

Agriculture, Food and Rural Development

ACCOUNTABILITY STATEMENT

The Business Plan for the three years commencing April 1, 2002 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as of February 26, 2002 with material economic or fiscal implications of which I am aware have been considered in preparing the Business Plan.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.

[original signed]

Shirley McClellan, *Minister of Agriculture, Food and Rural Development*
February 27, 2002

STRUCTURE

The Ministry is comprised of the Department of Agriculture, Food and Rural Development; Agriculture Financial Services Corporation; Alberta Dairy Control Board; Farmers' Advocate; Irrigation Council; Agricultural Products Marketing Council; and Alberta Grain Commission.

VISION

"Prosperous, sustainable Alberta farms, processors, agricultural businesses and rural communities."

MISSION

"To enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services."

PRIMARY CLIENTS

The Ministry will continue to direct most of its efforts towards its primary clients, defined as those people and organizations interested in and capable of contributing to a competitive and sustainable agriculture and food industry.

OUR VALUES

The successful achievement of the Ministry's goals is tied to the following values.

As a Ministry, we are

- ◆ client driven
- ◆ clear in our direction
- ◆ committed to high performance
- ◆ accountable for achieving the business plan
- ◆ team players
- ◆ respectful of others
- ◆ continually seeking improvement in a changing environment
- ◆ committed to developing effective partnerships

EMERGING DEVELOPMENTS

Recently, Federal, Provincial and Territorial Ministers of Agriculture agreed in principle to pursue a new "Agriculture Policy Framework" that will help prepare the agriculture industry for the future. The proposed framework is a comprehensive, integrated five-year strategy that encompasses five key elements: safety nets, food safety, environment, renewal and science.

During 2002-03, a Federal-Provincial-Territorial Accord on the Agriculture Policy Framework will be developed through discussions and negotiations. Development of federal-provincial bilateral agreements will occur with the implementation of the Agriculture Policy Framework beginning on April 1, 2003. The new Agriculture Policy Framework and related initiatives could result in revisions to some of the Ministry's core business strategies in next year's business plan.

CORE BUSINESSES AND GOALS

The Ministry contributes to the government's three core businesses: **People, Prosperity** and **Preservation**. Our primary focus is on the second core business - working with others to promote prosperity for Alberta through a strong, competitive agriculture and food industry that is sustainable and environmentally responsible.

The functions of the Ministry are aligned with government core businesses through three Ministry core businesses:

- ◆ Facilitate industry growth
- ◆ Enhance rural sustainability
- ◆ Provide safety nets

CORE BUSINESS 1: FACILITATE INDUSTRY GROWTH

This core business:

- ◆ Relates to the core government business of **Prosperity**.
- ◆ Relates to the opportunities for Alberta's primary agricultural production to grow to \$10 billion and value-added industry to grow to \$20 billion by 2010.
- ◆ Promotes the adding of value from production to finished consumer goods.
- ◆ Facilitates development of essential policy and legislation.

