

GOVERNMENT OF ALBERTA

Annual Report

Agriculture, Forestry and Rural Economic Development 2021-2022

Alberta 

**Agriculture, Forestry and Rural Economic Development, Government of Alberta | Agriculture,
Forestry and Rural Economic Development 2021–2022 Annual Report**

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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 of the 20 ministries.

The Annual Report of the Government of Alberta contains Budget 2021 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, Forestry and Rural Economic Development 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.**

Each Ministry Annual Report 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, 2022, 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 6, 2022 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 Nate Horner
Minister of Agriculture, Forestry and Rural Economic Development

¹ Includes the individual reporting entity Agriculture Financial Services Corporation.

Message from the Minister



2021-22 was a year of challenges for the agriculture and forestry sectors in Alberta. The COVID-19 pandemic, market disruptions and the 2021 drought all impacted our industries. But Alberta's agriculture and forestry industries and our value-added sectors are resilient and have overcome these obstacles. These key primary industries continue to be a bright spot in Alberta's economic recovery, supporting rural economic growth and providing good jobs for hard-working Albertans.

Agriculture, Forestry and Rural Economic Development continued implementing the Agri-food Sector Investment and Growth Strategy, which established targets to attract \$1.4 billion in new investment and create 2,000 new jobs by 2023-24. The ministry reached these targets earlier than anticipated, facilitating \$1.48 billion in agri-food sector investments related to 197 projects that will lead to the creation of 2,998 jobs as of March 2022.

The strategy is focused on growing primary and value-added agricultural production and exports, investment attraction and job creation. In addition to significant irrigation infrastructure investments, we are attracting new investment and expanding trade in collaboration with Invest Alberta and the province's international offices.

There was no shortage of challenges thrown at our primary agriculture sector this year, between the COVID-19 pandemic, 2021 drought, feed shortages and more. Alberta's government responded, and with support from other levels of government, delivers programming through Agriculture Financial Services Corporation to make sure farmers and ranchers have the supports they need.

Through our AgriRecovery partnership with the federal government we helped producers weather the 2021 drought. Our business risk management programs demonstrated their responsiveness and I'm confident they will continue to serve producers. Agriculture Financial Services Corporation provided much-needed financial relief to producers affected by the 2021 drought with insurance indemnity payouts for 2021 being one of the highest in AFSC's 80-year history.

For the forest sector, the Forest Jobs Action Plan plays a key role in Alberta's recovery by committing sustainable, long-term fibre access for forest companies. The plan supports reliable, good-paying jobs for hundreds of Albertans, while ensuring our forests continue to provide positive benefits for the environment and can be enjoyed by future generations.

With record high demand for wood and wood products, forestry continued to be a bright spot in the province, but this doesn't come without its challenges. From wildfire prevention and preparedness to sub-regional planning, secure fibre access remains a top priority for the industry. We're committed to tackling these issues and continuing to support forestry jobs while maintaining a world-class sustainable forest management framework.

Through its wildfire management team, the ministry also supported wildfire prevention, preparedness and FireSmart programs to reduce and manage the threat of wildfire in the province's forested areas. The ministry has also focussed on innovative and emerging firefighting technologies to supplement and improve current wildfire management capabilities.

The ministry is also leading the government's work on rural economic development. To ensure all regions benefit from Alberta's economic recovery and growth, we continue to engage with rural

stakeholders and Indigenous Peoples and are working on a new plan to support rural economic development.

Alberta's government is looking to our agriculture and forestry sectors to help lead Alberta's economic recovery. Rural economic growth is a top priority going forward, and I'm optimistic for what the future holds for our ministry and the industries we support.

[Original signed by]

Honourable Nate Horner
Minister of Agriculture, Forestry and Rural Economic Development

Management's Responsibility for Reporting

The Ministry of Agriculture, Forestry and Rural Economic Development includes:

- Department of Agriculture, Forestry and Rural Economic Development
- Agriculture Financial Services Corporation
- Farmers' and Property Rights Advocate Office
- Irrigation Council
- Alberta Agricultural Products Marketing Council

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

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

Responsibility for the integrity and objectivity of the accompanying ministry financial information and performance results for the ministry rests with the Minister of Agriculture, Forestry and Rural Economic Development. 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 2021-24 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 2021.

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

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;

Introduction

- provide Executive Council, the President of Treasury Board and Minister of Finance, and the Minister of Agriculture, Forestry and Rural Economic Development 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, I have relied, as necessary, on the executives of the individual entities within the ministry.

[Original signed by]

Shannon Marchand

Deputy Minister of Agriculture, Forestry and Rural Economic Development

June 6, 2022

Results Analysis

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Ministry Overview

The Ministry of Agriculture, Forestry and Rural Economic Development is responsible for the policies, legislation, regulations, programs, and services that enable Alberta's agriculture, food, and forest sectors to flourish and contribute to Alberta's economic recovery and growth. The ministry's role is diverse, ranging from food safety and industry growth and diversification to wildfire and sustainable forest management and increasing investment and supporting growth in rural Alberta. The ministry also supports foundational programs like irrigation, rural utilities and agricultural societies that help create strong rural communities and resilient agriculture and forest sectors.

The ministry focuses on the following:

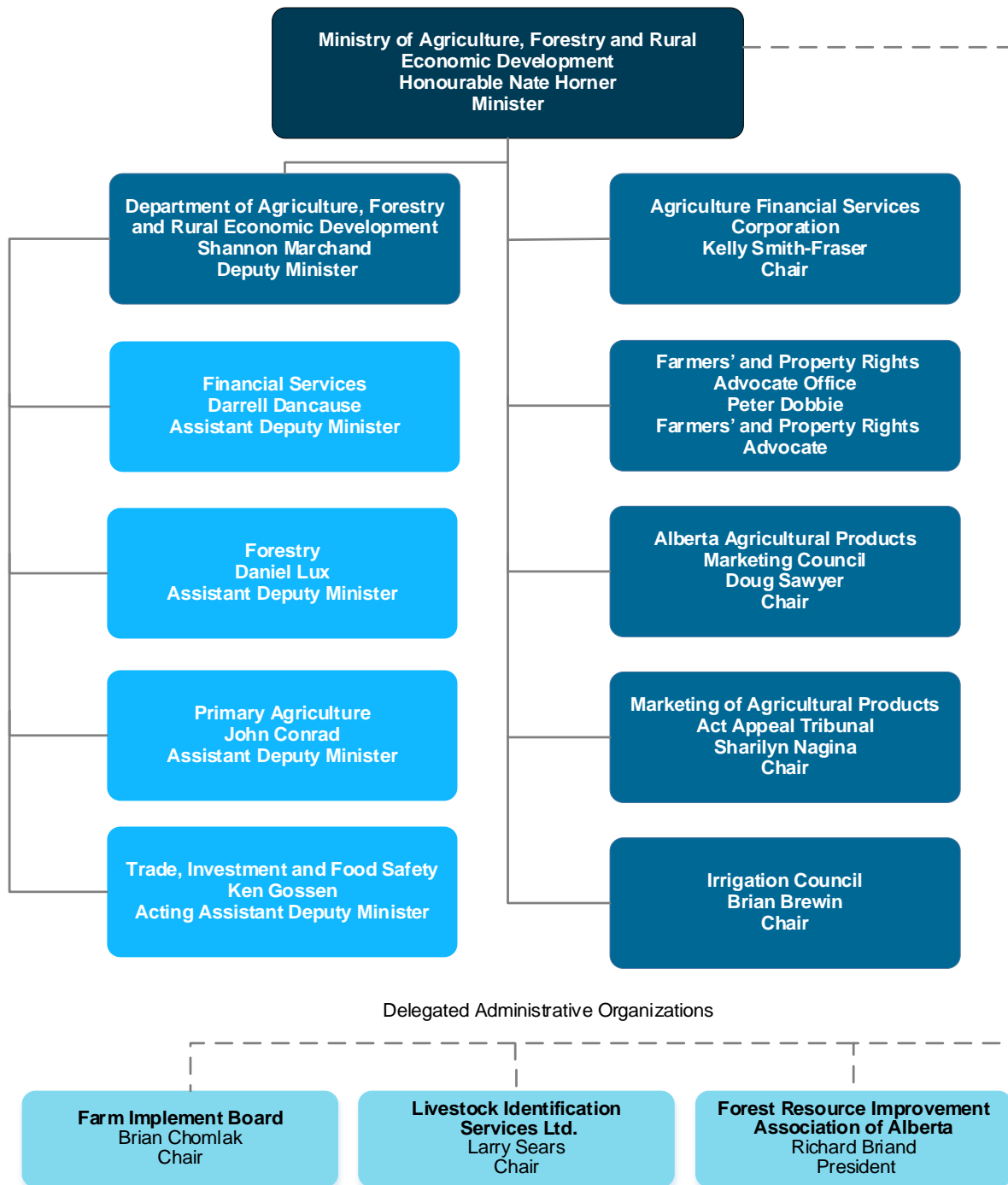
- **Trade and Investment** – The ministry supports the creation of more diverse, productive and internationally competitive agricultural and forest sectors in Alberta. This is achieved through policies and initiatives that promote investment attraction, market access, job creation, and research and innovation. The ministry supports diversification through the growth of value-added businesses that build on the competitive strengths of Alberta's established agri-food and forest industries to create new jobs, strengthen rural communities and drive economic growth across the province.
- **Competitive Business Environment** – The ministry is streamlining legislation, policies and business processes to create the right conditions for agriculture and forest industries to thrive economically. The ministry undertakes a range of activities designed to influence industry's operating environment and performance. Areas of focus include targeted investment in irrigation infrastructure projects and business risk management tools to help producers weather the challenges inherent to the industry. The ministry also funds rural electric and gas utilities infrastructure expansion and upgrades to help address the affordability of living and doing business in remote areas.
- **Assurance and Public Safety** – The ministry aims to enhance the effectiveness of its assurance systems to protect public health and safety, particularly in the spheres of food safety, forest health, and wildfire management. The ministry uses evidence-based decision-making to drive sustainable resource management practices within agriculture, wood product production, and the bio-economy to support competitiveness and economic development. Areas of focus include protecting communities from the risks of wildfires through prevention and suppression, forest health oversight including limiting the spread of mountain pine beetle, and ensuring the regulations and systems that support food safety and animal traceability, and health and welfare are effective.

In 2021-22, the ministry worked to achieve the following outcomes:

- **Outcome One:** Increased investments, expanded trade and enhanced business development in Alberta's agriculture and forest sectors supports economic growth and recovery in Alberta.
- **Outcome Two:** Alberta's competitive business environment provides a strong foundation for resilient agriculture and forest sectors.
- **Outcome Three:** Robust assurance systems and effective resource management practices support agriculture and forest sector success and protect public safety.

Organizational Structure

In 2021-22, the ministry’s organizational structure remained unchanged from the prior year, with the exception of the rural economic development plan and policy. To lead collaboration that enables safe and resilient rural communities, on November 5, 2021, the responsibility for reporting on performance of rural economic development plan and policy was transferred from Jobs, Economy and Innovation to Agriculture, Forestry and Rural Economic Development (AFRED). The rural economic development function was added to the Trade, Investment and Food Safety Division.



Operational Overview

Department of Agriculture, Forestry and Rural Economic Development

Financial Services Division

The Financial Services Division includes:

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

The division provides leadership in financial planning 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 the Public Service Commission on matters related to occupational health and safety.

Forestry Division

The Forestry Division includes:

- Forest Stewardship and Trade Branch;
- Wildfire Management Branch; and
- Forestry Field Operations Branch.

The division works to ensure that Alberta's Crown forests are sustainably managed and provides the programs and services necessary to position the province's forest sector for growth and diversification. This includes monitoring for and managing pests like mountain pine beetle (MPB), ensuring harvest levels are sustainable, supporting reforestation and helping create new markets and opportunities for Alberta's forest products. The division also works to manage the threat of wildfire through prevention, risk-reduction, and suppression.

Primary Agriculture Division

The Primary Agriculture Division includes:

- Animal Health and Assurance Branch;
- Crop Health and Rural Programming Branch;
- Industry Governance and Rural Utilities Branch; and
- Natural Resource Management Branch.

The division supports the development and competitiveness of the livestock and crop industries through surveillance networks, sustainable resource management, rural utilities, rural programming grants, and irrigation. It supports businesses by focusing on growth and diversification of Alberta's livestock and crops sectors, and fosters industry growth and sustainability by enhancing industry leadership and self-governance. The division also supports producer-led research and enables regulatory frameworks to protect animal health and cropping systems.

Trade, Investment and Food Safety Division

The 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 development and growth of the agriculture and food industry through value-added processing development, business development, investment attraction, international relations and market access, and export development. The division focuses on building a strong culture of food safety, and 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, processing, and commercial scale up, and conducts applied economic and competitiveness analysis. The division also has a focus on supporting rural growth and economic progress. This includes collaborating with key stakeholders, internal and external to government, to ensure rural perspectives are considered and integrated into policy initiatives and key government strategies, and ensuring rural representation in existing economic programs.

Policy Services, Planning and Innovation Branch

The branch provides policy advice, analysis, review, tracking, and coordination to teams across the ministry. The branch also leads cross-divisional or cross-government policy initiatives. The branch leads the development of ministry business plans, annual reports, strategic plans, and red tape reduction work. 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 (AFSC)*

AFSC is a provincial Crown corporation that provides producers and agribusinesses with financing, crop insurance, and farm income disaster assistance. AFSC is a diverse corporation with several core business areas, including crop insurance, livestock price insurance, farm loans, agribusiness loans, and farm income disaster assistance. AFSC's unique role allows it to deliver services to assist its valued clients across the province to manage risks in the agriculture industry.

Alberta Agricultural Products Marketing Council

The Alberta Agricultural Products Marketing Council (Marketing Council) is the oversight body for Alberta's 20 agricultural marketing boards and commissions and provides advice to the Minister of Agriculture, Forestry and Rural Economic Development 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. The Executive Director of the Industry Governance and Rural Utilities Branch serves as the General Manager of the Marketing Council.

Farmers' and Property Rights Advocate Office

The Farmers' and Property Rights Advocate office works to ensure Alberta farmers and ranchers have a voice of advocacy, consumer protection, surface rights, land and energy expertise, resolution of rural disputes, and fair process. In addition, the office provides assistance to all Albertans in navigating property right 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, 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, establishes policies, and 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 support to the Appeal Tribunal throughout the year, when required. In the event of an appeal hearing request, a Marketing Council staff member is assigned to serve as administrator to the appeal.

Farm Implement Board

The Farm Implement Board reports to the Minister of Agriculture, Forestry and Rural Economic Development 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.

Forest Resource Improvement Association of Alberta

The Forest Resource Improvement Association of Alberta (FRIAA) is a not-for-profit association with authority delegated by the Minister of Agriculture, Forestry and Rural Economic Development. The association's mandate is to enhance forest resources consistent with the Forest Resource Improvement Regulation and bylaws. FRIAA delivers programs aimed at resource sustainability, public and environmental protection, and climate change adaptation under certain grant agreements with the Government of Alberta.

Livestock Identification Services Ltd.

Livestock Identification Services Ltd. (LIS) provides inspection services to livestock producers in Alberta. The brand registry and the inspection system offer protection to all livestock owners against strayed or stolen livestock. Alberta's livestock associations are represented on LIS' Board of Directors to give equal voice to all parts of the livestock industry.

Key Highlights of the Past Year

The following table represents Agriculture, Forestry and Rural Economic Development's significant achievements for 2021-22, including progress toward commitments in the 2021-24 Government of Alberta Strategic Plan.

Economic Recovery and Job Creation

Advance the Agri-Food Sector Investment and Growth Strategy

- In 2021-22, the ministry enabled \$597 million in agriculture and agri-processing sector investments. This investment is expected to lead to the creation of 870 jobs.
 - From April 2019 to March 2022, the ministry enabled \$1.48 billion in agri-food sector investments, meeting the Agri-food Sector Investment and Growth target of \$1.4 billion one year in advance. The job creation target of 2,000 jobs was met two years in advance.
- Construction continued to add three new suites to the Agrivalue Processing Business Incubator. \$12.5 million was spent of the \$25 million project, which will bring the total facility capabilities to 10 suites and 100,000 square feet of food processing and support space. Progress valued at \$2 million continued for a spray dryer equipment project. These improvements will remove obstacles of upfront capital investment for industry on food grade equipment and facilities.

Irrigation Improvements

- Two additional irrigation districts were included in a bilateral funding agreement to invest \$932.7 million between 2021 and 2028 to modernize and expand infrastructure through more than 90 projects. The province will contribute \$279.8 million (30 per cent of the total costs) from 2021 to 2028.
- The project is expected to increase irrigated acres by up to 230,000. During 2021-22, \$43.1 million was put towards in four reservoir and 56 modernization projects through this agreement.

Provide Capital for Growth and Diversification

- 121 grants totaling more than \$17 million approved under the Canadian Agricultural Partnership (CAP) Growth and Value-Added theme supported new product development, and pursuit of new market opportunities.
- AFSC continued to support producers with access to capital during drought conditions, and offered deferred payments, interest only payments, and re-amortizations to producers to help them manage their cash flow.

Increase Fibre Supply

- The ministry allocated about 70,000 cubic metres of previously unallocated fibre in 2021-22.
 - Bigstone Cree Nation was awarded a coniferous timber quota, which provides an annual 21,000 cubic metres. It is expected that this will result in \$400,000 in local economic activity, new local jobs, and a new scholarship for young community members over the 20-year duration of the timber quota.
- A new Forest Management Agreement (FMA) was entered into with Crowsnest Forest Products, increasing the total agreements to 21.
- Two FMAs were renewed.

Stimulate Rural Opportunities

- The Rural Gas Program supported the construction and upgrading of an estimated 1,280 services and 830 kilometres of distribution pipeline.
- The Rural Electric Program provided 127 grants for Albertans to equip their farms and rural properties with new electricity services in 2020-21.
- From October to December 2021, Rural Economic Development engagement sessions and an online survey gathered perspectives on successes, challenges and opportunities for rural economic development. More than 1,000 Albertans and organizations shared input.

Reduce Red Tape

- The ministry exceeded the Government of Alberta's annual target reduction of 20 per cent. As of March 31, 2022, the ministry had reduced its red tape by 37.4 per cent.

Improve Alberta's Sustainable Productivity Potential

Results Driven Agriculture Research

- \$37 million was provided to RDAR, of which \$23 million funded 129 research projects in four priority areas: enhanced productivity, profitability and competitiveness; sustainable and responsible agricultural production; market demands including food safety, quality, value-added products and diversification; and extension and knowledge transfer.
 - In response to emergent needs, \$0.74 million was approved for nine projects to address drought and extreme heat.

Canadian Agricultural Partnership

- \$42 million of federal funds (excluding administration costs) was provided in year four of five of the CAP agreement to continue building sector capacity, industry growth and risk management.
- 1,130 grants were approved totaling more than \$9.6 million to support technologies that improve efficiencies, on-farm security, reduction of environmental impacts, address production or market access risks, and water security and management.
- A modernization of CAP programs simplified the grant application process and accelerated ministry response times, allowing industry to get smoother and quicker access to the grants they need to grow, manage and diversify their operations. The total number of programs was consolidated, making navigation simpler.

Grow the Secondary Wood Product Market

- \$2.2 million supported activities aimed at increasing the use of Alberta wood products, including value-added wood products.

Maintain Robust Assurance Systems

Proactive and Timely Responses to Agri-business Risks through AFSC

- The Reference Margin Limit was removed from AgriStability, retroactive to the 2020 program year. This change simplifies the program and makes it responsive to all types of farming.
- Indemnities paid in 2021-22 were primarily a result of the varied growing conditions, drought, excess moisture, hail, and the in-year increase in commodity prices. AFSC has paid out more than \$2.4 billion for the 2021 crop year through AgriInsurance.

- AgriInsurance improvements included weather-based program changes to address producers' moisture threshold needs, expansion of the experience transfer scope, and inclusion of wild boar damage for the 2022 crop year.
- The 2021 Canada-Alberta Livestock Feed Assistance (CALFA) Agri-Recovery initiative was launched in August 2021 to cover extraordinary costs due to extreme drought conditions. As of March 31, 2022, AFSC processed more than 25,000 applications, disbursing \$352 million for Phase 1 and 2 of the initiative, covering about two million animals. Beekeepers also benefited from this program receiving \$1.9 million due to drought-caused low forage availability across the province.

Control Mountain Pine Beetle

- Continued to control the spread of MPB in about 24,281 MPB-infested trees over 6,272 acres.
- Across more than 7.3 million hectares of aerially surveyed areas, there were 27,395 MPB-killed trees detected in 2021, down significantly from 147,046 in 2020 and 244,247 in 2019.
- Continued exploring innovative management techniques such as use of remote sensing and artificial intelligence to detect and quantify MPB damage, and model climate change impacts and post-outbreak MPB biology.

Forest Management

- Monitoring, compliance and enforcement of forest industry activities included more than 1,700 inspections and three education sessions.
- Introduced a policy change under the Forest Jobs Action Plan to return areas disturbed by wildfire promptly to the contributing landbase and to streamline the process of collecting inventories of forested land.
- Implemented a review of regulatory processes to streamline approvals while maintaining regulatory oversight.
- As of 2021, 80 per cent of Alberta's forested lands with long-term tenure are third-party certified for forest management sustainability.

Safeguard Albertans from Wildfire Risks

- \$11.2 million in grants for wildfire prevention and preparedness and FireSmart programs supported communities in carrying out activities aimed at reducing the threat of wildfire throughout Alberta. Project accomplishments include vegetation management projects in 22 communities, and education and outreach projects in ten communities.
- During the 2021 wildfire season, the ministry responded to 1,308 wildfires of which 95.3 per cent were contained before 10 a.m. the day following assessment. About 54,047 hectares was burned by wildfire in 2021, which was significantly less than the five-year average of 314,205 hectares.
- Innovative technologies were explored, including prototyping artificial intelligence to predict wildfire occurrence. Further refinement is required to integrate artificial intelligence with wildfire operations in combination with remote cameras, lightning maps, flight simulator training and real-time wildfire status map updates. Collaborative evaluations of new and emerging firefighting technologies supplement and improve current wildfire management capabilities, and support decisions to position manpower, heavy equipment and aircraft resources where they are most needed.

