicates “not applicable”
### Top Three Markets in 2022 (% Share of Total):

<table>
<thead>
<tr>
<th>Rank</th>
<th>Market</th>
<th>2021 (%)</th>
<th>2022 (%)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>45.7</td>
<td>7.39</td>
<td>21.6</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>15.8</td>
<td>2.56</td>
<td>-1.4</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>10.7</td>
<td>1.73</td>
<td>18.5</td>
</tr>
</tbody>
</table>

### Value of Farm Capital

<table>
<thead>
<tr>
<th>Component</th>
<th>2021r (in $ billions)</th>
<th>2022p (in $ billions)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Value of Farm Capital as July 1</td>
<td>$184.35</td>
<td>$195.11</td>
<td>5.8</td>
</tr>
<tr>
<td>Livestock and Poultry</td>
<td>$8.75</td>
<td>$8.74</td>
<td>-0.1</td>
</tr>
<tr>
<td>Land and Buildings</td>
<td>$158.13</td>
<td>$168.06</td>
<td>6.3</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>$17.47</td>
<td>$18.31</td>
<td>4.8</td>
</tr>
</tbody>
</table>

### Production of Top Three Major Field Crops

<table>
<thead>
<tr>
<th>Crop</th>
<th>2021 (tonnes)</th>
<th>2022 (tonnes)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Wheat</td>
<td>6,374,900</td>
<td>11,343,305</td>
<td>77.9</td>
</tr>
<tr>
<td>% of Canada</td>
<td>28.4%</td>
<td>33.5%</td>
<td></td>
</tr>
<tr>
<td>Canola</td>
<td>4,341,000</td>
<td>5,591,701</td>
<td>28.8</td>
</tr>
<tr>
<td>% of Canada</td>
<td>31.6%</td>
<td>30.8%</td>
<td></td>
</tr>
<tr>
<td>Barley</td>
<td>3,647,938</td>
<td>5,380,670</td>
<td>47.5</td>
</tr>
<tr>
<td>% of Canada</td>
<td>52.2%</td>
<td>53.9%</td>
<td></td>
</tr>
</tbody>
</table>

### Meat Production Quantity

<table>
<thead>
<tr>
<th>Product</th>
<th>2021 (tonnes)</th>
<th>2022 (tonnes)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef – Western Canada</td>
<td>1,021,405</td>
<td>1,051,108</td>
<td>2.9</td>
</tr>
<tr>
<td>Pork – Alberta</td>
<td>259,086</td>
<td>264,471</td>
<td>2.1</td>
</tr>
</tbody>
</table>

### Number of Livestock Slaughtered

<table>
<thead>
<tr>
<th>Type</th>
<th>2021 (Head)</th>
<th>2022 (Head)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle and Calves – Western Canada</td>
<td>2,652,759</td>
<td>2,672,139</td>
<td>0.7</td>
</tr>
<tr>
<td>Pork – Alberta</td>
<td>2,655,980</td>
<td>2,639,186</td>
<td>-0.6</td>
</tr>
</tbody>
</table>

### Livestock Inventory on Farms on January 1st

<table>
<thead>
<tr>
<th>Type</th>
<th>2021 (Head)</th>
<th>2022 (Head)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle and Calves</td>
<td>4,995,000</td>
<td>4,810,000</td>
<td>-3.7</td>
</tr>
<tr>
<td>% of Canada</td>
<td>43.4%</td>
<td>42.7%</td>
<td></td>
</tr>
<tr>
<td>Hogs</td>
<td>1,570,000</td>
<td>1,530,000</td>
<td>-2.5</td>
</tr>
<tr>
<td>% of Canada</td>
<td>11.1%</td>
<td>11.0%</td>
<td></td>
</tr>
<tr>
<td>Sheep and Lambs</td>
<td>158,800</td>
<td>171,500</td>
<td>8.0</td>
</tr>
<tr>
<td>% of Canada</td>
<td>19.2%</td>
<td>20.1%</td>
<td></td>
</tr>
</tbody>
</table>

---

6 Western Canada data only – breakdown for Alberta is unavailable  
7 Federally and provincially inspected slaughter, irrespective of origin

---

Classification: Public
# Alberta Agriculture and Agri-Food Industry – Selected Statistics

<table>
<thead>
<tr>
<th>Census of Agriculture – Alberta</th>
<th>2016</th>
<th>2021</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rural Population</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Population of Alberta&lt;sup&gt;8&lt;/sup&gt;</td>
<td>4,067,175</td>
<td>4,262,635</td>
<td>4.8</td>
</tr>
<tr>
<td>Rural Population</td>
<td>667,803</td>
<td>650,027</td>
<td>-2.7</td>
</tr>
<tr>
<td>% of Total Population</td>
<td>16.4%</td>
<td>15.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Number of Farms</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Farms</td>
<td>40,638</td>
<td>41,505</td>
<td>2.1</td>
</tr>
<tr>
<td>% of Canada</td>
<td>21.0%</td>
<td>21.9%</td>
<td></td>
</tr>
<tr>
<td><strong>Farmland Area</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Farmland Area (Acres)</td>
<td>50,250,183</td>
<td>49,157,232</td>
<td>-2.2</td>
</tr>
<tr>
<td>% of Canada</td>
<td>31.7%</td>
<td>32.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Land Area in Crops</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Area in Crops (Acres)</td>
<td>25,261,781</td>
<td>25,650,672</td>
<td>1.5</td>
</tr>
<tr>
<td>% of Canada</td>
<td>27.1%</td>
<td>27.4%</td>
<td></td>
</tr>
<tr>
<td><strong>Average Farm Size</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Farm Size (Acres)</td>
<td>1,237</td>
<td>1,184</td>
<td>-4.3</td>
</tr>
<tr>
<td><strong>Farm Operators</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Farm Operators</td>
<td>57,605</td>
<td>57,200</td>
<td>-0.7</td>
</tr>
<tr>
<td>Average Age of Farm Operators</td>
<td>55.7 Years</td>
<td>56.5 years</td>
<td></td>
</tr>
<tr>
<td>% Distribution by Age Group:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 35 Years</td>
<td>8.5%</td>
<td>8.9%</td>
<td></td>
</tr>
<tr>
<td>35 to 54 Years</td>
<td>35.0%</td>
<td>29.0%</td>
<td></td>
</tr>
<tr>
<td>55 Years and Over</td>
<td>56.5%</td>
<td>62.1%</td>
<td></td>
</tr>
<tr>
<td><strong>Farms by Type&lt;sup&gt;9&lt;/sup&gt;</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top Five Farm Types (Number of Farms):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Beef Cattle (Including Feedlots)</td>
<td>12,282</td>
<td>14,601</td>
<td>18.9</td>
</tr>
<tr>
<td>2. Grain and Oilseeds</td>
<td>13,451</td>
<td>13,942</td>
<td>3.7</td>
</tr>
<tr>
<td>3. Other Crops&lt;sup&gt;10&lt;/sup&gt; (Excluding Grain and Oilseed)</td>
<td>7,414</td>
<td>6,555</td>
<td>-11.6</td>
</tr>
<tr>
<td>4. Other Animals&lt;sup&gt;11&lt;/sup&gt; (Excluding Beef Cattle)</td>
<td>5,101</td>
<td>4,174</td>
<td>-18.2</td>
</tr>
<tr>
<td>5. Sheep and Goat</td>
<td>399</td>
<td>473</td>
<td>18.5</td>
</tr>
</tbody>
</table>

---

<sup>8</sup> Population information results are from the Census of Population.

<sup>9</sup> Farms are classified by the commodity or groups of commodities that make up the majority of total farm cash receipts; based on the North American Industry Classification System (NAICS).

<sup>10</sup> Includes hay farming, fruit and vegetable combination farming, and all other miscellaneous farming.

<sup>11</sup> Includes apiculture, horse and other equine production, fur-bearing animal and rabbit production, animal combination farming and all other miscellaneous animal production.
## Census of Agriculture – Alberta

### Farms By Sales Class\(^{12}\)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2021</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Total Number of Farms:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under $10,000</td>
<td>14.2%</td>
<td>13.4%</td>
<td></td>
</tr>
<tr>
<td>$10,000 to $24,999</td>
<td>14.8%</td>
<td>13.7%</td>
<td></td>
</tr>
<tr>
<td>$25,000 to $99,999</td>
<td>26.3%</td>
<td>25.7%</td>
<td></td>
</tr>
<tr>
<td>$100,000 to $499,999</td>
<td>28.5%</td>
<td>26.2%</td>
<td></td>
</tr>
<tr>
<td>$500,000 and Over</td>
<td>16.2%</td>
<td>16.9%x</td>
<td></td>
</tr>
</tbody>
</table>

### Land Area Seeded Using No-Till Practices

<table>
<thead>
<tr>
<th>Total Land Area Prepared for Seeding (Acres)</th>
<th>21,909,580</th>
<th>22,772,278</th>
<th>3.9</th>
</tr>
</thead>
<tbody>
<tr>
<td>No-Till or Zero-Till Seeding Area</td>
<td>15,176,949</td>
<td>15,041,044</td>
<td>-1.0</td>
</tr>
<tr>
<td>% of Total Land Area Prepared for Seeding</td>
<td>69.3%</td>
<td>66.0%</td>
<td></td>
</tr>
</tbody>
</table>

### Irrigation Area

| Irrigated Farmland (Acres)                  | 1,517,089 | 1,611,537 | 6.2 |
| % of Canadian Irrigated Area                | 67.9%      | 68.0%      |     |

**Notes:**
- Per cent changes shown are based on unrounded data.
- Data shown in this table are current as of May 25, 2023.

**Sources:**
Statistics Canada; Agriculture and Irrigation; Agriculture and Agri-Food Canada. Census data for 2016 and 2021 are from the Census of Population and Census of Agriculture.