Goal 1: Growth of the Agriculture and Food Industry

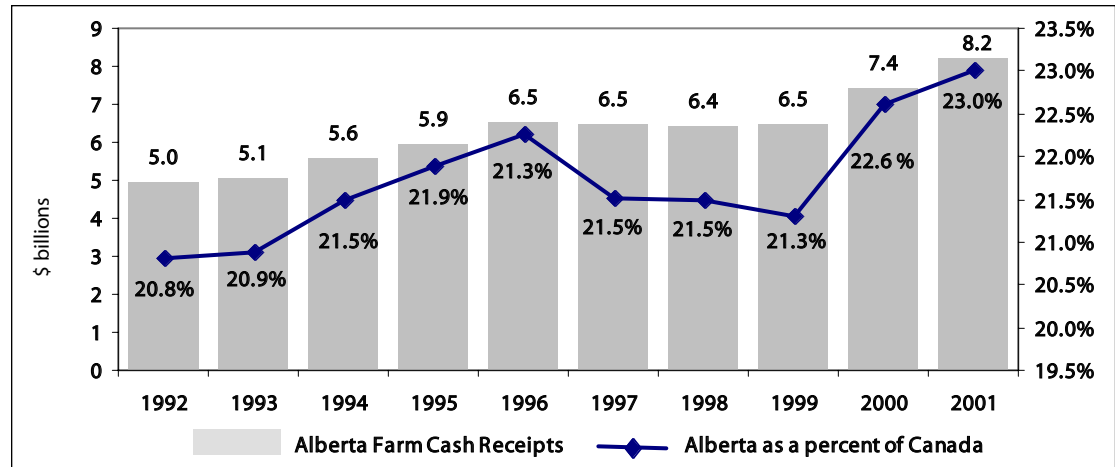
This goal recognizes that industry growth is the outcome of long-term profitability arising from a competitive agriculture and food industry focused on market opportunities. The Ministry contributes to this goal by facilitating new and diversified product development (primary and value-added food and non-food products), enhanced market access for agriculture and food industry products and improved agriculture and food industry business services, including access to capital, risk management tools, business and entrepreneurial processes, and enhanced infrastructure.

Key Results

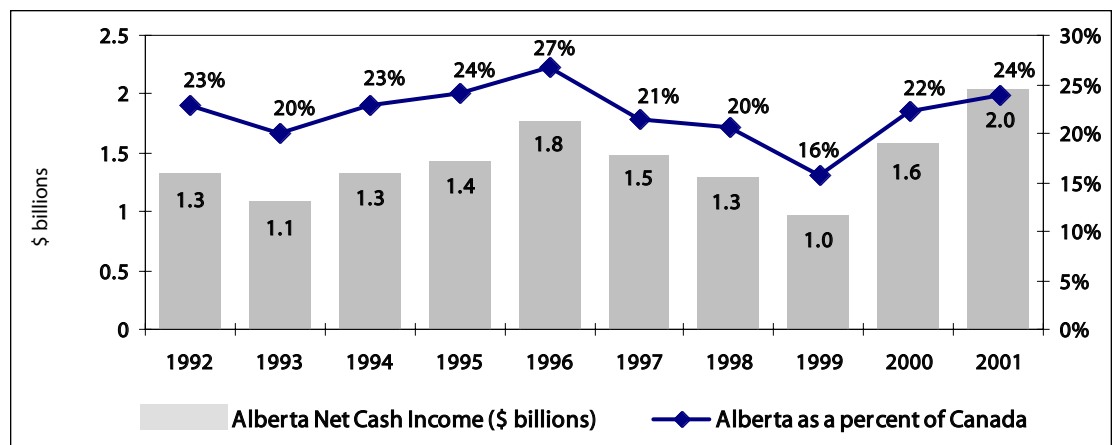
- ◆ Alberta's primary agricultural production will grow to \$10 billion by 2010.
- ◆ Alberta's value-added industry will grow to \$20 billion by 2010.
- ◆ Profitable economic units/alliances of all sizes contribute to agriculture and food industry prosperity.

Indicators

- ◆ Income received by farmers and ranchers from the sale of agriculture products is called farm cash receipts. The total of Alberta farm cash receipts is a measure of the value of primary agriculture production. Alberta's share of Canadian farm cash receipts is an indicator of how competitive Alberta farmers and ranchers are relative to other Canadian farmers.



- ◆ Net cash income is the amount of cash farmers and ranchers have remaining after their farm cash operating expenses are subtracted from their farm cash receipts. Net cash income is an indicator of the profitability of Alberta farmers and ranchers.