Discussion and Analysis of Results

COVID-19/Recovery Plan

In 2021-22, the ministry continued to bring about changes to support the agriculture and forest sectors and rural communities during the pandemic, including the following highlights:

Human pandemics such as COVID-19 can create workforce shortages, such as where legislation requires inspectors to be present. To support agri-food processors access to markets, and a safe food supply, surge capacity was maintained through the Inspector Sharing Agreement with the Canadian Food Inspection Agency (CFIA). The department also:

- Issued 357 On-farm Slaughter Operation licences, allowing direct to consumer meat sales that increased access to local food and helped reduce backlogs in the meat supply chain.
- Offered video pre-slaughter inspections of beef and dairy cattle, bison, cervids, hogs, sheep, lamb and goats were made available for animals that cannot be transported to an abattoir for humane slaughter on site.

As part of overall pandemic measures, the ministry monitored SARS-CoV2 in different animal species, and acknowledged initiative and resilience of two agricultural societies with the 2021 Agricultural Society Innovation Award.

\$1.1 million of federal Canadian Agricultural Partnership's Growth and Value Added Theme stream funds were allocated to 151 export readiness, international and domestic market development and advocacy initiatives to support agriculture and agri-food sector growth. These activities included export readiness initiatives, such as webinars that helped agri-businesses adapt to the COVID-19 business environment, as well as export development initiatives, such as in-market events delivered in collaboration with Alberta International Offices. 414 Alberta and international clients participated in these initiatives.

The ministry cushioned the impact of potential reduced market access for Alberta's agriculture and forest exports due to new pandemic-related trade barriers such as China's packaging requirements, uncertainty in labour availability and the operational costs of compliance with public health orders through:

- Continued support by AFSC for producers' cash flow management through deferred and interest-only loan payments, and re-amortizations. AFSC also supported producers' cash flow with a 20 per cent discount on AgriInsurance premiums, saving producers up to \$71.2 million through lower premiums. A typical 2,000-acre grain farmer saved about \$8,000 in crop insurance.
- AgriStability enrolment deadline for the 2021 program year was extended to June 30, allowing 322 additional producers more time to sign up and use the program to manage the impacts of market disruptions, production challenges and higher expenses.
- The Agricultural Societies Grant funding formula was adjusted to base funding on a five-year average. This continued adjustment ensured societies were not negatively impacted by revenue loss from event cancellations driven by public health orders.

Red Tape Reduction

The Ministry of Agriculture, Forestry and Rural Economic Development continues to remove regulatory barriers and reduce costs for Alberta's job creators, modernize our regulatory systems, and improve the delivery of government services while ensuring effective regulatory oversight over vital consumer, environmental, health and safety protections, and fiscal accountability. The Government of Alberta's ongoing commitment to reduce red tape by one third by 2023 is helping to make the province the most attractive destination for investment and job creation in North America, while strengthening Alberta's competitive advantage.

The ministry is in ongoing contact with industry and stakeholders and continues to identify initiatives to reduce regulatory burden, unnecessary requirements and costs for agriculture and forest industries, and rural communities.

As of March 31, 2022, the ministry had reduced its red tape by 37.4 per cent, exceeding the Government of Alberta's 2021-22 target reduction of 20 per cent.

A summary of ministry accomplishments on red tape reduction initiatives for 2021-22 are categorized into four broad outcomes in the following table. Contextual information about each initiative is found in the key objective section listed in the chart below.

Recommended By	Status	Initiative	2021-22 Results	Key Objective
Economic Growth and Job Creation				
Ministry	Ongoing	Streamlining Program Delivery at AFSC	AFSC continues to review lending and insurance processes to identify unnecessary requirements and duplication of efforts. The work is being completed in phases. Accomplished a reduction of 269 regulatory requirements, and reductions in administrative burden.	2.2
Improved Service Delivery				
Ministry	Completed	Forest Management Agreements Consolidated	Reduction of more than 2,100 requirements simplified the FMA renewal process for forest industry stakeholders and supports comparison of sustainable forest management practices.	1.3
Ministry	Completed	Operating Ground Rules Streamlining and Amalgamation	Consolidated 18 individual sets of operational ground rules into one overarching set of rules. This initiative will remove 7,597 requirements and simplify	1.3

Recommended By	Status	Initiative	2021-22 Results	Key Objective
			processes and create compliance consistency for the forest industry.	
Agriculture, Food and Bio-Industrial Industry Panel	Completed	Modernizing the Canadian Agricultural Partnership Program Suite	Completed modernization of the Canadian Agricultural Partnership suite of programs. The simplified grant application processes removed 3,274 requirements, improved response times to grant applicants and inquiries, and reduced red tape.	1.2
Smart Regulation				
Agriculture, Food and Bio-Industrial Industry Panel	Completed	Improving the Meat Inspection Regulation	The Meat Inspection Regulation was amended in December 2021 to allow large livestock sharing among households through On-farm Slaughter Operation licence holders.	3.3
Ministry	Ongoing	Improve internal governance	Provide Marketing Boards and Commissions the ability to make and change their own by-laws.	2.1
Digital Transformation				
Ministry	Ongoing	Review of AFSC forms to remove redundant and unnecessary requirements	AFSC's ongoing improvements to services and processes included providing more services online to reduce AFSC administrative costs.	2.1

Outcome One: Increased investments, expanded trade and enhanced business development in Alberta's agriculture and forest sectors supports economic growth and recovery in Alberta.

This outcome aims to grow the economy and improve competitiveness for the agri-food and forest sectors. To achieve this outcome, the ministry supports investment attraction, industry diversification, market access and development, and research and innovation.

In 2021-22, the ministry identified funding agricultural research through the Results Driven Agriculture Research (RDAR) organization as a key initiative.

Key Objectives

1.1 Provide trade services and prevent market disruptions for Alberta's agriculture and forest sectors.

This key objective utilizes trade-related services, including market research, advocacy, and business matching to maintain or increase demand for Alberta's agriculture and forest products exports. Alberta's agriculture and forest sectors are export-dependent. Continued market access enables the sectors to maximize their returns and support job creation. In 2021, Alberta's international exports of agri-food products totaled a record \$14.1 billion, and forest exports totaled a record \$6 billion.

Trade and Market Access

Alberta continued to work with its federal partners to open new markets for Alberta's agriculture and forest products and address trade issues and barriers in existing markets.

The ministry advocated for Alberta's interests in a number of international trade agreement negotiations, including the Canada-European Union Comprehensive Economic Trade Agreement, and the Canada-India Comprehensive and Economic Partnership Agreement. Access to new markets through trade agreements lowers risks associated with reliance on a small pool of customers and creates new growth opportunities for Alberta's industries.

In addition to pursuing access to new markets, the ministry continued working with its partners to resolve issues like the ongoing softwood lumber dispute with U.S. This dispute creates significant uncertainty for a sector that is highly dependent on the U.S. market. In 2021, Alberta's forest industry paid countervailing and anti-dumping duties between 11.1 per cent and 20.2 per cent. It is estimated that \$6 billion of softwood lumber duties have been accrued over the course of the softwood lumber disputes and appeals since 2017.

The ministry took action to support Canada in its ongoing efforts to defend Alberta's forest sector against U.S. softwood lumber duties through the dispute appeal processes, including timely submission of administrative reviews and supplemental questionnaire response documents. The ministry's prompt actions reduced the risk of undesirable lumber subsidies. The ministry also worked with Alberta's Senior Representative to the U.S. and other provinces to advance all appeal opportunities and advocate for a long-term, managed, trade agreement that provides secure and predictable U.S. market access for Alberta companies.

Another threat to U.S. market access for Alberta's forest products are the New York and California's deforestation free procurement bills. The proposed legislation does not account for Alberta's reforestation legislative requirements. In Alberta, areas harvested must be reforested by law. If passed, the amended bills would restrict market access for Alberta's wood products, manufactured with fibre sourced from Alberta's sustainably managed forests, which are supported by a world-

leading sustainable forest management framework with transparent environmental and ethical practices. The ministry, in collaboration with the Department of Jobs, Economy, and Innovation, the Canadian Council of Forest Minister's (CCFM's), the Forest Products Association of Canada, the Alberta Forest Products Association, Global Affairs Canada and Natural Resources Canada mounted an opposition campaign against both bills. The ministry will continue to work with partners to engage U.S. lawmakers and advocate for the fair treatment of Alberta's sustainably produced forest products.

In 2021-22, the ministry also supported federal government-led efforts to resolve market access issues for agricultural products. For example, the ministry advocated for the removal of non-tariff trade restrictions such as mandatory country of origin labelling for pasta products for the Italian market, meat for the U.S. market and India's restriction on the fumigation of pulse crops. These actions reassure trading partners that all levels of Canadian government maintain an internationally-recognized suite of safeguards that effectively protect the safety of Alberta-produced food and animal feed, and support maintaining or expanding Alberta's access to and influence on foreign markets.

Closer to home, the ministry continues to work towards resolving inter-provincial trade barriers. This includes using processes established under the Canadian Free Trade Agreement's Regulatory Reconciliation and Cooperation Table to remove barriers that prevent the sale of Alberta's provincially inspected meat across Canada.

Market Readiness

Opening borders is only half the battle when it comes to ensuring that Alberta's agriculture and forest sectors can take advantage of opportunities beyond our borders. The ministry's suite of trade services also includes programs aimed at preparing companies to go global and connecting them with specific opportunities that are right for them.

The ministry supported companies in efforts to expand additional export opportunities in new or emerging markets while maintaining established markets. The ministry has placed six agriculture-dedicated staff located at the Alberta International Offices (AIO) in Beijing, Seoul, Tokyo, New Delhi, Mexico City, and Minneapolis. Plans are underway to add staff in Dusseldorf and Singapore to improve trade services involving those markets by fall 2022. These staff identify trade and investment leads, and facilitate business matchmaking between Alberta companies and international decision makers. In collaboration with the AIOs, the ministry also delivered promotion and advocacy initiatives aimed at raising Alberta's profile as a reliable supplier of high-quality agriculture and agri-food products.

Two examples of the AIOs contributions are:

- Natural Products Expo West + Pitch Coaching project. The ministry and the Alberta Minneapolis Office enabled success of nine Alberta companies through coaching that prepared them for the Natural Products Expo West trade

Enabling Business Connections

- Companies in the specialty food and beverage category (in particular honey, non-alcoholic beverages and frozen desserts) reported strong interest from U.S. buyers in their products, through ministry and AIO support provided for their Natural Products Expo West participation.
- A frozen dessert company solidified a U.S. distribution deal as a result of their participation in the business to business program at Natural Products Expo West, and the ongoing support from the ministry and the Minneapolis AIO during 2021-22.

show in Anaheim, California. The result was three new products introduced to market and seven new trade contacts.

- Confetti Sweets worked closely with the ministry and the AIO in Tokyo to participate in local events such as virtual Foodex Japan, held in March 2022. Guidance from the export development team and the AIO helped this new entrant to the Japanese market to receive publicity in the Japan Food Trade Journal and distribute two Confetti Sweets cookie mixes through Costco Japan in spring 2022.

To help more companies prepare to enter new markets, the ministry provided 151 export readiness initiatives to 414 Alberta companies geared toward assisting companies to export their products. This included the development of virtual export readiness events during 2021-22, such as the Alberta Craft Beer and Spirits to Japan webinar in collaboration with the Alberta Tokyo Office. This webinar supported 32 companies to better understand and identify opportunities to export to Japanese markets. The webinar has also been accessed more than 50 times online.

The ministry also supported market access to Alberta products through:

- United States Alcoholic Beverage Webinar Series to assist Alberta craft breweries and distilleries to explore exporting their products to the U.S. The virtual delivery of these events has helped overcome the challenges of hosting trade fairs and training opportunities during a global pandemic.
- All About Alberta four-week campaign with L'Escape Hotel in South Korea to raise awareness about Alberta exports.
- Young Chefs cooking competition at Dubai Expo in which Alberta halal lamb and beef were promoted.
- Gathering of input from Albertans to develop a Made In Alberta label to help shoppers quickly identify local products. This work will continue in 2022-23.
- Cultivating new opportunities for the forest sector. In 2021-22, \$0.2 million in grant funding to Canada Wood supported collaboration with the Tokyo Building Works Branch of Maeda Construction Company to break ground on Japan's first nail-laminated timber large-scale demonstration plant. This project may open up new areas of demand for Alberta spruce, pine and fir lumber and oriented strand board.

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

Ministry activities under this key objective include delivering the Canadian Agricultural Partnership (CAP) Growth and Value-Added programs, funding RDAR to invest in farmer-led

\$42 million CAP funds invested in 2021-22

- In 2021-22, the ministry delivered \$42 million of the federal contribution to continue building sector capacity, industry growth and risk management for multiple key objectives associated to ministry outcomes in the following priority areas:

Priority Area	2021-22 Actuals (\$ millions)*
- Farm Efficiency	7.8
- Environmental Sustainability	1.3
- Science and Research	11.6
- Risk Management	1.1
- Growth & Value-added	19.0
- Public Trust	1.2
Total	\$42 million

*does not include \$1.3 million in program administration

- Modernized and streamlined programs were launched in June 2021 and a service delivery standard was implemented to increase transparency to industry.
- With a shorter window for programs to be open and supply chain disruptions experienced by grant recipients, the approved budget of \$46.8 million of federal funding was not fully spent.

agricultural research, providing product and process development and agri-business incubation, and support industry growth and diversification.

Canadian Agricultural Partnership

CAP is a \$3 billion Federal, Provincial and Territorial (FPT) investment for Canada's agriculture and agri-food sector. It is in effect from April 1, 2018 to March 31, 2023. In Alberta, more than \$400 million will be invested over the five-year period. This investment in Alberta's agriculture, agri-food, and agri-products based industry is cost-shared 60:40 between federal and provincial governments. The ministry continued to work closely with industry in 2021-2022 to support growth and diversification.

In 2021-22, \$21.1 million was approved related to 117 grants for the On-Farm Value Added, Value Added and Emerging Opportunities programs through the Partnership's Growth and Value-Added streams. The focus on increasing investment in value-added processing by leveraging existing CAP funding supported businesses in increasing sales, expanding market opportunities and create jobs to support Alberta's economic recovery. The ongoing COVID-19 pandemic affected industry ability to advance or complete the full scope of projects funded. Challenges included supply chain and geopolitical disruptions, severe weather conditions, travel restrictions, and lack of cash to invest. Delayed program launch and business delays affected grant recipients' abilities to maintain timelines resulting in an increase in grant amendments.

In June 2021, the ministry launched modernized CAP programs to make them easier to access and improve consistency across programs. The programs were redesigned to encourage innovation and technological advancement on-farm and in value-added facilities, support industry in mitigating market access and trade disruptions, research, and investment.

Agricultural Research

Providing long-term funding certainty for agricultural research is a key government priority. In March 2020, RDAR was established as an arms-length non-profit corporation to provide the province with a stable foundation to fund longer-term innovative agricultural research projects to benefit farmers and ranchers. The RDAR research portfolio aims to create economic benefits at the farm gate and throughout the value chain, increasing economic growth and expanding trade.

In 2021-22, RDAR was allocated \$37 million to fund industry's research priorities. About \$23 million was approved for investment in 129 projects focused on productivity, profitability and competitiveness and meeting market demands in areas like food safety and quality. RDAR met producers' needs through project application partnerships among producers, public and private parties, and initiating calls for research proposals in response to critical and emergent needs, such as the 2021 drought. As of March 31, 2022, RDAR has made over \$46 million in project commitments, many of which span multiple years. This investment is leveraged to a total project value of \$62.4 million.

RDAR has implemented a rigorous and transparent process for scrutinizing and awarding requests for research and extension funding. This includes a team of 116 expert reviewers from academia, national agencies, private sector and the primary agricultural sector to review applications, as well as establishing a transparent accountability matrix for approving grants.

In 2021-22, RDAR also finalized its 2022-27 Strategic Framework that measures new outcomes associated with four revised research priority areas to improve the competitive advantage of Alberta's producers:

- Profitability and Competitiveness - generate direct economic benefit throughout the value chain, and incrementally add value to agri-food products and exports;
- Sustainability - foster a self-sufficient, resilient industry, and on-farm adoption of research and Beneficial Management Practices that benefit the environment and support customer demands;
- Partnership and Results - advance transdisciplinary producer, private, public partnerships (T4P) for impact, and drive results from innovation with a balanced investment portfolio; and
- Exemplary Governance - effective management of research portfolio, and govern with a commitment to transparency and integrity.

RDAR has met contractual requirements required by the ministry, including development of performance metrics, maintaining administration expenses at less than eight per cent of total annual expenses, and completing a joint Communications Plan. RDAR was also able to invest the maximum amount of CAP funding available despite short timeframes for project completion. Due to the multi-year nature of many agriculture research projects, measures of economic returns were not yet available in 2021-22.

RDAR 2021-22 Priorities

- Enhanced productivity, profitability and competitiveness.
- Sustainable and responsible agricultural production.
- Market demands: food safety, quality, value-added products and diversification.
- Extension and knowledge transfer.

Agri-food Product Development

The ministry combines a unique blend of expertise, specialized facilities, product and process development, processing, food business incubation, and business services to foster growth and diversification in the agri-food sector. This includes:

- Agrivalve Processing Business Incubator (APBI) - a multi-tenant, CFIA-licensed facility assisting food processors' scale up and commercialization of new products and technologies. The Leduc facilities offer agri-processing space and equipment to break down pulses and hemp crops into proteins, oils, starches and fibres that can be used to develop new and innovative plant-based food products.
- Food Processing Development Centre (FPDC) - a fully equipped, product development, culinary laboratory and pilot plant facility in Leduc operating under the same CFIA licence as APBI to develop value-added food products, food processes and applied research from crops and livestock products.
- Bio-Processing Innovation Centre (BPIC) - a Health Canada approved site for natural and non-prescription health products, the only government facility of its kind in Canada to have this designation. This Edmonton facility also provides laboratory services.

The FPDC held 85 service agreements with industry across a spectrum of protein ingredient, product development, extraction and testing services. These agreements support agri-food industry competitiveness, productivity, profitability and enhance value-added opportunities that address market demands. A sample of product and process development supports include sugar beet green leaf protein extraction process development, cricket protein extraction, and plant-based, protein-enhanced foods, oat-based beverage powder and soy-based products.

Companies were also supported in expanding their range of food ingredients and retail products such as lupin proteins and texturized plant-based products for North American markets. In 2021-22, the ministry supported the development and introduction to market of seven new products

through the Bio-Processing Innovation Center's 37 agreements with industry, including decorticated hemp fibre, biocarbon-based industrial products, and a variety of self-care products.

Since its inception in 2007, the APBI has leased space to 13 companies that have invested more than \$80 million in equipment and facilities in the province, and created more than 400 jobs.

Access to Capital

In 2021-22, AFSC lending services directly lent \$536 million to eligible primary agriculture, agribusinesses, and value-added agri-processors, resulting in a total leveraged investment of \$590 million in agriculture related business ventures across the province. To support new opportunities in the province, improve reliability of cash flow, and optimize working capital, AFSC has provided more than \$4 billion in loans to producers and agribusinesses since 2014 through loan programs including the Next Generation Loan Program, Developing Producer Loan Program, Alberta Producer Loan Program, Revolving Loan Program, and the Agribusiness Loan Program.

Actions that Support the Priorities of the Government of Alberta Strategic Plan

Key Priority Two:

Protecting livelihoods

Objective One:

Building on our province's strengths by growing key and emerging sectors, and ensuring greater pipeline access

Action:

Increase the Agriculture Financial Services Corporation (AFSC) borrowing limit to \$3.6 billion by 2024 to ensure primary producers, agribusinesses, and value-added agri-processors have reliable access to capital.

Results:

- AFSC's borrowing limit remained at \$2.8 billion for 2021-22 due to lending volumes and loan repayments.
- By 2024, the AFSC borrowing limit will increase to \$3.6 billion to ensure primary producers, agribusinesses, and value-added agri-processors have reliable access to capital.
- In 2021-22, AFSC lending services directly lent \$536 million to eligible primary agriculture, agribusinesses, and value-added agri-processors, resulting in a total leveraged investment of \$590 million in agriculture related business ventures across the province. This was a decrease compared to record highs of \$654 million in direct lending and \$772 million in total leveraged investment in 2020-21. The decrease is attributed to limited in-person contact with clients due to COVID-19, despite increased use of virtual meetings. Many producers were also impacted by severe drought and heat conditions which factored into their borrowing decisions.
- 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.

This key objective aims to provide the forest industry with the secure access to wood fibre necessary to maintain the health of the industry, create jobs and contribute to Alberta's economic recovery. Activities under this key objective link to the ministry's Forest Jobs Action Plan. They include negotiating new long-term forest management plans, maximizing the use of already allocated timber and fostering growth in the value-added forest products sector.

Forest Tenure

In 2021-22, the ministry approved one new Forest Management Agreement (FMA) and renewed two others. These agreements provide companies with 20-year rights to grow, harvest and remove timber. The agreements also commit companies to operate in accordance with Alberta's sustainable forest management practices.

In addition to long-term, renewable, FMAs, the ministry also used open, competitive processes to allocate 70,000 cubic metres of previously unallocated fibre in 2021-22. This was achieved through timber quotas and permits. To maximize fibre access, the ministry also developed and released the Impacts of Wildfire-Burned Areas on Annual Allowable Cuts Directive to enable the prompt return of areas disturbed by wildfire to the contributing landbase, which increases access to fibre without administrative delays.

Alberta's forest companies continued to have steady access to sustainably-sourced Crown timber and were able to meet market demands in 2021-22 despite curtailments to mill operations due to COVID-19. The forest sector also undertook a level of capital and repair expenditures consistent with previous years, indicating confidence in Alberta's ability to sustain and grow wood, pulp and paper manufacturing activities.

