

Farmers' Advocate Office

Re-thinking Rural Alberta



ANNUAL REPORT 2013-14

Alberta ■ Agriculture and
Rural Development

December 16, 2014

Honourable Verlyn Olson
Minister of Agriculture and Rural Development
423 Legislature Building
10800-97th Avenue
Edmonton, AB T5K 2B6

RE: Annual Report

Dear Minister Olson:

It is with great pleasure that I present to you the 40th Annual Report of the Farmers' Advocate Office (FAO). It has been another excellent year for the FAO.

In addition to summarizing the activities of the Farmers' Advocate Office from April 1, 2013 to March 31, 2014, this report also provides the financial statements of the Farm Implement Compensation Fund as required by statute.

Please call 780-644-5365 or email peter.dobbie@gov.ab.ca if you have any questions.

Sincerely,

Peter J. Dobbie, Q.C.
Farmers' Advocate of Alberta

TABLE OF CONTENTS

ABOUT THE FARMERS' ADVOCATE OFFICE.....	1
MESSAGE FROM THE FARMERS' ADVOCATE.....	3
RURAL OPPORTUNITIES.....	4
FAIR PROCESS	6
Well Water Restoration or Replacement Program (WWRRP).....	6
Wildfire Cost Assessment Program	6
Nuisance Complaints Relating to Agricultural Operations.....	7
Agriculture Financial Services Corporation Reviews and Appeals.....	7
CONSUMER PROTECTION.....	8
<i>Farm Implement Act</i>	8
OFFICE OPERATIONS.....	10
Communications	10

ABOUT THE FARMERS' ADVOCATE OFFICE

| Vision |

The vision of the Farmers' Advocate Office is to be a vital, issues-driven organization, valued by stakeholders for its constructive contributions, and respected for its impact on matters of concern to farmers and rural Albertans.

| Mission |

The mission of the Farmers' Advocate Office (FAO) is to create value for rural Albertans and our stakeholders by:

- empowering rural Albertans through awareness on key issues;
- providing objective, unbiased ideas and advice for resolving disputes;
- representing the rural Alberta perspective on matters of concern;
- and facilitating interaction on strategic matters among key stakeholders.

The Farmers' Advocate Office (FAO) was established by Alberta Agriculture in 1973 as a resource for Albertan farmers and ranchers.

The FAO helps bridge the gap between rural Alberta and the provincial government, bringing the concerns of rural landowners to decision-makers and advocating for legislative and policy change on behalf of the rural community. As a liaison between farmers and the provincial government, the FAO helps ensure that the rights and interests of rural Albertans are recognized, understood, and protected.

In addition to the advocacy role, there are three central policy branches of the FAO:

- Rural Opportunities
Rural opportunity is realized through assisting landowners with managing their land asset, mitigating business risk, and maximizing future economic opportunity as it relates to interaction with the energy industry.

The FAO is a one-window resource for farmers and ranchers who are affected by energy developments. We are able to provide information on legislation and policy, advise on rights and responsibilities, and assist with negotiations and requests for compensation.
- Fair Process
The FAO helps Albertan farmers and ranchers resolve disputes on various rural issues. We also administer several programs under the Fair Process branch to help support rural Albertans.
 - *Well Water Restoration or Replacement Program*
The FAO is able to distribute compensation from the Alberta Energy

Regulator for water wells suspected to be damaged by energy activity. This program is a last resort for situations where negotiations with energy companies have been unsuccessful.

