



Annual Report 2022-2023

50th Anniversary Edition

Alberta 

Agriculture and Irrigation, Government of Alberta
October 3, 2023

Farmers' Advocate Office Annual Report

Peter J. Dobbie, K.C.: Farmers' Advocate for Alberta

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Kelly Bernard: Administrative Coordinator

Brenda Tangen: Appeals and Hearing Coordinator

Keith Rasmuson: Farm Implement Inspector

October 3, 2023

Honourable RJ Sigurdson
Minister of Agriculture and Irrigation
131 Legislature Building
10800-97th Avenue
Edmonton, AB T5K 2B6

RE: 2022-23 Farmers' Advocate Office Annual Report

Dear Minister Sigurdson:

It is with great pleasure that I present to you the 49th Annual Report of the Farmers' Advocate Office (FAO). It has been another excellent year for the FAO and this special 50th Anniversary Edition of the annual report includes some of the history and accomplishments of our office.

In addition to summarizing the activities of the Farmers' Advocate Office from April 1, 2022 to March 31, 2023, this report also provides the financial statements of the Farm Implement Compensation Fund as required by statute.

Please email peter.dobbie@gov.ab.ca if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Peter J. Dobbie', written in a cursive style.

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

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Message from the Farmers' Advocate

In 1973, the Government of Alberta had the foresight to establish the Farmers' Advocate Office (FAO). At the time, Minister of Agriculture, Hugh Horner, is quoted as saying that the Farmers' Advocate "is someone who is familiar with the problems farmers have, who can deal with them effectively, and who is able to direct them to the right place to find a solution if he can't do it." Since that time, and with the continued support of our government representatives, the FAO has built and maintained a strong presence in the agricultural sector of our province.



April 2023 marked my 11th year as Farmers' Advocate of Alberta and I am very proud of the important work that the team at the FAO does. In this, the 50th year of the FAO, our team continues to exemplify the standards and commitment upon which the office was established.

Overall, the 2022-23 fiscal year was a busy one for staff at the FAO. Our small team has done its best to accommodate the many requests for presentations, site visits or participation in community events, which means our work continues to take us throughout the Province of Alberta. This year also saw a significant rise in the number of direct client and stakeholder requests for assistance with their concerns. This work remains multifaceted, involving many applicable statutes, regulations, and policies, however, it also provides opportunities for insight into the perspectives of our stakeholders and the foreseeable trends in topics of concern.

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 government policies and management approaches need to be useful, meaningful, and relevant to Alberta's farmers and ranchers and their related industries.

The FAO is grateful to the Ministry of Agriculture and Irrigation for its continued support of our work. We hope to continue to be a resource to Albertans for the next 50 years.

Introduction

The Farmers' Advocate Office (FAO) has been assisting Alberta's farmers and ranchers for 50 years. The original mandate of the office was to protect farmer and rancher land ownership rights, and after five decades and ten different premiers, the FAO still plays an integral role in Alberta's agricultural industry. The office has since expanded its services to meet the changing needs of Alberta's producers and provides support and guidance on a wide range of issues, including land use, environmental regulations, dispute resolution, and administrative justice through fair process.

The FAO continues to work to ensure the rights and interests of rural Albertans are recognized, understood, and protected. In addition, the office provides ongoing support and representation on matters of concern to rural Albertans through meaningful engagement, timely information, and effective advocacy. The FAO offers recommendations on policy initiatives or changes and advocates for legislative and policy changes to protect their rights and interests. Landowners are better informed and empowered because of the direct interaction with stakeholders and decision-makers, building vitality and resilience in Alberta's agricultural sector.

This Annual Report presents some historical information about the work of the FAO over the last 50 years, provides data and summaries of the work of the FAO in the 2022-23 fiscal year, and identifies emerging topics of concern that the FAO has recognized as potentially impactful to stakeholders.

Mission

Our mission at the Farmers' Advocate Office (FAO) is to:

- Empower rural Albertans through awareness of key issues;
- Provide objective, unbiased ideas and advice for resolving disputes;
- Represent a unified rural Alberta perspective on matters of concern; and
- Facilitate interaction on strategic matters among key 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.

FAO 50th Anniversary (1973-2023)

2023 marks the 50th anniversary of the Farmers' Advocate Office (FAO). To commemorate this milestone, the government declared March 22 as Farmers' Advocate Day.

A celebratory event was held at Government House with a number of special guests in attendance, including the Minister of Agriculture and Irrigation, Honourable Nate Horner, past Ministers, former FAO staff, and other honoured guests. Minister Horner presented current Farmers' Advocate, Peter Dobbie, with certificates of recognition from the Lieutenant Governor and the Premier.