The ministry encouraged forest companies to maximize use of their allocated fibre in previously unharvested areas, and to set harvesting timelines. Setting timelines ensures that Albertans are getting value for their resources. Two Forest Management Plans that describe fibre allocation timing were approved in 2021-22, with another four under development.

The forest sector is the province's third-largest resource sector with approximately 773 businesses that support the economic potential and growth of communities across Alberta.

Improved Use of Allocated Fibre

Primary solid wood products examples include lumber, veneer, plywood and engineered wood products, oriented strand board and paper. Value-added timber-based products are created through the secondary manufacturing of primary solid wood products, including millwork such as shelving and doors, furniture, mobile home components, paper bags, and stationery products.

Following virtual engagement and surveys targeting 210 companies and five associations in the summer and fall of 2021, the ministry provided a grant of \$2 million to Alberta Forest Products Association in October 2021 to support initiatives aimed at growing the value-added industry.

The ministry continued to develop the Alberta Value-Added Wood Manufacturing Program with Alberta Wood *WORKS!* and intends to approve annual work plans to ensure alignment with the priority to grow secondary wood manufacturing capacity and sales.

In 2021-22 primary forest product exports totaled \$5.8 billion, and value-added timber-based product exports totaled \$191 million. The value of primary wood product exports grew by 49 per cent, and value-added wood product export value grew by 71 percent compared to 2020. Increased sales of lumber and panels, and prefabricated wooden home exports contributed to these increases.

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

The Agri-food Sector Investment and Growth Strategy aims to attract \$1.4 billion in investments and create 2,000 jobs in the agri-food sector by 2023. It also seeks to increase Alberta's agri-food exports and to further diversify the industry by exploring opportunities in emerging sectors.

Investment Attraction

In 2021-22, AFRED continued to collaborate with Invest Alberta Corporation to market and promote Alberta as an investment destination while providing a single window, concierge approach to potential investors.

The China Plant Protein business-to-business event connected seven Alberta plant protein companies virtually with potential Chinese investors and buyers through a collaboration between the ministry and the Alberta Beijing Office. The ministry also positioned Alberta's companies to meet the growing demand for plant protein products through a virtual promotional event in partnership with the Canadian Trade Commissioner in Taiwan.

The ministry also continued to integrate agriculture-focused staff in the AIOs to support investment attraction, generate business leads and profile Alberta as an attractive destination to do agri-business. During 2021-22, two agriculture-focused staff were added to the Mexico City and Minneapolis offices.

In 2021-22, an Ontario-based snack producer invested \$50 million in a new state-of-the-art potato chips facility that will generate more than 100 jobs in the City of Airdrie. This investment was the result of the ministry's concierge approach, which included working with Airdrie Economic Development to land this investment by providing investment facilitation, introduction to input suppliers, and assistance to navigate provincial and municipal approval processes.

Value-Added Product Development

Product development and commercialization activities stimulate capital investment, innovation, and job creation across the supply chain, which helps ensure the value-added sector remains competitive and can effectively access local and global markets. The ministry's focus adds value to our commodities in Alberta rather than exporting bulk commodities.

Value-added products include food, beverage, bio-industrial products, and new crop varieties. Relevant grants administered in 2021-22 included the CAP On-Farm Value-Added, Value-Added and Emerging Opportunities Programs.

More than 50 agri-food and bio-industrial processors accessed CAP Growth and Value-Added grant funding to assist with product development and commercialization activities such as product formulation, shelf-life analysis, package design, and marketing. Grant support was available for a range of different sectors, including but not limited to canola processing, pork industry, plant protein, hemp processing, malt industry and ready-to-eat food manufacturing.

In 2021-22, a British Columbia-based company confirmed a new \$72 million hemp processing facility in Vegreville. As part of the venture, this company will transform hemp fibre into natural fibre composites in Alberta for further manufacturing. The facility will create demand for 54,000 tonnes of hemp biomass per year, adding \$270 million in additional farm income over 25 years.

By purchasing and processing hemp in Alberta, the project will also create more than 70 new high-value manufacturing jobs and promote rural economic development. The ministry provided investment concierge services including site location assistance and connections to key supply chain players, funders and financial firms, in addition to providing grant support.

The ministry's processing services support companies to manage risk as they introduce new products to market during transition to a new or expanding facility, or access to space or services at the four ministry facilities. The APBI provides federally-inspected food processing space to support those interested in entering the food processing industry by lowering their up-front capital costs by not having to build expensive food-grade buildings. In 2021-22, the ministry had discussions with four parties interested in processing plant material for protein extraction, and will continue to support emerging agri-processing demand.

COVID-19 resulted in travel restrictions that prevented some industry clients from using on-site product development services and equipment, which have affected project progress. In addition, the travel restrictions significantly reduced the number of facility tours provided to potential facility users and stakeholders, while supply chain disruptions impacted on industry's market readiness for new products that were developed. A comprehensive food processing COVID-19 prevention and response plan was developed to address exposure risks at the FPDC and APBI, reflecting the essential service nature of food production.

The ministry also continued to adapt to COVID-19 impacts on industry growth by encouraging value-added production capacity that increases market readiness potential through applied research. This research encouraged new products and innovative processing technologies to meet market demands, such as accelerated production of shelf-stable, dry-cured pork products. COVID-19 related supply chain disruptions slowed food and bio-processing product launches that relied on the ministry's agri-food development and processing scientific expertise, specialized facilities to support business incubation, and related grants. The ministry overcame these challenges, as summarized under Performance Measure 1.a. below.

Actions that Support the Priorities of the Government of Alberta Strategic Plan

Key Priority Two:

Protecting livelihoods

Objective One:

Building on our province's strengths by growing key and emerging sectors, and ensuring greater pipeline access

Action:

Ensure long-term access to a sustainable and secure fibre supply by implementing the Forest Jobs Action Plan, and attract investment and increase value-added product development to support the Agri-food Sector Investment and Growth Strategy

Results:

- In 2021-22, the ministry enabled \$597 million in agriculture and agri-processing sector investments through 92 projects. This investment is expected to lead to the creation of 870 jobs.
- 340 new value-added agriculture products were developed and successfully introduced to Canadian and North American markets with ministry assistance.
- The ministry supported diversification to meet market demands through 23 interim bio-processing and 62 product development and analysis service agreements and increased value-added product availability including ethnic dishes, haskap berry products, condiments, healthier wheat flour, herbal drinks, and beer, allows Alberta to retain a larger portion of revenues and economic benefits from global agri-food trade rather than relying on fluctuating primary agricultural commodity export demand.
- The ministry allocated some 70,000 cubic metres of previously-unallocated fibre to industry in 2021-22. Cross-ministry land use planning prioritized industry support for economic recovery through fibre allocation.
- A Request For Proposal for a five-year timber permit in a previously unallocated area around Whitecourt is also underway. The successful applicant will gain access to up to 500,000 cubic metres of timber. Increased wood fibre offers the forest industry access to the resources they need to continue production and protect jobs.

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.

	Prior Years' Results				2021-22 Target	2021-22 Actual
	2017-18	2018-19	2019-20	2020-21		
Cumulative Investment Enabled (\$ millions)	n/a	n/a	527	886	633	1,483
Cumulative Jobs created	n/a	n/a	981	2,128	927	2,998

Source: Agriculture, Forestry and Rural Economic Development

Note: Results and targets are presented in cumulative format. Results for 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 assistance being provided by the ministry, excluding construction, temporary or contract positions. Job creation represents the total creation, including both jobs that have been created and the expected 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 recovery. 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 2022, the ministry facilitated the investment of \$1.48 billion in agri-food sector investments, meeting the four-year target in three years. These investments will result in the creation of 2,998 new, permanent jobs. The job creation target of 2,000 jobs was met two years in advance. The 2021-22 results for investment and job creation are significantly higher than the corresponding targets for 2021-22 due to:

- The ministry is allocating additional resources to prioritize the implementation of the Agri-food Sector Investment and Growth Strategy contributing to the accelerated achievement of results; and
- Investment and job creation results being highly impacted by a small number of investments. From 2019 to 2022, the top 10 investments (five per cent of investments) accounted for \$825 million in investments (69 per cent of the cumulative results), and 1,439 jobs (48 per cent of the cumulative results).

Timing differences required to attract large multi-year investment projects may cause short-term fluctuations in results, which can vary from year to year. Targets will be reviewed and revised for the 2023-26 ministry Business Plan based on trends in the actual results.

Performance Measure 1.b:

Value of Alberta's primary agriculture commodities and value-added agriculture products exports (\$ millions)

	Prior Years' Results				Target 2021	Actual 2021
	2017	2018	2019	2020		
Primary Agriculture Commodities	6,141	5,808	5,272	6,325	6,088	5,866
Value-Added Agriculture Products	5,584	6,074	6,372	6,683	7,497	8,246

Source: Statistics Canada; Agriculture, Forestry and Rural Economic Development (Results current as of May 10, 2022).

Note: 2020 primary agriculture commodities result revised from 5,757 to 6,325; value-added products revised from 6,669 to 6,683. Statistics Canada periodically revises historical data.

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 raw canola into canola oil or turning cattle into beef.

Rationale: Diversification of export products contributes to industry growth and the provincial economy. The agri-processing sector also strengthens a diverse range of 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 2021, Alberta's total agri-food exports set a second consecutive record high at \$14.1 billion, with processed agricultural products accounting for 58.4 per cent of the total. Exports of value-added agriculture products increased in 2021 (up 23.4 per cent to \$8.2 billion), while primary commodity exports fell (down 7.3 per cent to \$5.9 billion). The increase in value-added products far surpassed the decrease in primary commodity exports, causing the overall increase in total agri-food exports.

The \$5.9 billion in actual revenues from primary commodity exports is 3.6 per cent lower than the target of \$6.1 billion and 7.3 per cent lower than the previous calendar year. The decline from 2020 was largely the result of the lower value and quantity for exports of pulse crops (dry peas, lentils and dry beans), live cattle and other oilseeds.

The \$8.2 billion in revenues from value-added product exports is 23.4 per cent higher than the previous calendar year due to substantial increases in value for beef, canola oil (crude and refined), oilseed cake and meal, processed potatoes and prepared animal feeds.

Overall, in 2021, there has been a shift towards an increase in value-added exports (58.4 per cent) versus primary commodities (41.6 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, including changes in crop and livestock production and yield, fluctuations in international commodity prices, transportation delays, and the continuing global pandemic. 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 to as high as 23.9 per cent for primary agriculture commodities, and as low as -0.8 per cent and as high as 23.4 per cent for value-added.

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

The ministry aims to contribute to Alberta’s economic growth by building an attractive, business-friendly environment that supports the agriculture and forest sectors. Emphasis is placed on removing barriers through red tape reduction, timely and relevant business risk management tools and capital for agricultural producers. The ministry also invests in irrigation and utilities development, upgrades and expansion that increase the sectors’ production and processing capacity. To make progress toward achieving this outcome, the ministry also delivers rural programs and initiatives that support socioeconomic resiliency.

In 2021-22, the ministry identified two key initiatives that helped make progress toward strengthening our competitive business environment:

- Irrigation rehabilitation and expansion through cost-shared investment in irrigation district water conveyance infrastructure.
- AgriInsurance is delivered as part of the suite of Business Risk Management programs.

Key Objectives

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

This key objective builds and maintains business operating environment that support Alberta’s agriculture and forest sectors by cutting red tape to reduce the costs of doing business, streamline service delivery and administrative processes and focus regulation on outcomes.

In 2021-22, the ministry exceeded the Government of Alberta’s annual target reduction of 20 per cent. As of March 31, 2022, the ministry had reduced its red tape by 37.4 per cent.

Red tape reduction initiatives undertaken in 2021-22 aligned with stakeholder input gathered from industry panel discussions and priority submissions, on alberta.ca and through the ministry’s ongoing engagement with industry and Albertans. These initiatives supported economic growth by breaking down barriers and helping to create a business-friendly environment, while maintaining regulatory oversight, that allows the agriculture and forest sectors to thrive. Highlights included:

- A modernization of Alberta’s CAP programs, launched in June 2021, simplified the grant application process and accelerated ministry response times, allowing industry to get smoother and quicker access to grants they need to grow, manage and diversify their operations. The total number of programs was consolidated from 16 to nine and requirements were reduced by 3,274 or 61 per cent from the baseline count.

AFSC Service Streamlined

- Direct Deposit became available to get money into the hands of more than 8,000 producers faster, including AgriRecovery payments.
- Approximately 31 per cent of producers took advantage of an advance payment of their claim prior to adjusting services coming out.
- Online secure chat with AFSC exponentially increased since its launch in 2019, with total chats moving from zero in 2019 to 17,871 in 2021-22.
- Overall clients' online usage of AFSC 24/7 services grew from 8,700 in 2019 to 45,000 in 2022.

- The Meat Inspection Regulation (MIR) was amended in December 2021 to allow four co-owners to share large animals slaughtered under an on-farm slaughter operation licence. This created a new business opportunity for producers and enabled more Albertans to access local beef, bison, elk and meat from other cervids. The MIR was also amended to take an outcome-based approach to slaughter facility and mobile abattoir regulatory compliance requirements. This made the approval of slaughter licences quicker and enabled companies to increase their production.
- AFSC continued to improve its Business Risk Management (BRM) services and processes by implementing digital solutions. This includes accepting electronic signatures and introducing AutoPay to reduce processing times for simple claims.
- Work continues after the *Marketing of Agricultural Products Act* (MAPA) was amended in 2020 to provide bylaw-making authority to Marketing Boards and Commissions (MBCs). Shifting to a bylaws structure allows each MBC to take more ownership over its internal governance, while providing a more nimble process to make any future changes. The department completed implementation for the first three MBCs in February 2022. The remaining MBCs will go through implementation over the course of the next three fiscal years.
- The ministry introduced a number of initiatives for the forest industry, including:
 - Introducing an updated enforcement framework that increases transparency and consistency;
 - Updating provincial scaling standards to update processes for measuring timber harvest volume and value, while reducing duplicative data requirements;
 - Streamlining the Timber Harvest Planning and Operating Ground Rules to reduce approval times and increase efficiency while maintaining oversight of industrial activities; and
 - Creating a standard FMA template of common clauses in forest management agreements. This template will streamline the renewal process and support sustainable forest management practices.

Performance Measure 2.a:

Percentage net reduction in regulatory requirements faced by the agriculture and forest sectors.

Prior Years' Results				2021-22 Target	2021-22 Actual
2017-18	2018-19	2019-20	2020-21		
n/a	n/a	8.2%	12.1%	20%	37.4%

Source: Agriculture, Forestry and Rural Economic Development

Note: Results and targets are presented in cumulative format. This performance measure was introduced in 2019-20 and all results from prior years are reported as not applicable.

Description: The measure tracks the net reduction in red tape faced by the agriculture and forest sectors, for which Agriculture, Forestry and Rural Economic Development 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 or provide information to access government services or programs, carry out business, or pursue legislated privileges. Regulation is any rule endorsed by government where there is an expectation of

compliance. It includes legislation, regulations, quasi-regulations, and any other aspect of government or regulator behaviour that can influence or compel specific behaviour 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 2022, the ministry completed targeted red tape initiatives that resulted in net reduction of red tape count faced by the agriculture and forest sectors by 22,588 out of 60,419. This represents a reduction of red tape count by 37.4 per cent, exceeding the target for 2021-22 by more than 17 per cent, representing the third consecutive year the ministry has met or exceeded its targets. With this result, the ministry has exceeded government-wide performance expectations in reducing red tape by 33 per cent by 4.4 per cent one year ahead of schedule. This can be largely attributed to two significant initiatives:

- Continued improvement and modernization of Canadian Agricultural Partnership programs, which accounted for about 21 per cent of the 2021-22 result; and
- Major red tape projects involving the Forest Management Agreement Policy and streamlining/amalgamating forestry's Operating Ground Rules that resulted in a red tape count reduction of 9,706 or 63 per cent of the 2021-22 result.

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

This key objective supports the agricultural economy by providing insurance coverage to Alberta producers to assist in managing the risks associated with livestock and crop production. The support provided to producers in 2021-22 confirmed that BRM tools play a key role in farm income sustainability and overall farm health.

Across the province soil moisture reserves were depleted due to the 2021 drought, leaving crops vulnerable during critical growth stages, resulting in sparse plant growth that reduced yields and caused significant crop and forage production losses across Alberta. Livestock producers faced feed and forage shortages, as well as lack of water for livestock. Dry, hot weather brought grasshoppers, adding to adverse conditions.

Alberta's existing suite of BRM programs responded as designed and helped producers manage the financial impacts of weather-related challenges. Indemnities paid in 2021-22 were primarily a result of the varied growing conditions, drought, excess moisture, hail, and the in-year increase in commodity prices.

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 to support recovery from small income shortfalls such as mitigating effects of weather-based disasters, or make investments to reduce on-farm risks. An estimated \$52 million has been deposited by the governments, with the government of Canada at 60 per cent and the government of Alberta at 40 per cent, as of March 31, 2022 for the 2020 program year.

AgriStability is an individual, whole-farm, margin-based program that helps producers experiencing large margin declines. The AgriStability enrolment deadline for the 2021 program year was extended to June 30, allowing 322 additional producers more time to sign up and manage the impacts of market disruptions, production challenges and higher expenses. As of March 31, 2022, \$1.5 million was paid for the 2021 program year. In March 2021, Canada's Federal Provincial Territorial (FPT) Ministers of Agriculture agreed to remove the Reference Margin Limit (RML) from AgriStability for 2021 and 2022. As of February 2022, the forecasted cost for Alberta to remove the RML is \$9.28 million. This change is likely to increase coverage for about half of program participants including livestock producers, crop and forage producers, beekeepers and mixed farmers, and make AgriStability easier to use.

Throughout 2021-22, AFSC introduced three significant improvements for AgriStability clients:

- **Auto Pay:** AFSC continued to improve its auto pay capabilities to process routine claims based on set criteria, freeing up verifiers to focus efforts on complex claims.
- **AFSC Connect** added convenience and flexibility for producers to file their application and information online 24/7.
- **Claim Triage:** AFSC utilized claim triage enhancement within systems to group files based on the complexity allowing more efficient workflow and service delivery.

AgriInsurance helps producers experiencing production declines in annual or perennial crops caused by natural hazards. In January 2021, AFSC announced a one-time 20 per cent premium discount for AgriInsurance clients funded by the program's reserve fund. The premium reduction saved producers more than \$55 million on their crop insurance premiums in 2021. A farmer with 2,000 insured acres saved an average \$8,000 in premiums. There was a five per cent increase in AgriInsurance participation as a result of the discount, and more producers wanting stable income. Although favourable growing conditions over the last decade have resulted in a strong crop insurance reserve fund, to prevent fund depletion after incurring record indemnities from the 2021 drought, a premium discount will not be offered for the 2022 crop year.

In the 2021 calendar year, AFSC covered 16.2 million out of the estimated 21.2 million seeded acres for annual crops (77 per cent) and 7.5 million out of the estimated 25.1 million seeded acres (30 per cent) of perennial crops. Continued high participation compared to other provinces suggests AFSC programs are considered relevant and useful to help producers to achieve the agricultural sector's full potential. In 2021-22, \$347.4 million was allocated to AgriInsurance, and AFSC has paid out more than \$2.4 billion for the 2021 crop year as at March 31, 2022, the highest in AFSC's 80-year history, to provide financial relief and stability to producers.

AgriRecovery is a disaster response framework to help producers recover extraordinary costs. The ministry worked with its federal counterpart to develop a joint Canada-Alberta Livestock Feed (CALFA) initiative with a budget of \$400 million. Launched in August 2021, the program covers the extraordinary costs not covered by existing business risk management programs, such as those incurred due to feed shortages stemming from extreme drought conditions. As of March 31, 2022, AFSC processed more than 25,000 applications, disbursing about \$352 million for Phase 1 and 2 of CALFA, covering about two million animals. AgriRecovery also provided beekeepers with \$1.9 million due to drought-caused low forage availability across the province.

Livestock Price Insurance (LPI) is a risk-management tool in British Columbia, Alberta, Saskatchewan and Manitoba, which allows producers to purchase price protection on cattle and hogs in the form of an insurance policy. LPI experienced a decline in participation as a result of drought across western Canada. The LPI – Calf program permanently extended its deadline to purchase insurance into June and began offering settlements in January and February to provide livestock producers with additional time to conduct their livestock insurance business.

While the current range of BRM programs worked well to support producers in reducing agricultural production risks, the ministry is engaged in BRM discussions as part of on-going negotiations on Canada's Next Policy Framework and is focused on negotiating program administrative and parameter improvements that address equity between sectors and make the program easier for clients to participate in.

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

This key objective aims to improve the sustainable use of water resources for agriculture production through irrigation infrastructure replacement, rehabilitation, and expansion in support Alberta's economic recovery plan.

The *Irrigation Districts Act* was amended and received Royal Assent on April 22, 2021, enabling Alberta's government, Canada Investment Bank (CIB) and irrigation districts to jointly invest in irrigation infrastructure and increase water storage capacity, with the ministry contributing 30 per cent. In November 2021, two additional irrigation districts joined the existing agreement, resulting in the overall increased total investment of \$932.7 million. Government of Alberta will commit \$279.8 million, \$35.3 million over and above the \$244.5 million Alberta had already committed for 2021 to 2028. This agreement is expected to expand irrigated acres by up to 230,000 acres and may create up to 1,460 construction jobs and up to 7,400 permanent jobs, adding more than \$480 million of annual provincial gross domestic product. As part of the largest one-time investment in irrigation in Alberta's history, these projects are expected to expand primary agricultural production, and in turn support a diversified value-added processing industry. Irrigation supported about 46,000 jobs in 2021.