Strategies

- ◆ Enhance the development of new products and processes to assist industry in capturing additional value-added market opportunities.
- ◆ Encourage industry competitiveness through improved market assessment, analysis, products, technologies, infrastructure and services that enhance production, business, economic and processing efficiencies.
- ◆ Enhance diversity of commodities, products and services through targeted research and information transfer to improve production and business efficiencies.
- ◆ Facilitate capital investment in the agriculture and food industry through opportunity identification, evaluation, lending products, and providing risk management tools and training.

| Performance Measures | 2001-02 Forecast | 2004-05 Target |
|---|-----------------------------|---------------------------|
| ◆ Value of new crop production based on all crops other than wheat, barley, canola and forages. | \$504 million | \$671 million |
| ◆ Number of new processed food products produced at the Ministry's Leduc Food Processing Centre. | 100 | 110 |
| ◆ Pork production based on the five-year average of cash receipts. | \$430 million | \$570 million |
| ◆ Cattle production based on the five-year average of cash receipts. | \$3,000 million | \$3,600 million |
| ◆ Value of new investment in primary agriculture. | \$776 million | \$812 million |
| ◆ Value of new investment in processing industry. | \$147 million | \$156 million |
| ◆ Amount of Beginning Farmer Loans. | \$123 million | \$150 million |
| ◆ Number of agriculture and food industry sub sectors for which competitiveness benchmark criteria are established. | 2 | 5 |

Goal 2: Continued Excellence in Food Safety

This goal recognizes that a reputation for excellence in food safety is essential to maintain consumer confidence and expand markets, both domestic and international. The Ministry contributes to this goal by promoting appropriate safe food production and processing practices throughout the supply chain.

Key Result

- ◆ Safe food production and processing.

Indicator

- ◆ Level of consumer confidence - a survey will be developed by 2003 that will measure the level of consumer confidence in Alberta-produced food.

Strategies

- ◆ Develop and maintain targeted food safety surveillance systems that validate the safety of Alberta's agriculture and food.
- ◆ Facilitate adoption of internationally accepted food safety systems and standards in production and processing of Alberta food.
- ◆ Develop and administer essential policy and legislation.
- ◆ Develop and transfer knowledge and technology in support of safe food production.
- ◆ Provide information, training and other programs that enhance food safety awareness and emergency response.

| Performance Measures | 2001-02 Forecast | 2004-05 Target |
|--|-----------------------------|---------------------------|
| ◆ Number of active surveillance sampling programs that identify the incidence of food contaminants or residues. | 5 | 10 |
| ◆ Percent of Alberta production from Alberta chicken farms, hog farms and beef feedlots produced under nationally recognized on-farm food safety programs. | | |
| - chicken farms | 0% | 90% |
| - hog farms | 0% | 90% |
| - beef feedlots | 0% | 74% |
| ◆ Percent of Alberta licensed/permitted food processing plants that have implemented Hazard Analysis Critical Control Point (HACCP) systems. | | |
| - meat (slaughter) | 0% | 6% |
| - dairy | 0% | 10% |

CORE BUSINESS 2: ENHANCE RURAL SUSTAINABILITY

This core business:

- ◆ Relates to the core government businesses of **Preservation, Prosperity and People**.
- ◆ Relates to maintaining and improving agriculture's physical and human resource base.

Goal 1: Improved Environmental Stewardship

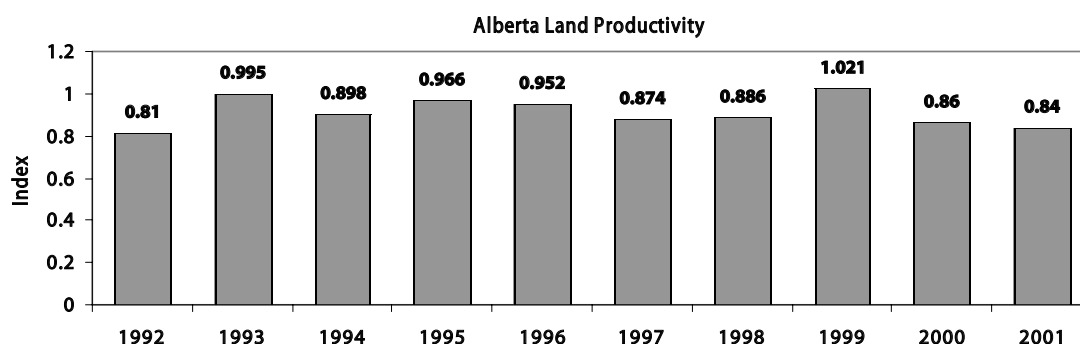
This goal recognizes it is the responsibility of the Ministry to support the agriculture and food industry to maintain or improve Alberta's air, water and soil for the well-being of current and future generations. The Ministry contributes to this goal through essential policy, legislation, information and services related to soil conservation, water quality, air quality, range management, climate change and biodiversity.

