



REPORT OF THE AUDITOR GENERAL ON THE RESULTS OF APPLYING SPECIFIED AUDITING PROCEDURES TO PERFORMANCE MEASURES

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the *Ministry of Agriculture and Food's 2006-2007 Annual Report*. My responsibility is to carry out the following specified auditing procedures on performance measures in the annual report. I verified:

Completeness

1. Performance measures and targets matched those included in Budget 2006. Actual results are presented for all performance measures (see exception below).

Reliability

2. Information in reports from external organizations, such as Statistics Canada, matched information that the Ministry used to calculate the actual results.
3. Information in reports that originated in the Ministry matched information that the Ministry used to calculate the actual results. In addition, I tested the processes the Ministry used to compile the results.

Comparability and Understandability

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as targets and prior years' information.

I found an exception for the measure *Per cent of Alberta Production Produced under On-Farm Food Safety Programs: Beef Feedlots*. There was no data reported for the measure; therefore, I was not able to complete procedures one to four above. Management explains in the Results Analysis under Goal 2 why data was not reported.

As my examination was limited to these procedures, I do not express an opinion on whether the set of measures is relevant and sufficient to assess the performance of the Ministry in achieving its goals.

[Original signed by Fred J. Dunn]
FCA
Auditor General

Edmonton, Alberta
August 8, 2007

[The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.]



Results Analysis

Results of Operations

The Ministry's financial results show consolidated revenues of \$531.4 million in 2006-2007, which is a \$44.4 million decrease in revenues from 2005-2006 and \$15.3 million lower than budget. Consolidated expenses were \$1,116.1 million. This figure is \$17 million higher than in 2005-2006 and \$75.4 million higher than budget. The net operating deficit was an excess of expenses over revenues of \$584.4 million, which is \$61.2 million lower than in 2005-2006 and \$90.4 million higher than budget.

Revenues

Revenues decreased by 7.7 per cent from the previous year. They were down \$44.4 million and, as noted above, were \$15.3 million lower than budget.

Revenue was lower than budget mainly because of reduced federal contributions for the Canadian Agricultural Income Stabilization (CAIS) program resulting from the change in estimates for prior year accruals. These reductions were partially offset by CAIS program fees, production insurance investment income and a one-time refund from the termination of group creditor insurance.

Revenue picture highlights include the following:

- Transfers from the government of Canada decreased \$52.7 million from budget and \$48.4 million from 2005-2006, resulting primarily from the change in estimates for prior year accruals for the CAIS program.
- Fees, permits, licenses and other income was \$17.6 million higher than budget due to the introduction of the 2006 CAIS program fee and a one-time refund from the termination of group creditor insurance.
- Interest and investment income was \$11.1 million higher than budget and \$14.1 million higher than 2005-2006 due to an increase in the crop insurance fund investment portfolio resulting from better than average crop yields.
- Premiums from insured persons were \$8.8 million higher than budget due to higher participation in Spring Price Endorsement and straight hail insurance. Premium revenues were \$9.1 million lower than 2005-2006 receipts resulting from a one-time 20 per cent reduction in producer premiums, partially offset by an increase in participation in Spring Price Endorsement.

Expenses Compared to Budget

Expenses were \$90.4 million higher than budget primarily as a result of additional funding for the CAIS Alberta Margin Enhancement and the Alberta Reference Margin Initiative. These increases were partially offset by lower production insurance indemnities and the change in estimates for prior year CAIS accruals.

- Farm Income Support payments were \$234.8 million over budget. Program payments for the CAIS program were significantly higher than budget as a result of two Alberta initiatives announced during the year: the Alberta Margin Enhancement and the Alberta Reference Margin Initiative.
- Insurance expenses were \$158.1 million lower than budget. Favourable crop conditions and commodity prices resulted in lower production insurance indemnity payments from budget, which is based on historical averages.
- Environment and Food Safety expenses were \$15.4 million lower than budget primarily resulting from lower than anticipated costs for the Specified Risk Material (SRM) Disposal program due to delays in finalization of the program with the federal government.
- Infrastructure assistance expenditures were \$21.5 million higher than budget. Treasury Board approved an increase in irrigation infrastructure assistance grants in 2006-2007 to utilize surplus funds from the SRM Disposal program. In addition, a supplementary estimate provided increased funding for the Municipal Wastewater Infrastructure Assistance program.
- Debt servicing costs were \$3.2 million lower than budget resulting from lower than budgeted interest rates.

Expenses Compared to 2005-2006

Expenses were \$17 million higher than last year. Spending highlights for 2006-2007 compared to 2005-2006 are as follows:

- Farm Income Support payments were \$81 million higher than in 2005-2006 due to the CAIS Alberta Margin Enhancement and Alberta Reference Margin Initiative programs. These increases were partially offset by the change in estimates for prior year CAIS accruals.
- Insurance expenses were \$39.1 million lower than those in 2005-2006 due to reduced indemnity payments for production insurance resulting from the favourable crop conditions in 2006. These indemnities were partially offset by increased indemnity payments for hail insurance and wildlife damage compensation.
- BSE Recovery Program expenditures, which were \$18.9 million the previous year, were not incurred in 2006-2007. The BSE Fed Cattle Set-Aside Program was completed in July 2005 due to the U.S. border reopening to live beef exports.
- Industry Development expenses were \$36.2 million lower than 2005-2006. Additional funding was provided in 2005-2006 for new initiatives to support the development of new products in the industry, including market recovery and value-added research, agri-business expansion and commercialization.
- Environment and Food Safety expenses were \$5.2 million higher than the previous year primarily due to funding for the SRM Disposal program.
- Infrastructure Assistance program expenses were \$21.1 million higher than 2005-2006. Treasury Board approved an increase in irrigation infrastructure assistance grants in 2006-2007 to utilize surplus funds from the SRM Disposal program. In addition, a supplementary estimate provided increased funding for the Municipal Wastewater Infrastructure Assistance program. These increases are partially offset by the one-time spending in 2005-2006 for industrial and environmental infrastructure assistance for beef processing.
- Valuation adjustments were \$4.9 million higher than the previous year due to better than expected results in lending portfolios in 2005-2006.

Performance Measures Summary

For more information regarding performance measures, please refer to the following sections: Core Businesses, Goals and Measures and Performance Measures Methodology.

Performance measures continue to be refined as programs evolve. Measures are focused on areas where the Ministry has the opportunity to influence outcomes.

Targets for the performance measures were established based on research at the time the business plan was written. Summary tables, including the targets, forecasts for the fiscal year and the results, are included later in this document.

Core Business One: Facilitate Sustainable Industry Growth

Goal 1: Sustainable Growth of the Agriculture and Food Industry

The Ministry contributes to this goal by encouraging new and diversified product development and investment (primary and value-added food and non-food products) and facilitating long term sustainable growth in established sectors.

The performance measures for this goal were designed to measure areas where the Ministry has some influence over growth of the industry.

Forecasted performance was achieved or exceeded for the following measures:

- 1a Number of value-added products developed and successfully introduced to market with assistance from the Ministry.
- 1c Investment supported by AFSC lending services.

Forecasted performance was not achieved for the following measure:

- 1b Research and development investment by collaborators leveraged through Ministry resources.

Goal 2: Continued Excellence in Food Safety

The Ministry contributes to this goal by promoting implementation of food safety process control systems throughout the food production continuum, through development and administration of essential food safety legislation, regulations and policy and through food safety surveillance systems that ensure consumer confidence and market access.

The measures for this goal recognize the importance of monitoring the adoption and implementation of food safety process control systems for, and in partnership with, the agriculture and food industry.

Forecasted performance was achieved or exceeded for the following measures:

- 2a Number of surveillance and monitoring initiatives designed to measure hazards in food production.
- 2b Per cent of Alberta production produced under on-farm food safety programs.
 - chicken farms
 - hog farms
- 2c Per cent of Alberta licensed food production facilities that have added a preventative system to their existing food safety system.
 - meat – Meat Facilities Standards version II

Forecasted performance was not achieved for the following measures:

- 2b Per cent of Alberta production produced under on-farm food safety programs.
 - beef feedlots
 - dairy
- 2c Per cent of Alberta licensed food production facilities that have added a preventative system to their existing food safety system.
 - meat – Alberta Hazard Analysis Critical Control Point Advantage Program
 - dairy

Core Business Two: Enhance Rural Sustainability

Goal 3: Improved Environmental Stewardship

The Ministry contributes to this goal through essential policy, legislation, information and services related to soil conservation, water quality, air quality, climate change and biodiversity.