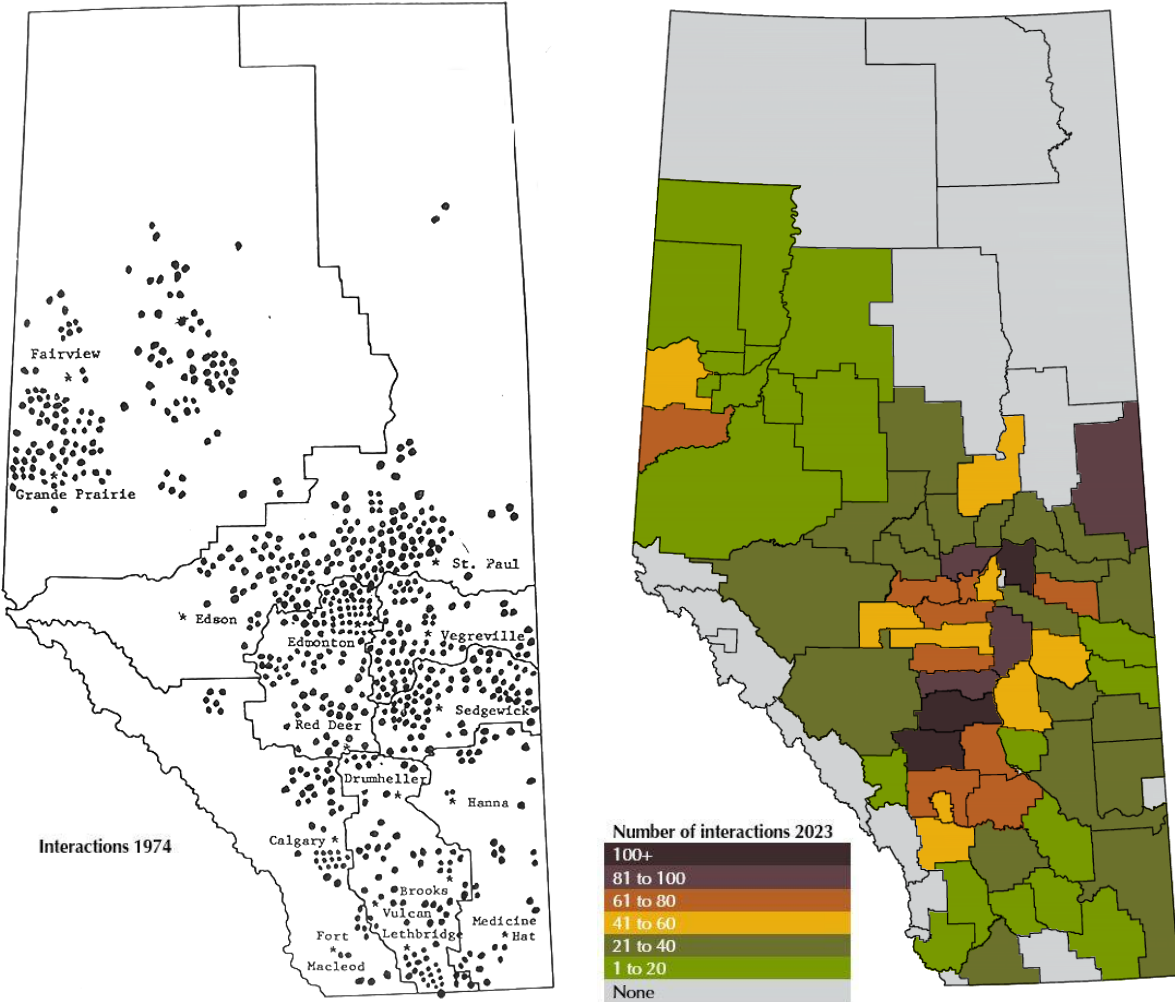
The first Farmers' Advocate, Helmut Entrup, was appointed by former Minister of Agriculture, Hugh Horner, on January 1, 1973 under Premier Peter Lougheed's government. Throughout the years, the FAO has developed a strong and favorable reputation as a resource grounded in equity, impartiality, and volition. This advocacy role, with the FAO representing a voice for rural Albertans and agricultural producers, is highly valued by stakeholders and has been materially and socially consequential to economic prosperity in the agricultural sector and rural development throughout the province.



The FAO proudly revealed a new visual identity and logo at the 50th Anniversary celebration. To continue to advocate credibly in the current landscape, this new identity ensures that stakeholders perceive that the FAO is a discernably objective organization with the capacity to represent, and strategically advocate for, stakeholder perspectives on regulatory and statutory matters of concern. The new FAO visual identity will be used for all future publications and communications.

Over the last 50 years, the Farmers’ Advocate Office has fielded more than 150,000 inquiries from rural Albertans and provided a voice for them at all levels of government. In 1974, the FAO’s Annual Report included a map, which the Farmers’ Advocate described as an attempt to “graphically depict the role this office has played in this past year.” Chart 1 consists of a copy of this freehand map alongside a heat map, generated using information on the municipalities represented in client and advocacy work from the FAO’s digital files in the 2022-23 fiscal year.

Chart 1: Map of Client and Stakeholder Locations 1974 and 2023



Some of the noteworthy accomplishments of the FAO between 1973 and 2023 include:

- The first Farmers' Advocate was instrumental in securing the cooperation of the Department of Utilities and Telephones to help rural Albertans obtain access to natural gas.
- In 1976, the Alberta Association of Municipal Districts and Counties formally endorsed the services of the Farmers' Advocate Office for the resolution of disputes between rural ratepayers and between municipalities and ratepayers.
- In 1978, the Farmers' Advocate Office became a founding member of the Rural Crime Watch Program. Today, the office still maintains a position as Honourary Member in the Alberta Provincial Rural Crime Watch Association.
- In 2003, significant amendments to the *Farm Implement Act* were made.
- In 2006, the Farmers' Advocate Office partnered with the Canadian Society for Unconventional Gas to develop an informational course, *Understanding Agriculture 101*, to assist representatives of the oil and gas industry in working more effectively with agricultural producers and communities.
- In 2008, the Farmers' Advocate Office partnered with the Alberta Arbitration and Mediation Society to establish the Farmers' Advocate Office Umpire network, which provided rural Albertans with enhanced mediation and arbitration services.
- In 2015, the Farmers' Advocate Office conducted a full review of legislation and regulations and drafted the new and consolidated *Farm Implement and Dealership Act*, which protects the investments agricultural producers make in farm equipment.



Peter Dobbie	2012-Present
Cliff Munroe (Acting)	2011-2012
Jim Kiss	2004-2011
Dean Lien	1998-2004
Dennis Budney (Acting)	1997-1998
Wallace Daley	1994-1997
Clifford Downey	1988-1993
Helmut Entrup	1973-1988

Stakeholder and Community Engagement

The Farmers' Advocate Office (FAO) is committed to fostering a well-informed public. Central to the FAO's work is direct engagement with farmers, ranchers and rural landowners to ensure that their needs and preferences are recognized and that they understand their rights and responsibilities.