- *Wildlife Cost Assessment Committee*
Under the *Forest and Prairie Protection Act*, Alberta Environment and Sustainable Resource Development can invoice an individual who is responsible for starting a fire. These funds are used to cover the costs of fire suppression. If a rural landowner feels that paying the invoice would cause undue financial hardship, they may apply to the FAO to have the Wildlife Cost Assessment Committee review their case.
- *Nuisance Complaints Relating to Agricultural Operations*
Under Part 1 of the *Agricultural Operation Practices Act*, the FAO can provide protection for agricultural producers when conflicts arise related to odour, dust, noise, and smoke. Following review by a Practice Review Committee, the FAO may issue a Generally Accepted Practice (GAP) Certificate to a producer.
- *Agriculture Financial Services Corporation Reviews and Appeals*
Upon request, the FAO can review decisions of the Agriculture Financial Services Corporation (AFSC) under the AgriStability and AgriInsurance programs.
- Consumer Protection
The *Farm Implement Act* and *Farm Implement Dealerships Act* were created to help protect the investment farmers make in their machinery. Administered by the FAO, the administration of this legislation is carried out by the Farm Implement Board, which is comprised of 3 farmers, 3 industry representatives, and 1 member appointed by the Minister of Agriculture and Rural Development.

MESSAGE FROM THE FARMERS' ADVOCATE

This spring I celebrated 2 years in the position of Farmers' Advocate. I continue to enjoy this position, and strive to bring passion and vision to all of the files I encounter. One of the best aspects of my work as Farmers' Advocate is that my days are highly varied: every day I am faced with new challenges and unfamiliar situations. It is certainly an atmosphere for continuous learning and growth.

In my perspective, the Farmers' Advocate Office (FAO) is a special organization within the Ministry and the government, as we have the mandate to connect directly with rural Albertans and help them with the issues they encounter. This past year I have assisted on a wide variety of rural issues and disputes, allowing me to visit farms, ranches, cities, and counties throughout Alberta.

As the Farmers' Advocate, I am also responsible for bringing the concerns and ideas of rural Albertans to relevant decision-makers and helping to inform and improve government policy. This is important work because our policies and management approaches need to be useful, meaningful, and relevant to Alberta's farmers and ranchers and their industries.

To this end, much of my time is connecting with Members of Legislative Assembly (MLAs) and their staff to provide information from an agricultural standpoint, and discuss and assist them with the issues that arise within their constituencies. I have the highest respect for our hard-working MLAs and the commitment they have to our beautiful province.

I continue to be heavily involved with Synergy Alberta, a non-profit society established in 2006 to bring together and formalize the existing community "synergy groups" – multi-stakeholder groups that were established to connect energy companies and local stakeholders. Synergy Alberta hosted an excellent conference in Red Deer from October 28-30, 2013 and I attended in my capacity as a Director on their Board. In my opinion, Synergy is a well-run organization that continues to be an excellent resource for rural Albertans.

Of course, all the work of the FAO would not be possible without a strong and knowledgeable team. I am thankful to Graham Gilchrist, Janet Patriquin, Carol Goodfellow, Robert Martin, Brenda Tangen, and Roseline Soparlo for all their hard work in 2013-14. We send best wishes to long-time FAO staff members Graham Gilchrist and Robin Martin, who left the FAO this past year to pursue other endeavors. We also extend a warm welcome to Cal Vance, who has replaced Robert Martin as the Farm Implement Inspector.

The FAO is grateful to the Ministry for their continued support of the work of our office. We hope to continue to be a resource to Albertans for many years to come.

RURAL OPPORTUNITIES



The energy industry is a vital aspect of Alberta's economy. Companies and landowners must find effective ways to share the land to ensure that a variety of uses can continue to co-exist.

Rural opportunity is realized through assisting landowners with managing their land asset, mitigating business risk, and maximizing future economic opportunity as it relates to interaction with the energy industry.

The FAO is a one-window resource for farmers and ranchers who are affected by energy developments. We are able to provide information on legislation and policy, advise on rights and responsibilities, and assist with negotiations and requests for compensation.

In 2013-14, the Surface Rights, Land, and Energy Advisor, Carol Goodfellow, connected with rural Albertans through:

- 1 facilitation,
- 25 speaking engagements,
- 11 tradeshow, and
- 5 site visits.

In addition to continuous research and legislative monitoring, Ms. Goodfellow dedicated over 20 hours to reviewing the new *Responsible Energy Development Act* to identify significant changes and impacts for landowners. This legislation began the movement towards more integrated resource management through the creation of the Alberta Energy Regulator to manage for upstream oil, gas, oil sands, and coal projects.