Key Results

- ◆ Maintained or improved quality of Alberta's agricultural soil.
- ◆ Maintained or improved water quality in agricultural areas.

Indicator

- ◆ Land productivity is the best indicator of soil quality available at this time. It shows the changes in long term land productivity as recorded in annual crop output. A Soil Quality Index that is a more accurate indicator of soil quality is being developed based on monitoring 43 representative benchmark sites and should be available by 2005.



- ◆ A Water Quality Index is being developed based on a water quality survey of 23 watersheds that was initiated in 1997. This survey will be done annually and will provide meaningful information on water quality in agricultural areas. Reports on all 23 watersheds, plus a provincial overview, will be prepared and released annually.

Strategies

- ◆ Transfer integrated technology and knowledge to assist the industry in becoming more environmentally sustainable.
- ◆ Support and conduct applied/adaptive research and evaluations to find economically sound, environmentally friendly technologies and management practices for crop and livestock production and agricultural processing.
- ◆ In consultation with the industry and other involved ministries, provide guidelines, standards, regulations and legislation for environmental performance requirements to sustain the quality of Alberta's soil, water and air.
- ◆ Monitor the effect of the agricultural production and processing industry on soil and water quality.

| Performance Measures | 2001-02 Forecast | 2004-05 Target |
|---|-----------------------------|---------------------------|
| ◆ Percentage of respondents who have adopted improved practices as a result of ministry-supported stewardship training (formal evaluation every three years). | 63% | 68% |

Note: Representative examples of results from Ministry and ministry-funded research that is environmentally related will be reported in the Ministry's Annual Report.

Goal 2: Strengthened Rural Communities

This goal recognizes that vibrant and sustainable rural communities are one component of a prosperous province. The Ministry contributes to this goal through its involvement in facilitation and leadership development, and by acting in a coordinating role. A cooperative effort to ensure a balanced emphasis on social, economic and environmental priorities by all stakeholders is necessary for community prosperity.

Key Result

- ◆ Vibrant and sustainable rural communities.

Indicators

- ◆ Rural population trends - data being developed. Increasing rural populations and reduced, or mitigated, out-migrations are indicators of vibrant and sustainable communities.
- ◆ Resources invested in community-based projects - data being developed. The Ministry's investments into community-based projects improve the desirability of rural communities as places to live and work.
- ◆ Community amenities - data being developed. People tend to be attracted to communities with infrastructure-based amenities like schools, hospitals, service and recreation facilities, as well as commercial services and community programming.

Strategies

- ◆ Provide leadership development for youth and people actively engaged in agriculture and community organizations.
- ◆ Facilitate the development of sustainable communities, organizations and agricultural businesses that are networked, flexible, and adaptable and that manage change pro-actively and positively.
- ◆ Coordinate a multi-ministry approach to rural development.

| Performance Measures | 2004-05 Target |
|---|-----------------------|
| ◆ Number and diversity of agricultural related community activities. | Being developed |
| ◆ Number of people participating in agricultural related community activities. | Being developed |
| ◆ Number of ministries participating in single point of access through offices and other delivery channels. | Being developed |

CORE BUSINESS 3: PROVIDE SAFETY NETS

This core business:

- ◆ Relates to the core government businesses of **Preservation** and **Prosperity**.
- ◆ Provides risk management tools that are not available or not consistently available through the private sector.

Goal 1: Effective Safety Net Programming

This goal recognizes the need for less instability in a sector significantly affected by unforeseen weather and global influences. The Ministry contributes to this goal by providing safety net funding (through programs such as Farm Income Disaster Program, Crop Insurance, Farm Fuel Distribution Allowance, drought preparedness and disaster initiatives) to allow farmers the opportunity to adopt the most economically viable management practices for their area.