Whether communication occurs through telephone, email, community outreach events, or digital and print media, these interactions present opportunities to share information, increase the visibility of the FAO with the public, build trust with stakeholders and provide the FAO with valuable information on current challenges faced by landowners. Gaining an understanding of how these challenges may affect their communities and agricultural operations in the longer term allows the FAO to advocate and make authentic contributions on their behalf, now and in the future.

Public Outreach and Advocacy

Staff at the FAO continually strive to impart and collect information salient to matters that relate to landowner rights and the agricultural sector. Presentations to various community organizations or municipal officials, attendance at community events, participation on committees, and site visits are just some of the ways that we connect with stakeholders.

In the 2022-23 fiscal year, FAO staff were involved in more than 60 presentations or public engagement sessions, which reached approximately 3000 stakeholders. Topics included renewable energy, compensation concerns with oil and gas surface leases, overviews of the work of the FAO, as well as attendance at trade shows and community events.



The FAO’s online and social media presence is also on the rise. Facebook visits have increased 157% and the number of followers is up by 30% over the last fiscal year. The number of “X” (formerly Twitter) followers has increased by almost 10% and many favourable comments of the new FAO visual identity were received.

FAO staff also deliver advocacy efforts through collaboration and networking with committees, Surface Rights Groups and Synergy Groups. Refer to Tables 1 to 3 for lists of these initiatives.

Table 1: Organizational Support

Alberta Energy Regulator (AER)	Alberta Utilities Commission (AUC)
Land and Property Rights Tribunal	Utilities Consumer Advocate
Rural Utilities Branch	Federation of Gas Cooperatives
Federation of Rural Electrification Associations	Olds College
Canadian Association of Petroleum Producers	Orphan Well Association (OWA)
Foundation of Administrative Justice	Canadian Renewable Energy
Canadian Association of Land and Energy Professionals	

Table 2: Committee Participation

Alberta Energy Regulator Multi-Stakeholder Advisory Committee (MSEAC)	Agri-Environmental Partnership of Alberta Advisory Committee
Rural Alberta Framework Advisory Committee	West Central Airshed Society
Canada Energy Regulator (CER) <ul style="list-style-type: none"> • Land Matters Group Advisory Committee • Property Damage Subcommittee 	Site Rehabilitation Program <ul style="list-style-type: none"> • Government and Agency Advisory Group
Alberta Industry-Government Joint Geophysical Committee	

Table 3: Synergy and Surface Rights Groups

Calumet Synergy Association	Pembina Area Synergy
Rimbey Regional Synergy Group	West Central Synergy Group
Wapiti Area Synergy Partnerships	Yellowhead Synergy Group
Sundre Petroleum Operators Group	Battle Lake Watershed Synergy Group
Central Alberta Synergy Association	Synergy Alberta Network Group
Warburg Pembina Surface Rights Group	Alberta Surface Rights Federation

Alberta Provincial Rural Crime Watch Program

The FAO is a founding member of the Alberta Provincial Crime Watch Association (APCWA) and continues to participate in the organization's efforts to prevent rural crime and support the building of relationships through community involvement. The FAO acknowledges one Rural Crime Watch Association each year with a recognition award for their outstanding efforts to reduce crime in their community. This year, the Flagstaff Rural Crime Watch Association received the award for the success of their efforts to promote participation among women in training courses required to obtain a firearms Possession and Acquisition Licence.

Intake Calls and Stakeholder Support & Advocacy

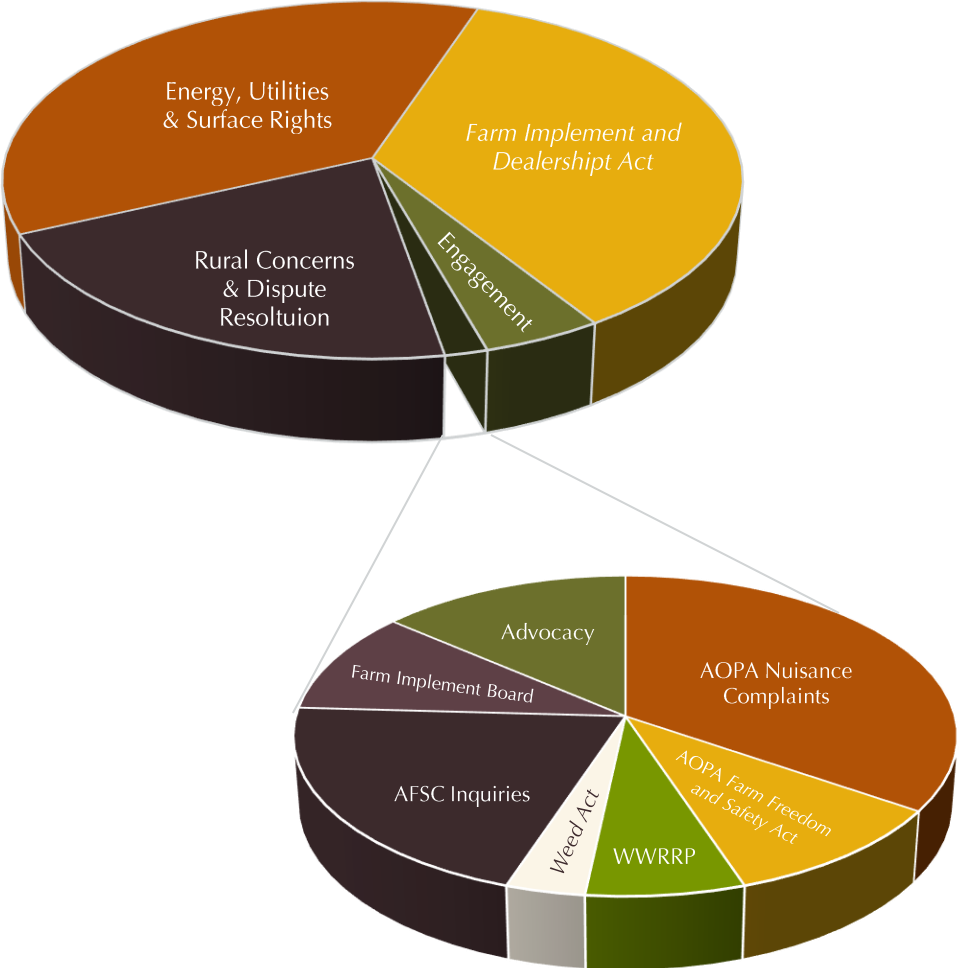
Direct interaction with clients and stakeholders is an integral part of the day-to-day work of FAO staff. This serves as an initial point of contact and is the principle means through which we hear their concerns and provide expertise and resources. Staff track all intake calls to assist in timely client support resolution efforts and to facilitate collaboration within the FAO team on complex inquiries that require more in-depth involvement.