---

\(^{12}\) Farms are classified by the gross farm cash receipts of the operation in the previous calendar year, or for the complete accounting (fiscal) year (2016 and 2021).
Financial Information

Year Ended March 31, 2023

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Reporting Entity and Method of 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, 2023

<table>
<thead>
<tr>
<th></th>
<th>2023 Budget</th>
<th>2023 Actual (Restated)</th>
<th>2022 Actual (Restated)</th>
<th>Change from 2022</th>
<th>2022 Actual</th>
<th>Change from</th>
<th>2022 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government transfers</td>
<td>$311,091</td>
<td>$491,654</td>
<td>$543,798</td>
<td>180,563</td>
<td>(52,144)</td>
<td>$813,223</td>
<td>$1,356,941</td>
</tr>
<tr>
<td>Investment income</td>
<td>112,631</td>
<td>101,074</td>
<td>126,435</td>
<td>(11,557)</td>
<td>(25,361)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums, fees and licenses</td>
<td>377,446</td>
<td>528,031</td>
<td>339,960</td>
<td>150,585</td>
<td>188,071</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other revenue</td>
<td>3,721</td>
<td>12,450</td>
<td>8,827</td>
<td>8,729</td>
<td>3,623</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ministry total</strong></td>
<td>804,889</td>
<td>1,133,209</td>
<td>1,019,020</td>
<td>328,320</td>
<td>114,189</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inter-ministry consolidation adjustments</strong></td>
<td>(15,594)</td>
<td>(49,461)</td>
<td>(13,629)</td>
<td>(33,867)</td>
<td>(35,832)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted ministry total</strong></td>
<td>789,295</td>
<td>1,083,748</td>
<td>1,005,391</td>
<td>294,453</td>
<td>78,357</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenses - directly incurred</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry Support Services</td>
<td>11,490</td>
<td>10,210</td>
<td>10,185</td>
<td>(1,280)</td>
<td>25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural Programming and Agricultural Societies</td>
<td>14,176</td>
<td>14,140</td>
<td>31,709</td>
<td>(36)</td>
<td>(17,569)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade, Investment and Food Management</td>
<td>34,698</td>
<td>37,000</td>
<td>30,903</td>
<td>2,302</td>
<td>6,097</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Agriculture</td>
<td>115,977</td>
<td>119,874</td>
<td>126,848</td>
<td>3,897</td>
<td>(6,974)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lending</td>
<td>31,631</td>
<td>21,166</td>
<td>14,334</td>
<td>(10,465)</td>
<td>6,832</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>403,473</td>
<td>1,430,673</td>
<td>2,845,054</td>
<td>1,027,200</td>
<td>(1,414,381)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture Income Support</td>
<td>88,976</td>
<td>189,777</td>
<td>525,424</td>
<td>100,801</td>
<td>(335,647)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Management</td>
<td>59,868</td>
<td>45,816</td>
<td>43,758</td>
<td>(14,052)</td>
<td>2,058</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canadian Agricultural Partnership</td>
<td>35,239</td>
<td>33,290</td>
<td>31,680</td>
<td>(1,949)</td>
<td>1,610</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Servicing Costs</td>
<td>64,425</td>
<td>75,765</td>
<td>65,235</td>
<td>11,340</td>
<td>10,530</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ministry total</strong></td>
<td>859,953</td>
<td>1,977,711</td>
<td>3,725,130</td>
<td>1,117,758</td>
<td>(1,747,419)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inter-ministry consolidation adjustments</strong></td>
<td>(67,085)</td>
<td>(78,186)</td>
<td>(64,895)</td>
<td>(11,101)</td>
<td>(13,291)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted ministry total</strong></td>
<td>792,868</td>
<td>1,899,525</td>
<td>3,660,235</td>
<td>1,106,657</td>
<td>(1,760,710)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Annual deficit</strong></td>
<td>$3,573</td>
<td>$(815,777)</td>
<td>$(2,654,844)</td>
<td>$(812,204)</td>
<td>$1,839,067</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Revenue and Expense Highlights

Revenues

Total revenue for the ministry was $1.1 billion, $328 million higher than budget and $114 million higher than 2021-22.

Change from Budget 2022-23

- Revenue from the Government of Canada was $161.4 million more than budget, largely due to increased funding of $102.2 million for AgrisInsurance premiums due to increased commodity prices and insured acres and higher than anticipated indemnities for AgriStability of $57.2 million and Wildlife Damage Compensation of $1.7 million.
- Premiums, Fees and Licenses were $150.6 million higher than budget, primarily due to higher premiums for crop insurance of $145.6 million due to an increase in prices and insured acres, and higher premiums for hail insurance of $10.2 million due to increased insured acres. These increases were partially offset by lower livestock insurance premiums of $4.5 million due to reduced participation and lower premium rates.
- Investment Income was $11.5 million lower than budget due to realized losses on investments of $17 million, partially offset by an increase of $5 million resulting from higher interest rates.
- Other Income was $8 million higher than budget primarily due to fees of $10.4 million resulting from water usage agreements.

Change from 2021-22 Actual

- Revenue from the Government of Canada decreased by $73.8 million lower than 2021-22, mostly due to higher AgriRecovery program costs of $196.7 million in 2021-22 due to provincial-wide drought. This decrease is partially offset by higher AgrisInsurance premiums of $112.8 million due to a premium discount in 2021-22 and increased prices and insured acres in the 2022 crop year. Additionally, wildlife damage indemnities for the 2022 crop year increased by $1.7 million and funding for the Canadian Agricultural Partnership increased by $5.7 million.
- Premiums, Fees and Licenses increased by $188 million compared to the prior year, primarily due to higher AgrisInsurance premiums of $174 million due to increased prices and insured acres, increased livestock insurance premiums of $9.5 million resulting from an increase in insurable acres.
- Investment Income decreased by $25.4 million from last year due to a reduction in investment holdings in the prior year combined with realized losses on investments of $36.1 million, partially offset by an increase of $11.9 million resulting from higher interest rates.

Expenses

Total expense for the ministry was $1.98 billion, $1.1 billion more than budget and $1.7 billion less than 2021-22.

Change from Budget 2022-23

- Indemnities were $1.1 billion higher than budget, predominantly due to $1 billion higher than anticipated crop AgrisInsurance indemnities resulting from higher than historical average crop prices and higher hail insurance indemnities of $23.5 million due to increased insured acres and an active hail season, combined with higher than anticipated wildlife damage indemnities of $2.6 million and AgrisInvest and AgriStability indemnities of $100 million, due to revised estimates resulting from claim verification and additional claims. These increases were partially
Financial Information

offset by lower livestock insurance indemnities of $14 million due to fewer policies sold and no significant losses forecasted.

- Grants were $9.5 million higher than budget, mainly due to higher funding for the Canadian Agricultural Partnership of $5.8 million and one-time funding for the Labour Market Development Program of $2.5 million.

- Interest expense was $11.3 million higher than budget due to higher than anticipated borrowing interest rates.

- Other Expenses were $15 million below budget, due to a lower than anticipated Provision for Doubtful Accounts as a result of the normalization of the variability in risk in the loan portfolio resulting from the COVID-19 pandemic in prior years.

Change from 2021-22 Actual

- Indemnities decreased by $1.7 billion from the previous year, primarily due to lower Agrilnurance indemnities of $1.4 billion and lower AgriRecovery indemnities of $330 million due to the provincial-wide drought in the prior year, combined with lower livestock insurance losses of $2.2 million forecasted for 2022-23 policies. These decreases were partially offset by an increase in hail insurance of $19.5 million and wildlife damage indemnities of $1.3 million.

- Grants were $17.7 million lower than the previous year, primarily due to a one-time grant for Rural Programming of $18.4 million.

- Interest costs were $10.5 million higher than the prior year due to higher borrowing interest rates.

- Other Expenses were $7.6 million higher than the previous year due to an adjustment to the Provision for Doubtful Accounts as a result of the normalization of the variability in risk in the loan portfolio resulting from the COVID-19 pandemic in prior years.
### Breakdown of Revenues (unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2023 Budget (Restated)</th>
<th>2022 Actual (Restated)</th>
<th>2022 Actual (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government transfers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Government Transfers</td>
<td>$15,032</td>
<td>$34,185</td>
<td>$12,482</td>
</tr>
<tr>
<td><strong>Federal Government grants</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture Insurance</td>
<td>$207,911</td>
<td>$305,729</td>
<td>$192,915</td>
</tr>
<tr>
<td>Agriculture Income Support</td>
<td>$34,909</td>
<td>$92,189</td>
<td>$288,900</td>
</tr>
<tr>
<td>Canadian Agricultural Partnership</td>
<td>$46,814</td>
<td>$48,921</td>
<td>$43,212</td>
</tr>
<tr>
<td>Other</td>
<td>$6,425</td>
<td>$10,630</td>
<td>$6,289</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$311,091</td>
<td>$491,654</td>
<td>$543,798</td>
</tr>
<tr>
<td><strong>Investment income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture Insurance</td>
<td>$13,543</td>
<td>$(884)</td>
<td>$32,378</td>
</tr>
<tr>
<td>Lending</td>
<td>$99,088</td>
<td>$99,943</td>
<td>$92,133</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>$2,015</td>
<td>$1,924</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$112,631</td>
<td>$101,074</td>
<td>$126,435</td>
</tr>
<tr>
<td><strong>Premiums, fees and licenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums from Insured Persons</td>
<td>$359,490</td>
<td>$510,766</td>
<td>$324,133</td>
</tr>
<tr>
<td>Other</td>
<td>$17,956</td>
<td>$17,265</td>
<td>$15,827</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$377,446</td>
<td>$528,031</td>
<td>$339,960</td>
</tr>
<tr>
<td><strong>Water Usage Agreements</strong></td>
<td>-</td>
<td>$10,438</td>
<td>$5,883</td>
</tr>
<tr>
<td>Other revenue</td>
<td>$3,721</td>
<td>$2,012</td>
<td>$2,944</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$3,721</td>
<td>$12,450</td>
<td>$8,827</td>
</tr>
<tr>
<td><strong>Total ministry revenues</strong></td>
<td><strong>$804,889</strong></td>
<td><strong>$1,133,209</strong></td>
<td><strong>$1,019,020</strong></td>
</tr>
</tbody>
</table>
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.

2023 Actuals
(in thousands)
Expenses – Directly Incurred Detailed by Object (unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Budget (Restated)</th>
<th>Actual</th>
<th>Actual (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indemnities</td>
<td>$432,276</td>
<td>$1,560,115</td>
<td>$3,301,608</td>
</tr>
<tr>
<td>Grants</td>
<td>134,973</td>
<td>144,517</td>
<td>162,266</td>
</tr>
<tr>
<td>Salaries, wages and employee benefits</td>
<td>121,329</td>
<td>116,199</td>
<td>114,427</td>
</tr>
<tr>
<td>Interest</td>
<td>64,425</td>
<td>75,765</td>
<td>65,235</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>47,527</td>
<td>57,160</td>
<td>57,324</td>
</tr>
<tr>
<td>Other</td>
<td>10,105</td>
<td>(5,058)</td>
<td>12,691</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>49,218</td>
<td>29,013</td>
<td>36,761</td>
</tr>
<tr>
<td>Total ministry expenses</td>
<td>$850,953</td>
<td>$1,977,711</td>
<td>$3,725,130</td>
</tr>
</tbody>
</table>

1 Negative balance is due to the economy stabilizing after COVID-19, resulting in lower impaired accounts as well as a decrease in the general reserve estimate due to a change in methodology.

2 Negative balance as a result of a large reduction to Provision for Doubtful Accounts and for Losses due to risk from COVID-19 to the loan portfolio.
Financial Information

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.