Ms. Goodfellow continuously improves her knowledge and understanding of energy developments to ensure FAO clients have access to the best information available. In 2013-14, she took numerous educational classes focusing on various aspects of land and energy management.

During 2013-14, Ms. Goodfellow actively participated on 13 committees to help represent the interests of farmers and ranchers. These committees ranged in subject matter, including such things as water policy, pipeline development, and synergy between sectors.

FAIR PROCESS

Farmers and ranchers who experience conflicts with government or other agri-business owners may contact the FAO to help resolve the dispute. In 2013-14, the FAO worked on 70 general agricultural disputes.

Well Water Restoration or Replacement Program (WRRRP)



The Well Water Restoration or Replacement Program (WRRRP) was established in 1987 to provide reimbursement to landowners who have replaced or restored water wells allegedly damaged by energy activities.

Compensation funds for the WRRRP are provided through the Alberta Energy Regulator. This program is a last resort for situations where negotiations with the energy company have been unsuccessful.

The FAO did not conduct any formal hearings for the WRRRP in 2013-14, but did help resolve some issues between energy companies and landowners, preventing the need for a hearing.

Wildfire Cost Assessment Program

Under the *Forest and Prairie Protection Act*, Alberta Environment and Sustainable Resource Development is able to issue invoices for fire suppression costs to the individuals responsible for starting a fire.

If a rural landowner feels that paying the invoice would cause undue financial hardship, they may apply to the FAO to have the Wildlife Cost Assessment Committee review their case.



The FAO received several inquiries on the Wildlife Cost Assessment Program in the 2013-14 fiscal year, but the applicants were not eligible to participate.

Nuisance Complaints Relating to Agricultural Operations

Under Part 1 of the *Agricultural Operation Practices Act* (AOPA), the FAO can provide protection for agricultural producers when conflicts arise related to odour, dust, noise, and smoke.

Following review by a Practice Review Committee, the FAO may issue a Generally Accepted Practice (GAP) Certificate to a producer. The FAO received numerous inquiries on AOPA in 2013-14. Resolutions were found in cooperation with the Natural Resources Conservation Board (NRCB) without needing a GAP Certificate.

Agriculture Financial Services Corporation Reviews and Appeals

Upon request, the FAO can review decisions of the Agriculture Financial Services Corporation (AFSC) under the AgriStability and AgriInsurance programs.

This year 7 AFSC AgriInsurance appeals and 2 AFSC AgriStability reviews were held.

- AgriStability is a program under the federal government's *Growing Forward 2* initiative that provides disaster assistance to farmers who experience large margin declines. The Appeal Committee only provides recommendations to AFSC in AgriStability reviews. Both of the hearings done in 2014 resulted in a recommendation that the appeals be dismissed.
- AgriInsurance provides insurance to agricultural producers. Three of the AgriInsurance appeals involved snowed-under claims, 3 involved hail damage assessments, and one appeal dealt with uninsured cause of loss. Of the 7 appeals, partial payment was allowed in one snowed-under claim and in the uninsured causes of loss appeal.

CONSUMER PROTECTION

Farm Implement Act



The Farm Machinery Appeal Board was originally established in 1973 to advise the Minister “in respect to matters arising out of the operation of the *Farm Implement Act*.” Over the past 40 years, the legislation and operation of what is now the Farm Implement Board (FIB) have undergone numerous changes to remain relevant with the realities faced by farmers purchasing farm implements.

Today the *Farm Implement Act* and *Farm Implement Dealerships Act* continue to be an important mechanism for protecting the investment Alberta farmers make in machinery and equipment. The Act establishes minimum warranty requirements, outlines the required availability for repair parts, and creates a process for resolving conflicts.

The FIB is a last resort for settling disputes. We encourage farmers to make every effort to settle the dispute with the dealer. All disputes are reviewed by the FAO’s Farm Implement Inspector, Cal Vance, prior to being forwarded to the FIB. The goal is to have the Farm Implement Inspector resolve the majority of disputes before cases are brought to the FIB.