The ministry also continued to fund irrigation rehabilitation projects, through the Irrigation Rehabilitation Program (IRP). The IRP is a cost-shared between the provincial government (75 per cent) to rehabilitate water conveyance infrastructure owned and managed by Alberta's 13 irrigation districts. In 2021-22, the ministry allocated \$12 million through IRP, a \$2 million increase over the prior year. This funding will accelerate water efficiency improvements and help irrigation districts plan for the future. In 2021-22, IRP funding supported nine rehabilitation projects, including pipeline projects, structure replacement, and canal rehabilitation projects. Approximately 45 kilometres of open canals were converted to pipeline in 2021. Irrigation infrastructure managed and delivered water to about 1.5 million acres, provided water for about 60 per cent of Alberta's feeder cattle, water for about 50 towns and villages, generated about 35 megawatts of hydropower for industrial, commercial and recreation uses, and supported about 80,000 acres of aquatic wildlife habitat and wetlands.

The latest survey data from the 2020 irrigation season (May to September) in Alberta's 13 irrigation districts shows 81 per cent of irrigated agricultural farm lands within the 13 irrigation districts were under efficient irrigation, mostly through use of low-pressure centre-pivot systems that enable water delivery to crop roots with minimum water loss. The upward trend over the past nine years is due in part to grants the ministry provided to producers to purchase more efficient on-farm irrigations systems such as low-pressure pivot systems.

The ministry continued to use CAP water programs to provide financial assistance to support 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 (BMPs).

Actions that Support the Priorities of the Government of Alberta Strategic Plan

Key Priority Two:

Protecting livelihoods

Objective Four:

Building public infrastructure

Action:

Invest \$244.5 million over seven years on irrigation expansion projects to ensure that Alberta's irrigation systems are efficient and contribute to Alberta's economic growth and recovery.

Results:

- Alberta's government, the Canada Infrastructure Bank (CIB) and eight irrigation districts, initially agreed to invest \$815 million over seven years to modernize irrigation infrastructure and increase water storage capacity. The Irrigation Modernization Project agreement expanded to include ten irrigation districts to increase competitiveness through irrigation efficiencies in a \$932.7 million investment with CIB contributing 50 per cent, Government of Alberta 30 per cent (\$279.8 million) and the irrigation districts 20 per cent. The improved agreement is expected to increase irrigated acres by up to 230,000, adding more than 15 per cent to the 1.47 million irrigated acres in 2021.
- The projects under this program include increased storage capacity (4 projects) and modernization of irrigation conveyance works (93 projects). The modernization projects include replacement of irrigation canals with pipelines, rehabilitation of structures, and upgrades to gates and controls.
- Alberta provided grant funding of \$43.1 million for projects active in 2021-22, including four reservoir and 56 modernization projects.
- These water storage and irrigation modernization projects that expand irrigated areas will supplement natural precipitation to support increased, consistent crop growth and yields for the same amount of irrigation water.

The following table represents the 2021-22 actual expenditures for irrigation projects support provided to producers:

Irrigation Infrastructure Support (excluding CAP Water Program) Business Plan 2021-24 Outcome 2	2021-22 Actual (\$ millions)
Irrigation Rehabilitation Capital Grants Total	\$12.0
Irrigating Alberta Infrastructure Investment grant	\$43.1
Total	\$55.1

2.4 Support socioeconomic development in rural Alberta by maintaining and enhancing rural infrastructure.

This key objective focuses on the ministry's programs and services that make Alberta's rural communities good places to live, work and invest. The key objective aims to support producers, agri-

businesses, the forest industry and rural residents achieve their full economic potential through infrastructure improvements that decrease the cost of natural gas and electric service installations and upgrades.

On November 5, 2021, responsibility for rural economic development transitioned from Jobs, Economy and Innovation (JEI) to Agriculture, Forestry and Rural Economic Development. AFRED is uniquely positioned to understand the needs and opportunities in rural Alberta and strives to integrate rural perspectives into all its policy initiatives and programs.

Rural Gas Program

Funding provided under the Rural Gas Program supports distribution system expansion and the ongoing maintenance, upgrade, and repair to Alberta's natural gas distribution system to ensure the overall safety of people and property in accordance with legislative and industry standards. The ministry administers the program to expand and update natural gas infrastructure throughout rural Alberta to meet demand for increased long-term affordability in utilities and upgrading of aging infrastructure. These activities ensure necessary volumes of natural gas are made available through existing pipelines, and support rural Alberta's needs for new utility services, especially in areas not currently serviced by natural gas.

In 2021-22, \$5.2 million was invested in the Rural Gas Program. This included a \$2.45 million funding increase expected to alleviate a historical 30 per cent program oversubscription, support distribution system expansion, maintenance, and upgrades.

The Northern Lights Gas Co-op Ltd. received \$16.2 million during 2021-22 to support construction of about 100 kilometres of new transmission supply pipeline from the Wolverine Meter Station to the co-op distribution system in rural Mackenzie County near La Crete. The Mackenzie Transmission Pipeline was completed in March 2022 and is anticipated to alleviate gas shortages throughout northwestern Alberta that have resulted in local states of emergency in past winter periods. The pipeline will support economic growth throughout the region and contribute to Alberta's economic recovery. The region's economic potential had been limited in part due to the lack of a reliable source of natural gas.

The most current data available is for 2020-21, during which the ministry provided a grant for almost \$4.7 million under the Rural Gas Program to the Federation of Alberta Gas Co-ops Ltd. This grant supported the construction and upgrading of more than 950 services and more than 740 kilometres of distribution pipeline. Similarly, grants to the ATCO and Apex Utilities rural gas programs helped offset the construction cost of about 330 new services and 90 kilometres of distribution pipeline. 2021-22 data will be released in the 2022-23 ministry annual report.

Rural Electric Program

The Rural Electric Program supports the construction of new electricity service infrastructure, such as poles, wires and transformers to farms and rural properties throughout Alberta. The program provides partial equity with other Albertans living in urban areas and with western provinces that benefit from lower hook-up costs and power rates sponsored by their governments through Crown corporations. \$0.7 million was provided to the Alberta Federation of Rural Electrification Associations to reimburse Albertans for eligible projects.

The most current data available shows 127 grants were provided to 117 rural Albertans totaling \$524,473 to construct new electricity services to their farms and rural properties in 2020-21. 2021-22 data will be released in the 2022-23 ministry annual report.

In 2021-22, the ministry also consulted with the Alberta Federation of Rural Electrification Associations, individual operating and self-operating REAs, Investor-Owned Utilities and the Alberta Utilities Commission on ways to enhance REA sustainability through legislative and regulatory changes. These changes to the rural electricity distribution system are also support Alberta’s economic growth and create jobs by ensuring rural Alberta businesses and employers have reliable access to affordable utilities.

In May 2022, the ministry brought forward amendments to the *Rural Utilities Act* to enhance opportunities for rural Albertans and ensure the continued long-term viability and sustainability of Alberta’s rural electric services by making it easier for utility providers to do business, diversify and make good decisions for their members.

Remote Area Heating Allowance Rebate

RAHA is a rebate program that improves the affordability of propane or heating oil for Albertans living in remote areas where natural gas is not available or where infrastructure construction is not economically feasible. Eligible applicants for RAHA include primary residential, commercial operations, non-profit, and grain dryers. RAHA beneficiaries receive variable rebates depending on propane or heating oil prices, home heating requirements in years with cold winter periods, and wet harvest years requiring additional grain drying. About 1,800 applications were received for 2021-22, of which more than 1,300 eligible claims have already been paid more than \$748,000, with an average payment of more than \$564 as of March 31, 2022.

The following table represents 2021-22 actual expenditures for key grant programs administered by the ministry under this key objective:

Rural Socioeconomic Supports Business Plan 2021-24 Outcome 2	2021-22 Actuals (\$ millions)
Rural Gas and Rural Electric capital programs	\$22.0
Remote Area Heating Allowance (RAHA)	\$0.7
Agricultural Society Grant program	\$11.4
4-H Alberta	\$1.0
Total	\$35.1

Note: \$22 million includes the Northern Lights Gas Co-op grant of \$16.2 million. RAHA actual to March 31, 2022.

Rural Life Enhancement

The Agricultural Societies Grant encourages improvements in agriculture and enhances quality of life by developing educational programs, events and services based on the needs of individual communities. In 2021-22, the pandemic continued to make it difficult for societies to host their usual programs and events communities.

Prior to COVID 19, Agriculture Societies received a base grant and partial reimbursement for eligible activities in the previous year. With so many activities curtailed during the pandemic, the ministry adjusted the funding formula for 2021 to be based on the societies’ five year averages. In 2021-22, \$11.4 million in grants were awarded to Alberta’s 290 Agricultural Societies.

The ministry also invested \$18 million, towards a \$27.8 million grant approved in 2020-21 to help cover to a renewal and major expansion of Exhibition Park in Lethbridge. This facility will highlight Lethbridge as a high-quality agricultural region and support Alberta’s value-added food sector by

adding more than 10 times the space for food production and capacity to host up to 7,000 attendees. The new facility is anticipated to reduce annual greenhouse gas emissions by as much as 66 per cent compared to the existing facilities it will replace.

In 2021-22, the ministry also supported rural community vibrancy and capacity-building through:

- \$1 million provided to 4-H Alberta to support more than 4,500 members at 284 locations across Alberta to modernize and enhance programs so rural youth gain lifelong skills related to agri-food and high-quality food development;
- \$0.1 million allocated to support the continued success of Open Farm Days which enabled 12,455 visits to 106 local farms. Visitors were provided pandemic-friendly recreational experiences to learn where their food comes from. Participating local farmers and agri-food entrepreneurs provided on-farm demonstrations marketed locally grown and produced products directly to consumers.
- Recognition of 70 farm families for their leadership in the Alberta agriculture community with the Century Farm and Ranch Award. Four farms received 125 Year awards.

Rural Economic Development

In 2021-22, the Government of Alberta initiated work on a rural economic development plan to help create the conditions for ongoing economic success in rural communities. To help inform the plan, more than 1,000 stakeholders participated in the ministry's rural listening tour and 3,500 comments were received in 17 virtual engagement sessions between October and December 2021, and more than 900 survey responses. Stakeholder views sought through the regional sessions included municipal and business development officers, local business owners, local professionals and Chambers of Commerce, academic institutions, industry, and trade associations, and Indigenous peoples.

The information gathered is informing current and planned government policies, programs and services. A number of recent government actions around broadband, workforce strategies, healthcare supports in rural Alberta and infrastructure investment provide tangible examples of the importance of this work. Further engagement with rural stakeholders is planned in 2022 to help inform the development of a comprehensive plan that demonstrates government's commitment to Alberta's rural communities, and acknowledging the positive impact of these communities on the province's economy.

Actions that Support the Priorities of the Government of Alberta Strategic Plan

Key Priority Two:

Protecting livelihoods

Objective Four:

Building public infrastructure

Action:

Provide grant funding for rural utilities, including high-speed internet, and increase the Rural Gas Grant to support rural economies and rural utility planning.

Results:

In 2021-22, the ministry had several initiatives to defray the high cost of constructing, maintaining and expanding natural gas services so that farmers and other rural Albertans can access affordable natural gas utility services.

- The Rural Gas Program is focused on system expansion and upgrades to ensure continuous reliability of natural gas supply, and infrastructure safety and integrity. \$2.5 million in additional capital funding (totaling \$5.2 million) was spent by the Rural Gas Program to offset the construction and upgrading of more than 1,280 services and more than 830 kilometres of distribution pipeline.
- Northern Lights Gas Co-op Ltd. received \$16.2 million during 2021-22 to support construction of approximately 100 kilometres of new transmission supply pipeline to support economic growth throughout the region and contribute to Alberta's economic recovery.
- Rural Electric Program grant funding was maintained at \$700,000. The most current data available shows 127 grants were provided to 117 rural Albertans totalling \$524,473 to construct new electricity services to their farms and rural properties in 2020-21. 2021-22 data will be released in the 2022-23 ministry annual report.

Outcome Three: Robust assurance systems and effective resource management practices support agriculture and forest sector success and protect public safety.

This outcome improves systems designed to manage risks related to humans, animals and plants for which the ministry is accountable and has oversight responsibility, including wildfire prevention, response and recovery, forest health monitoring and stewardship, sustainable agriculture and forest production, and regulations and systems that support food safety and animal health and welfare.

Achieving this outcome involves protecting communities from the negative impacts of wildfire, and ensuring regulations and systems that support food safety, animal health, and public health are effective. Actions under this outcome also aim to help farmers, agri-producers and forest industries to use agriculture and forest resources sustainably and efficiently, and champion agriculture and forest sectors through capacity building and communicating the sectors' economic, social, and environmental value.

In 2021-22, the ministry's key initiative that helped make progress toward achieving responsible resource management was the Mountain Pine Beetle Program, which encompasses detection, monitoring, and control of mountain pine beetle populations across Alberta.

Key Objectives

3.1 Support primary producers' competitiveness through responsible resource management.

This key objective reflects targeted initiatives to help primary producers grow their business and contribute to Alberta's economic growth while minimizing environmental impacts and meeting the sustainability standards for domestic and international markets.

In 2021-22, the ministry continued to work with partners to safeguard Alberta's crop health status through monitoring, surveillance and policies that maintain markets and protect human health, and the economy. For example, the ministry invested \$8.6 million in grants to 69 municipal Agricultural Service Boards (ASBs) to support legislated activities under Alberta's *Weed Control Act*, *Soil Conservation Act*, *Agricultural Pest Act* and *Animal Health Act*. Inspectors managed about 48,000 weed infestations and controlled vegetation and weeds on about 120,000 kilometres of municipal roadways, and other agricultural corridors. ASBs also worked with the ministry to keep Alberta rat-free, control wild boar at-large and conducted critical surveillance for diseases and pests like potato wart and potato cyst nematode.

The ministry is also engaging partners and farmers to better understand the sectors' impact on the climate, and to explore practices and policies to help reduce greenhouse gas emissions. In 2021-22, more than \$1.17 million was allocated to the University of Calgary's Simpson Centre Carbon Program to support research on agricultural emissions and policy options. This two-year funding initiative aims to gain a better understanding of the industry and recommend actionable options. The Centre's 2021 Alberta Agriculture Carbon Report Card found Alberta's agricultural commodities score very well on an emissions intensity basis compared to other jurisdictions, and Alberta's beef greenhouse gas emissions per kilogram of retail beef are lower than the European Union, Australia, U.S. and Brazil. The study found in many cases where Alberta's higher greenhouse gas emissions were a simple reflection of the province's higher production.

Investing in Better Resource Management Practices

The ministry delivers several initiatives to encourage primary producers and agri-processors to adopt environmentally sustainable practices. Under the CAP Farm Efficiency theme, the ministry allocated \$9.6 million to fund 1,129 projects.

- More than \$2.5 million was provided to 193 CAP Farm Technology Program grant recipients across 214 grants during the first year of this pilot program. This new program incentivizes technology adoption to minimize agricultural waste and improve BMPs that reduce agriculture’s impact on natural resources.
- The Efficient Grain Handling Program was expanded to include handling and natural gas lines for grain dryers. More than 190 agricultural producers received 211 grants for \$2.8 million which are expected to lead to more efficient and effective grain drying systems that lower energy costs for producers.
- \$1.4 million in CAP grants were also awarded to 27 projects under the Environmental Sustainability and Climate Change theme. These projects support the implementation of BMPs that reduce the environmental footprint of agriculture in areas such as water quality, waste reduction, and increasing operational efficiency.

Two CAP Water Programs, on-farm irrigation systems and the on-farm water supply increased Alberta’s long-term environmental stewardship:

- \$2.8 million was provided to 272 irrigated farm producers across 380 grants to improve on-farm water efficiencies and associated energy efficiencies; and
- \$1.3 million was provided to 330 grant recipients to help them secure and manage water supplies during 2021’s drought conditions. The program supported new water source developments for livestock producers and helped them prepare for the new growing season by assessing their current supplies and implementing plans to mitigate future risks of water scarcity. All constructed wells were licensed through Environment and Parks and constructed to protect the new and broader shared water supply.

In 2021-22, RDAR collaborated with industry to fund 34 agricultural research projects on sustainable and responsible agricultural production practices. The research projects, designed to address industry needs and promote the use of sustainable practices, included wetland stewardship management practices are most effective in mitigating pesticide movement into aquatic ecosystems to help improve the health of wetland and maintain water quality. This three-year project is a collaboration between Alberta-based crop commissions, national regulatory bodies, Alberta-based laboratory services, environmental service consultants and private landowners.

The ministry also collaborated with partners to deliver 19 Environmental Farm Plan (EFP) workshops across Alberta. These workshops were attended by 152 producers, and 381 EFPs were completed. The cross-ministry Working Well Program also delivered 21 virtual workshops to 693 participants to continue providing well owners across Alberta with information and tools they need to manage their water wells and protect Alberta’s groundwater resources.

On-Farm Irrigation System Efficiencies

In 2021-22 CAP grants to help producers improve their irrigation resulted in:

- Increased sustainable production on 27,800 hectares.
- Annual water savings of more than 10 million cubic metres.
- Annual energy savings of more than 2.4 million kilowatt hours.
- \$2.8 million in grants leveraged \$27.4 million.

3.2 Develop and implement effective policies, grants, and innovative technologies for wildfire management.

This key objective reflects wildfire prevention, preparedness, and response activities. Alberta's approach to managing wildfire is based on assessed risk and prioritizes the protection of human life, communities, ecosystems, natural resources and infrastructure. The ministry also recognizes the vital role wildfire plays in forest health.

During the 2021 fire season, Alberta experienced some hot and dry periods but did not see the sustained hot, dry and windy conditions that lead to extreme wildfire behavior. A total of 1,307 wildfires burned 52,955 hectares, compared to the five year average of 1,123 wildfires burning 209,710 hectares. An estimated 62 per cent of wildfires in 2021 were human caused.

The following table represents the 2021-22 actual expenditure for wildfire-related programs and activities, supported by the ministry under this key objective:

Wildfire Management and Preparedness Business Plan 2021-24 Outcome 3	2021-22 Actual (\$ millions)
Operations	\$48.2
Prevention and Mitigation (includes FireSmart)	\$12.0
Program Support	\$43.5
Total	\$103.7

Note: Actuals for wildfire management and preparedness included inter-entity transactions of \$9.3 million

Alberta's wildfire management system focuses on the following key areas:

- Prevention through educating and communicating with Albertans to develop and deliver wildfire prevention programs;
- Reducing wildfire risk by changing the physical environment such as community fireguards and vegetation management that reduces or removes fuel, prescribed fire and controlled burns;
- Compliance and enforcement of legislation to prevent human-caused, uncontrolled fires;
- Pre-suppression and preparedness to detect and be prepared to catch the majority of wildfires early to reduce effects of expensive long-term and large wildfires; and
- Suppression through rapid, effective and efficient systems.

In addition, proactive and unbiased evaluation of wildfire management tools and tactics adapt to growing wildfire management complexity, and expand wildfire prevention and risk mitigation efficiencies.

Adopt Technologies and Innovation to Support Wildfire Management

Technology and innovation are at the forefront of Alberta's wildfire management practices. The ministry continuously explores new and innovative ways to protect Albertans and their communities more effectively and efficiently.

- In 2021-22, technologies evaluated for potential integration in the wildfire management system included remotely piloted aircraft systems, high volume water delivery systems and remote camera wildfire detection systems. The ministry is working with the with Northern Alberta Institute of Technology (NAIT) and Alberta Innovates Corporation, to conduct technology

evaluations. Pegasus Imagery Ltd. received \$2.3 million to trial aerial surveillance and mapping of night-time wildfire behavior and test implementation for informing situational awareness and wildfire management resource allocation.

The ministry also launched an updated and interactive wildfire status map and a new mobile app to keep the public apprised of wildfire risks and improved weather forecasting tools. Fifteen manual weather stations were replaced with automated stations able to provide real-time data to wildfire experts.

Wildfire Preparedness

Preparing for the threat of wildfire is a shared responsibility. The ministry works to assess risk, position wildfire resources accordingly, and provides communities, industry and homeowners with the information and resources to prevent and prepare for wildfires.

In 2021-22, AFRED invested \$11.2 million in wildfire prevention and preparedness grants to help Albertans protect their homes and communities from wildfires.

The Forest Resource Improvement Association of Alberta (FRIAA) allocated FireSmart funding from the ministry to eligible communities and organizations throughout Alberta for the implementation of FireSmart initiatives. In 2021-22, the organization received a multi-year grant for \$9.9 million to support communities in carrying out activities aimed at reducing the threat of wildfire. \$3.5 million was used in 2021-22 to support communities to carry out 47 projects including:

- 22 vegetation management projects to protect communities and mitigate the threat of incoming wildfire;
- 13 FireSmart planning projects to develop wildfire mitigation strategies, wildfire preparedness guides, wildfire hazard and risk assessment, and sprinkler deployment plans for 13 communities;
- 10 education and outreach projects for communities; and
- Two interagency cooperation projects providing training courses to members and partners emergency services organizations, to better prepare firefighters and officers in tactical and strategic structure protection actions.

FireSmart Alberta received \$0.3 million to lower the risk of catastrophic loss due to wildfire, particularly in communities in the wildland-urban interface through the following key projects:

- Develop a "FireSmart report card" pilot project with ten municipal and Indigenous communities;
- Launch a new initial FireSmart Home Assessment tool. 58 firefighters were certified as trainers and are now sustaining the program locally within their communities and offering training to other surrounding municipalities and Indigenous community partners, which added 60 new qualified assessors to the system from eight new fire departments;
- Launch a FireSmart Alberta website that is a one-stop shop to support communities and residents living resiliently with wildfire risk;
- Develop a three-year strategic plan and a social media advertising campaign; and
- Establish working groups for the seven FireSmart disciplines to lead the implementation of the FireSmart Alberta 2022-24 strategic plan using the three-year work plan.

In addition to the 2021-22 FireSmart grants, the ministry spent \$0.8 million in base budget funding on 27 FireSmart projects provided directly to communities for vegetation management, FireSmart and prescribed fire planning, FireSmart education activities, support for interagency cooperation, and other FireSmart and prevention activities.