The measures for this goal target outcomes and outputs related to the Ministry's work in providing information, training and support to industry related to environmentally sustainable agriculture practices.

Forecasted performance was achieved or exceeded for the following measure:

- 3b Number of producers provided with training and technical support to enable development of environmental farm plans.

Forecasted performance was not achieved for the following measure:

- 3a Percentage of producer survey respondents who have adopted improved environmentally sustainable agriculture practices (formal evaluation every three years; next survey to be completed in 2006-2007 and reported in 2007-2008).

Goal 4: Strengthened Rural Communities

The Ministry contributes to this goal by working to strengthen rural communities through involvement in facilitation, leadership development and infrastructure development.

The measures for this goal target areas that contribute to strong rural communities and the Ministry's ability to affect the viability of those communities.

Forecasted performance was achieved or exceeded for the following measures:

- 4b Total investment leveraged in rural businesses facilitated through AFSC lending services.
- 4c Percentage of Ministry supported, agricultural-related community activities that focus on leadership development.
- 4d Percentage of rural youth and adults participating in Ministry supported programs that report effective learning from those programs.

Forecasted performance was not achieved for the following measure:

- 4a Number of rural businesses assisted by AFSC lending services.

Core Business Three: Strengthen Business Risk Management

Goal 5: Effective Risk Management Decisions by Agricultural Business Managers

The Ministry contributes to this goal by working cooperatively with service providers to target business management training and information dissemination, allowing managers to adopt the most economical and effective management practices to sustain their business.

The measure for this goal tracks the use of risk management tools, for which the Ministry and partners are providing training and information, by agricultural business managers.

Forecasted performance was not achieved for the following measure:

- 5a Percentage of managers surveyed indicating the use of risk management tools for improved decision-making.

Goal 6: Effective Programs for Industry Competitiveness and Growth

The Ministry contributes to this goal by providing appropriate support through programs such as the Canadian Agricultural Income Stabilization Program (CAIS), crop insurance, drought preparedness and disaster recovery initiatives.

The measures for this goal are intended to report on the effectiveness of business risk management programming. Some of the measures have been modified to help assess the effectiveness of the business risk management programs when disastrous events occur in the agriculture industry.

Forecasted performance was achieved or exceeded for the following measure:

- 6a Percentage of eligible seeded acres for major crop insurance categories insured under production insurance.
- annual crops

Forecasted performance was not achieved for the following measures:

- 6a Percentage of eligible seeded acres for major crop insurance categories insured under production insurance.
- perennial crops
- 6b Percentage of Alberta farm cash receipts represented by Alberta participants in the CAIS Program

Future Challenges

The Ministry's measures are intended to show the effects the Ministry has on the three core business areas. However, the goals and measures are also affected by challenges inherent in the industry. It is, therefore, vital for the Ministry to continually assess, anticipate, evaluate and plan to respond to future challenges. The measures the Ministry uses to track progress towards its goals will also need to be refined accordingly as challenges and opportunities arise.

Major influences on Alberta's agriculture and food industries:

Weather

Weather is one of the major sources of risk and uncertainty in agricultural production. A review of data from the crop insurance program illustrates the kind of effect weather can have on agriculture production. For example, the year 2002 saw the most widespread and severe drought Alberta has experienced in recorded history. Insurance payments for crops exceeded \$800 million, and cattle producers were forced to reduce their herds because of feed shortages. The Ministry and the industry need to constantly assess, anticipate and plan to meet the ongoing challenges weather poses throughout the entire agriculture value chain.

Global Trade

Alberta's agriculture and food industry derives a substantial portion of annual revenue from global trade. International trade, however, is affected by a host of factors, some of which are not entirely under the industry's control. Chief among these are the global demand and supply for food products and national farm policies that impact trading practices. Maintaining and expanding market access and continuously improving the capacity to produce and deliver products to global customers at competitive prices present challenges and opportunities for the future.

Increasing market access is a complex process as increased access for Alberta generally creates opportunities for other countries and increases competition for Alberta products. In particular, Alberta's industry faces stiff competition from such relatively low cost producers as Brazil, Russia, India and China.

Competitors from emerging countries are also likely to face less evolved regulatory requirements, particularly for environmental protection and working conditions, contributing to competitive advantages in the global marketplace. However, as labour, land and other input costs rise around the globe, it is possible that the cost advantages in these countries will be reduced.

Currency and Interest Rate Effects

The appreciation of the Canadian dollar relative to the U.S. dollar negatively impacts revenues received for Alberta exports. Conversely, a stronger Canadian dollar makes imported inputs more attractive for Alberta producers (e.g. machinery, equipment, agricultural chemicals and feeds.) Given the greater magnitude of Alberta's annual agri-food exports relative to its input imports, the appreciation of the Canadian dollar will pose challenges for the industry. In the long run, however, the appreciation of the Canadian dollar may encourage or induce improved productivity and efficiency to facilitate sustained profitability.

Interest rates can also have a significant effect on agriculture and agri-food businesses. Many producers use operating loans to ensure regular cash flow to their business. Food processors use loans to finance new investments and capital expenditures. Higher interest rates can have a dampening effect on investment and significantly increase the cost of servicing operating loans.

Evolving Consumer Demands

Consumer tastes, preferences and incomes are continually evolving. Current shifts in North American consumer demographics (i.e., aging population and increasing immigration) have significant implications for Alberta's agriculture and food industry. For example, recent polls suggest that consumers over the age of 50 spend more money than younger consumers on items such as fruit nectars, wine/liquor, carbonated and soda water, coffee and tea, vitamins, minerals, supplements and herbal remedies. An increasing number of dual-income families have resulted in increased demand for home meal replacements. As well, rising middle class incomes in developing countries, particularly in India and China, are expected to increase demand for proteins and other higher quality food products.

Consumers particularly in Europe and North America seem to increasingly attach importance not just to the quality of food products, but also to ethical considerations regarding food production. For example, consumers are expressing concern about animal welfare, the environment, biotechnology and the management of such resources as air, land and water. The ability of the agriculture and food industry to assess the challenges posed by these multi-faceted issues and seize the opportunities inherent in these challenges will greatly influence the future direction of the industry.

Competing Demands for Land, Water and Human Resources

Many of the resources required by the agriculture and food industry are becoming increasingly difficult to obtain due to limited supply and heightened competition from other sectors of Alberta's thriving economy.

Competition for farmland from other sectors, such as oil and gas exploration and extraction and the expansion of urban centers and residential acreages, drives up the price of farmland. Water resources are also facing increased demands, especially in Southern Alberta, resulting in reduced availability of water for farming and food processing. Consumer concern for the environment, as

well as demand for environmental benefits, and an increasing desire for landscape amenities also limits both the availability of land for farming and the type of farming practices employed.

Current labour shortages are another factor the agriculture and food industry has to contend with. Difficulties in accessing labour pose a serious threat to industry growth. The demand for workers in Alberta's thriving economy is resulting in widespread labour shortages and increasing wages. Rising energy costs also affect the costs of trucking services and fertilizer production.

Agriculture and the Environment

As agriculture and the environment affect one another and Albertans are increasingly concerned about the environment, the development of market-based methods to capture the value provided by agriculture and other renewable resource sectors in employing environmentally sound practices combined with a long term, comprehensive agri-environmental strategy will be critical to ensuring both agriculture and the environment are sustainable over the long term.

Core Businesses, Goals and Measures

The Ministry contributes to three of the government's four opportunities: **Unleashing Innovation, Competing in a Global Marketplace** and **Making Alberta the Best Place to Live, Work and Visit** and government's goals: 1, 3, 8 and 14. The Ministry's major contributions are to Goal 1: Alberta will have a diversified and prosperous economy and Goal 8: Alberta will have a financially stable, open and accountable government.

