

FARMERS'
ADVOCATE
OFFICE



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**ANNUAL
REPORT**
2014-15

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Message from the Farmers' Advocate of Alberta



The Honourable Minister Carlier,

On behalf of the Farmers' Advocate Office (FAO), I am pleased to present our 41st Annual Report.

The FAO has a proud history in our province. For over 40 years, we have been a resource and a voice for rural Albertans.

Over the years, our roles have changed and grown, but our dedication to the needs and concerns of rural Albertans has remained consistent.

The FAO plays an important role in meeting the Ministry goal of maintaining a “vibrant, resilient, and sustainable rural Alberta.”

This report provides a summary of our activities from April 1, 2014 to March 31, 2015.

As in the past, financial statements from the Farm Implement Compensation fund are enclosed as required by legislation.

Peter J. Dobbie, Q.C.

Farmers' Advocate of Alberta

December 2015

Mission

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 stakeholders.





Vision

To be a vital, issues-driven organization valued by stakeholders for our constructive contributions, and respected for our impact on matters of concern to farmers and rural Albertans.

Surface Rights, Land & Energy

71 Case Files
1,500+ Inquiries

The FAO is a resource to rural Albertans who are negotiating with energy companies. We are able to provide information on legislation and policy, and advise on your rights, responsibilities, negotiations and requests for compensation. In 2014-15, our Surface Rights, Land, and Energy Specialist, Carol Goodfellow, received hundreds of inquiries and opened 71 case files where mediation, negotiation or information exchange were required.

The FAO tracks the common issues raised by landowners. During the 2014-15 year, these are some of the key concerns we heard:

Section 36 of the *Surface Rights Act*

We have seen an increase in the number of calls regarding bankrupt companies not making their annual rental payments. In one case, the Surface Rights Board determined that annual rentals could not be recouped under section 36 due to creditor

protection under the *Bankruptcy Insolvency Act* and *Companies Creditor Arrangement Act*. Another concern is that costs are no longer awarded for section 36 applications.

Limitations on Future Development

Since pipelines can be left in the ground at the end of their life, limitations on future development are imposed on landowners. Many landowners are interested in receiving annual compensation for pipelines or having the lines removed.

Consultation

Landowners would like to have greater consultation in the law, policy, and procedures that affect their investment. They are wary of having Synergy groups as the sole representative of landowner interests, as the groups are funded by industry, Alberta Energy, and the Alberta Energy Regulator.

Reclamation

Since reclaiming a well is more costly than paying annual rental payments, many companies opt to abandon their wells rather than formally reclaim them. There is an increasing number of abandoned wells and no legislative trigger for reclamation.



Rural Disputes

150 Case Files

525+ Inquiries



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Rural Disputes encompasses a broad range of issues and parties, including landowners, businesses, and government. FAO staff may get involved in rural disputes in a variety of different capacities. Some situations only require research and information procurement, while others demand more direct intervention through site visits, meetings, informal facilitation, and process advocacy.

In 2014-15, staff at the FAO assisted with hundreds of inquiries, opening case files for 150 rural disputes. These files are addressed by Peter Dobbie, Janet Patriquin, or Jeana Les.

Complaints under Part 1 (Nuisance) of the *Agricultural Operation Practices Act*

Under Part 1 of the *Agricultural Operation Practices Act* (AOPA), an appointed panel can review complaints related to agricultural odour, dust, noise, and smoke. The panel will review the complaint and assess whether or not the farmer's practice is a Generally Accepted Farming Practice.

In 2014, the Practice Review Panel was disbanded. In the future, appeal panels for AOPA will be appointed from a ministry-wide roster on a case-by-case basis. No AOPA complaints were received in 2014-15.

Well Water Restoration and Replacement Program

The Well Water Restoration and Replacement Program (WWRP) is an initiative managed by the FAO and supported by levies paid by industry to the Alberta Energy Regulator. Landowners who suspect their water well to be damaged by industry activities but have been unable to negotiate a settlement with the company may apply to the FAO for compensation. In 2014-15, the FAO received 5 WWRP applications. The reviews are pending the establishment of the agricultural review panel roster.