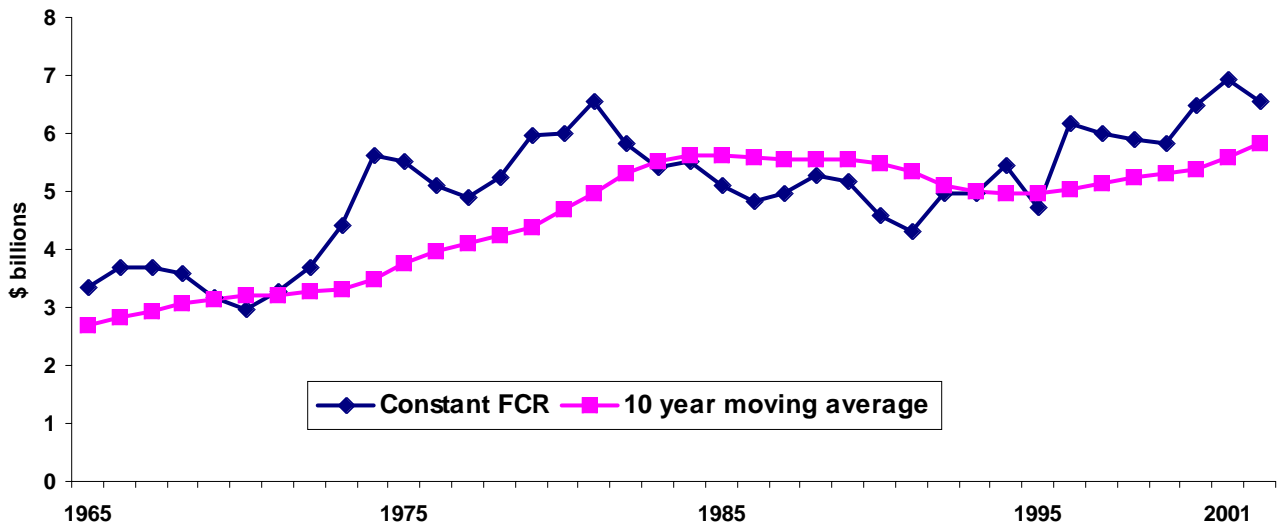
Key Results

- ◆ Effective safety net programs that cushion impacts of severe reductions in income.
- ◆ Primary agriculture producers have financial resources when disasters occur outside of a manager's control.

Indicators

- ◆ The annual deviation in Alberta Farm Cash Receipts (FCR), including government program payments, compared to the ten-year moving average is an indicator of the variability of farm income. Weather and resulting decreased production, government programs in jurisdictions outside of Alberta, the level of the Canadian dollar, consumer tastes, social norms and/or product standards adversely affect farm cash receipts. The Canadian and Alberta governments offer Alberta farmers and ranchers safety net programs to help offset those risks and uncertainties. Values are expressed in constant dollars to remove the effects of inflation.

Deviation in Alberta Farm Cash Receipts from Long Term Average



Strategies

- ◆ Provide Alberta farmers with effective and efficient safety net programs.
- ◆ Ensure the availability and access to appropriate government disaster programs in response to any designated natural disaster that has adversely affected Alberta farmers.
- ◆ Effective delivery with flexibility to meet individual producer needs.

| Performance Measures | 2001-02 Forecast | 2004-05 Target |
|--|---|------------------------------------|
| ◆ Percentage of customers satisfied with program delivery. | Data not available. Survey being developed by AFSC. | 80% |
| ◆ Percentage of eligible seeded acres respresented by farmers insured under crop insurance programs. | 75% | 75% |
| ◆ Average number of days to process a disaster program payment. | 40.21 days | Improve by 2% a year to 37.85 days |

CROSS-MINISTRY INITIATIVES

The Ministry supports the government's four Priority Policy Initiatives and continues to be committed to ensuring the success of the four Key Administrative Initiatives.