2023 Actuals  
*(in thousands)*

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in thousands)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indemnities</td>
<td>1,560,115</td>
<td>79%</td>
</tr>
<tr>
<td>Grants</td>
<td>144,517</td>
<td>7%</td>
</tr>
<tr>
<td>Salaries, wages and employee benefits</td>
<td>116,199</td>
<td>6%</td>
</tr>
<tr>
<td>Interest</td>
<td>75,765</td>
<td>4%</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>57,160</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>23,955</td>
<td>1%</td>
</tr>
</tbody>
</table>

Diagram: Pie chart showing the distribution of expenses with Indemnities as the largest category, followed by Grants, Salaries, wages and employee benefits, Interest, Supplies and services, and Other.
### Supplemental Financial Information

#### Tangible Capital Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2023 (in thousands)</th>
<th>2022 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land Improvements</strong></td>
<td>$2,247</td>
<td>$2,447</td>
</tr>
<tr>
<td><strong>Buildings</strong></td>
<td>$12,432</td>
<td>$12,440</td>
</tr>
<tr>
<td><strong>Equipment</strong></td>
<td>$107,652</td>
<td>$159,690</td>
</tr>
<tr>
<td><strong>Computer Hardware</strong></td>
<td>$124,415</td>
<td>$156,089</td>
</tr>
<tr>
<td><strong>Computer Software</strong></td>
<td>$1,563,609</td>
<td>$1,811,973</td>
</tr>
<tr>
<td><strong>Dams and Water Management</strong></td>
<td>$469</td>
<td>$469</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>$1,794,456</td>
<td>$1,811,073</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,794,456</td>
<td>$1,811,073</td>
</tr>
</tbody>
</table>

#### Accumulated Amortization

<table>
<thead>
<tr>
<th>Description</th>
<th>2023 (in thousands)</th>
<th>2022 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning of year</strong></td>
<td>-</td>
<td>779,188</td>
</tr>
<tr>
<td><strong>Amortization expense</strong></td>
<td>32</td>
<td>815,936</td>
</tr>
<tr>
<td><strong>Transfers to/from Profit Centers</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adjustments</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Effect of disposals, including write-downs</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Book Value at March 31, 2023</strong></td>
<td>$2,447</td>
<td>$2,447</td>
</tr>
</tbody>
</table>

#### Additional Details

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, 2023

*(in thousands)*

<table>
<thead>
<tr>
<th>Asset Description</th>
<th>Net Book Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>2,447</td>
<td>0%</td>
</tr>
<tr>
<td>Land Improvements</td>
<td>12</td>
<td>0%</td>
</tr>
<tr>
<td>Buildings</td>
<td>4,213</td>
<td>0%</td>
</tr>
<tr>
<td>Equipment</td>
<td>17,366</td>
<td>2%</td>
</tr>
<tr>
<td>Computer Hardware and Software</td>
<td>7,600</td>
<td>1%</td>
</tr>
<tr>
<td>Dams and Water Management Structures</td>
<td>972,813</td>
<td>97%</td>
</tr>
<tr>
<td>Other</td>
<td>246</td>
<td>0%</td>
</tr>
</tbody>
</table>

*Classification: Public*
### Portfolio Investments (unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th></th>
<th>2022</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Fair</td>
<td>Cost</td>
<td>Fair</td>
</tr>
<tr>
<td><strong>Interest-bearing securities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits and short-term securities</td>
<td>$14,492</td>
<td>$14,374</td>
<td>$50,042</td>
<td>$49,633</td>
</tr>
<tr>
<td>Bonds and mortgages</td>
<td>263,588</td>
<td>250,269</td>
<td>656,727</td>
<td>630,580</td>
</tr>
<tr>
<td></td>
<td>278,080</td>
<td>264,643</td>
<td>706,769</td>
<td>680,213</td>
</tr>
<tr>
<td></td>
<td>$278,080</td>
<td>$264,643</td>
<td>$706,769</td>
<td>$680,213</td>
</tr>
</tbody>
</table>

The following is a breakdown of portfolio investments:

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th></th>
<th>2022</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Fair</td>
<td>Cost</td>
<td>Fair</td>
</tr>
<tr>
<td><strong>Operating</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internally designated assets (a)</td>
<td>$278,080</td>
<td>$264,643</td>
<td>$706,769</td>
<td>$680,213</td>
</tr>
<tr>
<td>Total portfolio investments</td>
<td>$278,080</td>
<td>$264,643</td>
<td>$706,769</td>
<td>$680,213</td>
</tr>
</tbody>
</table>

(a) Designated for the Agrilinsurance Fund.
Portfolio Investments (unaudited)

Comparison of Cost to Fair Value as of March 31, 2023
(in thousands)

The total portfolio investment for 2023 was $278,080 at cost and $264,643 at fair market value and is comprised of interest-bearing securities.

Interest-bearing securities include senior bank notes, asset backed securities, Government of Canada and other provincial bonds and debentures.

Fair value is based on market prices excluding accrued interest.
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Agriculture Financial Services Corporation

Financial Statements

March 31, 2023
Agriculture Financial Services Corporation

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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 the Agriculture Financial Services Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, change in 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, 2023, and the results of its operations, its changes in net financial assets, 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

June 2, 2023
Edmonton, Alberta
Statement of Financial Position  
As at March 31, 2023  
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$297,638</td>
<td>$356,674</td>
</tr>
<tr>
<td>Accounts receivable (Note 4)</td>
<td>7,300</td>
<td>5,032</td>
</tr>
<tr>
<td>Due from Government of Alberta</td>
<td>49,597</td>
<td>54,659</td>
</tr>
<tr>
<td>Due from Government of Canada</td>
<td>152,365</td>
<td>155,713</td>
</tr>
<tr>
<td>Loans receivable (Note 5)</td>
<td>2,838,773</td>
<td>2,688,673</td>
</tr>
<tr>
<td>Investments (Note 6)</td>
<td>279,138</td>
<td>709,278</td>
</tr>
<tr>
<td><strong>Total Financial Assets</strong></td>
<td>3,654,801</td>
<td>3,967,029</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and other accrued liabilities (Note 7)</td>
<td>8,604</td>
<td>10,693</td>
</tr>
<tr>
<td>Due to other Provincial Governments (Note 8)</td>
<td>7,260</td>
<td>4,836</td>
</tr>
<tr>
<td>Indemnities payable (Note 9)</td>
<td>376,100</td>
<td>566,128</td>
</tr>
<tr>
<td>Borrowing from Government of Alberta (Note 10)</td>
<td>2,777,241</td>
<td>2,604,281</td>
</tr>
<tr>
<td>Deferred revenue (Note 11)</td>
<td>10,137</td>
<td>8,205</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>3,179,542</td>
<td>3,194,143</td>
</tr>
<tr>
<td><strong>Net Financial Assets</strong></td>
<td>475,259</td>
<td>772,886</td>
</tr>
<tr>
<td><strong>NON-FINANCIAL ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible capital assets (Note 12)</td>
<td>9,627</td>
<td>11,520</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>7,062</td>
<td>6,833</td>
</tr>
<tr>
<td><strong>Total Non-Financial Assets</strong></td>
<td>16,689</td>
<td>18,353</td>
</tr>
<tr>
<td><strong>Net assets before spent deferred capital contributions</strong></td>
<td>491,948</td>
<td>791,239</td>
</tr>
<tr>
<td><strong>Spent deferred capital contributions (Note 11)</strong></td>
<td>2,508</td>
<td>3,188</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>489,440</td>
<td>$788,051</td>
</tr>
<tr>
<td><strong>Accumulated surplus</strong></td>
<td>$489,440</td>
<td>$788,051</td>
</tr>
</tbody>
</table>

Contingencies, Contractual Obligations and Commitments (Note 14)

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 & Risk Officer
Financial Information