The functions of the Ministry are aligned with government core businesses through the Ministry's three core businesses:

- Facilitate Sustainable Industry Growth
- Enhance Rural Sustainability
- Strengthen Business Risk Management

Core Business One: Facilitate Sustainable Industry Growth

This core business:

- Relates to the government's key opportunities of: **Unleashing Innovation, Competing in a Global Marketplace** and **Making Alberta the Best Place to Live, Work and Visit**.
- Promotes growth by adding value to agricultural products and services.
- Supports an innovative, profitable and globally competitive industry capable of sustained growth.

Core Business Cost \$232.3 million

Goal 1: Sustainable Growth of the Agriculture and Food Industry

The Ministry's efforts under Goal 1 are focused on working towards a growing, profitable and prosperous agricultural industry in Alberta. Ministry staff work with industry clients to develop new products, services or processes to add value to food and non-food production.

Goal 1 Expense \$220.3 million

In 2006-2007, Ministry staff were heavily involved in launching new bioenergy programs in partnership with Alberta Energy, which will result in growth of the industry, while contributing to the government's goal of diversifying the economy and sustaining the environment. The government granted \$16 million for bioenergy/biorefining development, which will be matched by \$65 million in private sector investment.

To address the pressing labour issues facing the industry, Ministry staff are implementing a workforce strategy, which supports initiatives focused on worker retention, recruitment and workforce productivity. The strategy also supports immigrant farmers and finds employees for primary and processing work through the Provincial Nominee Program.

Policy plays a major role in industry growth. Staff worked on a number of initiatives that have an effect on Alberta's ability to market its products, such as the following:

- Working to change the Canadian Wheat Board regulations by removing barley from the monopoly.
- Advancing Alberta's global trade interests at the World Trade Organization.
- Contributing to the work of the Agricultural Policy Framework Review.

Key contributions to achievement:

- Evaluation and development of new products, processes and technologies.
- Supporting immigrant farmers and bringing in foreign workers.
- Producer and processor supports.
- Industry competitiveness through policies, programs and projects.
- International trade.
- Infrastructure/capital projects.

Strategy

Encourage development of new products, processes and services that respond to new market opportunities and enhance diversity.

Results

- Worked with industry to develop and commercialize industrial technology applications and products utilizing agricultural inputs. Projects included development of high value products from canola oil processing waste, bio-based materials for industrial cement applications and plant-based substitutes for specialty bio-industrial chemicals.
- Supported the development of a patented process for alternate uses of specified risk management (SRM) materials, such as fuels and firefighting foam.
- The Food Processing Development Centre in Leduc evaluated three new technologies, completed 75 client-initiated developmental projects and 12 research projects related to value-added products. It also helped Alberta companies develop 125 new products, 32 of which were entirely new and successfully introduced into the marketplace.

- Results from two winter wheat studies have led to the approval of a newly developed coated urea product. This slow release fertilizer, which is environmentally friendly, efficient and may reduce input costs to competitively produce crops, was approved for sale for the first time in July 2006.
- Field trials of Ivermectin and Tilmicosin, two generic livestock pharmaceuticals, were successfully completed. Manufacturing and distribution of Ivermectin is anticipated by fall 2007, and manufacturing and distribution of Tilmicosin is anticipated for 2008. These two generic drugs will save the livestock industry an estimated 75 per cent of annual drug costs (i.e., approximately \$20 million in Alberta, \$60 million in Canada based on current branded sales) and be the first generic livestock pharmaceutical drugs manufactured in Alberta.

Strategy

Facilitate capital investment in the agriculture and food industry through opportunity identification, evaluation and lending products.

Results

- AFSC invested \$20.8 million in Alberta-based agri-businesses through its lending programs, leveraging a total investment of \$60 million.
- 1,086 farm business clients were assisted through AFSC lending programs, resulting in \$181.5 million direct investment and \$213.4 million leveraged investment.
- Department staff worked with Alberta Energy to provide 19 grants under the Bio-refining Commercialization and Market Development Program and the Bioenergy Infrastructure Development Program. Grants totalling \$16 million over three years, matched by industry investment of \$65 million into Alberta over the same period, have created the potential for additional investment by industry of \$300 million.
- Through focused investment attraction, staff identified 11 new investment projects, with two of these resulting in commitments of \$29.2 million in private capital.
- Through the Production Immigrant Investor Program, staff assisted in interviewing, processing and recommending 10 Self-Employed Farmer Provincial Nominee Program investor files. These files represented \$9.6 million in equity investment, with an anticipated total investment of \$24.19 million. Twenty-five additional prospects are under consideration, representing a potential of \$30 million in equity and \$45 million in investment.

Strategy

Advocate policies/programs and develop networks that facilitate market access, human resource development, industry competitiveness and add value to primary production.

Results

- The Canadian Triticale Biorefining Initiative was implemented and accepted by the Institute for Food and Agriculture Sciences, Alberta. A study on Manufacturing Competitiveness of Triticale for Industrial Fermentation confirmed that the economic model for triticale as a starch crop provides improved margins versus wheat, and margins approach that of U.S. corn. Approximately \$4 million has been committed to support triticale as a biorefinery crop. This initiative was showcased at the Annual World Congress of Biotechnology and Bioprocessing (March 21-24, 2007) in Orlando, Florida.
- A Workforce Strategy was developed and is being implemented with \$3.3 million of support over three years. The strategy assists companies with retention, recruitment and workforce productivity, and it addresses long term workforce issues. To date, 23 processors have received coaching and information on best recruitment practices, and 1,200 temporary foreign workers have been recruited. Three recruitment missions were organized with seven processors, which resulted in job offers to 250 workers. Screening interviews were conducted, resulting in recommending 170 workers for the Provincial Nominee Program.

- The Minister hosted the *XVI Tri-National Agricultural Accord* in Banff from August 9 to 12, 2006. The Accord addressed common cross-border agri-food issues and strengthened agricultural trade relations among the three North America Free Trade Agreement countries.
- Agriculture ministers from Alberta, British Columbia, Manitoba, Prince Edward Island and the Yukon signed an agreement on internal trade in agriculture, which expands the scope and coverage of the *Agriculture Chapter of the Agreement on Internal Trade* with respect to the inter-provincial trade of agricultural and food goods, and streamlines its provisions.
- In April 2006, Alberta and British Columbia signed the *BC-AB Trade, Investment and Labour Mobility Agreement*. The agreement creates a more open, competitive economy where goods, services and investments move freely, furthering internal trade between the two provinces.
- In response to the federal government's announcement to hold a plebiscite for barley marketing, a multi-part communications campaign was initiated to ensure the Alberta industry was informed and had the opportunity to have its views heard. As a result of this campaign, plebiscite response in Alberta was strong, and 78 per cent of Alberta producers voted in favor of marketing choice for barley. As a result, both the Federal and Alberta governments have committed to implementing the results of the plebiscite and marketing choice for Western Canadian producers.
- The *Livestock Identification and Commerce Act (LICA)* received Royal Assent on May 24, 2006. The Act consolidates and revises three existing Acts: the *Brand Act*, the *Livestock Identification and Brand Inspection Act* and the *Livestock and Livestock Products Act*. The LICA facilitates fair commerce, increases the protection available for livestock buyers, and promotes the integrity of livestock marketing practices. It will set modern rules for Alberta's brand registration and livestock inspection system.

Strategy

Develop and administer essential policy, legislation and regulations.

Results

- A regulation review conducted in partnership with industry led to proposed changes to the *Farm Implement Act*, enhancing the options farmers have in obtaining and purchasing farm equipment.
- The proposed *Animal Health Act* was completed and submitted for the first reading in the spring 2007 session of the legislature. This legislation will facilitate a rapid and decisive response to animal disease issues that threaten animal or public health or market access.
- Agriculture and Food, the Canadian Food Inspection Agency, Emergency Management Alberta, and Public Safety and Emergency Preparedness Canada signed Alberta's Foreign Animal Disease Emergency Support plan, committing provincial resources to assist the federal government in the event of an incursion by a highly contagious foreign animal disease.
- A comprehensive review of industry governance and the *Marketing of Agricultural Products Act* was initiated. Building on input from industry (especially boards and commissions), the review will develop recommendations on industry governance structures, processes and regulations that will enable industry to be more strategic and competitive in the global economy.