| PRIORITY POLICY INITIATIVES - STRATEGIES | MEASURES | TARGETS |
|--|---|---|
| <ul style="list-style-type: none"> Health Sustainability Initiative - In consultation with the industry and other involved ministries, provide guidelines, standards, regulations and legislation for environmental performance requirements to sustain the quality of Alberta's soil, water and air. | Respondents who have adopted improved practices as a result of ministry-supported training | 68% by 2005 |
| <ul style="list-style-type: none"> Aboriginal Policy Initiative - Ensure aboriginal Albertans have accessibility to Ministry programs through appropriate communication mechanisms. | Aboriginal-targeted call centre established | Aboriginal-targeted call centre fully operational by end of 2002-03 |
| <ul style="list-style-type: none"> Alberta Children and Youth Initiative - Identify potential alliances between Alberta 4-H, AADAC, and Children's Services to further develop adult to youth mentoring opportunities. | Alliances that further adult to youth mentoring opportunities | Identify and recommend potential alliances by 2003 |
| <ul style="list-style-type: none"> Economic Development Strategy - Continue to participate in "Get Ready Alberta", specifically by improving Alberta's ability to attract investment. | New investment in: <ul style="list-style-type: none"> - primary agriculture - processing industry | By 2005: <ul style="list-style-type: none"> - \$812 million - \$156 million |

| KEY ADMINISTRATIVE INITIATIVES - STRATEGIES | MEASURES | TARGETS |
|--|--|---|
| <ul style="list-style-type: none"> Alberta Corporate Service Centre Initiative - Ensure that corporate services provided to the Ministry meet the standards established in the service level agreement. | Service levels | Signed service level agreement for 2002-03 |
| <ul style="list-style-type: none"> Corporate Human Resource Development Strategy - Formally recognize employee achievements. | Employee ratings | Ratings that the Ministry is a good place to work of 85% to 90% |
| <ul style="list-style-type: none"> Corporate Information Management/Information Technology Strategy - Implement IT service delivery systems based on sound business cases. | Services available cost-effectively through the Internet | Key programs and applications web enabled by 2005 |
| <ul style="list-style-type: none"> Alberta One-Window Initiative - provide the public with online access to Ministry information with appropriate levels of security. | Information available to the public online | Ministry web-site linked to the government's one-window system |

BUSINESS RESUMPTION PLAN

In response to recent world events, the Ministry has developed a comprehensive business resumption plan. Training on the plan for Ministry staff will be completed by December 31, 2002 and testing of the plan will be completed by December 31, 2003.

Expense by Core Business

(thousands of dollars)

| | Comparable 2000-01 Actual | Comparable 2001-02 Budget | Comparable 2001-02 Forecast | 2002-03 Estimates | 2003-04 Target | 2004-05 Target |
|------------------------------|---------------------------------|---------------------------------|-----------------------------------|----------------------|-------------------|-------------------|
| EXPENSE | | | | | | |
| Core Business | | | | | | |
| Facilitate Industry Growth | 193,425 | 208,282 | 202,842 | 199,640 | 206,641 | 212,632 |
| Enhance Rural Sustainability | 36,112 | 35,621 | 36,815 | 36,103 | 36,147 | 36,142 |
| Provide Safety Nets | 517,802 | 637,839 | 849,762 | 365,675 | 369,723 | 370,215 |
| Restricted Expense | 72,327 | 61,661 | 134,214 | 124,874 | - | - |
| MINISTRY EXPENSE | 819,666 | 943,403 | 1,223,633 | 726,292 | 612,511 | 618,989 |

Ministry Statement of Operations

(thousands of dollars)