Statement of Operations
Year ended March 31, 2023
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>(Schedule 1)</td>
<td>Actual</td>
</tr>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums from insured persons</td>
<td>$ 359,490</td>
<td>$ 510,766</td>
</tr>
<tr>
<td>Interest</td>
<td>98,913</td>
<td>99,641</td>
</tr>
<tr>
<td>Contribution from Government of Alberta</td>
<td>244,374</td>
<td>387,069</td>
</tr>
<tr>
<td>Contribution from Government of Canada</td>
<td>248,543</td>
<td>405,323</td>
</tr>
<tr>
<td>Investment income</td>
<td>13,718</td>
<td>944</td>
</tr>
<tr>
<td>Fees and other income</td>
<td>15,849</td>
<td>15,189</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$ 980,887</td>
<td>$ 1,418,932</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture Insurance</td>
<td>346,618</td>
<td>1,363,512</td>
</tr>
<tr>
<td>Agriculture Income Support</td>
<td>88,976</td>
<td>189,777</td>
</tr>
<tr>
<td>Lending</td>
<td>96,056</td>
<td>98,932</td>
</tr>
<tr>
<td>Hail Insurance</td>
<td>25,892</td>
<td>47,171</td>
</tr>
<tr>
<td>Livestock Insurance</td>
<td>22,020</td>
<td>8,079</td>
</tr>
<tr>
<td>Wildlife Damage Compensation</td>
<td>9,593</td>
<td>12,072</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>589,155</td>
<td>1,717,543</td>
</tr>
<tr>
<td><strong>Annual (deficit) surplus</strong></td>
<td>$ 391,732</td>
<td>(298,611)</td>
</tr>
<tr>
<td><strong>Accumulated surplus at beginning of year</strong></td>
<td>788,051</td>
<td></td>
</tr>
<tr>
<td><strong>Accumulated surplus at end of year</strong></td>
<td><strong>$ 489,440</strong></td>
<td><strong>$ 788,051</strong></td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these financial statements.
Statement of Change in Net Financial Assets
Year ended March 31, 2023
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th></th>
<th>2022</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Actual</td>
<td>Budget</td>
<td>Actual</td>
</tr>
<tr>
<td>Annual (deficit) surplus</td>
<td>$ 391,732</td>
<td>$ (298,611)</td>
<td>$ (2,077,203)</td>
<td></td>
</tr>
<tr>
<td>Acquisition of tangible capital assets (Note 12)</td>
<td>(4,215)</td>
<td>(1,544)</td>
<td>(899)</td>
<td></td>
</tr>
<tr>
<td>Amortization of tangible capital assets (Note 12)</td>
<td>4,393</td>
<td>3,350</td>
<td>9,934</td>
<td></td>
</tr>
<tr>
<td>(Gain) on disposal of tangible capital assets</td>
<td>-</td>
<td>(125)</td>
<td>(30)</td>
<td></td>
</tr>
<tr>
<td>Proceeds on sale tangible capital assets</td>
<td>-</td>
<td>212</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>-</td>
<td>(229)</td>
<td>782</td>
<td></td>
</tr>
<tr>
<td>Decrease in spent deferred capital contributions</td>
<td>-</td>
<td>(680)</td>
<td>(6,347)</td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in net financial assets in the year</td>
<td>391,910</td>
<td>(297,627)</td>
<td>(2,073,713)</td>
<td></td>
</tr>
<tr>
<td>Net financial assets, beginning of year</td>
<td>772,886</td>
<td>772,886</td>
<td>2,846,599</td>
<td></td>
</tr>
<tr>
<td>Net financial assets, end of year</td>
<td>$ 1,164,796</td>
<td>$ 475,259</td>
<td>$ 772,886</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these financial statements.
Statement of Cash Flows
Year ended March 31, 2023
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating transactions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual (deficit)</td>
<td>$298,611</td>
<td>$2,077,203</td>
</tr>
<tr>
<td>Non-cash items included in operating results</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of tangible capital assets (Note 12)</td>
<td>3,350</td>
<td>9,934</td>
</tr>
<tr>
<td>Deferred capital contribution recognized as revenue (Note 11)</td>
<td>(1,517)</td>
<td>(7,127)</td>
</tr>
<tr>
<td>Amortization of premiums and discounts</td>
<td>(1,500)</td>
<td>845</td>
</tr>
<tr>
<td>Allowance for doubtful accounts and for losses</td>
<td>(5,394)</td>
<td>(13,920)</td>
</tr>
<tr>
<td>Loss on sale of investments</td>
<td>22,764</td>
<td>968</td>
</tr>
<tr>
<td>(Gain) on capital assets</td>
<td>(125)</td>
<td>(30)</td>
</tr>
<tr>
<td>Increase in net deferred revenue</td>
<td>1,932</td>
<td>898</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>(229)</td>
<td>762</td>
</tr>
<tr>
<td>(Increase) decrease in accounts receivable</td>
<td>(2,853)</td>
<td>10,110</td>
</tr>
<tr>
<td>(Decrease) in environment liabilities</td>
<td>-</td>
<td>(1,078)</td>
</tr>
<tr>
<td>(Decrease) increase in indemnities payable</td>
<td>(190,028)</td>
<td>309,984</td>
</tr>
<tr>
<td>(Decrease) in accounts payable and other accrued liabilities</td>
<td>(2,385)</td>
<td>(2,265)</td>
</tr>
<tr>
<td>Decrease (increase) in due from provincial and federal governments</td>
<td>1,644</td>
<td>(46,855)</td>
</tr>
<tr>
<td><strong>Cash applied to operating transactions (1)</strong></td>
<td>(472,952)</td>
<td>(1,814,965)</td>
</tr>
<tr>
<td><strong>Investing transactions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from repayments of loans receivable</td>
<td>400,264</td>
<td>449,220</td>
</tr>
<tr>
<td>Loan disbursements</td>
<td>(545,932)</td>
<td>(602,012)</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(276,605)</td>
<td>(1,173,907)</td>
</tr>
<tr>
<td>Proceeds on disposal of investments</td>
<td>682,482</td>
<td>3,021,457</td>
</tr>
<tr>
<td><strong>Cash provided by investing activities</strong></td>
<td>260,209</td>
<td>1,694,758</td>
</tr>
<tr>
<td><strong>Capital transactions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of tangible capital assets</td>
<td>(1,544)</td>
<td>(899)</td>
</tr>
<tr>
<td>Proceeds on disposal of tangible capital assets</td>
<td>212</td>
<td>50</td>
</tr>
<tr>
<td><strong>Cash applied to capital transactions</strong></td>
<td>(1,332)</td>
<td>(849)</td>
</tr>
<tr>
<td><strong>Financing transactions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowing from the Government of Alberta</td>
<td>2,893,591</td>
<td>2,204,296</td>
</tr>
<tr>
<td>Contributions restricted for capital (Note 11)</td>
<td>837</td>
<td>780</td>
</tr>
<tr>
<td>Repayment of borrowing from the Government of Alberta</td>
<td>(2,718,591)</td>
<td>(2,079,296)</td>
</tr>
<tr>
<td>Repayment of borrowing from the Government of Canada</td>
<td>(20,798)</td>
<td>(2,336)</td>
</tr>
<tr>
<td><strong>Cash provided by financing transactions</strong></td>
<td>155,039</td>
<td>123,444</td>
</tr>
<tr>
<td>(Decrease) increase in cash and cash equivalents</td>
<td>(59,036)</td>
<td>2,388</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>356,674</td>
<td>354,286</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>$297,638</td>
<td>$356,674</td>
</tr>
</tbody>
</table>

(1) Net cash applied to by operating activities includes $60,495 (2022 $65,371) of interest paid.

The accompanying notes and schedules are part of these financial statements.
Notes to the Financial Statements
Year ended March 31, 2023
(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, AgrinInsurance, 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 are recorded as revenue when earned over the insurance policy contract term for AgrinInsurance and Hail Insurance programs. A corresponding premium contribution from the Governments of Canada and Alberta is also recognized on policies sold under the AgrinInsurance programs and is included in Contributions from the Governments of Canada and Alberta. Premiums received by the Corporation in advance of the related policy term are recorded as deferred revenue until earned.

For the Livestock Price Insurance program, premiums are recorded as revenue when a policy is sold.

Government transfers from the Governments of Canada and Alberta are referred to as government contributions. Contributions from the Governments of Canada and Alberta for estimated compensation payments to participants under Agriculture Income Support programs such as AgriStability (formerly the Canadian Agriculture Income Stabilization (CAIS)), Agrinvest, AgriRecovery and Wildlife Damage Compensation are recognized in the period in which the program payments to producers are determinable. 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.

Contributions received from the Governments of Canada and Alberta 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.
Notes to the Financial Statements
Year ended March 31, 2023
(in thousands)

Note 2  Significant Accounting Policies and Reporting Practices (continued)

(a)  Revenue Recognition (continued)

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 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 of 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.

(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 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 4, 5, and 9).

(d)  Valuation of Financial Assets and Liabilities

The Corporation's financial assets and liabilities include cash and cash equivalents, accounts receivable, prepaid expenses, due from Government of Alberta, due from Government of Canada, loans receivable, investments, accounts payable and other
Notes to the Financial Statements  
Year ended March 31, 2023  
(in thousands)  

Note 2  Significant Accounting Policies and Reporting Practices (continued)  

(d) Valuation of Financial Assets and Liabilities (continued)  

accrued liabilities, due to other Provincial Governments, indemnities payable, borrowing from the Government of Alberta and deferred revenue. All of 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 capitalized other costs. 

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.
Notes to the Financial Statements
Year ended March 31, 2023
(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

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

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.

(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.
Notes to the Financial Statements
Year ended March 31, 2023
(in thousands)

Note 2   Significant Accounting Policies and Reporting Practices (continued)

(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.

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.

Effective April 1, 2022, the Corporation adopted the new accounting standard PS 3280 Asset Retirement Obligations (ARO). Currently AFSC does not have any ARO to report.

(m)     AgriStability, AgriInvest and AgriRecovery Program

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 Agrisurance 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 Agrisurance net assets of the Corporation. Contributions to and withdrawals from the Funds are made in accordance with terms and conditions of the agreement between the Governments of Canada and Alberta (see Note 17).
Note 2 Significant Accounting Policies and Reporting Practices (continued)

(n) Reinsurance (continued)

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 18).

(o) AgrilInsurance Accumulated Surplus Restriction

In accordance with the Federal/Provincial Agricultural Policy Framework Implementation Agreement, the AgrilInsurance accumulated surplus of $300,879 (2022 $611,624) 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 16).

(r) Environmental Liabilities

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organisms that exceeds an environment 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, 2023
(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.

(t)        Legislative Non-Compliance

Following a review of salary increases, it was determined that certain increases were non-compliant with the Government of Alberta Salary Restraint Regulation. As a result of this review, it was determined that salaries, wages and employee benefits exceeded the Government of Alberta Salary Restraint Regulation (AR 80/2021) by zero for the year ended March 31, 2023 and $60 (2022). The increases were prospectively adjusted to comply with the terms of the Government of Alberta Salary Restraint Regulation (AR 80/2021) effective October 1, 2021.

Note 3   Future Changes in Accounting Standards

On April 1, 2023, the Corporation will adopt the following new accounting standards approved by the Public Sector Accounting Board:

• PS 3400 Revenue
  This accounting standard provides guidance on how to account for and report on revenue, and specifically, it differentiates between revenue arising from exchange and non-exchange transactions.

• 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.

Management is currently assessing the impact of these standards on the financial statements.
Note 4   Accounts Receivable

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due from reinsurers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Livestock &amp; Hull insurance programs</td>
<td>$1,553</td>
<td>$2,384</td>
</tr>
<tr>
<td>AgriStability &amp; Agriculture Income Support programs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overpayments</td>
<td>713</td>
<td>1,728</td>
</tr>
<tr>
<td>Administration fees</td>
<td>362</td>
<td>315</td>
</tr>
<tr>
<td>Premiums from insured persons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Livestock insurance program</td>
<td>2,905</td>
<td>1,525</td>
</tr>
<tr>
<td>Agriinsurance program</td>
<td>1,639</td>
<td>932</td>
</tr>
<tr>
<td>Hull insurance program</td>
<td>80</td>
<td>112</td>
</tr>
<tr>
<td>Other</td>
<td>1,610</td>
<td>433</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,862</td>
<td>7,428</td>
</tr>
</tbody>
</table>

Allowances for doubtful accounts

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>(2,397)</td>
<td>(1,717)</td>
</tr>
<tr>
<td>Decrease (increase) for the year</td>
<td>1,305</td>
<td>(762)</td>
</tr>
<tr>
<td>Write offs</td>
<td>(470)</td>
<td>82</td>
</tr>
<tr>
<td>At end of year</td>
<td>(1,562)</td>
<td>(2,397)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,300</td>
<td>5,032</td>
</tr>
</tbody>
</table>

Included in the allowances for doubtful accounts is $713 (2022 $1,728) 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 5   Loans Receivable

Loans receivable are comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>Farm</th>
<th>Commercial</th>
<th>Total 2023</th>
<th>Total 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performing loans - non concessionary</td>
<td>$2,607,649</td>
<td>$189,613</td>
<td>$2,797,262</td>
<td>$2,651,947</td>
</tr>
<tr>
<td>Performing loans - concessionary</td>
<td>452</td>
<td>492</td>
<td>944</td>
<td>699</td>
</tr>
<tr>
<td>Impaired loans</td>
<td>2,682</td>
<td>15,437</td>
<td>18,119</td>
<td>19,762</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,611,033</td>
<td>205,050</td>
<td>2,816,083</td>
<td>2,672,398</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>31,760</td>
<td>834</td>
<td>32,594</td>
<td>29,409</td>
</tr>
<tr>
<td>Loan discount</td>
<td>(6)</td>
<td>-</td>
<td>(6)</td>
<td>(8)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,642,207</td>
<td>205,884</td>
<td>2,848,091</td>
<td>2,701,796</td>
</tr>
<tr>
<td>Allowances for doubtful accounts for loans</td>
<td>(1,666)</td>
<td>(8,232)</td>
<td>(9,918)</td>
<td>(16,126)</td>
</tr>
<tr>
<td><strong>Net carrying value</strong></td>
<td>$2,641,121</td>
<td>$197,652</td>
<td>$2,838,773</td>
<td>$2,686,673</td>
</tr>
</tbody>
</table>