In 2022-23, FAO staff received 1732 direct inquiries, which includes more than 60 stakeholder engagement sessions. The 310-FARM call centre transferred 607 direct inquiries to the FAO from concerned farmer, ranchers and landowners across the province.

A breakdown of the topics brought to the attention of the FAO is shown in Chart 2: Summary of Client and Stakeholder Interactions. The majority fall under the topics of Energy, Utilities and Surface Rights (640 interactions or 37%), the *Farm Implement and Dealership Act* (618 interactions or 35.7%), and Rural Concerns and Dispute Resolution (364 interactions or 21%). These are shown in the first diagram of Chart 2. More details on the breakdown of topics of concern are included in the remainder of the report.

Chart 2 also includes a second diagram that shows the breakdown of the many other topics of issues that staff at the FAO assist stakeholders with. These account for 1.7% of all interactions and include the categories of *Agricultural Operations Practices Act* (AOPA) nuisance complaints (10 interactions), Agriculture Financial Services Corporation (AFSC) issues (6 interactions), the Water Well Restoration or Replacement program (WWRRP), and requests for direct advocacy.

Chart 2: Summary of Client and Stakeholder Interactions



As compared to the 2021-22 fiscal year, the FAO dealt with 65% more interactions related to Rural Concerns and Dispute Resolution, 45% more interactions related to the *Farm Implement and Dealership Act*, and 40% more interactions for Energy, Utilities and Surface Rights in 2022-23. Refer to the sections below on each of these topics for important trending information and other insights on this data.

Energy, Utilities and Surface Rights

The Farmers' Advocate Office (FAO) provides guidance and information to farmers, ranchers and landowners and works with industry, regulators, and other branches of government to ensure that client and stakeholder rights are well understood and protected. The office is also a strong leader in highlighting policy issues related to energy and utility developments and surface rights, as well as advocating for change on behalf of rural Albertans.

The role of the FAO is to work with industry, regulators, and government to ensure that landowner concerns are addressed through dispute resolution support, Land and Property Rights Tribunal processes, and other avenues.



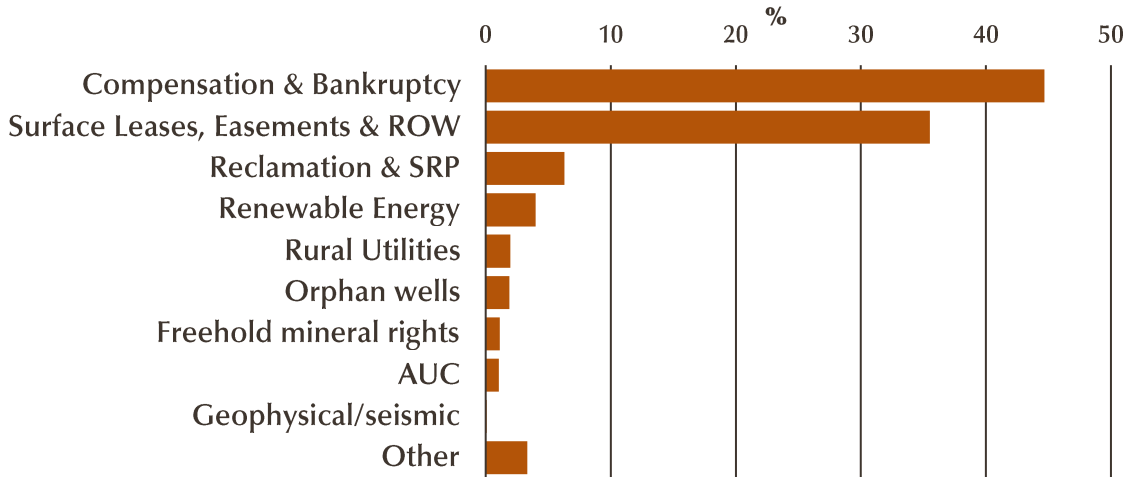
Intake Calls and Stakeholder Support & Advocacy

In 2022-23, there were 640 interactions dealing with concerns on the topic of energy, utilities and surface rights between stakeholders and the FAO, which, as previously stated, is an increase of close to 40% over the previous fiscal year.

The breakdown of categories within this topic area are shown in Chart 3: Categories & Percentages of Energy, Utilities & Surface Rights Interactions. While the breakdown of percentages is similar to previous years, and compensation and rental recovery on surface leases remains the top concern at nearly 45% of all interactions, the

renewable energy portfolio showed a significant increase this fiscal year. This included a rise in both the number of stakeholder interactions and in requests for general information and presentations on the topic. The total number of interactions related to renewables was 68, compared to only 12 in 2021-22. This year, the FAO updated the publication *Negotiating Renewable Energy Leases – Landowner Considerations and Common Questions*. This publication is available on the FAO website.