Strategy

Deliver targeted research, technology, information and services to enhance competitiveness and market access.

Results

- The Ministry leveraged over \$2.2 million in funds from external funding agencies and industry to deliver solutions for crops and livestock industry issues. Scientists contributed 42 scientific journal publications, 20 international scientific presentations and research knowledge to client groups through a multitude of field events, abstracts, articles and symposia.

- Delivered data and results that resulted in 11 applications for Minor Use Pesticide registrations and 12 applications for Emergency Use registration on various crops through the Pest Management Regulatory Agency resulting in a competitive advantage for crop production in Alberta. This included an Emergency Use registration for a pesticide to control small hive beetle, a serious new pest of honeybees.
- Participated in national surveillance for BSE, chronic wasting disease and avian influenza in wild birds. Alberta's BSE surveillance was a significant contributor to Canada's application to the World Organization for Animal Health (OIE) and the resulting recommendation for "Controlled BSE Risk" status.
- An On-farm Energy Efficiency Program was initiated with Climate Change Central. Initial audits and training of auditors has been completed. This program is focused on reducing energy costs for hog, poultry and dairy operations resulting in lower energy demand and reduced greenhouse gases.
- The Odour Control Initiative was completed and submitted to the Alberta Livestock Industry Development Fund. The initiative resulted in standard protocols for measuring odour with confidence and a source of information on what technologies mitigate odours.
- Development of a diagnostic ELISA test for *Salmonella* spp. contributed to restoring international markets for Alberta horsemeat.
- Completed a report on the market opportunity for the bio-fibre textile market. The report is being used by a bio-fibre textile processor and developer who is conducting intensive product development in Alberta with the Alberta Research Council. Important changes to processing, identification of market opportunities, and new products for commercialization have also been realized through ongoing efforts with industry on this initiative.
- The relocation of an industry flax crop-breeding program to the province signals the benefits of collaboration with leading edge research here and will contribute to increased flax acres in Alberta.

Strategy

Work with partners to ensure that appropriate physical infrastructure is in place.

Results

- The \$24.5 million Agrivalue Processing Business Incubator was completed and received Canadian Food Inspection Agency operating approval on September 27, 2006. Three bays are leased, and negotiations are underway that will see the incubator operating at full capacity by the end of 2007.
- The Bio-Industrial Technologies Division moved staff and equipment to establish pilot plants in Agri-Food Discovery Place (Edmonton) and the Alberta Research Council (Vegreville). Both facilities became operational in February 2007 and are now supporting pilot-scale industry projects.
- Investments in Agricultural Food and Nutritional Science laboratory equipment for bio-refining and oilseed utilization enhanced Alberta's ability to respond to new and existing client needs.
- 20 randomly selected irrigation canals were audited in partnership with the Irrigation Council to ensure the irrigation districts are adequately maintaining irrigation infrastructure.
- Worked with Alberta's 13 irrigation districts to allocate \$24 million in Irrigation Project Funds and \$3 million for special projects to address critical needs in water management and efficiency improvements.
- In partnership with Alberta's utility industries, \$4 million in grants was provided to assist in the construction of 4,276 essential rural natural gas services and 463 farm electric utility services valued at over \$22 million.

- Approximately \$8.3 million was approved under the Municipal Industrial Wastewater Infrastructure for Agricultural Processing Program for a municipal capital project to provide water and wastewater services to a multi-faceted, agriculture related development.

Goal 1	2005 - 2006	2006 - 2007	2006 - 2007	2007 - 2008
Performance Measures	Result	Target	Result	Target
1.a Number of value-added products developed and successfully introduced to market with assistance from the Ministry.	45 ¹	75	89 ²	90
1.b Research and development investment by collaborators leveraged through Ministry resources.	N/A ³	N/A	\$4.2 million ⁴	N/A
1.c Investment supported by AFSC lending services ⁵ .	\$233 million	\$217 million	\$242 million	N/A ⁶

- ¹ The result for 2005-2006 has been restated from 42 to 45 as 3 products reported for 2006-2007 were actually introduced to market in the 2005-2006 year.
- ² The 2006-2007 result of 89 is substantially more than the 45 reported for the 2005-2006 year as a result of the large increase of products from the Business Commercialization Branch. This branch was created in the 2005-2006 year and was successful in expanding its client base in the 2006-2007 year.
- ³ Last actual result from 2005-2006 was reported as \$7.6 million. Due to changes in reporting, this result is not directly comparable to the 2006-2007 result.
- ⁴ The reporting process for this measure has been updated and now requires individual divisions to supply the supporting financial information for each research and development project. The 2006-2007 target of \$8.5 million and the 2007-2008 target of \$10 million are not directly comparable to the 2006-2007 result.
- ⁵ Total investment in rural business and total amount of farm loans. Values reported for investments are a proxy measure for investments based on loans approved. In some cases, there may be timing differences between approval and disbursement of loans, and not all approved loans are disbursed.
- ⁶ Measure has been changed in 2007-2010 Business Plan so the 2007-2008 target is not applicable.

Goal 2: Continued Excellence in Food Safety

This goal recognizes that excellence in food safety is essential to maintaining consumer confidence and expanding domestic and international markets. The Ministry contributes to this goal by promoting the implementation of food safety systems through essential legislation, regulations, policy and education. Inspections are conducted to ensure compliance with provincial regulations. These initiatives reflect the Ministry's commitment to Agricultural Policy Framework's (APF) national approach to food safety.

Goal 2 Expense \$12.0 million

The Ministry provides design expertise, guidance and incentives for the implementation of safe food production systems on farms and in food processing establishments. Science-based information provided by Ministry staff results in a greater awareness of food safety risks and the development and implementation of appropriate mitigation strategies.

The Ministry provided lab testing support and APF funding for the development of Hazard Analysis Critical Control Point (HACCP) food safety programs. Federal and provincial funding was also dedicated to support the proper disposal of specified risk materials (SRM) from ruminants and to support the ban of SRM from ruminants in animal feed, pet food and fertilizers.

Key contributions to achievement:

- Food Safety Initiative funds to help food processors implement HACCP processes.
- Enhancements to the auditing processes of food safety systems.
- Appropriate food safety surveillance, regulatory inspections and enforcement.
- Partnerships with jurisdictions that share food safety legislative responsibilities.
- Scientific studies that produce clear recommendations to reduce food safety risks.
- Education to increase industry awareness of international safety control systems.
- Increased support for the development of industry-wide traceability systems.

Reporting and measuring accomplishments related to food safety continues to be a challenge due to the shared multi-jurisdictional responsibility for food safety programs. Partnerships and enhanced communication between federal and provincial agriculture and health ministries is leading to a national approach to food safety and clarification of jurisdictional roles and responsibilities.

Strategy

Facilitate adoption of internationally accepted food safety systems and standards in production and processing of Alberta food.

Results

- The Alberta HACCP Advantage (AHA!) standard and technical manual were developed to meet internationally recommended food hygiene practices as set out by the Codex Alimentarius Commission. AHA! is being promoted as a standard food safety system for Alberta food processors.
- Ministry staff provided technical advice to increase the nationally recognized On-Farm Food Safety Programs (OFFS) adopted by Alberta producers.
- A food safety-auditing program was developed and implemented to measure the adoption of food safety systems by Ministry-licensed poultry and red meat abattoirs. The audit program evidenced that 21.8 per cent of Ministry-licensed red meat abattoirs adopted a preventative food safety system (Meat Facility Standards II).

Strategy

Maintain a continually improving surveillance system that validates and identifies opportunities for enhancing the safety of Alberta's agriculture and food products.

Results

- Maintaining a healthy livestock population supports safer food. This objective was supported by 23 disease investigations conducted by Ministry staff under the Livestock Pathology Consultation Program, ensuring no new or emerging diseases had occurred in the province that may have posed a threat to Alberta livestock. Surveillance of poultry under the Alberta Poultry Health Program revealed an outbreak of *Salmonella* in broiler and breeder flocks that led to the initiation of a joint policy with the poultry industry for control of this disease agent to reduce the risk of human food-borne infections.
- Surveillance of livestock disease syndromes under the Alberta Veterinary Surveillance Network was tested in feedlot cattle and poultry and encompassed over 2 million head of cattle. The surveillance served as a means of monitoring for the emergence of new livestock diseases in Alberta.