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, 2023
(in thousands)

Note 5  Loans Receivable (continued)

Allowances for doubtful accounts for loans are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Fm</th>
<th>C</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>$3,435</td>
<td>$12,691</td>
<td>$16,126</td>
<td>$32,463</td>
</tr>
<tr>
<td>(Decrease) for the year</td>
<td>($1,610)</td>
<td>($3,412)</td>
<td>($5,028)</td>
<td>($14,682)</td>
</tr>
<tr>
<td>Write-offs</td>
<td>$133</td>
<td>$1,047</td>
<td>$1,180</td>
<td>$1,655</td>
</tr>
<tr>
<td>At end of year</td>
<td>$1,866</td>
<td>$8,232</td>
<td>$9,918</td>
<td>$18,128</td>
</tr>
</tbody>
</table>

Specific allowance
General allowance

<table>
<thead>
<tr>
<th></th>
<th>Fm</th>
<th>C</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific allowance</td>
<td>$264</td>
<td>$5,908</td>
<td>$6,172</td>
<td>$9,680</td>
</tr>
<tr>
<td>General allowance</td>
<td>$1,422</td>
<td>$2,324</td>
<td>$3,746</td>
<td>$6,446</td>
</tr>
</tbody>
</table>

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 $5,819,674 (2022 $5,964,840).

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

<table>
<thead>
<tr>
<th>Effective Annual Interest Rate</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than or equal to 2%</td>
<td>$213,161</td>
<td>$244,567</td>
</tr>
<tr>
<td>2.01% to 3.00%</td>
<td>$652,487</td>
<td>$732,654</td>
</tr>
<tr>
<td>3.01% to 4.00%</td>
<td>$797,869</td>
<td>$865,112</td>
</tr>
<tr>
<td>4.01% to 5.00%</td>
<td>$788,573</td>
<td>$652,551</td>
</tr>
<tr>
<td>5.01% to 6.00%</td>
<td>$290,328</td>
<td>$132,447</td>
</tr>
<tr>
<td>6.01% to 7.00%</td>
<td>$53,644</td>
<td>$42,860</td>
</tr>
<tr>
<td>7.01% to 8.00%</td>
<td>$14,591</td>
<td>$1,937</td>
</tr>
<tr>
<td>Over 8%</td>
<td>$5,424</td>
<td>$262</td>
</tr>
<tr>
<td>Total</td>
<td>$2,816,077</td>
<td>$2,672,390</td>
</tr>
</tbody>
</table>

Accrued interest
Allowance for doubtful accounts for loans

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued interest</td>
<td>$32,614</td>
<td>$29,409</td>
</tr>
<tr>
<td>Allowance for doubtful accounts for loans</td>
<td>($9,918)</td>
<td>($16,126)</td>
</tr>
<tr>
<td>Total allowance for doubtful accounts for loans</td>
<td>$2,838,773</td>
<td>$2,685,673</td>
</tr>
</tbody>
</table>

Weighted average annual interest rate

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average annual interest rate</td>
<td>3.75%</td>
<td>3.50%</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

Year ended March 31, 2023

(in thousands)

Note 6  Investments

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds and debentures:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government of Canada, direct and guaranteed</td>
<td>$100,183</td>
<td>$293,267</td>
</tr>
<tr>
<td>Other provincial, direct and guaranteed</td>
<td>$48,196</td>
<td>$74,207</td>
</tr>
<tr>
<td>Total investments</td>
<td>$148,381</td>
<td>$367,474</td>
</tr>
<tr>
<td>Corporate securities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior bank notes</td>
<td>$77,207</td>
<td>$141,912</td>
</tr>
<tr>
<td>Asset backed securities, AAA rated</td>
<td>$52,492</td>
<td>$197,383</td>
</tr>
<tr>
<td>Total investments</td>
<td>$129,699</td>
<td>$339,295</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>$278,080</td>
<td>$706,769</td>
</tr>
<tr>
<td>Total</td>
<td>$279,138</td>
<td>$709,278</td>
</tr>
</tbody>
</table>

The fair value of investments at March 31, 2023 is $264,643 (2022 $680,213). Fair value is based on quoted market prices excluding accrued interest.

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

<table>
<thead>
<tr>
<th>Term to Maturity (1)</th>
<th>Within 1 Year</th>
<th>1 to 5 Years</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds and debentures</td>
<td>$ -</td>
<td>$148,381</td>
<td>$148,381</td>
<td>$367,474</td>
</tr>
<tr>
<td>Yield (2)</td>
<td>-</td>
<td>3.52%</td>
<td>3.52%</td>
<td>2.37%</td>
</tr>
<tr>
<td>Corporate Securities</td>
<td>14,492</td>
<td>115,207</td>
<td>129,699</td>
<td>339,295</td>
</tr>
<tr>
<td>Yield (2)</td>
<td>3.66%</td>
<td>4.62%</td>
<td>4.50%</td>
<td>2.90%</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>$14,492</td>
<td>$263,588</td>
<td>$278,080</td>
<td>$706,769</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>1,051</td>
<td>1,058</td>
<td>2,509</td>
</tr>
</tbody>
</table>

(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.
Notes to the Financial Statements

Year ended March 31, 2023
(in thousands)

Note 7 Accounts Payable and Other Accrued Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages and employee benefits</td>
<td>$4,831</td>
<td>$4,585</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>2,902</td>
<td>4,903</td>
</tr>
<tr>
<td>Environmental liability</td>
<td>1,053</td>
<td>1,053</td>
</tr>
<tr>
<td>Reinsurance Premiums to Government of Canada</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>134</td>
</tr>
<tr>
<td></td>
<td>$8,804</td>
<td>$10,693</td>
</tr>
</tbody>
</table>

Note 8 Due to Other Provincial Governments

Due to provincial governments represents amounts collected from and paid 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:

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums collected</td>
<td>$49,358</td>
<td>$45,105</td>
</tr>
<tr>
<td>Reinsurance recoveries and ceded losses</td>
<td>13,449</td>
<td>13,337</td>
</tr>
<tr>
<td>Administration costs receivable</td>
<td>(176)</td>
<td>(151)</td>
</tr>
<tr>
<td>Reinsurance premiums</td>
<td>(18,568)</td>
<td>(17,055)</td>
</tr>
<tr>
<td>Indemnities paid</td>
<td>(36,803)</td>
<td>(36,400)</td>
</tr>
<tr>
<td></td>
<td>$7,260</td>
<td>$4,836</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

Year ended March 31, 2023
(in thousands)

Note 9  Indemnities Payable

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>AgriStability, AgrinInvest, AgriRecovery and related programs (Note 2(m))</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current claim year</td>
<td>$181,068</td>
<td>$120,443</td>
</tr>
<tr>
<td>Prior claim years</td>
<td>$122,790</td>
<td>$142,100</td>
</tr>
<tr>
<td>AgrilInsurance</td>
<td>$284,758</td>
<td>$262,543</td>
</tr>
<tr>
<td>Wildlife Compensation</td>
<td>$90,059</td>
<td>$299,240</td>
</tr>
<tr>
<td>Hail Insurance</td>
<td>$777</td>
<td>$1,398</td>
</tr>
<tr>
<td>Livestock Price Insurance</td>
<td>$51</td>
<td>$2,947</td>
</tr>
<tr>
<td>Total</td>
<td>$376,100</td>
<td>$566,128</td>
</tr>
</tbody>
</table>

Estimated indemnities payable of $376,100 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 AgrinInvest programs are based on a variety of factors such as 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.

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 $121,873 to $189,560. In three out of the past five years, actual indemnities have fallen outside the range.

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

Estimated indemnities payable for the AgrilInsurance program are based upon 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 $69,511 to $111,508.
Notes to the Financial Statements

Year ended March 31, 2023
(in thousands)

Note 9  Indemnities Payable (continued)

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 10  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:

<table>
<thead>
<tr>
<th>Effective annual Interest Rate</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than or equal to 2%</td>
<td>$215,000</td>
<td>$506,432</td>
</tr>
<tr>
<td>2.01% to 3.00%</td>
<td>1,372,000</td>
<td>1,397,000</td>
</tr>
<tr>
<td>3.01% to 4.00%</td>
<td>400,721</td>
<td>400,721</td>
</tr>
<tr>
<td>4.01% to 5.00%</td>
<td>784,294</td>
<td>202,862</td>
</tr>
<tr>
<td></td>
<td>2,772,015</td>
<td>2,597,015</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>12,024</td>
<td>14,374</td>
</tr>
<tr>
<td>Unamortized premium</td>
<td>(6,798)</td>
<td>(7,108)</td>
</tr>
<tr>
<td></td>
<td>$2,777,241</td>
<td>$2,604,281</td>
</tr>
</tbody>
</table>

Weighted average annual interest rate 3.08% 2.41%

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

<table>
<thead>
<tr>
<th>Year ending March 31</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>Thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$900,863</td>
<td>120,000</td>
<td>120,000</td>
<td>215,721</td>
<td>160,000</td>
<td>1,255,431</td>
</tr>
<tr>
<td></td>
<td>$2,772,015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The estimated fair value of borrowings as at March 31, 2023 is $2,774,137 (2022 $2,567,912). Fair value is an approximation of market value to the holder.
Notes to the Financial Statements

Year ended March 31, 2023

(in thousands)

Note 11  Deferred Revenue and Spent Deferred Capital Contributions

Deferred revenue represents premiums received from producers for AgrilInsurance programs, 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.