The ministry also provided partners with wildfire-related research grants to trial new technologies and innovative practices that may improve effectiveness and resource allocation for wildfire management. The FPInnovations Wildfire Operations Collaborative Research (WORC) program received a \$1 million grant to carry out collaborative operation research that supports wildfire and FireSmart programs, including planning and implementation of vegetation management decisions. The purpose of vegetation management is to reduce risk of wildfire damage to communities, industrial infrastructure and other values while improving community resiliency to wildfire.

The ministry continued to work with Indigenous Services Canada in 2021-22, delivering \$1.3 million of federal funding to support 20 FireSmart projects including vegetation management, prescribed fire, FireSmart planning and general wildfire prevention projects within Indigenous communities. There were five FireSmart projects completed for a total of \$0.8 million, and the remaining \$0.4 million in prescribed fire.

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

This key objective reflects the oversight work done to proactively identify and mitigate food safety risks in provincially licensed meat and dairy facilities and safeguard Alberta's animal health status to protect human health.

Inspection, surveillance, laboratory testing, and outreach form a comprehensive assurance system that supports public safety. Inspection oversight in provincially licensed meat and dairy facilities monitors compliance to legislation. Emergency response policies and protocols are essential to the timely response and successful management of foodborne illness outbreaks.

The following table represents the 2021-22 actual expenditures for the ministry's programs and activities administered by the ministry under this key objective:

Food Safety and Safeguarding Human Health Business Plan 2021-24 Outcome 3	2021-24 Actual (\$ millions)
Lab Testing, Surveillance and Outreach	\$5.2
Inspection	\$7.3
Total	\$12.5

Proactive Monitoring and Surveillance of Livestock Diseases

Threats to animal and public health, and food safety were successfully mitigated through the ministry's ongoing collaborative partnerships among industry, veterinarians and across governments.

The ministry maintained targeted surveillance for livestock diseases, such as African swine fever (ASF), bovine spongiform encephalopathy (BSE), chronic wasting disease, scrapie, porcine epidemic diarrhea, and diseases with impact on public health (Salmonellosis). In 2021-22 these efforts resulted in:

- More than 57,000 inspection hours at licensed facilities and through 45,000 laboratory tests to safeguard farm animal health and ensure the safety of beef, poultry, and honey products;
- Disease and pathogen surveillance through the Canada-Alberta BSE Surveillance Program enabled the detection of one non-transmissible, atypical BSE case in December 2021. This is the first BSE case detected in six years, which showed provincial surveillance and control measures are working well. Atypical BSE is found sporadically among older cattle in populations around the world, and only detected through intensive surveillance; and

- The University of Calgary Faculty of Veterinary Medicine received a \$58,000 CAP grant to conduct a feasibility study on expanding animal disease diagnosis and testing services for veterinarians and the livestock industry.

The ministry also continued to align protocols and procedures with other jurisdictions such as the Council of Chief Veterinary Officers' working group to monitor SARS-CoV2 in livestock and public health authorities to assess those risks relative to overall pandemic measures. The cross-ministry Food Supply Chain Working Group, led by AFRED, continued to coordinate activities to ensure food was grown, processed, and distributed while the COVID-19 pandemic continued. COVID-19 outbreaks at provincially licensed meat processing facilities during 2021-22 did not significantly impact processing capacity and there was no associated negative impact on the food supply chain. Continued early identification of disruptions is key.

In addition to monitoring for disease, invasive species monitoring continued in partnership rural municipalities and ASBs. The ministry concluded a wild-boar management pilot project and created a new Wild Boar At-Large Control Program featuring bounty programs in participating municipalities. Wild boar are a significant threat to livestock, property and the environment. In 2021-22, RDAR also approved about \$0.4 million to monitor wild boar population dynamics and their potential to spread disease to beef cattle and domestic pigs. Future research results are anticipated to help protect the Alberta pork industry, which represents about \$5 billion in annual exports.

Animal Slaughter and Meat Processing Inspections

In 2021, 97 per cent (158 out of 163) of active, provincially-licensed and inspected meat facilities met provincial animal slaughter and meat processing requirements for all slaughter and meat processing inspections. This result was due to the ministry's education efforts to achieve and maintain a high rate of compliance, and regulatory oversight of non-compliant abattoirs to prevent relapsing into non-compliance in the future.

The ministry continues to monitor the five meat processing facilities that did not meet minor, correctable, operating requirements at every inspection to reduce the risk of relapsing, and ensure all meat products are safe for further processing and human consumption.

The ministry met increased demand for inspection and licensing services, and ensured no foodborne illness outbreaks were linked to provincially-licensed meat or dairy facilities in 2021.

Alberta's Business Continuity Protocol was renewed in 2021 to reflect the experience of responding to the pandemic and lessons learned. The Meat Inspection Resource Sharing Agreement with the CFIA continued to enable sharing of available inspectors to ensure critical services are available in meat processing plants should inspection staffing shortages occur. Although reciprocal support between provincial and federal inspectors was not required in 2021-22, the agreement supports critical responsibilities of all parties to provide a flexible assurance system that supports market access and food safety for consumers.

Innovative On-Farm Slaughter Operation (OFSO) Licence

- In December 2021, the Meat Inspection Regulation was amended to enable consumers increased access to safe, local meat directly from producers. Large livestock such as bison or elk slaughtered under an OSFO licence can be shared with up to four co-owners.
- Alleviated the likelihood that human pandemic events, inspection constraints and transportation logistics could result in food supply chain issues or present internal barriers to trade.
- 357 licences were granted in 2021-22, more than double the prior introductory year.

As of January 1, 2022 pre-slaughter inspections of beef and dairy cattle, bison, cervids, hogs, sheep, lamb and goats by video can be completed for animals that cannot be transported to an abattoir so they may be humanely slaughtered on site. From January to March 2022, there were five video inspections conducted. These included emergency situations such as unexpected animal injury, and situations where transport would result in additional suffering. The meat can be sold if also inspected after slaughter.

3.4 Protect and enhance the health of Alberta's forest resources

This key objective reflects activities undertaken to protect and enhance Alberta's forest resources by understanding changes in pest-host dynamics and forest stress levels. Key activities in 2021-22 focused on MPB control efforts, forest industry compliance inspections, and setting timber harvest levels to ensure timber resources meet current and future economic, social and environmental needs.

Mountain Pine Beetle

More than 24,000 MPB-infested trees were controlled in 2021-22, which represents a 63 per cent decline from the 65,000 MPB-infested trees controlled in 2020-21. Successful control of MPB to date may be attributed to a combination of increases in overwinter mortality, reduced MPB reproduction and flight, and rapid, regular and concentrated control activities such as single-tree treatment.

MPB infestations in Alberta continue to represent a threat to the long-term sustainability of Crown forest resources. In 2021-22, provincial funding for the ministry's MPB Program was retained at \$30 million for aggressive survey and control activities to manage the spread of MPB. In addition, the Government of Canada provided \$19 million as part of a three-year, \$60 million cost-shared Federal Provincial agreement to enhance the MPB Management Program. The additional funding obtained through the partnership, including \$1 million from the Government of Saskatchewan, brought the total budget for MPB control efforts to \$50 million in 2021-22. Of this amount, \$16.8 million was spent in direct control actions to limit the spread of MPB, less than required in previous years due to reduced rates of infestation:

- Aerial surveys detected 27,395 MPB-killed trees in more than 7.3 million hectares of forested area, down significantly from 147,046 MPB-killed trees in 2020-21 and 244,247 in 2019-20, across surveyed areas in those years. The significant reduction in the number of MPB-killed trees was supported by 6,272 hectares of ground surveys in 2021, down from 8,993 hectares in 2020. Populations in many parts of the province are now at low (potentially endemic) levels that suggest the exceptionally high levels experienced in the past have low probability of recurrence;
- Population monitoring throughout the province included areas of potential new MPB population spread, such as east of Banff National Park. The ministry continued to collaborate with Banff National Park staff to manage rising MPB populations and associated risks, and continues to advocate to the federal government for more active control measures within the Park. A total of \$0.86 million in grant funds was provided to eight municipal partners to help mitigate damage to forest resources, and \$2 million to the forest industry to survey, detect, and prevent spread through single-tree treatment and control by adjusting harvest plans to target infested stands;
- Invested \$2 million in fRI research to investigate innovative management techniques for the control of MPB; investigation techniques for detection and quantifying MPB damage; MPB spread modelling of climate change impacts; wildfire and whitebark pine resistance; and post-outbreak MPB biology. This project is a collaboration with the forest industry, oil and gas companies and federal and provincial governments; and

- Grants of about \$4.9 million to eight Alberta municipalities control MPB within their boundaries, supported the forest industry in single-tree MPB control and prevention activities, research on MPB biology, and protection and restoration of endangered five-needle pines affected by MPB.

Protecting Forests for Alberta's Current and Future Needs

The ministry is responsible for enforcing provincial forestry laws and regulations to ensure industry acts in compliance with legislation. The compliance and enforcement system focuses on education, continuous improvement, and corrective action on the part of Alberta's forest companies. Oversight activities undertaken by the ministry include timber production monitoring through timber scaling, auditing, revenue analysis, and applicable enforcement.

Oversight of Alberta's sustainable forestry practices continued through more than 1,600 inspections and three education sessions delivered as part of the Forest Operations Monitoring Program. Of these inspections, 928 were carried out on active forest harvest operations. More than 617 were completed on watercourse crossings, and 160 reforestation programs were audited under the Reforestation Standards of Alberta. Six full timber production audits were completed. These inspections, combined with education and corrective action, build industry capacity to secure long-term access to fibre through compliance with legislated requirements.

About \$1 million was spent on aerial overview surveys in June and July 2021 covering a vast majority of the province. These surveys are used to assess the occurrence, severity, and distribution of abiotic and biotic forest pest damaging agents to help determine whether control and treatment options may be required. In total, nearly 2.4 million hectares of disturbance (excluding mountain pine beetle and wildfire) were mapped, a 24 per cent decrease compared to 2020-21. Defoliators were responsible for a just over 60 per cent of the total damage mapped in 2021 which is similar to 2020. A complex of aspen defoliators, primarily leafrollers and leaf tiers, were responsible for 65 per cent of the total defoliation, which represents a 160 per cent increase in the hectares defoliated by this complex between 2020 and 2021. The rapid expansion of this complex in the last two years may be due to reduced competition with forest tent caterpillar populations, which have continued to decline to nearly undetectable levels since the outbreak that peaked in 2013. Conifer mortality caused by bark beetles other than mountain pine beetle increased by one third, primarily due to higher levels of eastern larch beetle-caused mortality (5,314 hectares in 2021). Should long-term trends found through surveys result in increased forest ecology risk assessments, then intervention measures to reduce agent damage and improve forest health resiliency will be developed.

Leading Sustainable Forestry

- 80 per cent of Alberta's managed forested lands are third-party certified for sustainability.
- Only 11 per cent of the world's forests share the same status.
- Only three countries (not including Canada) have more certified forest than the province of Alberta (Russia, the U.S. and Sweden).

The ministry continued to participate in cross-ministry species-at-risk initiatives to ensure Alberta protects species like woodland caribou and meets federal caribou recovery strategies to ensure the forest industry will have continued access to timber resources. Alberta's sustainable forest management framework is based on international criteria that promote forest resilience and health, and can support critical wildlife habitat over the long term.

In support of the Natural Resources Canada agreement for Research and Monitoring of Climate Impacts on Productivity and Health of Alberta's Forests, 14 spruce climate impact monitoring plots were implemented to complement the aspen plot network. These networks, as well as projects with

industry such as assessments of spruce forest health in northwest Alberta, provide valuable information and tools in support of forest management practices.

Performance Measure 3.a:

Percentage of wildfires contained before 10 a.m. the day following assessment.

Prior Years' Results				Target 2021	Actual 2021
2017	2018	2019	2020		
96.8%	96.9%	95.3%	99.4%	97%	95.3%

Source: Agriculture, Forestry and Rural Economic Development

Description: This performance measure reports how successful Agriculture, Forestry and Rural Economic Development is in containing wildfire events by 10 a.m. the day following assessment.

Rationale: Prompt containment reduces rapid spread and intensity of wildfires, protecting Albertans and minimizing losses and suppression costs. The protection of lives and communities will always be the top priority when responding to wildfires.

Result and Variance Explanation: The 2021 fire season started on March 1, 2021, and ended on October 31, 2021 as legislated under the *Forest and Prairie Protection Act*. During this period, the ministry responded to 1,308 wildfires of which 95.3 per cent were contained before 10 a.m. the day following assessment. This result is 1.8 per cent lower than the target (97 per cent) and 4.1 per cent lower than the 2020 wildfires contained. The lower percentage of wildfires contained compared to 2020 is due to an increase in the total number of wildfires in 2021 compared to 2020, a year with historically low fire activity (723 wildfires). The total burned area was about 54,047 hectares, which was significantly less than the five-year average (314,205 hectares).

Wildfire suppression resources are deployed based on wildfire hazard and risk throughout the Forest Protection Area of Alberta. For the 2021 fire season, almost all of the remaining 63 wildfires that were not contained before 10 a.m. the day following assessment were contained within two days. Decision-making about which wildfires to control is crucial, not only to minimize losses and damages, but also to reduce suppression costs while allowing some fires to burn through forest fire fuel. Alberta supports other wildfire agencies through mutual aid agreements, such as the resource sharing agreement with the Canadian Interagency Forest Fire Centre. Alberta sent 492 firefighters and support staff to assist eight other jurisdictions with wildfires that presented greater threats to human life, communities and other values, and to promote healthy ecosystems.

This measure is subject to variance due to the following external factors that are outside the control of the ministry:

- Wildfire activity (number, size, and intensity);
- Weather events (sustained high temperatures, winds, lightning, and low relative humidity);
- Drought conditions; and
- Forest fuel conditions.

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, Forestry and Rural Economic Development.

The ministry tracks all new investment and the corresponding job creation of industry clients that are enabled with some assistance from its staff.

"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 jobs related to an investment that did not exist before assistance being provided by the ministry, excluding construction, temporary or contract positions. Job creation represents the total creation, including both jobs that have been created and the expected job growth once the investment projects are completed.

At year-end, each industry client is asked to provide a written confirmation to verify the value of project investments that were enabled with the assistance from the ministry and the associated job creation when the investment project is complete. The total value of project investments and the corresponding job creation confirmed by written confirmations from industry clients are aggregated and reported for this measure.

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

Source

Agriculture, Forestry and Rural Economic Development.

Performance Measure 1.b:

Value of Alberta's primary agriculture commodities and value-added agriculture products exports.

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, Forestry and Rural Economic Development.

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 (customized data); Agriculture, Forestry and Rural Economic Development.

Performance Measure 2.a:

Percentage net reduction in regulatory requirements faced by the agriculture and forest sectors.

Methodology

Results for this performance metric is determined by dividing the net change in the red tape baseline count as at March 31, 2022 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 frameworks. Information sheets, questions and answers, explanatory manuals, guidelines or standards are not included in the calculation.

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, departments and agencies are required to update the count of regulatory requirements by counting and entering resulting net changes to the red tape count in that instrument.

Source

Agriculture, Forestry and Rural Economic Development.

**Performance Measure 3.a:
Percentage of wildfires contained before 10 a.m. the day following assessment.**

Methodology

The result of this metric is derived by dividing the number of wildfires contained by 10 a.m. the day following assessment by all wildfires that occur during the fire season (March 1 to October 31). The result is expressed as a percentage.

Wildfire events in the province are tracked for location, detection date and time, assessment date and time, control and containment time, cause of wildfire, and resources used. The results of the performance measure indicate how quickly the ministry contains wildfires. This information is aggregated and reported under this metric.

The data for this performance metric is sourced from Agriculture, Forestry and Rural Economic Development's Fire Information Resource System (FIRES); a database and application that captures much of the ministry's wildfire management information. The system standardizes the collection and entry of data, provides data in a standard format for decision support systems, tracks the number of wildfire resources being utilized, and maintains historical records about wildfires and weather. Business rules are built into FIRES data entry and updates to ensure information is accurately entered. At year-end, data on wildfire events are extracted from FIRES and used to calculate results reported under this performance measure.

Source

Agriculture, Forestry and Rural Economic Development (Fire Information Resource System).

Appendix A Agriculture and Forestry Statistics

Alberta Agriculture and Agri-Food Industry

	2020r ¹	2021p ²	% Change
Employed Labour Force			
Agri-Food Industries (Number of Persons)	69,800	58,300	-16.5
% of Total Alberta Employment	3.3%	2.6%	
Agriculture Industries	42,500	35,900	-15.5
Food and Beverage Manufacturing Industries	27,300	22,400	-17.9
% of Total Manufacturing Industries	21.7%	18.3%	
Farm Income			
-Total Farm Cash Receipts (\$ billions)	\$15.44	\$18.71	21.2
Crops	\$7.40	\$8.90	20.3
% of Total Farm Cash Receipts	47.9%	47.5%	
Livestock and Livestock Products	\$6.83	\$7.73	13.3
% of Total Farm Cash Receipts	44.2%	41.3%	
Supply Management (Dairy, Poultry, and Eggs)	\$1.11	\$1.19	7.2
% of Livestock and Livestock Products Receipts	16.2%	15.4%	
Direct Program Payments	\$1.21	\$2.08	71.8
% of Total Farm Cash Receipts	7.8%	11.1%	
Farm Operating Expenses (After Rebates) (\$ billions)	\$12.07	\$13.33	10.4
Net Cash Farm Income (\$ billions)	\$3.37	\$5.38	59.9
Realized Net Income (\$ billions)	\$1.37	\$3.23	135.2
Total Net Income (\$ billions)³	\$1.01	\$0.38	-61.8
Food and Beverage Manufacturing Industries Value of Sales			
Food and Beverage Industries (\$ billions)	X⁴	\$21.40	n/a⁵
% of Total Alberta Manufacturing Sales	n/a	25.3%	
Food Manufacturing	\$16.48	\$20.13	22.2
Beverage Manufacturing	X	\$1.26	n/a
Top Three Largest Food Manufacturing Sales Groups in 2021:			
1. Meat Products (including Poultry)	\$8.39	\$10.38	23.7
2. Grain and Oilseed Milling	\$3.04	\$4.51	48.3
3. Dairy Products Manufacturing	\$1.54	\$1.46	-5.3
Agri-Food Exports to All Countries			
Total Agri-Food Exports (\$ billions)	\$13.01	\$14.11	8.5
Primary Commodities (Animals and Crops)	\$6.32	\$5.87	-7.3

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"

	2020r ¹	2021p ²	% Change
Value-Added Products	\$6.68	\$8.25	23.4
Top Three Markets in 2021 (% Share of Total):			
1. United States (43.0%)	\$4.92	\$6.07	23.2
2. China (18.5%)	\$2.61	\$2.61	0.1
3. Japan (10.3%)	\$1.30	\$1.46	12.5
Value of Farm Capital			
Total Value of Farm Capital as July 1 (\$ billions)	\$174.30	\$182.99	5.0
Livestock and Poultry	\$7.32	\$7.74	5.7
Land and Buildings	\$150.31	\$157.84	5.0
Machinery and Equipment	\$16.67	\$17.41	4.5
Production of Top Three Major Field Crops			
All Wheat (tonnes)	11,041,000	6,305,300	-42.9
% of Canada	31.4%	29.1%	
Canola (tonnes)	5,212,100	4,173,100	-19.9
% of Canada	26.7%	33.1%	
Barley (tonnes)	5,283,000	3,570,700	-32.4
% of Canada	49.2%	51.4%	
Meat Production Quantity			
Beef – Western Canada ⁶ (tonnes)	969,755	1,021,405	5.3
Pork – Alberta (tonnes)	254,636	259,086	1.7
Number of Livestock Slaughtered⁷			
Cattle and Calves – Western Canada (Head)	2,492,410	2,655,222	6.5
Pork – Alberta (Head)	2,723,965	2,655,980	-2.5
Livestock Inventory on Farms on January 1st			
	01/01/2021	01/01/2022	
Cattle and Calves (Head)	4,400,000	4,375,000	-0.6
% of Canada	39.4%	39.4%	
Hogs (Head)	1,565,000	1,575,000	0.6
% of Canada	11.2%	11.2%	
Sheep and Lambs (Head)	137,000	148,100	8.1
% of Canada	17.3%	18.0%	

6 Western Canada data only – breakdown for Alberta is unavailable

7 Federally and provincially inspected slaughter, irrespective of origin

Alberta Agriculture and Agri-Food Industry – Selected Statistics

Census of Agriculture – Alberta	2016	2021	% Change
Rural Population			
Total Population of Alberta⁸	4,067,175	4,262,635	4.8
Rural Population	667,803	650,027	-2.7
% of Total Population	16.4%	15.2%	
Population Centres (Urban) Population	3,399,372	3,612,608	6.3
Number of Farms			
Number of Farms	40,638	41,505	2.1
% of Canada	21.0%	21.9%	
Farmland Area			
Total Farmland Area (Acres)	50,250,183	49,157,232	-2.2
% of Canada	31.7%	32.0%	
Land Area in Crops			
Land Area in Crops (Acres)	25,261,781	25,650,672	1.5
% of Canada	27.1%	27.4%	
Average Farm Size			
Average Farm Size (Acres)	1,237	1,184	-4.3
Farm Operators			
Number of Farm Operators	57,605	57,200	-0.7
Average Age of Farm Operators	55.7 Years	56.5 years	
% Distribution by Age Group:			
Under 35 Years	8.5%	8.9%	
35 to 54 Years	35.0%	29.0%	
55 Years and Over	56.5%	62.1%	
Farms by Type⁹			
Top Five Farm Types (Number of Farms):			
1. Beef Cattle (Including Feedlots)	12,282	14,601	18.9
2. Grain and Oilseeds	13,451	13,942	3.7
3. Other Crops ¹⁰ (Excluding Grain and Oilseed)	7,414	6,555	-11.6
4. Other Animals ¹¹ (Excluding Beef Cattle)	5,101	4,174	-18.2
5. Sheep and Goat	399	473	18.5

8 Population information results are from the Census of Population.

9 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).