- Surveillance studies were conducted that provided baseline levels of potential food-borne disease agents to understand the level of risk and against which to compare the positive effects of changes in manufacturing processes. Baselines measured included *Listeria* in red meat and poultry processing facilities, bacterial contaminants in red meat and poultry processing plants, and risks of food-borne disease agents in retail meat.
- Surveillance of chemical residues was conducted to assess the risk of food contamination as follows: levels of veterinary drugs in honey and milk contributed to better production practices reducing the risk of food contamination, surveillance of levels of heavy metals in milk indicated low risk and 384 barbeque hogs were tested for levels of sulfa to minimize the risk of contamination of meat products.
- Surveillance of primary food production was conducted to evaluate potential risks of food-borne disease agents and practices that contributed to lessened risk as follows: levels of *Salmonella* in various types of pig production systems were identified along with the risk associated with using different management practices; elk slaughtered in Alberta abattoirs were tested for chronic wasting disease to ensure any animals testing positive were removed from the food supply; elk lungs were tested for parasites to reduce the food safety risk, and evidence was provided of the low risk of bacterial contamination in field strawberries.
- The economic value of using Radio Frequency Identification (RFID) to identify livestock was assessed. Two reader systems were assessed at three large Alberta auction markets. Both RFID reader systems had read rates of greater than 98.6 per cent, were robust under different environmental conditions, had the capability to work at the speed of commerce and showed promise for automation of manifest entry, invoicing and transportation permits and real-time tracking.
- The Ministry's food and animal testing labs' Quality Assurance System was re-accredited under the International Organization of Standardization (ISO), increasing confidence in and international acceptance of scientific findings produced by the Ministry.

Strategy

Review and administer essential policy, legislation and regulation, and facilitate emergency response.

Results

- Ministry staff participated in the Canada/Alberta partners in Food Safety committee that enhanced and tested Alberta's food-borne illness investigation protocol, which ensures a coordinated response to food-borne incidents.
- A Specified Risk Material (SRM) Initiative was developed that distributed the development and implementation of processes to meet \$4.4 million federal government spending and \$3 million provincial spending to support industry in disposal requirements legislated by the federal enhanced SRM feed ban that takes effect July 2007. Eight industry projects were supported.
- The Meat Facility Standards 1999 (MFS) were revised and updated based on input from Ministry technical experts. The proposed MFS II will facilitate the adoption of auditable food safety programs by Ministry-licensed abattoirs that will demonstrate food safety practices and will support the competitiveness of the Alberta meat processing industry.

- Under the Ministry provincial meat inspection program, abattoirs are licensed and meat and meat products are inspected, contributing to food safety, animal welfare and animal health. At the beginning of the fiscal year 2006-2007, 55 red meat abattoirs were in operation. By the end of the fiscal year, only 51 red meat abattoirs were still in operation. Inspection services were provided to 51 red meat abattoirs, three high-speed poultry abattoirs, and 67 Hutterite poultry abattoirs. Approximately 197,266 red meat carcasses and 3,895,175 poultry, primary broilers (3,553,333) domestic fowl (219,947) and turkeys (102,109) were inspected. One hundred and forty-two food safety audits were conducted at Ministry-licensed abattoirs, supporting adoption of food safety programs.

Strategy

Develop and transfer knowledge and technology in support of safe food production and processing.

Results

- Scientific publications were written, study results were presented at conferences, Agri-news articles were published and Call of the Land radio spots were recorded to inform industry, the public and other researchers of findings that could be useful to them in making decisions that enhance the safety of food, including the following:
 - The rate of reduction of lead in cattle to provide safety guidelines for the management of lead-contaminated food animals.
 - Risk factors associated with *Salmonella* in swine finishing farms in support of best production practices.
 - Methods of identifying feedlot pens with higher levels of *E. coli O157* were validated as a means of reducing the risk of contamination of beef carcasses.
 - Identification of Critical Control Points for reducing the risk of *Salmonella* contamination in swine processing plants.
 - The risk of *Salmonella* on egg belts made of various materials was determined to provide recommendations to producers on preferred equipment choices.
- Improved lab testing methods were developed to improve future studies:
 - Detecting parasites and *Salmonella* in domestic food animals.
 - Detecting veterinary residues in cattle.
 - Detecting *Listeria* as a risk in red meat processing facilities.
 - Molecular techniques for detecting *Salmonella* in different food and animal matrixes.

Goal 2 Performance Measures		2005 - 2006	2006 - 2007	2006 - 2007	2007 - 2008
		Result	Target	Result	Target
2.a	Number of surveillance and monitoring initiatives designed to measure hazards in food production.	N/A ¹	10	18	18 ²
2.b	Per cent of Alberta production produced under on-farm food safety (OFFS) programs. <ul style="list-style-type: none"> • chicken farms • hog farms³ • beef feedlot • dairy 	100% 92% N/A ⁵ 8.5%	98% 98% 40% 20%	100% 100% ⁴ NA ⁵ 10.5%	98% 98% NA ⁶ NA ⁶
2.c	Percentage of Alberta licensed food production facilities that have added a preventative system to their existing food safety system. <ul style="list-style-type: none"> • Meat – HACCP Pre-requisites (Meat Facility Standards version II) • Meat – HACCP (Alberta HACCP Advantage)⁸ • Dairy 	16% 0% ⁹ 0%	5% 1% 100%	21.8% ⁷ 0% 25% ¹¹	45% NA ¹⁰ NA ¹²

¹ The 2005-2006 result of 25 is not directly comparable to the 2006-2007 result. Surveillance and monitoring initiatives in the report writing phase were included in the 2005-2006 result and are not included in 2006-2007.

² Future targets for this measure have been increased based upon the results of previous years.

³ The 2006-2007 results are not directly comparable to the 2005-2006 results as the 2006-2007 results are based on the fiscal year, and the 2005-2006 results were based on the calendar year.

⁴ This result may overstate the actual percentage of pork produced under on-farm food safety programs in Alberta in that the result is based on estimated production numbers. The 2006-2007 result exceeds the 2005-2006 result as an increase in slaughter numbers in 2005-2006 led industry to increase estimated production numbers for 2006-2007.

⁵ Production figures for Alberta beef feedlots under OFFS are not kept by Alberta Beef Quality Starts Here or any other known source; therefore, a result for this measure cannot be reported. This measure has been removed from future business plans.

⁶ The 2007-2008 targets for these measures are reported as NA as these measures have been removed from future business plans.

⁷ The result for 2005-2006 was determined using different criteria than that used for 2006-2007. Therefore, the two results are not directly comparable. For 2005-2006, the term “added a preventative system” was defined as an improvement to a facility’s food safety process control record keeping. For 2006-2007, the term “added a preventative system” was defined as receiving a score of 70 or greater on the MFS annual audit performed by Regulatory Services staff; 12 out of 55 facilities as of April 1, 2006, met this criteria.

⁸ HACCP is an acronym, which means Hazard Analysis Critical Control Point. HACCP is a system that identifies, evaluates and controls hazards, which are significant for food safety.

⁹ The 2005-2006 result is reported as 0 per cent as no audits were completed under this program for this fiscal year.

¹⁰ The 2007-2008 target is reported as NA as this measure has been removed from future business plans.

¹¹ One out of four provincially-licensed dairy processors met the AHA! standard for recall.

¹² The 2007-2008 target is reported as NA as this measure has been removed from future business plans.

Core Business Two: Enhance Rural Sustainability

This core business:

- Relates to the government's key opportunities of **Making Alberta the Best Place to Live, Work and Visit, Competing in a Global Marketplace** and **Unleashing Innovation**.
- Relates to maintaining and improving agriculture's physical and human resource base.
- Promotes strong rural community capacity.

Core Business Cost \$55.6 million

Goal 3: Improved Environmental Stewardship

This goal recognizes that it is the role of the Ministry to assist the agriculture and food industry to maintain or improve Alberta's air, water and soil for the well being of current and future generations. The Ministry contributes to this goal through essential policy, legislation, information and services related to soil conservation, water quality, air quality, climate change and biodiversity.