Chart 3: Categories & Percentages of Energy, Utilities & Surface Rights Interactions



As per Chart 3, end-of-life obligation concerns, such as reclamation and remediation and the Site Rehabilitation Program (SRP), made up just over six percent of all the inquiries. Nearly two percent of interactions were related to inactive or orphan wells and liability management.

Interactions not categorized in major categories (i.e. “other”) included issues related to cell tower locations, rail crossings, as well as other property rights issues that were forwarded to the Property Rights Advocate. There were also 14 interactions in which FAO staff referred stakeholders to the Alberta Utilities Commission, which is an increase from only four in the 2021-22 fiscal year.

Rural Concerns and Dispute Resolution

Agricultural landowners sometimes experience conflicts that affect their business interests and rights. FAO staff provide services and resources for conflict resolution, mediation, and common landowner concerns.



FAO staff work diligently to provide relevant resources and to help develop a range of responsible options to resolve problems that are brought to our attention. Our goal is to identify the best available options through information sharing, transparency, and building mutual understanding between parties prior to any formal mediation that may be required.

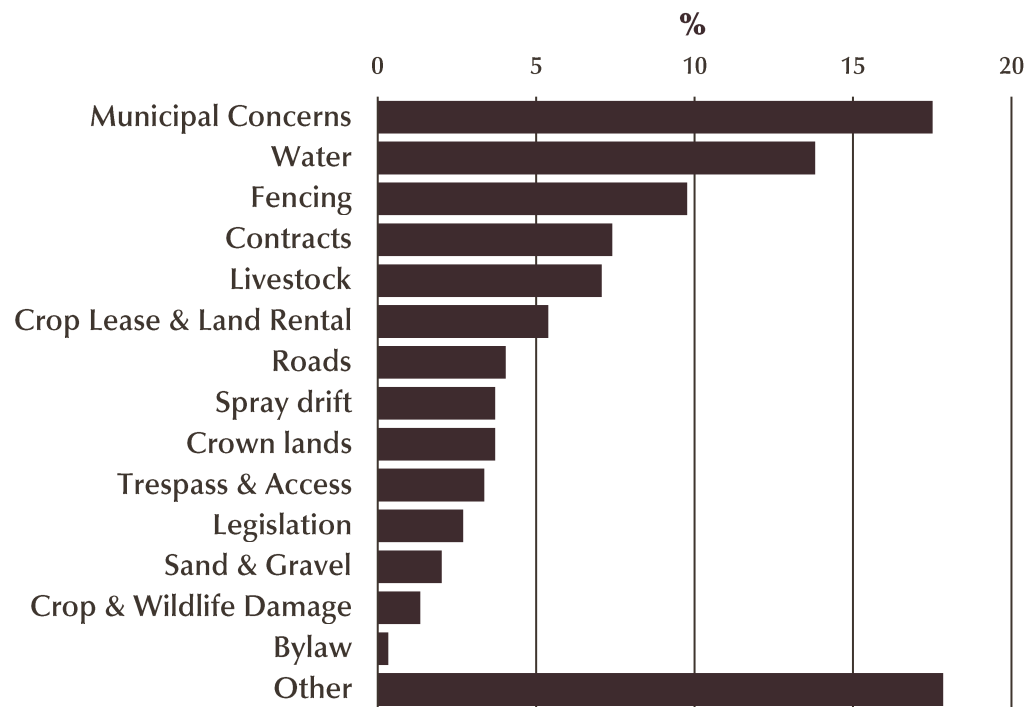
The FAO assists rural landowners on a broad range of issues, some of which are inquiries that are resolved simply by researching and sharing information, while others require a more in-depth intervention through meetings, site visits or facilitation. Common concerns are brought to the attention of decision-makers to advocate for government policy that protects the rights and interests of rural landowners.

Intake Calls and Stakeholder Support & Advocacy

A total of 364 direct interactions fell under the topic of rural concerns and dispute resolution. The most common issue dealt with in the 2022-23 fiscal year was municipal concerns (17.5%), which represents more than double the number of interactions in 2021-22. This trending area of concern was also reflected in the same increase in calls to the 310-FARM call centre. While many of these inquiries were related to surface water management, there were also a significant number of interactions related to land use management planning and bylaws, municipal activities affecting private lands without notice, challenges related to subdivision applications, weed control, and municipal road allowances.

The other main categories of concern included flooding and other water-related issues (14%), fencing and livestock issues (10% and 7%, respectively), and contracts (7.5%). Chart 4: Topics of Rural Concern Interactions provides a breakdown of percentages for these and other categories.

Chart 4: Topics & Percentages of Rural Concern Interactions



Please note that FAO staff field a wide variety of inquiries, many of which do not require a specific topic heading in our database. As such, approximately 18% of the recorded inquiries are labeled as “other.” The subjects of these interactions ranged from the fuel tax rebate program, fertilizer delivery, fertilizer quality, fish farms, and grain handling and storage.

Farm Implement and Dealership Act

The Farmers' Advocate Office (FAO) administers the *Farm Implement and Dealership Act* (the Act), which protects the investments of agricultural producers in farm machinery by guaranteeing minimum warranty requirements, availability of parts, a dispute resolution process through the Farm Implement Board, and viable agreements between all dealers selling new farm implements and distributors selling products to Alberta dealers.



Licensing Dealers and Distributors

Licences for new equipment dealers operating in Alberta and distributors supplying equipment or parts to any Alberta farm implement dealer are required under the Act. The FAO is responsible for issuing and tracking of all licences. Per the legislation, licensing fees and levies are also collected by FAO staff at the time of licensing. The levies are managed in the Farm Implement Compensation Fund.