Cases regarding breached lease or sale agreements are heard by a tribunal comprised of a minimum of 3 FIB members.

NAME	POSITION
Don Deaville	Chairman and Farmer Member
Remi Cyr	Farmer Member
John Zeinstra	Vice Chairman and Farmer Member
Tien MacDonald	Association of Equipment Manufacturers (AEM)
Trevor Jubenville	Agricultural Manufacturers of Canada (AMC)
Cameron Kay	Canada West Equipment Dealers Association
Terry Murray	Minister’s Representative

The FIB manages the Farm Implement Compensation Fund, which is financed through the dues and levies paid by licensed dealers and distributors. Compensation is available to farmers for breach of sale or lease agreements on farm implement purchases. Financial statements outlining the activities of the Board are enclosed for your perusal.



The FAO provides administrative services for the Board. Brenda Tangen supports the FIB by taking minutes and writing decisions. Cal Vance was hired in October 2013 to replace Robert Martin as the FAO Farm Implement Inspector.

In 2013-14, the FAO Farm Implement Inspector spoke with approximately 240 different farmers and agri-businesses, mediated approximately 155 disputes, and completed over 20 farm implement inspections.

The Obsolete Parts Directory is available on the FAO website.

OFFICE OPERATIONS

Communications

- Email
The FAO's communications with farmers and ranchers are often conducted by email. Each day FAO staff respond to many email inquiries about dispute resolution, advocacy, and programs.
- Phone
The Ag Info Centre tracks the calls directed to the FAO through the 310-FARM (3276) line. In 2013-14, 820 callers were directed to the FAO. Approximately one half of these calls related to surface rights, land and energy. In addition, it is estimated that over 1,500 calls were received by FAO staff on their cell phones and direct lines between March 31, 2013 and April 1, 2014.
- Website
Farmers and ranchers have 24/7 access to information on the FAO's programs with our website at www.farmersadvocate.gov.ab.ca. We strive to provide current information on all of our policy areas and issues relevant to agricultural operations. In 2013-14, the website received 11,319 hits.
- Tradeshows
In addition to the speaking engagements listed under the three policy areas, in 2013-14 the FAO connected with farmers and ranchers at tradeshows, open houses, and landowner events across the province. These events provide an excellent opportunity to interface directly with clients and communicate the programs of the FAO.

FARM IMPLEMENT COMPENSATION FUND

FINANCIAL STATEMENTS

March 31, 2014



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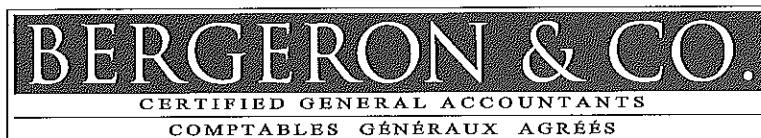
FARM IMPLEMENT COMPENSATION FUND

FINANCIAL STATEMENTS

March 31, 2014

INDEX

	Page
Independent Auditor's Report	
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Financial Position	4
Cash Flow Statement	5
Notes to Financial Statements	6 - 7



INDEPENDENT AUDITOR'S REPORT

To the Members of Farm Implement Compensation Fund

We have audited the accompanying financial statements of Farm Implement Compensation Fund, which comprise the statements of financial position as at March 31, 2014 and March 31, 2013, and the statements of operations, changes in net assets, and cash flows for the years ended March 31, 2014 and March 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

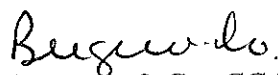
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Farm Implement Compensation Fund as at March 31, 2014 and March 31, 2013, and its financial performance and its cash flows for the years ended March 31, 2014 and March 31, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, AB
July 18, 2014


Bergeron & Co., CGA
Certified General Accountants

**FARM IMPLEMENT COMPENSATION FUND
STATEMENT OF OPERATIONS
For the years ended March 31, 2014**

	<u>2014</u>	<u>2013</u>
REVENUE		
Farm Implement Fund Levies	\$ 137,500	\$ 131,483
Interest	<u>19,677</u>	<u>18,422</u>
	<u>157,177</u>	<u>149,905</u>
EXPENSES		
Bank charges	<u>546</u>	<u>1,480</u>
	<u>546</u>	<u>1,480</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 156,631</u>	<u>\$ 148,425</u>