Fair Process

Agricultural Financial Services Reviews & Appeals

The FAO is responsible for coordinating Appeal and Review Committees in regards to the Agricultural Financial Services Corporation's (AFSC) Agri-Stability and Agri-Insurance programs. Brenda Tangen, Appeals and Reviews Coordinator, manages this program and ensures the expediency of the process.

Under the Agri-Stability program, a producer may receive disaster relief assistance if they have experienced margin declines of more than 30%. Similarly, Agri-Insurance helps stabilize a producer's income by minimizing the financial impacts of crop production losses caused by natural hazards.

Producers may dispute decisions made by AFSC on their Agri-Stability or Agri-Insurance claim. In 2014-15, there were 4 applications for Agri-Insurance appeals, one of which was resolved without a hearing.

Wildlife Cost Assessment Reviews

Under the *Forest and Prairie Protection Act*, an individual may receive an invoice from Alberta Environment and Parks to help cover the costs of fire suppression. On request, the Wildfire Cost Assessment Committee can review invoices to evaluate an individual's ability to pay. No assessment requests were received in 2014-15.

2014 Amendments to the Act

An informal review of the *Farm Implement Act* and *Farm Implement Dealerships Act* was completed by the FAO and Agriculture and Forestry staff in 2014. The review was intended to provide greater clarity, address policy gaps, and bring Alberta's *Act* into alignment with equivalent legislation from other provinces.

The statute combining the *Farm Implement Act* and the *Farm Implement Dealerships Act* received Royal Assent on December 17, 2014, creating the *Farm Implement and Dealerships Act*. The FAO released one information sheet for dealers and distributors, and another specifically for consumers. The new legislation will come into force once regulations have been created. Important legislative amendments included:

Public Auction

Several amendments were made to provide clarity around the sale of farm implements by dealers or distributors at public auction. Farm implements sold by dealers or distributors at public auctions are not covered by the provisions in the *Act*.

Publishing Notices of Failure to Perform

To help ensure consumer protection, the Minister can now publish the date, Vehicle Identification Number, and make and model for all farm implements for which a Notice of Failure to Perform is received.

Responsibility for Costs and Substitute Farm Implements

Sales agreements between dealers and buyers must explicitly state who (the dealer or the distributor) is responsible for the costs and provision of a substitute farm implement in the event that a purchased farm implement needs repairs.

Demonstrator Implements

The *Act* provides a definition for "distributor-approved demonstrator implement." Any demonstrator implements matching this definition are considered "unused" and are protected by the *Act*.

Distributor's Obligations Upon Termination of Dealership Agreement

As in the past, when the agreement between the distributor and a dealer is terminated, the distributor is required to repurchase unused farm implements and other related resources obtained from or required by the distributor. The new *Farm Implement and Dealership Act* includes several amendments that serve to better protect dealers and align the *Act* with similar legislation from other provinces.

Increased Fine for Non-Compliance

The maximum penalty for non-compliance with the *Act* or regulations has been increased from \$50,000 to \$100,000.

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Communications

Staff at the FAO receive thousands of phone calls each year on their cell phones and direct lines. Client calls are also received through the Ag Info Centre at 310-FARM (3276). In 2014-15, 736 calls made to the Ag Info Centre were forwarded to the FAO. Approximately half of these calls related to surface rights, land, and energy issues.

Tradeshows continue to be an excellent method for connecting with farmers and ranchers. It was great to meet with rural Albertans at the Farm and Ranch Show, Smoky Lake Applied Research and Demonstration Association Show, and the Association of Alberta Agricultural Societies Show in 2014-15. There has also been great face-to-face contact at county meetings, Synergy groups, surface rights groups, and local committees.

We are continuously working to cater our communications methods to reflect the varied communication styles of rural Albertans. We still use the mail and our fax machine regularly, but we are also working with new technologies to ensure all parts of our demographic are reached.

We are continuously updating our website at www.farmersadvocate.gov.ab.ca. Through the website we are able to provide Albertan landowners access to useful, relevant, and user-friendly resources 24/7. The website has a Home Page and four sub-pages pages: Home, Advocacy, *Farm Implement and Dealerships Act*, Fair Process, and Surface Rights, Land, and Energy. The Home page received 5,077 hits in 2014-15. While this represented a slight decrease compared to 2013-14, the number of visits to the sub-pages has substantially increased. The most popular sub-page was the Surface Rights, Land, and Energy page. We anticipate the number of website hits will continue to rise in 2015-16.