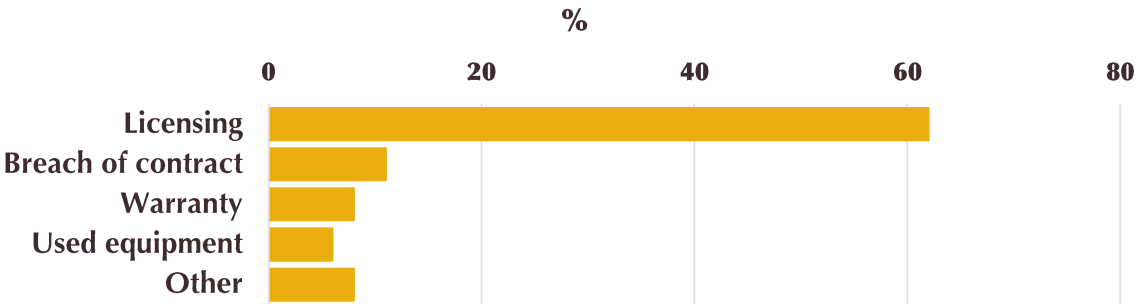
In 2023, the FAO licensed 343 farm implement dealers and 158 distributors. This is an increase of six licensed dealers and three licensed distributors as compared to 2022. Lists of licensees are publicly available on the FAO website. The licensing process was streamlined in 2023 to reduce the number of interactions between FAO staff and dealers and distributors. The process is now paperless, except for the printing of licences.

There has recently been some resistance from a small number of distributors and manufacturers regarding the need to be licensed under the Act. The FAO continues to be diligent, identifying those without a licence and providing the parties with the necessary understanding of the legislation to encourage compliance.

Intake Calls and Stakeholder Support & Advocacy

The interactions with clients and stakeholders related to the Act totalled 618. The majority (65%) of these interactions were related to licensing applications and payments. The other main categories of interactions were breach of contract, warranty issues, and some issues that stakeholders encountered with used equipment. FAO staff worked in collaboration with the Farm Implement Inspector to address a total of 41 client files (also refer to the following section on the Farm Implement Board).

Chart 5: Topics & Percentages of Farm Implement and Dealership Act Interactions



Farm Implement Board

Problems that cannot be resolved through direct negotiation or mediation with the Farm Implement Inspector may proceed to the Farm Implement Board (FIB) for review and a potential hearing. Current members of the FIB are listed in Table 4 below.

Table 4: Farm Implement Board Members and Farm Implement Inspector

Gideon Stoutjesdyk	Chair, Farmer Member
Dan Lievaart	Vice Chair, Farmer Member
Brian Chomlak	Farmer Member
Marty Chamberland	Association of Equipment Manufacturers (AEM) - Canada
Andrew Royea	Agricultural Manufacturers of Canada (AMC)
Cameron Kay	Western Equipment Dealers Association
Chris Christensen	Minister’s Representative
Keith Rasmuson	Farm Implement Inspector

During the 2022-23 fiscal year, the FAO and the Farm Implement Inspector dealt with a wide range of concerns from farmers, farm implement dealers and farm implement manufacturers related to farm machinery and repair parts. Delivery delays, warranty issues, payment and refund concerns, licensing issues, distributor and dealership terminations, and challenges in contacting company representatives are examples of the issues brought to the FAO and the Farm Implement Inspector. The FAO published Advisory 2023-1 to provide information to agricultural producers and farm implement dealers to assist in minimizing potential risks to farm business operations.

The Farm Implement Inspector dealt with 41 new client files this year. While most issues were settled via phone calls, farm visits were required in a few instances. Some common themes were identified. The Inspector found a shortage of parts contributed to significant delays to repairing equipment, which could only be resolved with parts from used equipment. There were also several instances where shortly after purchasing a piece of used equipment, the machinery failed; however, once contacted by the Inspector, most of the dealers responded in a positive manner. There has also been an increase in right-to-repair discussions with farmers, many of whom are in favour of having this legislation in place.

One FIB hearing was held to determine whether the manufacturer of a farm tractor should be held responsible for what the purchaser considered to be design and operational defects. As the Application for Compensation was not made within the time limit established by the Act and the time limit for a breach of statutory warranty had expired, the FIB panel determined they were unable to award any compensation.

Another FIB hearing was coordinated, however, resolution of the issues occurred prior to the hearing being held.

Fair Process

In addition to the most common issues described above, the Farmers' Advocate Office (FAO) is also responsible for identifying gaps in the recognition of the rights and interests of rural Albertans in other areas that impact their business practices and livelihoods. In 2023, FAO staff made revisions to the *Bee Act* appeal procedure manual to reflect changes to the legislation and associated regulation.

Agricultural Financial Services Corporation

Two Agricultural Financial Services Corporation (AFSC) AgrilInsurance appeals were held during the fiscal year. These appeals had been postponed due to Covid-19, changes in AFSC staff, and the need to train new Appeal Committee AFSC Board members. Both appeals were held in the Peace Country. One appeal addressed the AFSC grade factors used in determining the assessed production for export timothy hay during the 2019 crop year. The other appeal referred to an establishment issue on a field of creeping red fescue during the clip year. Both appeals were dismissed in favor of AFSC.

Agricultural Operations Practices Act

The FAO oversees Part 1 of the *Agricultural Operation Practices Act* (AOPA) addressing nuisances arising from agricultural operations.

In 2022-23, the FAO received 13 inquiries related to nuisance complaints. The majority of these were related to odour, and two were related to questions about the legislation. All of these complaints were resolved or are currently being managed in conjunction with the Natural Resources Conservation Board. As a result, no Practice Review Committee processes were requested this fiscal year.

Farm Safety Insurance

Part 0.1 of the *Agricultural Operation Practices Act* (AOPA), addresses workplace insurance requirements for agricultural operations employing waged, non-family workers. Staff at the FAO oversee Practice Review Committee (PRC) processes for these types of complaints. There were no inquiries related to Part 0.1 of AOPA received in 2022-23.