Goal 3 Expense \$14.1 million

Key contributions to achievement:

- Regulatory amendments for the *Agricultural Operations Practices Act* came into effect on October 1, 2006. The establishment of extension specialists to work with confined feeding operations and municipalities supports effective delivery of the legislation.
- Collaboration with agriculture industry stakeholders to begin development of an Agri-Environmental Strategy and Partnership that will allow focused effort toward measurable progress on issues identified as higher priority for immediate action.
- Continued cooperative work with other departments on cross-ministry initiatives such as the Water for Life Strategy and the Clean Air Strategic Alliance.
- Increased targeting of technical resources toward priority areas such as nutrient management, energy and water supply and management.

Strategy

Support and conduct applied/adaptive research and evaluations to develop economically sound, environmentally friendly beneficial management practices for relevant areas of crop and livestock production and agricultural processing.

Results

- Water user needs, awareness, and considerations around the closure of the South Saskatchewan river basin to new water licenses and the subsequent introduction of water allocation transfers were identified. This project was completed in partnership with Alberta Environment, and public consultation occurred throughout areas in the South Saskatchewan river basin.
- Eleven research and demonstration projects were implemented at the Irrigation Development Centre in Lethbridge to promote effective water measurement practices for irrigation producers and districts that will increase water use productivity and efficiency. Agriculture and Agri-Food Canada, Potato Growers of Alberta, Roger's Sugar, Alberta Sugar Beet Growers Association, Water Measurement Companies and Irrigation Districts were involved in these projects.

- Thirteen applied research studies were completed as part of the Soil Phosphorus Limits Project that provided increased knowledge of phosphorus levels in manure-amended soils and phosphorus in run-off from agricultural land.
- Planned and implemented a new study to evaluate watershed-scale nutrient management beneficial management practices (producer costs and environmental benefits) for protection of surface water quality.
- Fieldwork completed for a prairie-wide collaborative research study on greenhouse gas emissions from landscapes. These first emission numbers for landscapes in Canada will enable better protocol development and confidence in emission coefficients and will benefit the Alberta offset market and national inventory efforts.
- A new design manure injection tool was developed based on industry needs. This tool improves the utilization of manure-based nutrients for crop production, addressing odour and incorporation concerns.

Strategy

Transfer integrated technology and knowledge to assist the industry in becoming more environmentally sustainable, including provision of support for adoption of environmental farm plans.

Results

- 5 municipalities incorporated woodlots in their Municipal Development Plan. These efforts are intended to reduce deforestation in Alberta.
- Improved irrigation and energy use efficiencies were extended to producers and other resource managers through irrigation management training and the Irrigation Management Climate Information Network.
- 39 extension programs were delivered covering 17 agricultural groups and 59 municipalities to facilitate the adoption of beneficial management practices (BMP's) by the agricultural industry.
- Delivered nutrient management extension activities including the tri-provincial manure management conference, the soils and perennial crop field school and the agronomy and manure management 2007 update to increase knowledge of nutrient management practices.

Strategy

In consultation with the industry and other involved ministries, provide guidelines, standards, regulations and legislation for environmental performance requirements to sustain the quality of Alberta's soil, water and air.

- Contributed to the 'Water For Life' (WFL) strategy and project teams through:
 - Wetland policy, water policy issues and gaps, WFL renewal, intra-basin transfer of water allocations, development of sector water productivity plans, development of a provincial water research strategy and creation of a shared governance and watershed management planning framework.
 - Development and planning activities of Watershed Planning and Advisory Councils (WPACs) in the major river basins of Alberta. Ministry staff play a leadership role in the WPACs of the Oldman, Red Deer, Battle and North Saskatchewan basins, as well as a supportive role in the Bow, Milk and Cold Lake/Beaver river basins.
 - Contributing to a policy research study under the Water for Life Strategy to estimate the value of water used for the various economic sectors in Alberta.
- Farmers have a greater understanding of water well health and management as a result of participating in the coal bed methane tour with the Energy and Utilities Board and Canadian Society of Unconventional Gas in 11 locations across central Alberta.

- Farmers have greater access to the Water Well Restoration or Replacement Program through online forms.
- Factsheets on biodiversity were completed in support of the Bio-Diversity Strategy.
- Carbon sink quantification protocols were developed for review by the federal government.
- Assessed water quality effects of beneficial management practices in the Battersea Drain and Lower Little Bow river watersheds in cooperation with the Oldman Watershed Council.
- Completed a review of relevant permitting and monitoring requirements for manure storage facilities in Alberta, Canada, and North America in cooperation with the Natural Resources Conservation Board.
- Established extension services for producers, municipalities and stakeholders to increase understanding of the *Agricultural Operations Practices Act* and the requirements for meeting the regulations to protect the environment and reduce nuisance.
- Developed internal Government of Alberta environmental assurance tools, such as Provincial Water Quality Assurance/Quality Control processes and cross-ministry management of environmental monitoring activities.
- Policy recommendations developed for manure application based on soil phosphorus limits as well as a plan of action to assist producers in meeting potential limits.

Strategy

Monitor the effect of the agricultural production and processing industry on soil and water quality.

Results

- Water quality in agricultural areas was monitored to help producers assess agricultural effects on water quality. This work included the following:
 - Monitoring surface water quality in 23 small agricultural watersheds across the province for nutrients, bacteria and pesticide residues to determine the effect of the agriculture industry on surface water quality. Results were used to complement monitoring activities of Alberta Environment and Alberta Sustainable Resource Development.
 - Performed site-specific monitoring to complement the work of local stewardship groups and demonstration projects and to develop extension materials for use in local areas.
- Monitoring at 42 benchmark sites across the province provided information on the quality of soils under various types of agricultural production. This work led to the development of a national pesticide risk indicator and has shown that organic matter in most eco-regions of the province is increasing.
- Worked with Alberta Environment, and the Canadian Food Inspection Agency to complete a pilot study to investigate the presence of veterinary pharmaceutical residues in surface waters. The study indicated that the magnitude of pharmaceutical levels was extremely low in the order of parts-per-trillion. This result is consistent with similar studies of small streams in agricultural areas and considerably lower than mainstream river samples downstream of urban centers in Alberta.

Goal 3		2005 -	2006 -	2006	2007 -
Performance Measures		2006	2007	2007	2008
		Result	Target	Result	Target
3.a	Percentage of producer survey respondents who have adopted improved environmentally sustainable agriculture practices (formal evaluation every three years; next survey to be conducted in 2006-2007 and reported in June 2007).	53%	58%	N/A ¹	58%
3.b	Number of producers provided with training and technical support to enable development of environmental farm plans.	5,023 ²	4,000	8,573	6,500 ³

¹ The 2005-2006 numbers are the most recent data available. The next survey will be completed in the 2006-2007 fiscal year and be reported in 2007-2008.

² Results for the 2005-2006 fiscal year have been restated based on previous annual report data from the Environmental Farm Plan Company.

³ Future targets for 2008-2011 and beyond will reflect a cumulative growth of 1,500 per year.

Goal 4: Strengthened Rural Communities

This goal recognizes that vibrant and sustainable rural communities are one component of a prosperous province. The Ministry contributes to this goal by working to strengthen rural communities through involvement in skill and leadership development and infrastructure development. The Ministry has a role in coordinating and supporting rural development initiatives. Providing support in implementing of the Rural Development Strategy will facilitate cooperative efforts to ensure a balanced emphasis on social, economic and environmental priorities by all stakeholders in support of community prosperity.

Goal 4 Expense \$41.5 Million

The Ministry works with other ministries and non-government stakeholders to achieve vibrant, sustainable rural communities. Positive results leading to that outcome are being realized as a result of training and leadership development opportunities for rural youth and other rural leaders provided by the Ministry.

The Ministry has also provided grant funding for Irrigation Districts to improve water conveyance and to Agricultural Societies and Agricultural Service Boards for community facilities and activities, as well as pest and weed control and soil and water conservation. Grants are also provided to rural gas distributors and rural electric utilities to extend essential utility services to rural Albertans.