### Deferred Revenue

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred revenue</td>
<td>$10,137</td>
<td>$8,205</td>
</tr>
<tr>
<td>Spent deferred capital contributions</td>
<td>2,508</td>
<td>3,188</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$12,645</td>
<td>$11,393</td>
</tr>
</tbody>
</table>

#### Deferred revenue

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government of Canada</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$ -</td>
<td>$8,205</td>
</tr>
<tr>
<td>Received during year</td>
<td>$ -</td>
<td>$10,137</td>
</tr>
<tr>
<td>Less amounts recognized</td>
<td>$ -</td>
<td>$(8,205)</td>
</tr>
<tr>
<td><strong>Balance at end of year</strong></td>
<td>$ -</td>
<td>$10,137</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-government</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$ -</td>
<td>$194</td>
</tr>
<tr>
<td>Transferred capital assets received</td>
<td>486</td>
<td>351</td>
</tr>
<tr>
<td>Less amounts recognized as revenue</td>
<td>(849)</td>
<td>(571)</td>
</tr>
<tr>
<td><strong>Balance at end of year</strong></td>
<td>$1,433</td>
<td>$97</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government of Alberta</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$1,198</td>
<td>$1,198</td>
</tr>
<tr>
<td>Transferred capital assets received</td>
<td>351</td>
<td>837</td>
</tr>
<tr>
<td>Less amounts recognized as revenue</td>
<td>$(571)</td>
<td>$(1,517)</td>
</tr>
<tr>
<td><strong>Balance at end of year</strong></td>
<td>$678</td>
<td>$2,508</td>
</tr>
</tbody>
</table>

#### Spent deferred capital contributions

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government of Canada</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$1,796</td>
<td>$3,188</td>
</tr>
<tr>
<td>Transferred capital assets received</td>
<td>486</td>
<td>837</td>
</tr>
<tr>
<td>Less amounts recognized as revenue</td>
<td>$(849)</td>
<td>$(1,517)</td>
</tr>
<tr>
<td><strong>Balance at end of year</strong></td>
<td>$1,433</td>
<td>$3,188</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

Year ended March 31, 2023
(in thousands)

Note 12 Tangible Capital Assets

<table>
<thead>
<tr>
<th>Estimated Useful Life</th>
<th>Land</th>
<th>Building</th>
<th>Furniture and Fixtures</th>
<th>Vehicles</th>
<th>Computer Equipment and Software</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historical Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td>$2,247</td>
<td>$10,210</td>
<td>$12,066</td>
<td>$5,670</td>
<td>$109,565</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>11</td>
<td>350</td>
<td>1,183</td>
</tr>
<tr>
<td>Disposals including</td>
<td></td>
<td></td>
<td>(370)</td>
<td>(899)</td>
<td>(11,005)</td>
</tr>
<tr>
<td>write-downs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$2,247</td>
<td>$10,210</td>
<td>$11,697</td>
<td>$5,130</td>
<td>$99,773</td>
</tr>
</tbody>
</table>

Accumulated amortization

| At beginning of year | -     | 6,915    | 10,880    | 4,588   | 105,875 | 128,267  | 122,252  |
| Amortization expense | -     | 184      | 331       | 418     | 2,417   | 3,350    | 9,954    |
| Effect of disposals  | -     | (359)    | (899)     | (10,930) | (12,187) | (3,919)  | -        |
| including write-downs| -     | -        | -         | -       | -       | -        | -        |
|                      | -     | 7,066    | 10,982    | 4,107   | 57,962  | 115,430  | 129,268  |

Net book value at March 31, 2023

<table>
<thead>
<tr>
<th>Land</th>
<th>Building</th>
<th>Furniture and Fixtures</th>
<th>Vehicles</th>
<th>Computer Equipment and Software</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,247</td>
<td>$3,111</td>
<td>$835</td>
<td>$1,023</td>
<td>$2,411</td>
</tr>
</tbody>
</table>

Net book value at March 31, 2022

<table>
<thead>
<tr>
<th>Land</th>
<th>Building</th>
<th>Furniture and Fixtures</th>
<th>Vehicles</th>
<th>Computer Equipment and Software</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,247</td>
<td>$3,285</td>
<td>$1,167</td>
<td>$1,062</td>
<td>$3,719</td>
</tr>
</tbody>
</table>

Computer equipment, vehicles and software costs include $78 (2022 $1,282) 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 NBV $609 (2022 $835) amortized over the life of the lease.

Note 13 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 $4,276 for the year ended March 31, 2023 (2022 $4,505).

At December 31, 2022, the Alberta Management Employees Pension Plan reported a surplus of $924,735 (2021 surplus $1,348,160), the Alberta Public Service Pension Plan reported a surplus of $4,258,721 (2021 surplus $4,588,479) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $25,117 (2021 deficiency $20,982). The Corporation’s share of these pension plans’ deficiency is not determinable. The Corporation is not responsible for future funding of the plan deficits other than through contribution increases.
## Notes to the Financial Statements

**Year ended March 31, 2023**

*(in thousands)*

### Note 14 Contingencies, Contractual Obligations and Commitments

#### Contingent Liability

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan guarantees</td>
<td>$69</td>
<td>$1,146</td>
</tr>
</tbody>
</table>

The Corporation has been named in three (2022 two) claims of which the outcome is not determinable. Specified amount total is $444 (2022 $308). The resolution of the indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

#### Contractual Obligations

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinsurance</td>
<td>$8,533</td>
<td>$6,673</td>
</tr>
<tr>
<td>Operating leases</td>
<td>7,965</td>
<td>8,416</td>
</tr>
<tr>
<td>Other contracts</td>
<td>9,787</td>
<td>7,726</td>
</tr>
<tr>
<td><strong>Total contractual obligations</strong></td>
<td><strong>$26,285</strong></td>
<td><strong>$22,815</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year ending March 31,</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>Thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$17,390</td>
<td>$4,393</td>
<td>$2,594</td>
<td>$1,164</td>
<td>$630</td>
<td>$114</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$26,285</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 41.0% for Livestock insurance and 30% for Hail insurance.

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

#### Commitments

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved, undisbursed loans</td>
<td>$258,683</td>
<td>$271,373</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements  
Year ended March 31, 2023  
(in thousands)

Note 15  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:

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans receivable</td>
<td>$ 2,838,773</td>
<td>$ 2,685,673</td>
</tr>
<tr>
<td>Investments</td>
<td>279,138</td>
<td>709,278</td>
</tr>
<tr>
<td>Due from Government of Canada</td>
<td>182,355</td>
<td>166,713</td>
</tr>
<tr>
<td>Due from Government of Alberta</td>
<td>49,597</td>
<td>54,659</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>7,300</td>
<td>5,032</td>
</tr>
<tr>
<td>Loan guarantees</td>
<td>69</td>
<td>1,148</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 3,357,232</strong></td>
<td><strong>$ 3,611,501</strong></td>
</tr>
</tbody>
</table>

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.

Investments – the Corporation invests surplus funds generated by Production Insurance operations. To decrease the risk of loss of investment, the majority of 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 of these 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 set off overpayments against any payments to customers.
Notes to the Financial Statements

Year ended March 31, 2023
(in thousands)

Note 15  Financial Instruments and Financial Risk Management (continued)

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.

<table>
<thead>
<tr>
<th>Loans receivable by individual sector</th>
<th>2023 Dollar</th>
<th>Percentage</th>
<th>2022 Dollar</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grain and oilseeds</td>
<td>$1,570,950</td>
<td>55%</td>
<td>$1,500,662</td>
<td>56%</td>
</tr>
<tr>
<td>Cattle</td>
<td>944,547</td>
<td>33%</td>
<td>869,724</td>
<td>32%</td>
</tr>
<tr>
<td>Other livestock</td>
<td>75,817</td>
<td>3%</td>
<td>102,712</td>
<td>4%</td>
</tr>
<tr>
<td>Accommodations and other services</td>
<td>61,319</td>
<td>2%</td>
<td>74,423</td>
<td>3%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>58,684</td>
<td>2%</td>
<td>52,818</td>
<td>2%</td>
</tr>
<tr>
<td>Trade - retail and wholesale</td>
<td>24,719</td>
<td>1%</td>
<td>23,181</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>112,745</td>
<td>4%</td>
<td>78,279</td>
<td>3%</td>
</tr>
<tr>
<td>Allowance</td>
<td>(9,918)</td>
<td>-</td>
<td>(16,126)</td>
<td>-1%</td>
</tr>
</tbody>
</table>

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 value of the investments as they are carried at amortized cost.
Notes to the Financial Statements

Year ended March 31, 2023
(in thousands)

Note 15 Financial Instruments and Financial Risk Management (continued)

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 as a result 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.

<table>
<thead>
<tr>
<th></th>
<th>Scheduled Repayment&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th></th>
<th></th>
<th></th>
<th>Not&lt;sup&gt;(2)&lt;/sup&gt; Interest Rate Sensitive</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Within 1 Year</td>
<td>1 to 5 Years</td>
<td>6 to 10 Years</td>
<td>Over 10 Years</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan balances</td>
<td>$180,921</td>
<td>$662,489</td>
<td>$695,696</td>
<td>$1,255,980</td>
<td>$43,577</td>
<td>$2,638,773</td>
<td>$2,685,673</td>
</tr>
<tr>
<td>Yield</td>
<td>3.70%</td>
<td>3.99%</td>
<td>4.07%</td>
<td>4.12%</td>
<td></td>
<td>3.97%</td>
<td>3.51%</td>
</tr>
<tr>
<td>Borrowing from</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government of Alberta</td>
<td>$900,963</td>
<td>$615,721</td>
<td>$1,169,000</td>
<td>$86,431</td>
<td>$5,226</td>
<td>$2,777,241</td>
<td>$2,604,281</td>
</tr>
<tr>
<td>Yield&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>2.87%</td>
<td>2.62%</td>
<td>2.55%</td>
<td>4.20%</td>
<td></td>
<td>2.71%</td>
<td>2.55%</td>
</tr>
<tr>
<td>Net gap</td>
<td>$(719,942)</td>
<td>$46,768</td>
<td>$(473,194)</td>
<td>$1,169,549</td>
<td>$38,351</td>
<td>$61,532</td>
<td>$81,392</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> 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.

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

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

Liquidity Risk

Liquidity risk relates to the Corporation’s ability to access sufficient funds to meet its financial commitments.
Note 15  Financial Instruments and Financial Risk Management (continued)

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 of 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 16  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.

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:

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$387,069</td>
<td>$421,698</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>$75,765</td>
<td>$66,233</td>
</tr>
<tr>
<td>Accommodation</td>
<td>513</td>
<td>528</td>
</tr>
<tr>
<td>Other services</td>
<td>1,609</td>
<td>2,665</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$77,887</td>
<td>$66,426</td>
</tr>
<tr>
<td><strong>Payable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury Board and Finance</td>
<td>$2,777,241</td>
<td>$2,604,281</td>
</tr>
<tr>
<td>Agriculture &amp; Irrigation</td>
<td>650</td>
<td>650</td>
</tr>
<tr>
<td>Post secondary Institutions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Service Alberta</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Payable to</strong></td>
<td>$2,777,957</td>
<td>$2,604,931</td>
</tr>
<tr>
<td>** Receivable from:**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture &amp; Irrigation</td>
<td>$45,597</td>
<td>$54,659</td>
</tr>
<tr>
<td><strong>Deferred Revenue from:</strong></td>
<td>$978</td>
<td>$1,198</td>
</tr>
</tbody>
</table>
Note 17 Crop Reinsurance Funds

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

<table>
<thead>
<tr>
<th></th>
<th>AgriInsurance Reinsurance Fund of Alberta</th>
<th>AgriInsurance Reinsurance Fund of Canada for Alberta</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2023</td>
<td>2022</td>
</tr>
<tr>
<td>Opening net assets</td>
<td>$33,641</td>
<td>$33,641</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing net assets</td>
<td>$33,641</td>
<td>$33,641</td>
</tr>
</tbody>
</table>

The closing net assets balance in the AgriInsurance Reinsurance Fund of Alberta is consolidated in the AgriInsurance Fund in Schedule 1.