Water Well Restoration or Replacement Program

The Well Water Restoration or Replacement Program (WRRP) exists to mitigate impacts of energy activity on rural Albertans and is supported by levies paid to the Alberta Energy Regulator by industry. The Farmers' Advocate Office manages this portfolio and provides an opportunity for landowners who suspect damage from industrial activity to their water well to present their case to the WRRP Hearing Committee. In 2022-23, there were two interactions related to water wells. The WRRP Hearing Committee did not receive any applications that resulted in a hearing this fiscal year.

Publication List

Advisories

- Advisory 2023-1: Potential Financial Risks to Farmers and Farm Implement Dealers

Energy, Utilities and Surface Rights

- Landowner Rights on Freehold Mineral Ownership (2022)
- Taxation of Freehold Mineral Rights (2022)
- The Life Cycle of an Energy Development (2022)
- Unpaid Annual Rentals on Oil and Gas Leases: Section 36 *Surface Rights Act* (2022)
- The Language of Insolvency (2022)
- Liability Management Rating in the Energy Sector (2016)
- Negotiating Renewable Energy Leases in Alberta (2022)
- What You Need to Know About Communications Towers (2022)
- Understanding Reclamation in Alberta (2022)
- Clubroot and Energy/Utility Development (2022)
- Pipelines in Alberta: What Landowners Need to Know (2019). Agdex 878-4.
- Geophysical Exploration & Landowners' Rights (2017). Ag-Dex 878-5.
- Incurring Costs for SRB Processes (2017)
- Land Titles: An Overview (2016)

Farm Implement and Dealership Act

- *The Farm Implement and Dealership Act* (brochure) (2022)
- Shop Work Orders for Farm Machinery Repair (2022)

Rural Concerns

- Rural Issues: Who Should I Contact? (2022)
- *Water Act* Essentials (2022)
- What are my Fencing Obligations? (2022)
- Foreign Ownership of Agricultural Land in Alberta (2017)
- You Suspect Spray Drift... Now What? (2022)
- Considerations for Land Rental Agreements (2021)
- Engaging with your Municipality (under revision)
- Surface Material Extraction Pits in Alberta: What Landowners Need to Know (2019)

Water Well Restoration or Replacement Program

- Water Well Restoration or Replacement Program (WWRRP) (2019) (brochure)

Farm Implement Compensation Fund Financial Statements

March 31, 2023

May 24, 2023

Farm Implement Compensation Fund
305, J. G. O'Donoghue Building
Edmonton, AB T6H 5T6
Attention: Brian Chomlak

Dear Brian,

You have requested that we audit the financial statements of Farm Implement Compensation Fund, which comprise the statement of financial position as at March 31, 2023, and the statements of operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We are pleased to confirm our acceptance and our understanding of nature, scope and terms of this audit engagement, and all services related by means of this letter.

The objectives of our audit 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 our 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.

The Responsibilities of the Auditor

We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) 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 our 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.
- b) 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 Society's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause

200, 8925 82 Avenue NW Edmonton, AB T6C 0Z2 T 780.468.1667 F 780.468.2565 TF 1.800.668.6013 E info@bergeron-cpa.ca



the Society to cease to continue as a going concern.

e) 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

Form and Content of our Audit Opinion

Unless unanticipated difficulties are encountered, our report will be substantially in the following form. If we conclude that a modification to our opinion on the financial statements is necessary, we will discuss the reasons with you in advance.

INDEPENDENT AUDITOR'S REPORT

To the Members of Farm Implement Compensation Fund

Opinion

We have audited the accompanying financial statements of Farm Implement Compensation Fund, which comprise the statement of financial position as at March 31, 2023, and the statements of operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Farm Implement Compensation Fund as at March 31, 2023, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Organization'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society 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.

We 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 we identify during our audit.

Date of approval
Edmonton, AB

Bergeron & Co. Chartered Professional Accountants



The Responsibilities of Management

Our audit will be conducted on the basis that management and the board of directors acknowledge and understand that they have responsibility:

- f) For the preparation and fair presentation of the organization's financial statements in accordance with Canadian accounting standards for not-for-profit organizations;
- b) For the design and implementation of 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;
- c) To provide us with:
 - i) Access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - ii) Additional information that we may request from management for the purpose of the audit, including, but not limited to, the timely availability of various documents and schedules as identified on the attached list; and
 - iii) Unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence.
 - iv) Information about all known or suspected fraud, any allegations of fraud or suspected fraud and any known or probable instances of noncompliance with legislative or regulatory requirements.

As part of our audit process:

- a) We will make inquiries of management about the representations contained in the financial statements. At the conclusion of the audit, we will request from management written confirmation concerning those representations. If such representations are not provided in writing, management acknowledges and understands that we would be required to disclaim an audit opinion.
- b) We will communicate any misstatements identified during the audit other than those that are clearly trivial. We request that management correct all the misstatements communicated.

Confidentiality

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Each professional accountant must preserve the secrecy of all confidential information that becomes known during the practice of the profession. Accordingly, we will not provide any third party with confidential information concerning the affairs of Farm Implement Compensation Fund unless:

- a) We have been specifically authorized with prior consent;
- b) We have been ordered or expressly authorized by law or by the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta; or
- c) The information requested is or enters into public domain.

Communications

In performing our services, we will send messages and documents electronically. You acknowledge that electronic communication carries the possibility of inadvertent misdirection, interception or non-delivery of confidential material, or infection by a virus. If you do not consent to our use of electronic communications, please notify us in writing.

We do not accept responsibility and will not be liable for any damage or loss caused in connection with the interception or corruption of an electronic communication.