10 Includes hay farming, fruit and vegetable combination farming, and all other miscellaneous farming.

11 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	2016	2021	% Change
Farms By Sales Class¹²			
% of Total Number of Farms:			
Under \$10,000	14.2%	17.5%	
\$10,000 to \$24,999	14.8%	13.7%	
\$25,000 to \$99,999	26.3%	25.7%	
\$100,000 to \$499,999	28.5%	26.2%	
\$500,000 and Over	16.2%	16.9%	
Land Area Seeded Using No-Till Practices			
Total Land Area Prepared for Seeding (Acres)	21,909,580	22,772,278	3.9
No-Till or Zero-Till Seeding Area	15,176,949	15,041,044	-0.9
% of Total Land Area Prepared for Seeding	69.3%	66.0%	
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 26, 2022.

Sources:

Statistics Canada; Agriculture, Forestry and Rural Economic Development; 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 (2015 and 2020).

Alberta Forest Industry

	2020	2021	% Change
Employment (Number of Persons)¹³			
Forestry and Logging Industries	4,785	6,080	27.0%
Wood Products Manufacturing	7,660	8,790	14.7%
Pulp and Paper Manufacturing	1,980	2,220	12.1%
Capital Expenditures (\$ millions)¹⁴			
Forestry and Logging Industries, excluding Support Activities	x	49.2	x
Wood Products Manufacturing	\$229.6	246.7	7.4%
Pulp and Paper Manufacturing	\$105.7	125.6	18.8%
Pulp, Paper, and Wood Products Sales (\$ millions)¹⁵			
Wood Products Manufacturing	\$5,165	x	x
Pulp and Paper Manufacturing	\$2,116	x	x
Top Three Export Markets for Wood Products (\$ millions)¹⁶			
1. United States	\$2,174.8	\$3,941.0	81.2%
2. Japan	\$87.3	\$151.2	73.2%
3. Philippines	\$9.8	\$35.8	265.3%
Top Three Markets for Pulp and Paper Products (\$ millions)¹⁷			
1. United States	\$739.3	\$914.2	23.7%
2. China	\$569.5	\$506.6	-11.0%
3. Japan	\$116.1	\$118.8	2.3%

Notes:

- Capital expenditures and domestic revenues for forestry & logging industries do not include support activities for forestry, as the data is not reported at that level.
- Forestry & logging industries refers to harvesting, silviculture, reforestation, pest control, and other related forestry support activities, unless indicated otherwise.
- Wood products manufacturing refers to solid wood products, such as lumber, panels (OSB, plywood), engineered, and other wood products.
- Pulp and paper manufacturing refers to pulp wood products such as chemical and mechanical pulp, newsprint, and other paper products.
- Industry revenues include all (seasonally adjusted) sales from logging and manufacturing activities, both domestically and internationally. Other revenues not included.

13 Statistics Canada: System of National Accounts (SNA); retrieved May 27, 2022.

14 Statistics Canada: Annual Capital and Repair Expenditures Survey (CAPEX); retrieved May 27, 2022. Statistics Canada considers 2020 estimate too unreliable to be published. Replaced with 'x'.

15 Statistics Canada. Table 16-10-0048-01 Manufacturing sales by industry and province, Data for 2021 is not available until mid-February 2023 or later. 2020 figures revised to reflect data retrieved May 27, 2022.

16 Statistics Canada: Canadian International Merchandise Trade Database; retrieved May 27, 2022.

17 Statistics Canada: Canadian International Merchandise Trade Database; retrieved May 27, 2022.

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Reporting Entity and Method Consolidation

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

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

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

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

Ministry Financial Highlights

Statement of Revenues and Expenses (unaudited) Year Ended March 31, 2022

(in thousands)

	2022		2021 Actual (Restated)	Change from	
	Budget <i>In thousands</i>	Actual		Budget	2021 Actual
Revenues					
Federal government grants	\$ 280,008	\$ 549,861	\$ 313,430	\$ 269,853	\$ 236,431
Investment income	155,652	126,470	166,193	(29,182)	(39,723)
Premiums, fees and licenses	475,716	808,731	793,282	333,015	15,449
Other	3,761	12,315	9,469	8,554	2,846
Ministry total	915,137	1,497,377	1,282,374	582,240	215,003
Inter-ministry consolidation adjustments	(1,612)	(1,703)	(1,417)	(91)	(286)
Adjusted ministry total	913,525	1,495,674	1,280,957	582,149	214,717
Expenses - directly incurred					
Programs					
Ministry Support Services	11,960	10,853	10,931	(1,107)	(78)
Rural Programming and Agricultural Societies	56,067	55,742	30,649	(325)	25,093
Trade, Investment and Food Management	32,080	30,903	35,333	(1,177)	(4,430)
Primary Agriculture	115,040	126,848	76,336	11,808	50,512
Lending	30,576	14,334	25,666	(16,242)	(11,332)
Insurance	403,745	2,845,054	849,955	2,441,309	1,995,099
Agriculture Income Support	89,188	525,424	123,663	436,236	401,761
Forests	183,604	300,987	265,863	117,383	35,124
Canadian Agricultural Partnership	30,983	31,680	40,701	697	(9,021)
Debt Servicing Costs	70,566	65,235	69,497	(5,331)	(4,262)
Ministry total	1,023,809	4,007,060	1,528,594	2,983,251	2,478,466
Inter-ministry consolidation adjustments	(75,237)	(65,657)	(83,492)	9,580	17,835
Adjusted ministry total	948,572	3,941,403	1,445,102	2,992,831	2,496,301
Annual deficit	\$ (35,047)	\$ (2,445,729)	\$ (164,145)	\$ (2,410,682)	\$ (2,281,584)

Revenue and Expense Highlights

Revenues

Total revenue for the Ministry was \$1.5 billion, \$582 million higher than budget and \$215 million higher than 2020-21.

Change from Budget 2021-22

- Revenue from the Government of Canada was \$270 million more than budget, largely due to increased funding of \$253 million for Agriculture Income Support for the Canada-Alberta Livestock Feed Assistance Program in response to the provincial-wide drought, and increased funding of \$22 million for AgriInsurance due to increased commodity prices and insured acres. Additional funding of \$2 million was also provided due to increased wildfire activity on federal land. These increases were partially offset by lower funding for Mountain Pine Beetle control of \$7 million.
- Premiums, Fees and Licenses were \$333 million higher than budget, primarily due to Timber Royalties and Fees \$331 million higher than budget as a result of higher than anticipated prices throughout the year. Premiums from Insured Persons were \$3 million higher due to increased commodity prices, an increase in insured acres and higher value crops in the crop mix. These increases were partially offset by lower Livestock Insurance premiums due to reduced participation resulting from higher premium rates.
- Investment Income was \$29 million lower than budget due to a reduction in investment holdings, and lower than anticipated interest rates.
- Other Income was \$8 million higher than budget primarily due to the recovery of costs of \$4 million related to the Cost of Actioning Fires, \$3 million for Mutual Aid Resource Sharing services and \$1 million for recoveries related to the prior year.

Change from 2020-21 Actual

- Revenue from the Government of Canada increased by \$236 million in 2021-22, mostly due to an increase in funding for the Canada-Alberta Livestock Feed Assistance Program in response to the provincial-wide drought.
- Premiums, Fees and Licenses increased by \$15 million compared to last year, primarily due to a \$56 million increase in Timber Royalties and Fees resulting from higher prices. In addition, Premiums from Insured Persons increased by \$12 million due to increased commodity prices, insured acres and higher valued crops insured. These increases were partially offset by lower Livestock Insurance premiums of \$7 million due to decreased participation and higher reinsurance ceded losses and recoveries in the prior year of \$44 million.
- Investment Income decreased by \$40 million from last year due to the reduction in investment holdings and lower interest rates.

Expenses

Total expense for the Ministry was \$4 billion, \$3 billion more than budget and \$2.5 billion more than 2020-21.

Change from Budget 2021-22

- Indemnities were \$2.9 billion higher than budget, predominantly due to \$2.4 billion higher than anticipated AgriInsurance indemnities and \$431 million higher Agriculture Income Support indemnities resulting from provincial-wide drought, as well as higher Hail Insurance indemnities

of \$5 million due to claims on higher valued crops. These increases were partially offset by lower Livestock Insurance indemnities of \$11 million due to fewer claims.

- Grants were \$30 million higher than budget, mainly due to additional funding of \$4 million for wildfire technology grants, \$4 million for Mountain Pine Beetle control grants, \$4 million for Canadian Agricultural Partnership grants, \$4 million for FireSmart grants and additional funding of \$13 million for Irrigation Infrastructure expansion grants.
- Salaries, wages and employee benefits were \$11 million higher than budget, primarily due to contingency funding for wildfire pre-suppression and response.
- Supplies and Services were \$101 million higher than budget, mostly due to \$129 million in contingency funding to support costs for wildfire presuppression and response and higher than anticipated information technology costs of \$9 million due to a shift to non-capital projects. These increases were partially offset by lower than expected costs of \$42 million for Mountain Pine Beetle control due to declining populations.
- Interest expense was \$5 million lower than budget due to lower than anticipated interest rates.
- Other Expenses were \$20 million below budget, due to a lower than anticipated Provision for Doubtful Accounts due to decreased risk from COVID-19 on the loan portfolio and improved economic conditions.

Change from 2020-21 Actual

- Indemnities increased by \$2.4 billion from the previous year, primarily due to higher AgriInsurance indemnities of \$2 billion and higher Agriculture Income support indemnities of \$397 million due to the provincial-wide drought, and higher Hail Insurance indemnities of \$5 million due to a change in crop mix with higher valued crops insured. These increases were partially offset by lower Livestock Insurance indemnities of \$62 million due to significant losses in the prior year due to cattle price volatility resulting from economic and market uncertainty, and lower Wildlife Damage indemnities of \$20 million due to significant unharvested acres in the prior year.
- Grants were \$76 million higher than the previous year mainly due to higher grants for Rural Programming of \$18 million, Regional Fairs of \$9 million, Research of \$14 million and Irrigation of \$45 million, partially offset by fewer grants for FireSmart of \$10 million.
- Supplies and Services were \$59 million higher than last year, mostly due to an increase in expenses for wildfire pre-suppression and response of \$67 million, and a shift to non-capital information technology resulting in an increase of \$10 million. These increases were partially offset by lower costs for Mountain Pine Beetle control of \$7 million due to declining populations and lower expenses of \$8 million due to prior year workforce adjustments.
- Salaries, wages and employee benefits were \$27 million lower than last year, primarily due to workforce adjustments in the prior year resulting in lower expenses of \$15 million, and lower seasonal hiring due to lower wildfire activity levels at the start of fire season resulting in \$7 million lower expenses. In addition, the transition of research to Results Driven Agriculture Research resulted in savings of \$5 million.

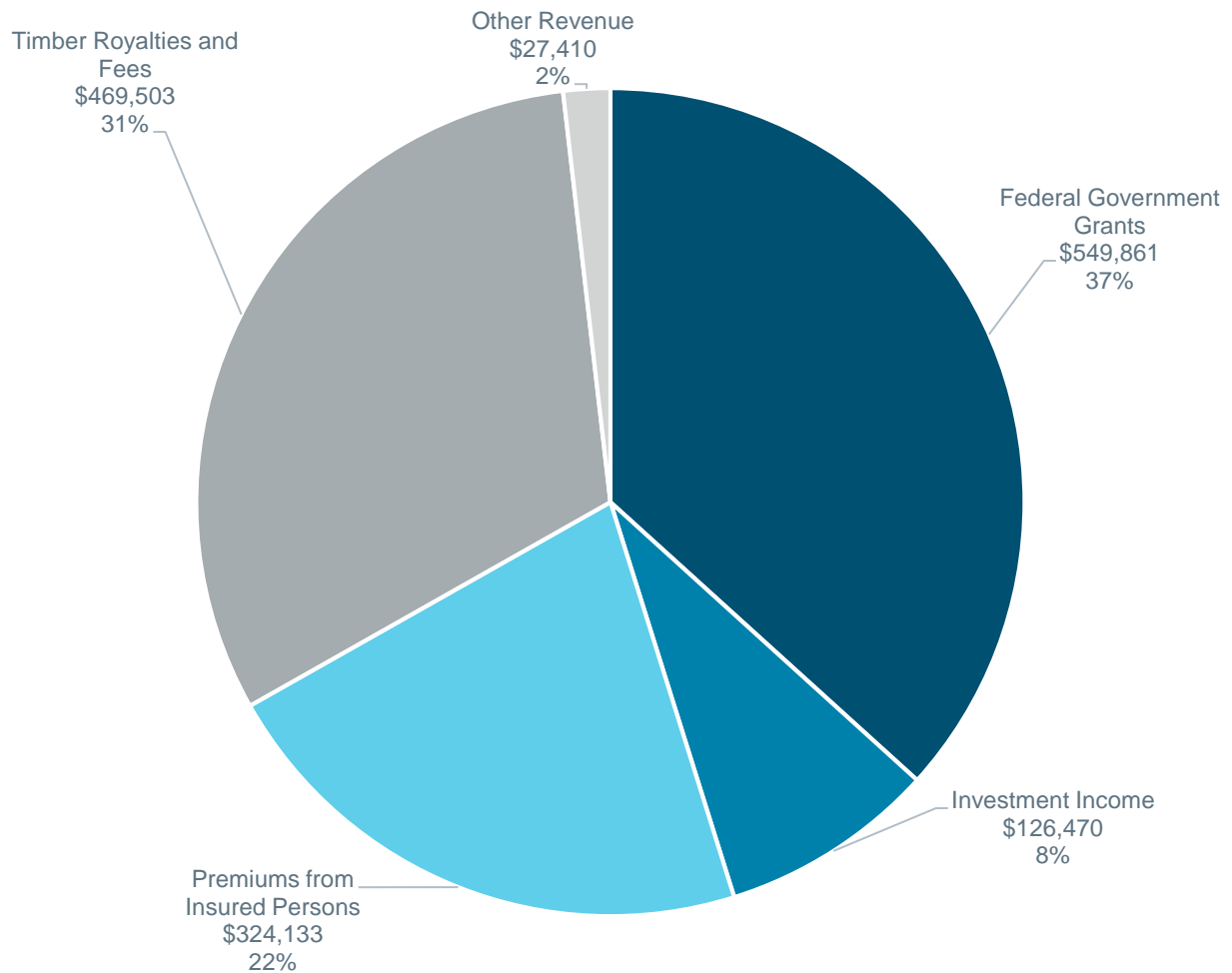
Breakdown of Revenues (unaudited)*(in thousands)*

	Budget	2022 Actual <i>In thousands</i>	2021 Actual
Government transfers			
Federal Government grants			
Agriculture Insurance	\$ 170,432	\$ 192,068	\$ 189,052
Agriculture Income Support	35,745	288,900	51,324
Canadian Agricultural Partnership	42,558	43,212	39,902
Other	31,273	25,681	33,152
	<u>280,008</u>	<u>549,861</u>	<u>313,430</u>
Investment income			
Agriculture Insurance	57,740	33,823	70,424
Lending	97,662	92,133	94,801
Other	250	514	968
	<u>155,652</u>	<u>126,470</u>	<u>166,193</u>
Premiums, fees and licenses			
Premiums from Insured Persons	320,980	324,133	319,096
Timber Royalties and Fees	138,269	469,503	413,644
Other	16,467	15,095	60,542
	<u>475,716</u>	<u>808,731</u>	<u>793,282</u>
Other revenue			
	<u>3,761</u>	<u>12,315</u>	<u>9,469</u>
Total ministry revenues	<u>\$ 915,137</u>	<u>\$ 1,497,377</u>	<u>\$ 1,282,374</u>

Breakdown of Revenues (unaudited)

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

2022 Actual (in thousands)



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

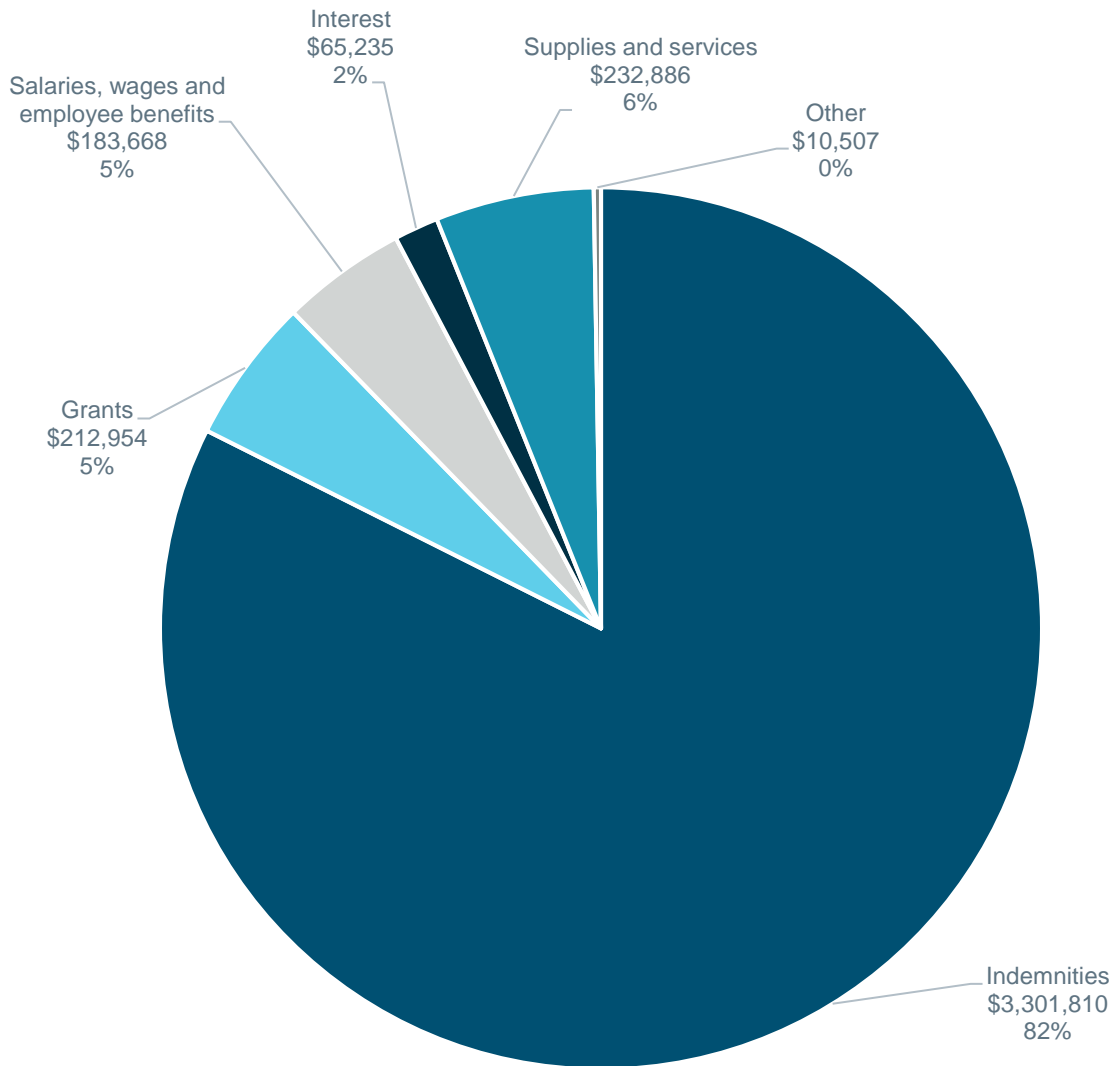
	2022		2021
	Budget	Actual	Actual
	<i>In thousands</i>		<i>(Restated)</i>
Indemnities	\$ 434,776	\$ 3,301,810	\$ 910,426
Grants	182,538	212,954	137,295
Salaries, wages and employee benefits	172,769	183,668	211,200
Interest	70,566	65,235	69,497
Supplies and services	131,893	232,886	173,998
Other	7,974	(12,393) ¹	(136)
Amortization of tangible capital assets	23,293	22,900	26,314
Total ministry expenses	<u>\$ 1,023,809</u>	<u>\$ 4,007,060</u>	<u>\$ 1,528,594</u>

¹ Negative balance as a result of a large reduction to Provision for Doubtful Accounts and for Losses due to reduced risk from COVID-19 to the loan portfolio.

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.

2022 Actual
(in thousands)



Supplemental Financial Information

Portfolio Investments (unaudited)

(in thousands)

	2022		2021	
	Book Value	Fair Value	Book Value	Fair Value
Interest-bearing securities	<i>In thousands</i>			
Deposits and short-term securities	\$ 50,042	\$ 49,633	\$ 175,973	\$ 177,127
Bonds and mortgages	656,727	630,580	2,380,003	2,425,515
	<u>\$ 706,769</u>	<u>\$ 680,213</u>	<u>\$ 2,555,976</u>	<u>\$ 2,602,642</u>

The following is a breakdown of portfolio investments:

	2022		2021	
	Book Value	Fair Value	Book Value	Fair Value
Operating	<i>In thousands</i>			
Internally designated assets ^(a)	\$ 706,769	\$ 680,213	\$ 2,555,976	\$ 2,602,642
Total portfolio investments	<u>\$ 706,769</u>	<u>\$ 680,213</u>	<u>\$ 2,555,976</u>	<u>\$ 2,602,642</u>

^(a) Designated for the AgrilInsurance Fund.

Portfolio Investments (unaudited)
(in thousands)

**Comparison of Book Value to Fair Value
as of March 31, 2022**



Financial Statements of Other Reporting Entities

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Agriculture Financial Services Corporation

Financial Statements

March 31, 2022

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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, 2022, 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, 2022, 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.