Note 18 Reinsurance Expense

<table>
<thead>
<tr>
<th></th>
<th>Hail Insurance</th>
<th>Livestock Insurance</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brokerage</td>
<td>$ (120)</td>
<td>$ (62)</td>
<td>$ (202)</td>
<td>$ (491)</td>
</tr>
<tr>
<td>Excess loss</td>
<td>1,695</td>
<td>2,177</td>
<td>3,782</td>
<td>2,523</td>
</tr>
<tr>
<td>Reinsurance expense</td>
<td>(1,387)</td>
<td>-</td>
<td>(1,387)</td>
<td>-</td>
</tr>
<tr>
<td>Quota Share</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ceded premiums and commissions</td>
<td>11,918</td>
<td>2,578</td>
<td>14,496</td>
<td>11,009</td>
</tr>
<tr>
<td>Ceded losses</td>
<td>(13,837)</td>
<td>(690)</td>
<td>(14,527)</td>
<td>(9,348)</td>
</tr>
<tr>
<td>Net reinsurance (recoveries)</td>
<td>$ (1,821)</td>
<td>$ 3,083</td>
<td>$ 2,162</td>
<td>$ 3,093</td>
</tr>
</tbody>
</table>

For 2022-23, livestock reinsurance recoveries are consolidated in the Livestock Insurance Fees and other income on Schedule 1.

Note 19 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 $391,732 surplus.

Note 20 Comparative Figures

The 2022 figures have been restated where necessary to conform to 2023 presentation.

Note 21 Approval of Financial Statements

The Board of Directors approved the financial statements of Agriculture Financial Services Corporation.
## Schedule of Operations
### Year ended March 31, 2023

### (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
<th>Agriculture Insurance</th>
<th>Agriculture Income Support</th>
<th>Lending</th>
<th>Lending</th>
<th>Hall Insurance</th>
<th>Hall Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums from insured persons</td>
<td>$465,374</td>
<td>$281,187</td>
<td>-</td>
<td>-</td>
<td>$43,603</td>
<td>$34,116</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>921</td>
<td>497</td>
<td>68</td>
<td>13</td>
<td>98,514</td>
<td>92,036</td>
<td>93</td>
<td>88</td>
</tr>
<tr>
<td>Contribution from Government of Alberta</td>
<td>295,822</td>
<td>191,109</td>
<td>85,681</td>
<td>226,196</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contribution from Government of Canada</td>
<td>304,851</td>
<td>192,068</td>
<td>92,118</td>
<td>288,900</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investment income</td>
<td>(4,375)</td>
<td>31,728</td>
<td>1,947</td>
<td>219</td>
<td>1,429</td>
<td>98</td>
<td>1,479</td>
<td>115</td>
</tr>
<tr>
<td>Fees and other income</td>
<td>174</td>
<td>62</td>
<td>9,504</td>
<td>10,116</td>
<td>2,938</td>
<td>3,266</td>
<td>2,006</td>
<td>183</td>
</tr>
<tr>
<td><strong>Total Revenues:</strong></td>
<td>1,652,767</td>
<td>696,751</td>
<td>189,789</td>
<td>525,443</td>
<td>102,881</td>
<td>95,399</td>
<td>47,181</td>
<td>34,469</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indemnities</td>
<td>1,323,019</td>
<td>2,754,272</td>
<td>177,749</td>
<td>507,845</td>
<td>-</td>
<td>-</td>
<td>46,008</td>
<td>26,481</td>
</tr>
<tr>
<td>Salaries, wages and employee benefits</td>
<td>26,622</td>
<td>25,138</td>
<td>6,506</td>
<td>9,864</td>
<td>16,650</td>
<td>15,671</td>
<td>448</td>
<td>301</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>12,902</td>
<td>12,459</td>
<td>3,681</td>
<td>4,670</td>
<td>7,811</td>
<td>11,693</td>
<td>514</td>
<td>452</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>999</td>
<td>4,105</td>
<td>152</td>
<td>2,616</td>
<td>1,751</td>
<td>1,951</td>
<td>201</td>
<td>1,300</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>75,766</td>
<td>65,233</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reinsurance (Note 18)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Allowance for doubtful accounts and for losses (Note 4 &amp; 5)</td>
<td>(30)</td>
<td>79</td>
<td>(341)</td>
<td>630</td>
<td>(5,028)</td>
<td>(11,811)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenses:</strong></td>
<td>1,363,512</td>
<td>2,796,053</td>
<td>189,777</td>
<td>525,424</td>
<td>96,932</td>
<td>79,567</td>
<td>47,171</td>
<td>30,430</td>
</tr>
<tr>
<td><strong>Annual (deficit) surplus</strong></td>
<td>(310,745)</td>
<td>(2,099,292)</td>
<td>12</td>
<td>19</td>
<td>5,949</td>
<td>15,322</td>
<td>10</td>
<td>4,039</td>
</tr>
<tr>
<td>Accumulated surplus at beginning of year</td>
<td>611,624</td>
<td>2,716,916</td>
<td>2,000</td>
<td>2,781</td>
<td>104,058</td>
<td>88,226</td>
<td>53,190</td>
<td>45,141</td>
</tr>
<tr>
<td><strong>Accumulated surplus at end of year</strong></td>
<td>$300,879</td>
<td>$611,624</td>
<td>$2,912</td>
<td>$2,600</td>
<td>$110,007</td>
<td>$104,058</td>
<td>$53,190</td>
<td>$53,180</td>
</tr>
</tbody>
</table>
Schedule of Operations (continued)

Year ended March 31, 2023

*(in thousands)*

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
<th>2023</th>
<th>2022</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Livestock Insurance</td>
<td>Livestock Damage Compensation</td>
<td>Wildlife Damage Compensation</td>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums from insured persons</td>
<td>$11,789</td>
<td>$8,030</td>
<td>$</td>
<td>$</td>
<td>$510,766</td>
<td>$324,133</td>
</tr>
<tr>
<td>Interest</td>
<td>$45</td>
<td>$20</td>
<td>$</td>
<td>$</td>
<td>$99,641</td>
<td>$92,530</td>
</tr>
<tr>
<td>Contribution from Government of Alberta</td>
<td>$597</td>
<td>$560</td>
<td>$4,969</td>
<td>$3,714</td>
<td>$387,069</td>
<td>$421,598</td>
</tr>
<tr>
<td>Contribution from Government of Canada</td>
<td>$878</td>
<td>$847</td>
<td>$7,405</td>
<td>$5,721</td>
<td>$405,323</td>
<td>$467,536</td>
</tr>
<tr>
<td>Investment income</td>
<td>$423</td>
<td>$53</td>
<td>$41</td>
<td>$3</td>
<td>$944</td>
<td>$32,216</td>
</tr>
<tr>
<td>Fees and other income</td>
<td>$93</td>
<td>$98</td>
<td>$74</td>
<td>$68</td>
<td>$15,189</td>
<td>$13,793</td>
</tr>
<tr>
<td></td>
<td>$13,825</td>
<td>$10,228</td>
<td>$12,469</td>
<td>$9,506</td>
<td>$1,418,932</td>
<td>$1,371,806</td>
</tr>
</tbody>
</table>

| Expenses:            |         |         |         |         |        |        |
| Indemnities          |         |         |         |         |        |        |
| Salaries, wages and employee benefits | $2,509 | $4,715 | $10,813 | $8,497 | $1,560,098 | $3,301,810 |
| Supplies and services| $897    | $858    | $739    | $540    | $53,662 | $52,372 |
| Amortization of tangible capital assets | $450    | $455    | $491    | $258    | $25,679 | $28,887 |
| Interest             |         |         |         |         | $3,350  | $9,934 |
| Reinsurance (Note 18) | $3,983  | $1,797  | $         | $         | $75,765 | $65,233 |
| Allowance for doubtful accounts and for losses (Note 4 & 5) | $5      | $52     | $         | $         | $3,983  | $3,693 |
|                      | $8,079  | $8,098  | $12,072  | $9,437   | $1,717,543 | $3,449,039 |
| Annual (deficit) surplus |         |         |         |         |        |        |
| Accumulated surplus at beginning of year | $5,746  | $2,130  | $417    | $69     | $(298,611) | $(2,077,203) |
|                      | $14,088 | $11,958 | $2,301   | $2,232   | $788,051 | $2,865,254 |
| Accumulated surplus at end of year | $19,834 | $14,088 | $2,718   | $2,301   | $489,440  | $788,051 |

Schedule 1 (continued)
Schedule of Salaries and Benefits
Year ended March 31, 2023

(in thousands)

<table>
<thead>
<tr>
<th>Position</th>
<th>2023 Base Salary</th>
<th>2023 Other Cash Benefits</th>
<th>2023 Other Non-Cash Benefits</th>
<th>2022 Total</th>
<th>2022 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair of Board (4)</td>
<td>$30</td>
<td>$ -</td>
<td>$1</td>
<td>$31</td>
<td>$23</td>
</tr>
<tr>
<td>Board Members (5)</td>
<td>55</td>
<td>-</td>
<td>1</td>
<td>56</td>
<td>43</td>
</tr>
<tr>
<td>Executive Members</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>263</td>
<td>39</td>
<td>71</td>
<td>373</td>
<td>336</td>
</tr>
<tr>
<td>Chief Client Officer</td>
<td>241</td>
<td>1</td>
<td>55</td>
<td>287</td>
<td>283</td>
</tr>
<tr>
<td>Chief Strategy &amp; Innovation Officer (6)</td>
<td>198</td>
<td>42</td>
<td>58</td>
<td>264</td>
<td>206</td>
</tr>
<tr>
<td>Chief Financial &amp; Risk Officer</td>
<td>224</td>
<td>1</td>
<td>51</td>
<td>276</td>
<td>271</td>
</tr>
<tr>
<td>Chief People Officer B (7)</td>
<td>181</td>
<td>23</td>
<td>45</td>
<td>260</td>
<td>-</td>
</tr>
<tr>
<td>Chief Information Officer A (8)</td>
<td>34</td>
<td>185</td>
<td>7</td>
<td>227</td>
<td>243</td>
</tr>
<tr>
<td>Chief Information Officer B (9)</td>
<td>155</td>
<td>9</td>
<td>39</td>
<td>203</td>
<td>-</td>
</tr>
<tr>
<td>Chief People Officer A (10)</td>
<td>4</td>
<td>118</td>
<td>6</td>
<td>128</td>
<td>201</td>
</tr>
</tbody>
</table>

(1) Base salaries include remuneration for Chair and Board 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 2022 amount relates to seven months.