Use of Information

It is acknowledged that we will have access to all personal information in your custody that we require to complete our engagement. Our services are provided on the basis that:

- a) You represent to us that management has obtained any required consents for our collection, use, disclosure,



- storage, transfer and process of personal information required under applicable privacy legislation and professional regulation; and
- b) We will hold all personal information in compliance with our Privacy Statement

Use and Distribution of Our Report

The examination of the financial statements and the issuance of our audit opinion are solely for the use of Farm Implement Compensation Fund and those to whom our report is specifically addressed by us. We make no representations of any kind to any third party in respect of these financial statements, and we accept no responsibility for their use by any third party.

We ask that our name be used only with our consent and that any information to which we have attached a communication be issued with that communication, unless otherwise agreed to by us.

Reproduction of Auditor's Report

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to us in sufficient time for our review before the publication or posting process begins.

Management is responsible for the accurate reproduction of the financial statements, the auditor's report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either full or summarized financial statements that we have audited.

We are not required to read the information contained in your website or to consider the consistency of other information on the electronic site with the original document.

Ownership

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the engagement are the property of our firm, constitute confidential information and will be retained by us in accordance with our firm's policies and procedures.

During the course of our work, we may provide, for your own use, certain software, spreadsheets and other intellectual property to assist with the provision of our services. Such software, spreadsheets and other intellectual property must not be copied, distributed or used for any other purpose. We also do not provide any warranties in relation to these items and will not be liable for any damage or loss incurred by you in connection with your use of them.

We retain the copyright and all intellectual property rights in any original materials provided to you.

File Inspections

In accordance with professional regulations (and by our firm's policy), our client files may periodically be reviewed by practice inspectors and by other engagement file reviewers to ensure that we are adhering to our professional and firm's standards. File reviewers are required to maintain confidentiality of client information.

Other Services

In addition to the audit services referred to above, we will, as allowed by the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta, prepare your federal and provincial income tax returns and other special reports as required. Management will provide the information necessary to complete these returns/reports and will file them with the appropriate authorities on a timely basis.

Governing Legislation

This engagement letter is subject to, and governed by, the laws of the Province of Alberta. The Province of Alberta will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being



brought in those courts, to claim that the action has been brought in an inappropriate forum or to claim that those courts do not have jurisdiction.

Dispute Resolution

You agree that:

- a) Any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation; and
- b) You will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement.

Any mediation initiated as a result of this engagement shall be administered within the Province of Alberta , according to its mediation rules, and any ensuing litigation shall be conducted within such province, according to provincial law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

Indemnity

Farm Implement Compensation Fund hereby agrees to indemnify, defend (by counsel retained and instructed by us) and hold harmless our firm (and its partners, agents or employees) from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of (or in consequence of):

- a) The breach by Farm Implement Compensation Fund, or its directors, officers, agents, or employees, of any of the covenants made by Farm Implement Compensation Fund herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, our engagement report or the financial statements in reference to which the engagement report is issued, or any other work product made available to you by our firm.
- b) The services performed by us pursuant to this engagement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the negligence of our firm. In the event that the matter is settled out of court, we will mutually agree on the extent of the indemnification to be provided by your company.

Time Frames

We will use all reasonable efforts to complete the engagement as described in this letter within the agreed upon time frames.

However, we shall not be liable for failures or delays in performance that arise from causes beyond our control, including the untimely performance by Farm Implement Compensation Fund of its obligations.

Fees

Our fees are based on the complexity and nature of the work, and on the degree of responsibility and skill required. Any disbursements will be added to our invoice. Invoices for services completed or in progress will be rendered monthly and are due within thirty days from the date issued. Interest will be charged on overdue accounts at 2% per month (26.8% per annum).

Costs of Responding to Government or Legal Processes

In the event we are required to respond to a subpoena, court order, government agency or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our normal hourly rates for the time we expend in connection with such response and to reimburse us for all of our out-of-pocket costs (including applicable GST/HST) incurred.

Communications

In connection with this engagement, we may communicate with you or others via telephone, facsimile, post, courier and email transmission. As all communications can be intercepted or otherwise used or communicated by



an unintended third party or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that communications from us will be properly delivered only to the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of communications transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or Society resulting from: communications, including any consequential, incidental, direct or indirect; special damages, such as loss of revenues or anticipated profits; or disclosure or communication of confidential or proprietary information.

Termination

Management acknowledges and understands that failure to fulfill its obligations as set out in this engagement letter will result, upon written notice, in the termination of the engagement.

Either party may terminate this agreement for any reason upon providing written notice to the other party not less than 30 calendar days before the effective date of termination. If early termination takes place, Farm Implement Compensation Fund shall be responsible for all time and expenses incurred up to the termination date.

If we are unable to complete the audit or are unable to form, or have not formed, an opinion on the financial statements, we may withdraw from the audit before issuing an auditor's report, or we may disclaim an opinion on the financial statements. If this occurs, we will communicate the reasons and provide details.


Conclusion

This engagement letter includes the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements, and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to us.

We appreciate the opportunity of continuing to be of service to your organization.

Yours truly,
BERGERON & CO. CHARTERED PROFESSIONAL ACCOUNTANTS


per: Simon Belzile CPA, CGA



Client's Authorization:

The services set out in this letter are in accordance with our requirements. The terms described in the letter are acceptable to us and are hereby agreed to.

Further, to allow you to provide the level of professional services we require, you are hereby authorized to:

1. Answer queries from our lawyer;
2. Answer queries from our banker(s), and provide copies of our financial statements to our bank(s);
3. Answer queries from our insurance agent, to the extent necessary to ensure that we have adequate insurance coverage; and
4. Answer queries from government auditors who have authority to review the books and records of the organization under either federal or provincial regulations or statutes, and transmit tax filings, reports, and financial statements that are required by law.

We understand that any release of information by you will be restricted to the above unless otherwise agreed from time to time.

Farm Implement Compensation Fund

President

Treasurer

Farmers' Advocate Office
Ministry of Agriculture and Irrigation

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Farmers' Advocate Office

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