The Ministry has taken an active role in the implementation of the Rural Development Strategy in partnership with stakeholders and other ministries. A key understanding of this initiative was the creation of the Rural Development Fund that is providing \$100 million over five years towards projects designed to enhance the development and growth of Alberta's rural communities.

Key contributions to achievement:

- Training and leadership.
- Evident partnership with communities and rural businesses.
- Excellent stakeholder engagement and cross-ministry involvement.
- Contributions to planning for future rural development.
- Rural business diversification.

Strategy

Provide leadership development for youth and adults actively engaged in agriculture and community organizations and rural businesses.

Results

- 18 scholarships were awarded to Alberta agripreneurs to attend a variety of learning events including Grow West in Calgary, International Mead Festival in Colorado and Martin Black apprenticeship program in Texas. Two scholarships were awarded for the self-directed learning tours held in British Columbia/Washington and California. These individuals increased their awareness of the industry and related business opportunities and have become spokespersons and mentors to others in the industry.
- An unexpected bonus of the agripreneur scholarship program was the advocacy with new partners (external and internal) who were judges. They now have a better understanding of the farm direct marketing industry and indicated an increased willingness to work with the Ministry on future ventures.
- Enhanced competency of staff from 10 municipalities by providing a certificate course on provincial legislation and Agricultural Service Board Program Administration; course content included clarification of roles, responsibilities and authority for provincial legislation applicable to municipalities, review of the strategic planning process, board governance and assessing the qualitative and quantitative impacts of Agricultural Service Boards.
- Through the Green Certificate Program, certified 364 students (target 250) who undertook the program primarily as part of their high school program to acquire hands on learning of agricultural skills in one of eight specialized areas. Enrolled a further 515 (target 425) high school students into the program.
- Alberta's 4-H leadership training program for the province's youth continues to be the strongest in Canada, with over 7,100 active 4-H members and 2,400 volunteer leaders involved in 360 clubs. In total, over 6,000 families across Alberta in 50 rural counties are affected by the program.

Strategy

Facilitate the development and sustainability of rural communities and organizations to be flexible, adaptive and manage change.

Results

- The Ag-Info Centre developed content on agricultural issues and opportunities in collaboration with Ministry and industry projects delivered through various media such as the Call of the Land radio show, Ropin' the Web internet site and print media. The Centre also provided expert speaker resources for numerous conferences.
- A staff member of the Farmers' Advocate Office was appointed to the Land Agent Advisory Committee, providing a rural perspective to recommendations and advice on policy and regulatory changes to the *Land Agents Licensing Act*.

- The Farmers' Advocate participated in the development and governance of Synergy Alberta, a provincial umbrella group that oversees 60 synergy groups in Alberta that focus on resolving community issues primarily related to the oil and gas sector.
- Agricultural Service Boards provided leadership, support and increased accountability to rural communities through the following:
 - Providing \$10.59 million in grant support to 69 agricultural service boards for the delivery of municipal projects, programs and services and the enforcement of legislation related to weed control, pest control and soil and water conservation.
 - Engaging effective partners through the Provincial Agricultural Service Board Committee, resulting in municipal representatives on the departmental Fusarium Action Committee and Clubroot Action Committee. Efforts resulted in obtaining commitment to support the update of the Pesticide Certification Course.
 - Developing a Report Card for the Provincial Agriculture Service Board Committee to create a transparent and accountable process for communicating agricultural issues and solutions.
 - Enhancing accountability of agricultural service boards by providing municipal staff with targeted training on strategic planning.
- Provided \$8.67 million in grant funding to 285 agricultural societies, enabling community facility operations, enhanced agricultural activities, rural development projects and increased leadership training activities.
- Improvements to the quality of life for agricultural communities were facilitated through the provision of \$2.85 million for 87 community initiated projects under the Agricultural Initiatives Program.
- Strengthened relationships with industry and community partners resulted in donations in excess of \$950,000 and \$130,000 of “in-kind” support for the Alberta 4-H Program.
- Improved remote access to learning by implementing an online delivery of the Weeds Management Course through Olds College with 23 students, and delivered an online safety quiz to 91 Summer Farm Employment students.
- Promoted agricultural awareness to students and teachers through trade shows, classroom pilots and agriculturally related educational events.

Strategy

Facilitate the growth and development of sustainable agricultural and rural businesses.

Results

- A web page for the Farmers' Advocate's Office was developed to provide rural Albertans with easier and quicker access to important information relevant to their needs. The web site houses key information on well issues and negotiation strategies. The site also includes a list of groups and businesses that practice and support surface lease negotiation that rural residents can access to assist them in the negotiation process.
- The Agriculture Opportunities Fund provided \$1.5 million in support to 18 different associations and groups across Alberta to encourage agri-based business activity and enhance profitability at the farm gate. Qualifying associations included applied research and forage associations, Alberta Wapiti Products Co-op, Alberta Farmers' Markets, Branding the Peace and the Chinook Entrepreneur Challenge. These funds are estimated to have leveraged a total of \$100 million in investments.
- In partnership with Alberta's utility industries, leveraged \$4 million in grants to extend essential utility services valued at over \$22 million to 4,276 rural natural gas consumers and 463 farm electric consumers.

- Expanded the Cottage Winery Policy to include Alberta’s fruit producers and beekeepers. Worked with the Alberta Liquor and Gaming Commission to amend legislation to legalize farm-based mead (alcoholic mixture of fermented honey and water) production by these sectors and provide them with direct market access to restaurants.
- In partnership with the Agriculture and Food Council and with support from the Fruit Growers Society of Alberta and the Alberta Beekeepers Commission, facilitated an educational workshop for potential winery operators in Alberta, with over 50 industry (fruit and honey producers) participants attending.
- Implemented the Ag Tourism Cluster Development initiative to bring together agricultural tourism operators to increase profile and awareness of their operations and create an impact through critical mass, ultimately resulting in increased profits at the farm gate. Nine clusters are now in place across the province, including new clusters in the Peace and Kalyna Country, and new niche projects are developing in the Edmonton and Red Deer (Lacombe) clusters.
- Piloted Ag Tourism marketing alliances to raise the profile of Ag Tourism offerings at a provincial level through a coordinated industry alliance approach. Industry organizations are engaged in both “Earn Your Spurs” And “Chomp around Alberta” initiatives.
- Developed an Ag Tourism training DVD to enhance knowledge and skills of new and existing Ag Tourism operators by providing information on site assessment and orientation, safety, aesthetics, visitor flow and engaging the audience.
- Together with the Canadian Tourism Commission, finished a three-year Cowboy Heritage Tourism Innovation Partnership. The initiative was developed to pull together the existing diverse range of cowboy heritage experiences and to help create new experiences that will be integrated into the marketplace as key components in the Alberta tourism product supply.
- Led the initiative to host Grow West, the North American Farmers’ Direct Marketing Association’s annual convention in Calgary. This convention, with a 23-year history of helping farmers increase their total farm income, is North America’s only international farm direct marketing convention. It attracted 600 participants to the six-day learning event. Participants shared strategies to increase income at the farm gate through the addition of profit centres, built international networks and were exposed to best management practices and innovative farm diversification tactics. Grow West was the catalyst for the Alberta Farm Fresh Producers Association and the Alberta Farmers’ Market Association to partner with one of North America’s oldest and only international farm direct marketing associations to co-host the event.

Goal 4 Performance Measures		2005 - 2006	2006 - 2007	2006 - 2007	2007 - 2008
		Result	Target	Result	Target
4.a	Number of rural businesses assisted by AFSC lending services.	207	210	209	NA ¹
4.b	Total investment leveraged in rural businesses facilitated through AFSC lending services ² .	\$246 million ³	\$80 million	\$186 million ⁴	\$455 million ⁵
4.c	Percentage of Ministry supported, agricultural-related community activities that focus on leadership development.	31%	29%	32%	30%
4.d	Percentage of rural youth and adults participating in Ministry supported programs that report effective learning from those programs.	93%	90%	92%	90%

¹ 2007-2008 Target is not applicable as this measure has been removed from future Ministry business plans.

² Values reported for investment are a proxy measure based on loans approved. In some cases, there may be timing differences between approval and disbursement of loans, and not all approved loans are disbursed.