Report on other legal and regulatory requirements

In accordance with the *Auditor General Act*, I report the following legislative non-compliance of the Agriculture Financial Services Corporation. As explained in Note 2(s), certain salary increases were determined to be non-compliant with the Government of Alberta *Salary Restraint Regulation (AR 80/2021)*.

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

June 2, 2022
Edmonton, Alberta

Statement of Financial Position

As at March 31, 2022

(in thousands)

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 356,674	\$ 354,286
Accounts receivable (Note 4)	5,032	3,274
Due from Government of Alberta	54,659	29,807
Due from Government of Canada	155,713	130,310
Loans receivable (Note 5)	2,685,673	2,520,276
Investments (Note 6)	709,278	2,569,034
	<u>3,967,029</u>	<u>5,606,987</u>
LIABILITIES		
Accounts payable and other accrued liabilities (Note 7)	10,693	13,058
Due to other Provincial Governments (Note 8)	4,836	3,768
Indemnities payable (Note 9)	566,128	256,144
Borrowing from Government of Alberta (Note 10)	2,604,281	2,480,111
Deferred revenue (Note 11)	8,205	7,307
	<u>3,194,143</u>	<u>2,760,388</u>
Net Financial Assets	<u>772,886</u>	<u>2,846,599</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	11,520	20,575
Prepaid expenses	6,833	7,615
	<u>18,353</u>	<u>28,190</u>
Net assets before spent deferred capital contributions	<u>791,239</u>	<u>2,874,789</u>
Spent deferred capital contributions (Note 11)	<u>3,188</u>	<u>9,535</u>
Net Assets	<u>\$ 788,051</u>	<u>\$ 2,865,254</u>
Net Assets		
Accumulated surplus	<u>\$ 788,051</u>	<u>\$ 2,865,254</u>

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, Board FAR Chair

Darryl Kay, Chief Executive Officer

Steve Lappin, Chief Financial and Risk Officer

Statement of Operations

Year ended March 31, 2022

(in thousands)

	2022		2021
	Budget	Actual (Schedule 1)	Actual
Revenues:			
Premiums from insured persons	\$ 320,980	\$ 324,133	\$ 319,096
Interest	97,559	92,530	95,127
Contribution from Government of Alberta	215,306	421,598	293,618
Contribution from Government of Canada	213,011	487,536	256,816
Investment income	58,093	32,216	71,042
Fees and other income	14,975	13,793	59,362
	<u>919,924</u>	<u>1,371,806</u>	<u>1,095,061</u>
Expenses:			
AgrilInsurance	349,846	2,796,053	722,992
Agriculture Income Support	89,188	525,424	123,663
Lending	101,142	79,567	95,163
Hail Insurance	24,966	30,430	27,157
Livestock Insurance	19,732	8,098	69,253
Wildlife Damage Compensation	9,851	9,437	31,140
	<u>594,725</u>	<u>3,449,009</u>	<u>1,069,368</u>
Annual (deficit) surplus	<u>\$ 325,199</u>	<u>(2,077,203)</u>	<u>25,693</u>
Accumulated surplus at beginning of year		<u>2,865,254</u>	<u>2,839,561</u>
Accumulated surplus at end of year		<u>\$ 788,051</u>	<u>\$ 2,865,254</u>

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

Statement of Change in Net Financial Assets

Year ended March 31, 2022

(in thousands)

	2022		2021
	Budget	Actual	Actual
Annual (deficit) surplus	\$ 325,199	\$ (2,077,203)	\$ 25,693
Acquisition of tangible capital assets (Note 12)	(7,573)	(899)	(4,124)
Amortization of tangible capital assets (Note 12)	6,790	9,934	12,227
(Gain) on disposal of tangible capital assets	-	(30)	-
Proceeds on sale tangible capital assets	-	50	-
Decrease (increase) in prepaid expenses	-	782	(1,720)
Decrease in spent deferred capital contributions	-	(6,347)	(6,076)
(Decrease) increase in net financial assets in the year	324,416	(2,073,713)	26,000
Net financial assets, beginning of year	2,846,599	2,846,599	2,820,599
Net financial assets, end of year	<u>\$ 3,171,015</u>	<u>\$ 772,886</u>	<u>\$ 2,846,599</u>

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

Statement of Cash Flows

Year ended March 31, 2022

(in thousands)

	2022	2021
Operating transactions:		
Annual (deficit) surplus	\$ (2,077,203)	\$ 25,693
Non-cash items included in operating results		
Amortization of tangible capital assets (Note 12)	9,934	12,227
Deferred capital contribution recognized as revenue (Note 11)	(7,127)	(8,180)
Amortization of premiums and discounts	845	1,472
Allowance for doubtful accounts and for losses	(13,920)	(1,603)
Loss (gain) on sale of investments	958	(19,878)
(Gain) on capital assets	(30)	(560)
Increase (decrease) in net deferred revenue	898	(310)
Decrease (increase) in prepaid expenses	782	(1,720)
Decrease in accounts receivable	10,110	35,828
(Decrease) increase in environment liabilities	(1,076)	1,001
Increase (decrease) in indemnities payable	309,984	(202,492)
(Decrease) increase in accounts payable and other accrued liabilities	(2,265)	4,145
(Increase) decrease in due from provincial and federal governments	(46,855)	113,719
Cash applied to operating transactions ⁽¹⁾	<u>(1,814,965)</u>	<u>(40,658)</u>
Investing transactions:		
Proceeds from repayments of loans receivable	449,220	484,967
Loan disbursements	(602,012)	(571,705)
Purchase of investments	(1,173,907)	(1,028,804)
Proceeds on disposal of investments	3,021,457	1,092,293
Cash applied to (received from) investing activities	<u>1,694,758</u>	<u>(23,249)</u>
Capital transactions:		
Acquisition of tangible capital assets	(899)	(3,564)
Proceeds on disposal of tangible capital assets	50	-
Cash applied to capital transactions	<u>(849)</u>	<u>(3,564)</u>
Financing transactions:		
Borrowing from the Government of Alberta	2,204,296	865,725
Contributions restricted for capital (Note 11)	780	2,104
Repayment of borrowing from the Government of Alberta	(2,079,296)	(831,450)
Borrowing from the Government of Canada	-	51,646
Repayment of borrowing from the Government of Canada	(2,336)	(26,357)
Cash provided by financing transactions	<u>123,444</u>	<u>61,668</u>
Increase (decrease) in cash and cash equivalents	2,388	(5,803)
Cash and cash equivalents at beginning of year	<u>354,286</u>	<u>360,089</u>
Cash and cash equivalents at end of year	<u>\$ 356,674</u>	<u>\$ 354,286</u>

⁽¹⁾ Net cash applied to by operating activities includes \$65,371 (2021 \$65,653) of interest paid.

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

Notes to the Financial Statements

March 31, 2022

(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, AgriInsurance, 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 AgriInsurance and Hail Insurance programs. A corresponding premium contribution from the Governments of Canada and Alberta is also recognized on policies sold under the AgriInsurance 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)), AgriInvest, 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

March 31, 2022

(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) Valuation of Financial Assets and Liabilities

The Corporation's financial assets and liabilities include cash and cash equivalents, accounts receivables, prepaid expenses, due from Government of Alberta, due from Government of Canada, loans receivable, investments, accounts payable and other accrued liabilities, due to other Provincial Governments, indemnities payable, borrowing from the Government of Alberta and deferred revenue. All financial instruments are held at cost or amortized cost. The effective interest method is used to recognize interest income 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.

Notes to the Financial Statements

March 31, 2022

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) 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).

(e) Non-Financial Assets

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

(f) Cash and Cash Equivalents

Cash and cash equivalents consists of bank balances. Interest is earned on bank balances as part of funds managed by the Government of Alberta and is included in investment income.

(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

March 31, 2022

(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) Tangible Capital Assets including Capital Leases

Tangible capital assets of the Corporation are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. An asset acquired, other than computer software, with a life of more than one year and a cost of \$5 or more is capitalized. Computer software acquired from external sources at a cost of \$100 or more and software developed by the Corporation costing \$500 or more are capitalized.

Notes to the Financial Statements

March 31, 2022

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(k) Tangible Capital Assets including Capital Leases (continued)

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.

(l) 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.

(m) Reinsurance

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

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

Notes to the Financial Statements

March 31, 2022

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(m) Reinsurance (continued)

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).

(n) AgriInsurance Accumulated Surplus Restriction

In accordance with the Federal/Provincial Agricultural Policy Framework Implementation Agreement, the AgriInsurance accumulated surplus of \$611,624 (2021 \$2,710,916) is restricted for AgriInsurance purposes only (see Schedule 1).

(o) 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.

(p) 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).

(q) 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 use where the contamination has exceeded the relevant environmental standards and where the Corporation has accepted responsibility. Included in Accounts Payable and Other Accrued Liabilities (Note 7) is a liability of \$1,053 for the estimated remaining remediation (2021 \$2,129).

(r) 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.

Notes to the Financial Statements

March 31, 2022

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(s) 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 \$60 for the year ended March 31, 2022 and \$117 (2021). 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

The Public Sector Accounting Board has approved the following accounting standards:

- **PS 3280 Asset Retirement Obligations (effective April 1, 2022)**
This standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.
- **PS 3400 Revenue (effective April 1, 2023)**
This standard provides guidance on how to account for and report on revenue, specifically, it differentiates between revenue arising from exchange transactions and non-exchange transactions.
- **PS 3160 Public Private Partnership (effective April 1, 2023)**
This standard provides guidance on how to account for and report public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.

The Corporation has not yet adopted these standards. Management is currently assessing the impact of these standards on the financial statements.

Note 4 Accounts Receivable

	2022	2021
Due from reinsurers		
Livestock & Hail Insurance programs	\$ 2,384	\$ 386
AgriStability & Agriculture Income		
Support programs:		
Overpayments	1,728	1,141
Administration fees	315	397
Premiums from insured persons		
Livestock Insurance program	1,525	1,846
AgriInsurance program	932	1,046
Hail Insurance program	112	49
Other	433	126
	<u>7,429</u>	<u>4,991</u>
Allowances for doubtful accounts		
At beginning of year	(1,717)	(4,525)
(Increase) decrease for the year	(762)	2,145
Write offs	82	663
At end of year	<u>(2,397)</u>	<u>(1,717)</u>
	<u>\$ 5,032</u>	<u>\$ 3,274</u>

Notes to the Financial Statements

March 31, 2022

(in thousands)

Note 4 Accounts Receivable (continued)

Included in the allowances for doubtful accounts is \$1,728 (2021 \$1,141) 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:

	2022			2021
	Farm	Commercial	Total	Total
Performing loans - non concessionary	\$ 2,464,623	\$ 187,324	\$ 2,651,947	\$ 2,489,712
Performing loans - concessionary	699	-	699	888
Impaired loans	2,408	17,344	19,752	32,978
	<u>2,467,730</u>	<u>204,668</u>	<u>2,672,398</u>	<u>2,523,578</u>
Accrued interest	28,647	762	29,409	29,172
Loan discount	(8)	-	(8)	(11)
	<u>2,496,369</u>	<u>205,430</u>	<u>2,701,799</u>	<u>2,552,739</u>
Allowances for doubtful accounts for loans	(3,435)	(12,691)	(16,126)	(32,463)
Net carrying value	<u>\$ 2,492,934</u>	<u>\$ 192,739</u>	<u>\$ 2,685,673</u>	<u>\$ 2,520,276</u>

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

Loans have blended repayments during the term. Loans can be repaid in full or part during the term without any penalty.

Allowances for doubtful accounts for loans are as follows:

	Farm	Commercial	2022	2021
At beginning of year	\$ 6,330	\$ 26,133	\$ 32,463	\$ 41,959
Increase for the year	(2,877)	(11,805)	(14,682)	542
Write-offs	(18)	(1,637)	(1,655)	(10,038)
At end of year	<u>\$ 3,435</u>	<u>\$ 12,691</u>	<u>\$ 16,126</u>	<u>\$ 32,463</u>
Specific allowance	\$ 543	\$ 9,137	\$ 9,680	\$ 18,269
General allowance	2,892	3,554	6,446	14,194
	<u>\$ 3,435</u>	<u>\$ 12,691</u>	<u>\$ 16,126</u>	<u>\$ 32,463</u>

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

Due to the COVID-19 pandemic, an allowance has been included in the specific allowance for \$819 (2021 \$3,853) and in the general allowance for \$372 (2021 \$7,160).

Notes to the Financial Statements

March 31, 2022

(in thousands)

Note 5 Loans Receivable (continued)

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 \$5,964,840 (2021 \$5,703,140).

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

	<u>2022</u>	<u>2021</u>
Effective Annual Interest Rate		
Less than or equal to 2%	\$ 244,567	\$ 219,253
2.01% to 3.00%	732,654	524,083
3.01% to 4.00%	865,112	824,279
4.01% to 5.00%	652,551	718,936
5.01% to 6.00%	132,447	172,077
6.01% to 7.00%	42,860	61,127
7.01% to 8.00%	1,937	3,057
Over 8%	<u>262</u>	<u>755</u>
	2,672,390	2,523,567
Accrued interest	29,409	29,172
Allowance for doubtful accounts for loans	<u>(16,126)</u>	<u>(32,463)</u>
	<u>\$ 2,685,673</u>	<u>\$ 2,520,276</u>
Weighted average annual interest rate	3.50%	3.68%

Note 6 Investments

	<u>2022</u>	<u>2021</u>
Bonds and debentures:		
Government of Canada, direct and guaranteed	\$ 293,267	\$ 1,106,676
Other provincial, direct and guaranteed	<u>74,207</u>	<u>275,521</u>
	367,474	1,382,197
Corporate securities:		
Asset backed securities, AAA rated	197,383	691,567
Senior bank notes	<u>141,912</u>	<u>482,211</u>
	339,295	1,173,778
Accrued interest	706,769	2,555,975
	<u>2,509</u>	<u>13,059</u>
	<u>\$ 709,278</u>	<u>\$ 2,569,034</u>

The fair value of investments at March 31, 2022 is \$680,213 (2021 \$2,602,642). Fair value is based on quoted market prices excluding accrued interest.

Notes to the Financial Statements

March 31, 2022

(in thousands)

Note 6 Investments (continued)

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

	Term to Maturity ⁽¹⁾		2022	2021
	Within 1 Year	1 to 5 Years		
Bonds and debentures	\$ 39,339	\$ 328,135	\$ 367,474	\$ 1,382,197
Yield ⁽²⁾	1.80%	2.44%	2.37%	0.74%
Corporate Securities	10,703	328,592	339,295	1,173,778
Yield ⁽²⁾	2.35%	2.92%	2.90%	0.87%
	50,042	656,727	706,769	2,555,975
Accrued interest	66	2,443	2,509	13,059
	<u>\$ 50,108</u>	<u>\$ 659,170</u>	<u>\$ 709,278</u>	<u>\$ 2,569,034</u>

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

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

Note 7 Accounts Payable and Other Accrued Liabilities

	2022	2021
Supplies and services	\$ 5,956	\$ 7,548
Salaries, wages and employee benefits	4,585	5,410
Reinsurance Premiums to Government of Canada	18	18
Other	134	82
	<u>\$ 10,693</u>	<u>\$ 13,058</u>

Note 8 Due to (from) Other Provincial Governments

Due to provincial governments represents amounts collected from and paid to other provincial governments relating to the Western 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.

Notes to the Financial Statements

March 31, 2022

(in thousands)

Note 8 Due to (from) Other Provincial Governments (continued)

Breakdown of the amounts owing is as follows:

	2022	2021
Premiums collected	\$ 45,105	\$ 41,897
Indemnities paid	(36,400)	(35,022)
Administration costs receivable	(151)	(147)
Reinsurance premiums	(17,055)	(15,910)
Reinsurance recoveries and ceded losses	13,337	12,950
	<u>\$ 4,836</u>	<u>\$ 3,768</u>

Note 9 Indemnities Payable

	2022	2021
AgriStability (previously CAIS program), AgriInvest, AgriRecovery and related programs (Note 2(l))		
Current claim year	\$ 120,443	\$ 148,051
Prior claim years	142,100	89,431
	<u>262,543</u>	<u>237,482</u>
AgriInsurance	299,240	17,288
Livestock Price Insurance	2,947	105
Wildlife Compensation	1,398	1,203
Hail Insurance	-	66
	<u>\$ 566,128</u>	<u>\$ 256,144</u>

Estimated indemnities payable of \$566,128 and corresponding contributions and receivables from the Governments of Canada and Alberta are subject to measurement uncertainty because they could change materially in the future, if factors and assumptions considered by management in establishing the estimates were to change significantly.

Estimated indemnities for the current claim year for the AgriStability and AgriInvest programs are based on a variety of factors such as 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.

Notes to the Financial Statements

March 31, 2022

(in thousands)

Note 9 Indemnities Payable (continued)

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 \$90,542 to \$150,219. In four out of the past five years, actual indemnities have fallen outside the range.

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

Estimated indemnities payable for the AgriInsurance program are based upon 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 \$231,036 to \$367,442.

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:

	2022	2021
Effective annual Interest Rate		
Less than or equal to 2%	\$ 596,432	\$ 385,000
2.01% to 3.00%	1,397,000	1,397,000
3.01% to 4.00%	400,721	400,721
4.01% to 5.00%	202,862	289,294
	<u>2,597,015</u>	<u>2,472,015</u>
Accrued interest	14,374	15,519
Unamortized premium	(7,108)	(7,423)
	<u>\$ 2,604,281</u>	<u>\$ 2,480,111</u>
Weighted average annual interest rate	2.41%	2.67%

Notes to the Financial Statements

March 31, 2022

(in thousands)

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

Year ending March 31, 2023	\$ 517,863
2024	294,431
2025	120,000
2026	120,000
2027	215,721
Thereafter	<u>1,329,000</u>
	<u>\$ 2,597,015</u>

The estimated fair value of borrowings as at March 31, 2022 is \$2,567,912 (2021 \$2,575,394). Fair value is an approximation of market value to the holder.

Note 11 Deferred Revenue and Spent Deferred Capital Contributions

	2022	2021
Deferred revenue	\$ 8,205	\$ 7,307
Spent deferred capital contributions	3,188	9,535
	<u>\$ 11,393</u>	<u>\$ 16,842</u>

Deferred revenue

	2022			2021	
	Government of Canada	Non-government	Government of Alberta	Total	Total
Balance at beginning of year	\$ -	\$ 7,307	\$ -	\$ 7,307	\$ 7,616
Received during year	-	8,205	-	8,205	7,307
Less amounts recognized	-	(7,307)	-	(7,307)	(7,616)
Balance at end of year	<u>\$ -</u>	<u>\$ 8,205</u>	<u>\$ -</u>	<u>\$ 8,205</u>	<u>\$ 7,307</u>

Spent deferred capital contributions

	2022			2021	
	Government of Canada	Non-government	Government of Alberta	Total	Total
Balance at beginning of year	\$ 5,546	\$ 291	\$ 3,698	\$ 9,535	\$ 15,611
Transferred capital assets received	468	-	312	780	2,104
Less amounts recognized as revenue	(4,218)	(97)	(2,812)	(7,127)	(8,180)
Balance at end of year	<u>\$ 1,796</u>	<u>\$ 194</u>	<u>\$ 1,198</u>	<u>\$ 3,188</u>	<u>\$ 9,535</u>

Deferred revenue represents premiums received from producers for AgriInsurance 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.

Notes to the Financial Statements

March 31, 2022

(in thousands)

Note 12 Tangible Capital Assets

	Land	Building	Furniture and Fixtures	Vehicles	Computer Equipment and Software	2022	2021
Estimated Useful Life	Indefinite	25 - 40 years	5 - 10 years	5 - 10 years	2 - 10 years		
Historical Cost							
At beginning of year	\$ 2,267	\$ 10,210	\$ 12,740	\$ 5,851	\$ 111,759	\$ 142,827	\$ 141,803
Additions	-	-	-	130	769	899	4,124
Disposals including write-downs	(20)	-	(684)	(301)	(2,933)	(3,938)	(3,100)
	<u>2,247</u>	<u>10,210</u>	<u>12,056</u>	<u>5,680</u>	<u>109,595</u>	<u>139,788</u>	<u>142,827</u>
Accumulated amortization							
At beginning of year	-	6,731	11,215	4,467	99,839	122,252	113,125
Amortization expense	-	184	358	422	8,970	9,934	12,227
Effect of disposals including write-downs	-	-	(684)	(301)	(2,933)	(3,918)	(3,100)
	<u>-</u>	<u>6,915</u>	<u>10,889</u>	<u>4,588</u>	<u>105,876</u>	<u>128,268</u>	<u>122,252</u>
Net book value at March 31, 2022	<u>\$ 2,247</u>	<u>\$ 3,295</u>	<u>\$ 1,167</u>	<u>\$ 1,092</u>	<u>\$ 3,719</u>	<u>\$ 11,520</u>	
Net book value at March 31, 2021	<u>\$ 2,267</u>	<u>\$ 3,479</u>	<u>\$ 1,525</u>	<u>\$ 1,384</u>	<u>\$ 11,920</u>		<u>\$ 20,575</u>

Computer equipment, vehicles and software costs include \$1,282 (2021 \$1,908) 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 \$835 (2021 \$1,060) 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 \$4,505 for the year ended March 31, 2022 (2021 \$4,696).

At December 31, 2021, the Alberta Management Employees Pension Plan reported a surplus of \$1,348,160 (2020 surplus \$809,850), the Alberta Public Service Pension Plan reported a surplus of \$4,588,479 (2020 surplus \$2,223,582) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$20,982 (2020 deficiency \$59,972). 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

March 31, 2022

(in thousands)

Note 13 Pensions (continued)

As a result of the COVID-19 outbreak, declared a global pandemic on March 11, 2020, global financial markets and world economies have experienced significant volatility. Given the extent of the crisis, and varying levels of response and recovery of countries across the globe, additional uncertainty remains and will continue to exist with regards to fair value measurement of the pension plans investments.