| | Comparable 2000-01 Actual | Comparable 2001-02 Budget | Comparable 2001-02 Forecast | 2002-03 Estimates | 2003-04 Target | 2004-05 Target |
|--|---------------------------------|---------------------------------|-----------------------------------|----------------------|-------------------|-------------------|
| REVENUE | | | | | | |
| Internal Government Transfers | 12,115 | 11,620 | 11,379 | 16,620 | 16,620 | 16,620 |
| Transfers from Government of Canada | 61,829 | 244,005 | 275,371 | 116,842 | 120,592 | 111,851 |
| Investment Income | 101,056 | 103,563 | 102,527 | 102,598 | 108,889 | 115,118 |
| Premiums, Fees and Licences | 55,775 | 66,458 | 68,665 | 89,337 | 90,257 | 91,417 |
| Other Revenue | 80,693 | 66,852 | 186,762 | 131,407 | 6,779 | 6,723 |
| MINISTRY REVENUE | 311,468 | 492,498 | 644,704 | 456,804 | 343,137 | 341,729 |
| EXPENSE | | | | | | |
| Program | | | | | | |
| Farm Income Support | 298,364 | 431,492 | 518,839 | 130,117 | 129,487 | 126,485 |
| Lending | 28,991 | 31,850 | 31,015 | 31,598 | 33,532 | 34,214 |
| Insurance | 215,169 | 201,714 | 326,232 | 230,873 | 235,635 | 239,135 |
| Planning and Competitiveness | 31,633 | 33,261 | 32,242 | 33,271 | 32,775 | 32,771 |
| Industry Development | 46,965 | 42,216 | 44,734 | 41,927 | 40,605 | 40,655 |
| Sustainable Agriculture | 32,680 | 29,627 | 31,723 | 30,419 | 30,666 | 30,719 |
| Infrastructure Assistance | 19,246 | 29,000 | 22,420 | 25,800 | 25,800 | 25,800 |
| Restricted Expense | 72,327 | 61,661 | 134,214 | 124,874 | - | - |
| Ministry Support Services | 14,646 | 15,440 | 21,060 | 16,595 | 17,372 | 17,248 |
| Valuation Adjustments and Other Provisions | 1,200 | 6,731 | 5,568 | 5,248 | 5,427 | 5,731 |
| Program Expense | 761,221 | 882,992 | 1,168,047 | 670,722 | 551,299 | 552,758 |
| Debt Servicing Costs | | | | | | |
| Agriculture Financial Services Corporation | 58,445 | 60,411 | 55,586 | 55,570 | 61,212 | 66,231 |
| Ministry Debt Servicing Costs | 58,445 | 60,411 | 55,586 | 55,570 | 61,212 | 66,231 |
| MINISTRY EXPENSE | 819,666 | 943,403 | 1,223,633 | 726,292 | 612,511 | 618,989 |
| Gain (Loss) on Disposal of Capital Assets | (909) | - | (8) | - | - | - |
| NET OPERATING RESULT | (509,107) | (450,905) | (578,937) | (269,488) | (269,374) | (277,260) |

Consolidated Net Operating Result

(thousands of dollars)

| | Comparable 2000-01 Actual | Comparable 2001-02 Budget | Comparable 2001-02 Forecast | 2002-03 Estimates | 2003-04 Target | 2004-05 Target |
|---|---------------------------------|---------------------------------|-----------------------------------|----------------------|-------------------|-------------------|
| Ministry Revenue | 311,468 | 492,498 | 644,704 | 456,804 | 343,137 | 341,729 |
| <i>Inter-ministry consolidation adjustments</i> | (12,115) | (11,620) | (11,379) | (16,620) | (16,620) | (16,620) |
| Consolidated Revenue | 299,353 | 480,878 | 633,325 | 440,184 | 326,517 | 325,109 |
| Ministry Program Expense | 761,221 | 882,992 | 1,168,047 | 670,722 | 551,299 | 552,758 |
| <i>Inter-ministry consolidation adjustments</i> | - | - | - | - | - | - |
| Consolidated Program Expense | 761,221 | 882,992 | 1,168,047 | 670,722 | 551,299 | 552,758 |
| Ministry Debt Servicing Costs | 58,445 | 60,411 | 55,586 | 55,570 | 61,212 | 66,231 |
| Consolidated Expense | 819,666 | 943,403 | 1,223,633 | 726,292 | 612,511 | 618,989 |
| Gain (Loss) on Disposal of Capital Assets | (909) | - | (8) | - | - | - |
| CONSOLIDATED NET OPERATING RESULT | (521,222) | (462,525) | (590,316) | (286,108) | (285,994) | (293,880) |