**FARM IMPLEMENT COMPENSATION FUND
STATEMENT OF CHANGES IN NET ASSETS**
For the years ended March 31, 2014

	<u>Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
NET ASSETS			
Balance, beginning of year	\$ 1,604,783	\$ 1,604,783	\$ 1,456,358
Excess of revenues over expenses	<u>156,631</u>	<u>156,631</u>	<u>148,425</u>
Balance, end of year	<u><u>1,761,414</u></u>	<u><u>1,761,414</u></u>	<u><u>1,604,783</u></u>
	\$ 1,761,414	\$ 1,761,414	\$ 1,604,783

See accompanying Notes to Financial Statements

FARM IMPLEMENT COMPENSATION FUND
STATEMENT OF FINANCIAL POSITION
March 31, 2014

	ASSETS	2014	2013
CURRENT			
Cash (Note 3)		\$ <u>1,761,414</u>	\$ <u>1,604,783</u>
TOTAL ASSETS		\$ <u>1,761,414</u>	\$ <u>1,604,783</u>
	LIABILITIES		
CURRENT			
CONTINGENT LIABILITY (Note 4)		—	—
	NET ASSETS		
Restricted net assets		1,761,414	1,604,783
Unrestricted net assets		—	—
TOTAL NET ASSETS		<u>1,761,414</u>	<u>1,604,783</u>
TOTAL LIABILITIES & NET ASSETS		\$ <u>1,761,414</u>	\$ <u>1,604,783</u>

Approved by the Directors:

 _____, Director

 _____, Director

FARM IMPLEMENT COMPENSATION FUND
CASH FLOW STATEMENT
For the years ended March 31, 2014

	<u>2014</u>	<u>2013</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ <u>156,631</u>	\$ <u>148,425</u>
INCREASE IN CASH AND CASH EQUIVALENTS	156,631	148,425
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,604,783</u>	<u>1,456,358</u>
CASH AND CASH EQUIVALENTS, end of year	\$ <u>1,761,414</u>	\$ <u>1,604,783</u>

See accompanying Notes to Financial Statements

BERGERON & CO., C.G.A.

FARM IMPLEMENT COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

1. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION

The Farm Implement Compensation Fund (the Fund) consists of money received by the Farm Implement Board (the Board) from levies, assessments and penalties in accordance with the Farm Implement Act. This fund is maintained by the Board and its financial results are reported annually through an audit process. Every year the Board sets the levy that Alberta dealers and distributors pay to the Fund. In addition to the levy, the Board may order an additional assessment on applicants who did not hold a licence in the previous year and on licencees with respect to whom the Board awarded compensation from the Fund. The Board and the Fund are both exempt from income tax.

2. ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

Revenue recognition

- a) The revenues of the Fund consists of levies, assessments, penalties, and interest. Levies, assessments, and penalties are recorded as income when they are received. Levies received that are for the following calendar year are not deferred.

Interest is recorded as revenue when it is received.

Management's use of estimates

- b) When preparing financial statements according to ASNPO, the Fund makes estimates and assumptions relating to:
- Reported amounts of revenue and expenses;
 - Reported amounts of assets and liabilities; and
 - Disclosure of contingent assets and liabilities

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the Board may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions.

Cash and cash equivalents

- c) Cash is comprised of amounts on deposit at financial institutions.

FARM IMPLEMENT COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following describes the exposures to those risks, how they arise, any changes in risk exposures from the previous period, and any concentrations of risk.

Credit risk:

Credit risks arise from one sources: cash, which is deposited with reputable, major financial institutions to limit the credit risk exposure.

4. CONTINGENT LIABILITY

As at the date of the report, the Board has agreed to payout a claim in an presently unknown amount.

Farmers' Advocate Office

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