(5) The 2023 amounts relate to a full contingent of Board Members – seven. The 2022 amount relates to six Board Members for five months and five Board Members for seven months.

(6) 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.

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

(8) The Chief Information Officer A position was held by one permanent individual for two and a half months. Included in Other Cash Benefits is $150 in severance benefits paid as a result of a termination agreement.

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

(10) The Chief People Officer A position was held by one individual for less than one month. Included in Other Cash Benefits is $100 in severance benefits paid as a result of a termination agreement.
Other Financial Information

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Trust Funds Under Administration (unaudited) ................................................................. 106
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Statement of Guarantees (unaudited) .................................................................................. 108
Statement of Credit or Recovery (unaudited) ................................................................. 109
Lapse/Encumbrance (unaudited) ......................................................................................... 110
Financial Information

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, 2023 trust funds under administration were as follows:

<table>
<thead>
<tr>
<th>Trust Fund</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claude Gallinger Memorial Trust Fund</td>
<td>$21</td>
<td>$21</td>
</tr>
</tbody>
</table>

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

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.

<table>
<thead>
<tr>
<th>Write-offs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture Financial Services Corporation</td>
<td>$ (1,649,188)</td>
</tr>
<tr>
<td>Total remissions, compromises and write-offs</td>
<td>$ (1,649,188)</td>
</tr>
</tbody>
</table>
Statement of Guarantees (unaudited)

(in thousands)

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.

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
<th>Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feeder Associations</td>
<td>$108,191</td>
<td>$91,536</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Agriculture Financial Services Corporation Guarantees</td>
<td>69</td>
<td>1,146</td>
<td>Variable</td>
</tr>
<tr>
<td></td>
<td><strong>$108,260</strong></td>
<td><strong>$92,682</strong></td>
<td></td>
</tr>
</tbody>
</table>

*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, 2023  
(in thousands)

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

<table>
<thead>
<tr>
<th>EXPENSE AMOUNTS</th>
<th>Authorized Spending ((^1))</th>
<th>Actual Revenue Recognized</th>
<th>Unearned Revenue</th>
<th>Total Amount Received/Receivable</th>
<th>(Shortfall)/Excess</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Agricultural Partnership</td>
<td>$50,470</td>
<td>$48,921</td>
<td>$ -</td>
<td>$48,921</td>
<td>$(1,549)</td>
</tr>
<tr>
<td>Water Management Infrastructure</td>
<td>8,335</td>
<td>10,664</td>
<td>554</td>
<td>11,218</td>
<td>2,383</td>
</tr>
<tr>
<td>Total</td>
<td>$58,805</td>
<td>$59,585</td>
<td>$554</td>
<td>$60,139</td>
<td>$834</td>
</tr>
</tbody>
</table>

\(^1\) Only expenditures are authorized.
Financial Information

Lapse/Encumbrance (unaudited)

Department of Agriculture and Irrigation
Year Ended March 31, 2023
(in thousands)

<table>
<thead>
<tr>
<th>EXPENSE VOTE BY PROGRAM</th>
<th>OPERATING EXPENSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Ministry Support Services</td>
<td></td>
</tr>
<tr>
<td>1.1 Minister's Office</td>
<td>$ 877 $ - $ - $ - $ 877 $ 741 $ (136)</td>
</tr>
<tr>
<td>1.2 Deputy Minister's Office</td>
<td>764 - 764 781 17</td>
</tr>
<tr>
<td>1.3 Farmers' and Property Rights Advocate</td>
<td>1,020 - 1,020 977 (43)</td>
</tr>
<tr>
<td>1.4 Corporate Services</td>
<td>8,626 - 8,626 7,059 (1,567)</td>
</tr>
<tr>
<td>Total</td>
<td>11,287 - 11,287 9,058 (1,229)</td>
</tr>
<tr>
<td>2 Rural Programming and Agricultural Societies</td>
<td></td>
</tr>
<tr>
<td>2.1 Rural Programming</td>
<td>2,214 - 2,214 2,214 -</td>
</tr>
<tr>
<td>2.2 Agricultural Societies and Exhibitions</td>
<td>11,462 - 11,462 11,462 -</td>
</tr>
<tr>
<td>Total</td>
<td>13,676 - 13,676 13,676 -</td>
</tr>
<tr>
<td>3 Trade, Investment and Food Management</td>
<td></td>
</tr>
<tr>
<td>3.1 Export and Investment</td>
<td>4,692 1,500 - 6,192 6,606 414</td>
</tr>
<tr>
<td>3.2 Food Management</td>
<td>12,965 250 - 13,215 12,806 (409)</td>
</tr>
<tr>
<td>3.3 Food and Bio-Processing</td>
<td>8,241 500 - 8,741 8,068 (673)</td>
</tr>
<tr>
<td>3.4 Intergovernmental and Trade Relations</td>
<td>6,830 2,500 - 9,330 8,642 (688)</td>
</tr>
<tr>
<td>Total</td>
<td>32,728 4,750 - 37,478 36,122 (1,356)</td>
</tr>
<tr>
<td>4 Primary Agriculture</td>
<td></td>
</tr>
<tr>
<td>4.1 Animal Health and Assurance</td>
<td>9,998 - 9,998 9,333 (665)</td>
</tr>
<tr>
<td>4.2 Crop Health and Assurance</td>
<td>3,971 - 3,971 3,974 3</td>
</tr>
<tr>
<td>4.3 Agricultural Service Boards</td>
<td>8,891 - 8,891 8,972 (19)</td>
</tr>
<tr>
<td>4.4 Agriculture Research</td>
<td>37,000 - 37,000 41,076 4,076</td>
</tr>
<tr>
<td>4.5 Marketing Council</td>
<td>937 - 937 937 -</td>
</tr>
<tr>
<td>4.6 Natural Resource Management</td>
<td>9,860 - 902 10,762 11,251 489</td>
</tr>
<tr>
<td>Total</td>
<td>70,657 - 902 71,559 75,443 (3,884)</td>
</tr>
<tr>
<td>5 Agriculture Insurance and Lending Assistance</td>
<td></td>
</tr>
<tr>
<td>5.1 Lending Assistance</td>
<td>- - - - -</td>
</tr>
<tr>
<td>5.2 Insurance</td>
<td>201,065 - 201,065 198,029 (3,036)</td>
</tr>
<tr>
<td>5.3 Agriculture Income Support</td>
<td>43,309 - 43,309 43,309 -</td>
</tr>
<tr>
<td>Total</td>
<td>244,374 - 244,374 241,338 (3,036)</td>
</tr>
<tr>
<td>6 Water Management</td>
<td>19,516 - 6,968 26,282 22,166 (4,116)</td>
</tr>
<tr>
<td>7 Canadian Agricultural Partnership</td>
<td>35,239 - 3,656 38,895 33,272 (5,623)</td>
</tr>
<tr>
<td><strong>CAPITAL GRANTS</strong></td>
<td></td>
</tr>
<tr>
<td>2 Rural Programming and Agricultural Societies</td>
<td></td>
</tr>
<tr>
<td>2.2 Agricultural Societies and Exhibitions</td>
<td>500 - 500 500 500 -</td>
</tr>
<tr>
<td>Total</td>
<td>- - - - -</td>
</tr>
<tr>
<td>4 Primary Agriculture</td>
<td></td>
</tr>
<tr>
<td>4.7 Irrigation Infrastructure Assistance</td>
<td>43,220 - 43,220 43,200 (20)</td>
</tr>
<tr>
<td>Total</td>
<td>470,967 4,750 11,524 487,271 475,275 (11,996)</td>
</tr>
<tr>
<td><strong>Credit or Recovery Shortfall</strong></td>
<td></td>
</tr>
<tr>
<td><strong>(Lapse)/Encumbrance</strong></td>
<td>$ 470,967 $ 4,750 $ 11,524 $ 487,271 $ 475,275 $ (11,996)</td>
</tr>
</tbody>
</table>

CAPITAL INVESTMENT VOTE BY PROGRAM

| 1 Ministry Support Services |                  |
| 1.4 Corporate Services | $ 900 $ - $ (655) $ 335 $ 455 $ 120 |
| Total | $ 900 $ - $ (655) $ 335 $ 455 $ 120 |
| 3 Trade, Investment and Food Management |                  |
| 3.2 Food Management | 301 - 800 1,101 948 (153) |
| 3.3 Food and Bio-Processing | 1,222 - 644 1,866 299 (1,567) |
| Total | 1,523 - 1,444 2,967 1,247 (1,720) |
| 4 Primary Agriculture |                  |
| 4.1 Animal Health and Assurance | - - 114 114 88 (26) |
| 4.2 Crop Health and Assurance | - - 423 423 423 - |
| 4.6 Natural Resource Management | 159 - (95) 64 64 - |
| Total | 159 - 442 601 575 (26) |
### Lapse/Encumbrance (unaudited) (continued)

#### Department of Agriculture and Irrigation

**Year Ended March 31, 2023**

*(in thousands)*

<table>
<thead>
<tr>
<th></th>
<th>Restated Budget(1)</th>
<th>Supplementary Estimate(2)</th>
<th>Adjustments(3)</th>
<th>Voted Actuals(3)</th>
<th>Over Expended (Unexpended)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAPITAL INVESTMENT VOTE BY PROGRAM</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Water Management</td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td>$ 2,672</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 4,231</td>
<td>$ 3,903 $ 2,472 $ (1,451)</td>
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<tr>
<td>(Lapse)/Encumbrance</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ (1,451)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CONTINGENCY VOTE BY PROGRAM</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Agriculture Insurance and Lending Assistance</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.2 Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.3 Agriculture Income Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingency Total</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 175,224</td>
<td>$ 175,224</td>
<td>$ 145,731 $ (29,493)</td>
</tr>
<tr>
<td>(Lapse)/Encumbrance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ (29,493)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) As per “Expense Vote by Program”, “Capital Investment Vote by Program” and “Financial Transaction Vote by Program” page 31 of the 2022-23 Government Estimates, adjusted for program transfers as per Order in Councils (OC) 362/2022 and 373/2022 resulting from the government reorganization announced in October, 2022.

(2) Per the Supplementary Supply Estimates approved on March 28, 2023.

(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) 135/2023, contingency funding of $175,224 was approved for the provincial portion of crop insurance premiums and agriculture income support.

(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, 2022 and March 31, 2023.