

Discussion and Analysis of Results

Financial Results of Operations

Expense by Function

All Ministry Expenses, with the exception of debt servicing costs, are reported under the Government of Alberta function: Agriculture, Resource Management and Economic Development.

Revenue

Ministry revenue was \$817 million, \$78 million higher than 2012-13 and \$39 million higher than budget.

Compared to 2012-13 Actual

Higher revenues from the previous year are mainly due to increases in AgrilInsurance premiums, Spring Price Endorsement premiums and federal contributions as a result of higher commodity prices. Increased participation in Livestock Insurance also contributed to the increase in 2013-14 revenues.

Compared to Budget 2013

Higher revenues compared to budget are primarily due to higher AgrilInsurance premiums, increased participation in Livestock Insurance and higher Spring Price Endorsement premiums. This is partially offset by reduced AgriStability federal contributions due to strong crop conditions and commodity prices and lower investment income as a result of unscheduled loan repayments.

Expense

Ministry expense was \$861 million. Insurance and agriculture income support accounted for \$506 million or 59 per cent of total expense.

Compared to 2012-13 Actual

Total expense was \$374 million lower than 2012-13.

- Indemnity expenses for crop, hail, and livestock insurance were \$283 million lower than the previous year due to high yields, good crop quality, fewer severe hail storms, and strong cattle prices.
- Expenses for agriculture income support were \$39 million lower than previous years mainly due to the *Growing Forward 2* AgriStability program changes.
- The Farm Fuel Distribution Allowance was discontinued in Budget 2013 which resulted in \$35 million lower expenses in the current year.
- Lending expenses also decreased by \$15 million as a result of more favourable economic conditions in 2013-14.

Compared to Budget 2013

Total expense was nearly \$100 million lower than budget.

- Expenses for agriculture income support were \$67 million lower than budget as a result of strong crop quality and higher priced commodities.
- Favorable economic conditions also contributed to \$15 million decrease in lending expenses as compared to budget.
- Debt servicing costs were \$7 million lower than budget due to lower interest rates.