Note 14 Contingencies, Contractual Obligations and Commitments

Contingent Liability

	<u>2022</u>	<u>2021</u>
Loan guarantees	<u>\$ 1,146</u>	<u>\$ 1,170</u>

The Corporation has been named in two (2021 one) claims of which the outcome is not determinable. Specified amount total is \$308 (2021 \$15). The resolution of the indeterminable claims may result in a liability, if any, may be significantly lower than the claimed amount.

Contractual Obligations

	<u>2022</u>	<u>2021</u>
Operating leases	\$ 8,416	\$ 9,374
Reinsurance	6,673	6,641
Other contracts	<u>7,726</u>	<u>13,338</u>
Total contractual obligations	<u>\$ 22,815</u>	<u>\$ 29,353</u>

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

Year ending March 31,	2023	\$ 13,454
	2024	3,937
	2025	2,782
	2026	1,390
	2027	688
	Thereafter	<u>564</u>
		<u>\$ 22,815</u>

Notes to the Financial Statements

March 31, 2022

(in thousands)

Note 14 Contingencies, Contractual Obligations and Commitments (continued)

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 27.5% for Livestock insurance and 30% for Hail insurance.

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

Commitments

	<u>2022</u>	<u>2021</u>
Approved, undisbursed loans	<u>\$ 275,550</u>	<u>\$ 301,947</u>

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:

	<u>2022</u>	<u>2021</u>
Loans receivable	\$ 2,685,673	\$ 2,520,276
Investments	709,278	2,569,034
Due from Government of Canada	155,713	130,310
Due from Government of Alberta	54,659	29,807
Accounts receivable	5,032	3,274
Loan guarantees	1,146	1,170
Total	<u>\$ 3,611,501</u>	<u>\$ 5,253,871</u>

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

Notes to the Financial Statements

March 31, 2022

(in thousands)

Note 15 Financial Instruments and Financial Risk Management (continued)

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.

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.

	2022		2021	
	Dollar	Percentage	Dollar	Percentage
Loans receivable by individual sector:				
Grain and oilseeds	\$ 1,500,662	56%	\$ 1,402,862	56%
Cattle	869,724	32%	819,474	32%
Other livestock	102,712	4%	87,850	3%
Accommodations and other services	74,423	3%	90,684	4%
Manufacturing	52,818	2%	46,775	2%
Trade - retail and wholesale	23,181	1%	24,416	1%
Other	78,279	3%	80,678	3%
Allowance	(16,126)	-1%	(32,463)	-1%
	<u>\$ 2,685,673</u>	<u>100%</u>	<u>\$ 2,520,276</u>	<u>100%</u>

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

Notes to the Financial Statements

March 31, 2022

(in thousands)

Note 15 Financial Instruments and Financial Risk Management (continued)

Interest Rate Risk (continued)

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.

Loans receivables – Loans receivable balances consist of loans with interest rates fixed either until maturity date or for a term with a renewable option. The Corporation allows its customers to prepay their loans without any prepayment penalties. 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.

	Scheduled Repayment ⁽¹⁾				Not ⁽²⁾ Interest Rate Sensitive	2022	2021
	Within 1 Year	1 to 5 Years	6 to 10 Years	Over 10 Years		Total	Total
Loan balances	\$ 197,454	\$ 665,510	\$ 680,684	\$ 1,116,710	\$ 25,315	\$ 2,685,673	\$ 2,520,276
Yield	3.34%	3.50%	3.63%	3.47%	-	3.51%	3.70%
Borrowing from							
Government of Alberta	\$ 517,863	\$ 750,152	\$ 1,329,000	\$ -	\$ 7,266	\$ 2,604,281	\$ 2,480,111
Yield ⁽³⁾	2.71%	2.59%	2.36%	-	-	2.56%	2.60%
Net gap	<u>\$ (320,409)</u>	<u>\$ (84,642)</u>	<u>\$ (648,316)</u>	<u>\$ 1,116,710</u>	<u>\$ 18,049</u>	<u>\$ 81,392</u>	<u>\$ 40,165</u>

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

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

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

Notes to the Financial Statements

March 31, 2022

(in thousands)

Note 15 Financial Instruments and Financial Risk Management (continued)

Liquidity Risk

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

The Corporation's primary liquidity risk relates to its liability for insurance claims. Insurance claims are funded firstly with current year premiums collected, which normally exceeds cash requirements. In addition, the investment portfolio of surplus funds in insurance operations is structured in such a way that a portion of the portfolio is accessible at short notice to fund claim payments. The Corporation also carries private sector reinsurance for Livestock Price Insurance and Hail Insurance providing significant protection against catastrophic losses. If all 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. Any amounts incurred were 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:

	2022	2021
Revenues:		
Grants	\$ 421,598	\$ 293,618
Expenses:		
Accommodation	\$ 528	\$ 560
Other services	2,665	2,421
Interest	65,233	67,469
	<u>\$ 68,426</u>	<u>\$ 70,450</u>
Payable to:		
Ministry of Agriculture, Forestry and Rural Economic Development	\$ 650	\$ 587
Ministry of Treasury Board and Finance	2,604,281	2,480,111
Receivable from:		
Ministry of Agriculture, Forestry and Rural Economic Development	54,659	29,807
Deferred Revenue from:		
Ministry of Agriculture, Forestry and Rural Economic Development	1,198	3,698
	<u>\$ 2,660,788</u>	<u>\$ 2,514,203</u>

Notes to the Financial Statements

March 31, 2022

(in thousands)

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(m)):

	AgriInsurance Reinsurance Fund of Alberta		AgriInsurance Reinsurance Fund of Canada for Alberta	
	2022	2021	2022	2021
Opening net assets	\$ 33,641	\$ 33,641	\$ 34,530	\$ 34,530
Contributions	-	-	-	-
Closing net assets	<u>\$ 33,641</u>	<u>\$ 33,641</u>	<u>\$ 34,530</u>	<u>\$ 34,530</u>

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

	Hail Insurance	Livestock Insurance	2022	2021
Brokerage				
Brokerage rebate	\$ (184)	\$ (307)	\$ (491)	\$ -
Excess loss				
Reinsurance expense	967	1,556	2,523	3,483
Recoveries	-	-	-	(51,704)
Quota Share				
Ceded premiums and commissions	9,088	1,921	11,009	13,329
Ceded losses	(7,975)	(1,373)	(9,348)	(7,334)
Net reinsurance expense (recoveries)	<u>\$ 1,896</u>	<u>\$ 1,797</u>	<u>\$ 3,693</u>	<u>\$ (42,226)</u>

For 2020-21, livestock reinsurance recoveries are consolidated in the Livestock Insurance Fees and other income on Schedule 1.

Note 19 Budget

The budget reported in the Statement of Operations was included in the 2021-22 Government Estimates.

Note 20 Comparative Figures

The 2021 figures have been reclassified where necessary to conform to 2022 presentation.

Schedule of Operations

Year ended March 31, 2022

(in thousands)

Schedule 1

	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Agrilinsurance	Agrilinsurance	Agriculture Income Support	Agriculture Income Support	Lending	Lending	Hail Insurance	Hail Insurance	Livestock Insurance	Livestock Insurance	Wildlife Damage Compensation	Wildlife Damage Compensation	Total	Total
	Note 2(n)	Note 2(n)												
Revenues:														
Premiums from insured persons	\$ 281,387	\$ 273,004	\$ -	\$ -	\$ -	\$ -	\$ 34,116	\$ 30,315	\$ 8,630	\$ 15,777	\$ -	\$ -	\$ 324,133	\$ 319,096
Interest	407	439	13	93	92,035	94,458	55	62	20	75	-	-	92,530	95,127
Contribution from Government of Alberta	191,109	211,208	226,195	61,416	-	4,083	-	-	580	798	3,714	16,113	421,598	293,618
Contribution from Government of Canada	192,068	189,052	288,900	51,324	-	-	-	-	847	1,128	5,721	15,312	487,536	256,816
Investment income	31,728	69,985	219	359	98	343	115	193	53	190	3	(28)	32,216	71,042
Fees and other income	62	31	10,116	10,741	3,266	3,946	183	180	98	44,295	68	169	13,793	59,362
	696,761	743,719	525,443	123,933	95,399	102,830	34,469	30,750	10,228	62,263	9,506	31,566	1,371,806	1,095,061
Expenses:														
Indemnities	2,754,272	681,501	507,845	111,232	-	-	26,481	21,731	4,715	67,094	8,497	28,868	3,301,810	910,426
Salaries, wages and employee benefits	25,138	25,735	9,864	8,451	15,671	16,933	301	990	858	1,136	540	1,376	52,372	54,621
Supplies and services	12,459	10,736	4,570	3,546	11,693	6,012	452	570	455	692	258	679	29,887	22,235
Amortization of tangible capital assets	4,105	4,920	2,515	2,684	1,651	2,179	1,300	1,896	221	331	142	217	9,934	12,227
Interest	-	-	-	-	65,233	69,497	-	-	-	-	-	-	65,233	69,497
Reinsurance (Note 17)	-	-	-	-	-	-	1,896	1,965	1,797	-	-	-	3,693	1,965
Allowance for doubtful accounts and for losses (Note 3 & 4)	79	100	630	(2,250)	(14,681)	542	-	5	52	-	-	-	(13,920)	(1,603)
	2,796,053	722,992	525,424	123,663	79,567	95,163	30,430	27,157	8,098	69,253	9,437	31,140	3,449,009	1,069,368
Annual (deficit) surplus	(2,099,292)	20,727	19	270	15,832	7,667	4,039	3,593	2,130	(6,990)	69	426	(2,077,203)	25,693
Accumulated surplus at beginning of year	2,710,916	2,690,189	2,781	2,511	88,226	80,559	49,141	45,548	11,958	18,948	2,232	1,806	2,865,254	2,839,561
Accumulated surplus at end of year	\$ 611,624	\$ 2,710,916	\$ 2,800	\$ 2,781	\$ 104,058	\$ 88,226	\$ 53,180	\$ 49,141	\$ 14,088	\$ 11,958	\$ 2,301	\$ 2,232	\$ 788,051	\$ 2,865,254

Schedule of Salaries and Benefits

Year ended March 31, 2022

(in thousands)

Schedule 2

	2022			2021	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-cash Benefits ⁽³⁾	Total	Total
Chair of Board ⁽⁴⁾	\$ 23	\$ -	\$ -	\$ 23	\$ 19
Board Members ⁽⁵⁾	42	-	1	43	67
Executive Members					
Chief Executive Officer ⁽⁶⁾	262	18	56	336	349
Chief Strategy & Innovation Officer	235	1	60	296	312
Chief Client Officer ⁽⁷⁾	240	1	52	293	313
Chief Financial & Risk Officer ⁽⁸⁾	223	1	47	271	133
Chief Information Officer	199	5	39	243	271
Chief People Officer	151	10	40	201	269

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

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

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

(4) The Chair of the Board was divided between two individuals (April 1, 2021 – September 7, 2021 and September 8, 2021 – March 31, 2022). The position was held by the Deputy Minister, Agriculture, Forestry and Rural Economic Development for April 1, 2021 - September 7, 2021. The 2021 amount relates to the position being divided between two individuals (April 1, 2020 – April 11, 2020 and April 12, 2020 – October 8, 2020). The Chair of the Board for the remainder of 2020-21 was held by the Deputy Minister, Agriculture, Forestry, Rural Economic Development.

(5) The amounts relate to six Board Members for two months, five Board Members for four months and four Board Members for six months during 2021-22. The 2021 amount relates to six Board Members for six months and five Board Members for six months.

(6) The Chief Executive Officer amount for 2021 was divided between two individuals (one for April 1, 2020 – June 30, 2020 and the other October 1, 2020 – March 31, 2021). The period in between was handled by a contracted employee.

(7) The amount relates to eleven months during 2020-21.

(8) The amounts relate to six months during 2020-21.

Other Financial Information

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Trust Funds Under Administration (unaudited)

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

At March 31, 2022 trust funds under administration were as follows:

	2022	2021
	<i>in thousands</i>	
Claude Gallinger Memorial Trust Fund	\$ 21	\$ 21
Performance Deposit Trust	2,333	2,809
Forests Act Securities General Trust	2,933	2,805
	<u>\$ 5,287</u>	<u>\$ 5,635</u>

In addition to the above trust funds under administration, the ministry holds bank guarantees in the form of letters of credit as follows:

	2022	2021
	<i>in thousands</i>	
Letters of Credit	\$ 7,496	\$ 5,904
	<u>\$ 7,496</u>	<u>\$ 5,904</u>

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

Department of Agriculture, Forestry and Rural Economic Development
Year ended March 31, 2022

(in thousands)

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

Write-offs

Agriculture Financial Services Corporation	\$	(1,738)
Total remissions, compromises and write-offs	\$	(1,738)

Statement of Guarantees (unaudited)**Department of Agriculture, Forestry and Rural Economic Development
Year ended March 31, 2022***(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.

	2022	2021	Expiry Date
<i>Feeder Associations</i>	\$ 91,536	\$ 85,845	Ongoing
<i>Agriculture Financial Services Corporation Guarantees</i>	<u>1,146</u>	<u>1,050</u>	Variable
	92,682	86,895	

Feeder Associations Guarantee Act (authorized guarantee limit set by Order in Council is \$100 million).

Agriculture Financial Services Corporation 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, Forestry and Rural Economic Development
Year ended March 31, 2022

(in thousands)

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

	Authorized ⁽¹⁾	Actual Revenue Recognized	Unearned Revenue	Total Revenue Received/ Receivable	(Shortfall)/ Excess ⁽¹⁾
EXPENSE AMOUNTS					
Canadian Agricultural Partnership	\$ 46,848	\$ 43,212	\$ -	\$ 43,212	\$ (3,636)
Forest Stewardship and Trade	1,000	982	-	982	(18)
	<u>\$ 47,848</u>	<u>\$ 44,194</u>	<u>\$ -</u>	<u>\$ 44,194</u>	<u>\$ (3,654)</u>

⁽¹⁾ Only expenditures are authorized.

Lapse/Encumbrance (unaudited)

Department of Agriculture, Forestry and Rural Economic Development

Year ended March 31, 2022

(in thousands)

	Voted Estimate ⁽¹⁾	Adjustments ⁽²⁾	Adjusted Voted Estimate	Voted Actuals ⁽³⁾	Over Expended (Unexpended)
EXPENSE VOTE BY PROGRAM					
Ministry Support Services					
1.1 Minister's Office	\$ 850	\$ -	\$ 850	\$ 792	\$ (58)
1.2 Deputy Minister's Office	764	-	764	762	(2)
1.3 Farmers' and Property Rights Advocate	971	-	971	979	8
1.4 Corporate Services	9,172	-	9,172	8,206	(966)
	<u>11,757</u>	<u>-</u>	<u>11,757</u>	<u>10,739</u>	<u>(1,018)</u>
Rural Programming and Agricultural Societies					
2.1 Rural Programming	4,376	-	4,376	4,261	(115)
2.2 Agricultural Societies and Exhibitions	11,462	-	11,462	11,462	-
	<u>15,838</u>	<u>-</u>	<u>15,838</u>	<u>15,723</u>	<u>(115)</u>
Trade, Investment and Food Management					
3.1 Export and Investment	4,265	-	4,265	3,634	(631)
3.2 Food Management	10,990	-	10,990	12,733	1,743
3.3 Food and Bio-Processing	8,241	-	8,241	7,279	(962)
3.4 Intergovernmental and Trade Relations	6,614	-	6,614	6,218	(396)
	<u>30,110</u>	<u>-</u>	<u>30,110</u>	<u>29,864</u>	<u>(246)</u>
Primary Agriculture					
4.1 Animal Health and Assurance	9,813	-	9,813	9,703	(110)
4.2 Crop Health and Assurance	3,287	-	3,287	3,882	595
4.3 Agricultural Service Boards	8,483	-	8,483	9,009	526
4.4 Agriculture Research	37,000	-	37,000	36,985	(15)
4.5 Marketing Council	945	-	945	985	40
4.6 Natural Resource Management	10,812	-	10,812	9,464	(1,348)
	<u>70,340</u>	<u>-</u>	<u>70,340</u>	<u>70,028</u>	<u>(312)</u>
Agriculture Insurance and Lending Assistance					
5.1 Lending Assistance	-	-	-	-	-
5.2 Insurance	171,810	-	171,810	171,453	(357)
5.3 Agriculture Income Support	43,496	-	43,496	43,496	-
	<u>215,306</u>	<u>-</u>	<u>215,306</u>	<u>214,949</u>	<u>(357)</u>
Forests					
6.1 Wildfire Management	101,191	2,530	103,721	103,701	(20)
6.2 Wildfire Presuppression and Response	-	-	-	-	-
6.3 Forest Stewardship and Trade	68,873	-	68,873	41,279	(27,594)
	<u>170,064</u>	<u>2,530</u>	<u>172,594</u>	<u>144,980</u>	<u>(27,614)</u>
Canadian Agricultural Partnership	30,983	4,290	35,273	31,685	(3,588)
CAPITAL GRANTS					
Rural Programming and Agricultural Societies					
2.1 Rural Programming	22,083	-	22,083	21,917	(166)
2.2 Agricultural Societies and Exhibitions	18,146	-	18,146	18,146	-
	<u>40,229</u>	<u>-</u>	<u>40,229</u>	<u>40,063</u>	<u>(166)</u>
Primary Agriculture					
4.7 Irrigation Infrastructure Assistance	42,600	-	42,600	42,600	-
Credit or Recovery (Shortfall)	-	(3,654)	(3,654)	-	3,654
Total	<u>\$ 627,227</u>	<u>\$ 3,166</u>	<u>\$ 630,393</u>	<u>\$ 600,631</u>	<u>\$ (29,762)</u>
(Lapse)/Encumbrance					<u>\$ (29,762)</u>
CAPITAL INVESTMENT VOTE BY PROGRAM					
Ministry Support Services					
1.4 Corporate Services	\$ 990	\$ 117	\$ 1,107	\$ 355	\$ (752)
	<u>990</u>	<u>117</u>	<u>1,107</u>	<u>355</u>	<u>(752)</u>
Trade, Investment and Food Management					
3.2 Food Management	301	324	625	386	(239)
3.3 Food and Bio-Processing	727	2,451	3,178	2,156	(1,022)
	<u>1,028</u>	<u>2,775</u>	<u>3,803</u>	<u>2,542</u>	<u>(1,261)</u>
Primary Agriculture					
4.2 Crop Health and Assurance	-	57	57	57	-
4.4 Agriculture Research	-	427	427	30	(397)
4.6 Natural Resource Management	159	12	171	394	223
	<u>159</u>	<u>496</u>	<u>655</u>	<u>481</u>	<u>(174)</u>
Forests					
6.1 Wildfire Management	11,085	(821)	10,264	9,180	(1,084)
6.3 Forest Stewardship and Trade	-	48	48	-	(48)
	<u>11,085</u>	<u>(773)</u>	<u>10,312</u>	<u>9,180</u>	<u>(1,132)</u>
Total	<u>\$ 13,262</u>	<u>\$ 2,615</u>	<u>\$ 15,877</u>	<u>\$ 12,558</u>	<u>\$ (3,319)</u>
(Lapse)/Encumbrance					<u>\$ (3,319)</u>

Lapse/Encumbrance (unaudited)

Department of Agriculture, Forestry and Rural Economic Development

Year ended March 31, 2022

(in thousands)

	Voted Estimate	Adjustments	Adjusted Voted Estimate	Voted Actuals	Unexpended (Over Expended)
FINANCIAL TRANSACTIONS VOTE BY PROGRAM					
Forests					
6.1 Wildfire Management	\$ 1,310	\$ -	\$ 1,310	\$ 2,071	\$ 761
Total	\$ 1,310	\$ -	\$ 1,310	\$ 2,071	\$ 761
(Lapse)/Encumbrance					\$ 761
CONTINGENCY ⁽²⁾					
Primary Agriculture					
4.1 Animal Health and Assurance	\$ -	\$ 347	\$ 347	\$ 347	\$ -
Agriculture Insurance and Lending Assistance					
5.2 Insurance	-	24,848	24,848	22,285	(2,563)
5.3 Agriculture Income Support	-	193,120	193,120	181,864	(11,256)
Forests					
6.2 Wildfire Presuppression and Response	-	160,032	160,032	144,027	(16,005)
6.3 Forest Stewardship and Trade	-	6,823	6,823	-	(6,823)
CAPITAL GRANTS					
Primary Agriculture					
4.7 Irrigation Infrastructure Assistance	-	12,516	12,516	12,500	(16)
Contingency Total	\$ -	\$ 397,686	\$ 397,686	\$ 361,023	\$ (36,663)
(Lapse)/Encumbrance					\$ (36,663)

(1) As per "Expense Vote by Program", "Capital Investment Vote by Program" and "Financial Transaction Vote by Program" page 34 of the 2021-22 Government Estimates.

(2) 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) 022/2022, Contingency funding of \$378,000 was approved for agricultural income support and insurance programs of the Agriculture Financial Services Corporation for disasters caused by drought and also for emergency assistance for the 2021-22 wildfires. Additional Contingency funding of \$19,686 was approved as per OC 075/2022 to increase conveyance efficiency of Alberta's irrigation network to support and enhance environmental and social forest values and for livestock theft investigations.

(3) 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.

Payments Based on Agreements (unaudited)

Department of Agriculture, Forestry and Rural Economic Development
Year ended March 31, 2022

(in thousands)

The following has been prepared pursuant to Section 25(3) of the *Financial Administration Act*.

The Department has entered into agreements to deliver fire emergency services. Costs based on these agreements are incurred by the Department under the Mutual Aid Resource Sharing Agreement with other government organizations. Accounts receivable includes \$12,685 (2021: \$1,080) and accounts payable includes \$145 (2021: \$3) relating to payments under agreements.

Amounts paid and payable based on agreements with other government organizations are as follows:

	2022	2021
Canadian Government	\$ 8,150	\$ 6,894
United States Government	302	1,981
	<u>\$ 8,452</u>	<u>\$ 8,875</u>

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, 2021 and March 31, 2022.