In November 2014, the FAO obtained Facebook and Twitter accounts. Each month we release approximately 2 Tweets. In five months we have gained 68 followers and had a total of 227 page views. Our Facebook following is about 50 people so far.

Appendix

Farm Implement Compensation Fund

39(1)

The Farm Implement Compensation Fund consists of the money received by the Board from levies, assessments and penalties in accordance with this Act.

42(1)

The Board must prepare a report after each fiscal year on its activities and the activities of the Fund and submit the report to the Minister.

FARM IMPLEMENT COMPENSATION FUND

FINANCIAL STATEMENTS

March 31, 2015



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FARM IMPLEMENT COMPENSATION FUND

FINANCIAL STATEMENTS

March 31, 2015

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**FARM IMPLEMENT COMPENSATION FUND
STATEMENT OF OPERATIONS
For the year ended March 31, 2015**

	<u>2015</u>	<u>2014</u>
REVENUE		
Farm Implement Fund Levies	\$ 137,995	\$ 137,500
Interest	<u>21,526</u>	<u>19,677</u>
	<u>159,521</u>	<u>157,177</u>
EXPENSES		
Compensation awarded	15,615	-
Bank charges	<u>316</u>	<u>546</u>
	<u>15,931</u>	<u>546</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>143,590</u>	\$ <u>156,631</u>

See accompanying Notes to Financial Statements

BERGERON & CO², C.G.A.

**FARM IMPLEMENT COMPENSATION FUND
STATEMENT OF OPERATIONS
For the year ended March 31, 2015**

	<u>2015</u>	<u>2014</u>
REVENUE		
Farm Implement Fund Levies	\$ 137,995	\$ 137,500
Interest	<u>21,526</u>	<u>19,677</u>
	<u>159,521</u>	<u>157,177</u>
EXPENSES		
Compensation awarded	15,615	-
Bank charges	<u>316</u>	<u>546</u>
	<u>15,931</u>	<u>546</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>143,590</u>	\$ <u>156,631</u>

See accompanying Notes to Financial Statements

BERGERON & CO², C.G.A.

**FARM IMPLEMENT COMPENSATION FUND
STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2015**

	<u>Restricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
NET ASSETS			
Balance, beginning of year	\$ 1,761,414	\$ 1,761,414	\$ 1,604,783
Excess of revenues over expenses	<u>143,590</u>	<u>143,590</u>	<u>156,631</u>
Balance, end of year	<u>\$ 1,905,004</u>	<u>\$ 1,905,004</u>	<u>\$ 1,761,414</u>

FARM IMPLEMENT COMPENSATION FUND
STATEMENT OF FINANCIAL POSITION
March 31, 2015

	ASSETS	2015	2014
CURRENT			
Cash (Note 3)		\$ <u>1,905,004</u>	\$ <u>1,761,414</u>
TOTAL ASSETS		\$ <u>1,905,004</u>	\$ <u>1,761,414</u>
	LIABILITIES		
CURRENT			
	NET ASSETS		
Restricted net assets		1,905,004	1,761,414
Unrestricted net assets		<u>-</u>	<u>-</u>
TOTAL NET ASSETS		<u>1,905,004</u>	<u>1,761,414</u>
TOTAL LIABILITIES & NET ASSETS		\$ <u>1,905,004</u>	\$ <u>1,761,414</u>

Approved by the Directors:

 _____, Director

 _____, Director

**FARM IMPLEMENT COMPENSATION FUND
CASH FLOW STATEMENT
For the year ended March 31, 2015**

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ <u>143,590</u>	\$ <u>156,631</u>
INCREASE IN CASH AND CASH EQUIVALENTS	143,590	156,631
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,761,414</u>	<u>1,604,783</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,905,004</u>	<u>\$ 1,761,414</u>

See accompanying Notes to Financial Statements

BERGERON & CO⁵; C.G.A.

FARM IMPLEMENT COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
March 31, 2015

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, 2015

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.

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Alberta Agriculture
and Forestry