³ Significant rural investment was realized in the beef slaughter industry as a direct response to BSE by industry to build increased slaughter capacity. This number has been restated to now include AFSC direct assistance, partnership lending, borrower investment and other sources.

⁴ Result is much above the target as continued investment in rural businesses to support increased slaughter capacity also occurred in this fiscal year.

⁵ Future targets for this measure have been updated to include both commercial and farm businesses.

Core Business Three: Strengthen Business Risk Management

This core business:

- Relates to the government's key opportunities of **Competing in a Global Marketplace** and **Unleashing Innovation**.
- Provides effective programs for industry stability and growth.
- Provides risk management tools and training.

Core Business Cost \$828.2 million

Goal 5: Effective Risk Management Decisions by Agricultural Business Managers

This goal recognizes the business risk associated with production affected by weather extremes, disease epidemics and unforeseen global market influences. Cooperative efforts by service providers target business management training and information dissemination, allowing managers to adopt the most economical and effective management practices to sustain their business.

“Agri-business manager” is an inclusive term indicating the range of industry participants, from primary to value-added, using risk management tools in decision-making. This goal is manager-driven. The manager makes the decisions, not government on behalf of the manager.

Goal 5 Expense \$3.1 Million

Ministry staff and industry partners strive to ensure primary producers and agri-businesses have access to business risk management information, tools and training, which supports the development of business risk strategies.

Changes made to the 2005-2008 business plan have focused renewed effort on the provision of business risk management information and training for agricultural business managers to support the development of business risk strategies. As a result, several risk management tools have been made available to producers and agri-businesses. Work with existing and new partners also enabled the delivery of business and risk management information, as well as strategy and skill development opportunities.

Key contributions to achievement:

- Partnerships with federal, other provincial and industry organizations for farm safety, planning and business risk management.
- Development of financial and weather-related risk management tools, including CropChoice\$.

Strategy

Determine risk management information needs of business managers in the primary and value-added sectors.

Results

- Shifted information and packaging of the information from the Farmers’ Advocate Office to consider risk planning as a basis of negotiation strategy for energy development agreements.
- Through the Ensuring the Food Supply project (supported by the Alberta Food Processors Association, the Alberta Restaurant and Foodservices Association, the Agriculture and Food Council and the Canadian Council of Grocery Distributors), a range of food processing, distribution and retail businesses have recognized the implications of a pandemic event and have taken steps to develop risk mitigation plans.
- Completed an evaluation of the Alberta Drought Risk Management Plan. The results will be used to customize drought information for producers and as benchmarks for monitoring drought mitigation strategies.
- Consulted with the Alberta grain and oilseed industry to gather input on industry priorities including risk management needs.
- The needs of primary and secondary agri-businesses for risk management information, skills and tools were identified through the Alberta Cow Profitability Initiative and the Food Processors Risk Management Survey.

Strategy

Collect, develop and distribute data and information to support business risk management decisions in the primary and value-added sectors.

Results

- Advanced the risk management capabilities of managers through the development and delivery of market, economic and business management information and knowledge to agri-businesses and industry groups.
- Partnered with Statistics Canada and Agriculture and Agri-Food Canada to develop farm income estimates and forecasts for Alberta, which were shared with government, industry and other stakeholders. This information is used mainly for program and policy evaluation, risk assessment and decision-making.
- Monitored, developed and published monthly average prices for selected farm inputs in Alberta. This information was subsequently made available to 270 clients including producers, industry, AFSC, financial institutions and government to assist them in making better risk management decisions.
- Through partnership with Alberta Environment, Agriculture Financial Services Corporation and Agriculture and Agri-Food Canada, expanded the provincial meteorological monitoring network by adding 35 near-real-time stations in the agricultural areas of the province. These stations provide crucial information for Government of Alberta functions including drought reporting, flood forecasting, moisture-based crop insurance, irrigation scheduling and crop disease forecasting. They also complement producer decision analysis activities.
- Primary producers have access to a range of soil, water and weather information and analysis to assist in their business and risk management decisions through the following:
 - A memorandum of understanding between Alberta Environment, Alberta Sustainable Resource Development, Alberta Agriculture and Food, and Environment Canada to support the common management and maintenance of meteorological data in the province and to foster the collaborative design of derivative products.
 - A refined and streamlined online Agriculture Regions of Alberta Soil Inventory Database (AGRASID) viewer. Increased public use (measured by website ‘hits’) has made this application one of the Ministry’s most accessed online resources.
 - A partnership with the University of Alberta to include information from their meteorological network into the network monitored through the Ministry’s Agri-Climatic Information System.
 - Regular reporting and analysis on soil moisture and precipitation patterns in Alberta provided to the news media and shared through the Ag-Info Centre and the Ropin’ the Web internet site.
- Developed mapping tools to facilitate livestock traceability.
- Produced and distributed the 2007 Program Guide for Producers, which provides information on the Agricultural Policy Framework programs (including risk management programs) available in Alberta.

Strategy

Facilitate development and use of analytical tools to proactively identify, measure and manage business risk in the primary and value-added sectors.

Results

- Developed and delivered the Feedlot Investment Risk Simulation Tool (FIR\$T) software, which helps producers manage cattle market risk. More than 150 producers downloaded this software after its launch.
- Collaborated with industry commodity groups and municipalities to assess weather-based predictive models and to develop and provide real-time information for control of early blight in potatoes and fusarium head blight in small grain cereals.
- Updated and enhanced the Agri-Climatic Information System to assist producers with crop management decisions.
- Developed and enhanced a variety of analytical tools to assist primary and processing industry businesses in making better risk management decisions.

Strategy

In collaboration with the private sector, provide information and training on business risk management tools and strategies in the primary and value-added sectors.

Results

- Improved the risk management skills of leading edge producers participating in industry-sponsored market and business risk management workshops. Similarly, the financial risk management skills of 85 value-added processors and industry consultants were enhanced through risk management workshops.
- Formed partnerships with the farming and energy industry to develop and provide risk tools for energy project planners. Tools assess the effect on agricultural operations by energy industry activity.
- Partnered with industry and communities to host 12 farm safety day camps. Developed and promoted safety-focused resources to facilitate practice change in the farming community, which helped producers to mitigate their human resource risk. Partnered with stakeholders to sponsor Farm Safety Week throughout Alberta from March 14 to 20, 2007 with the theme “Protect Your Moving Parts.”

Goal 5 Performance Measures	2005 -	2006 -	2006 -	2007 -
	2006	2007	2007	2008
	Result	Target	Result	Target
5.a Percentage of managers surveyed indicating the use of risk management tools for improved decision making.	22%	NA ¹	22% ²	NA ¹

¹ Targets for this measure are not applicable for the 2006-2007 and 2007-2008 fiscal years as a survey is completed every third year for this measure. The next survey will be completed in the 2008-2009 fiscal year.

² The 2006-2007 result for this measure is the same as the previous year as it is based upon the most recent data available.

Goal 6: Effective Programs for Industry Competitiveness and Growth

AFSC in association with the Ministry of Agriculture and Food (AF) focus their efforts under this goal on working with partners and stakeholders in establishing effective business risk management programs and ensuring that primary agriculture producers and agribusinesses have access to disaster response programs when disasters occur outside their control.

Reviews of program design and internal processes/structures, consultations with producers and industry/commodity associations and working in partnership with other provincial and federal government colleagues are the means through which improvements to the Canadian Agricultural Income Stabilization (CAIS) and Production Insurance programs are achieved.

Improvements to the CAIS and Production Insurance programs have had a positive impact on the achievement of AFSC and Ministry outcomes. The Ministry continues to work to improve all areas of focus in the five chapters of the Agricultural Policy Framework (APF).

Goal 6 Expense \$825.1 million

Key contributions to achievement:

- Development and delivery of relevant, bankable and responsive programs.
- Working with stakeholders to improve the current suite of programs available to farmers.
- Enhancement of programs as required, including the CAIS Program and Production Insurance.
- Deliver support for disaster recovery following uninsurable damage to farms.

Strategy

Design and deliver production risk and income stabilization programs through the Agricultural Policy Framework Agreement.

Results

- AFSC implemented an enhancement to the CAIS Program through the Agricultural Policy Framework that helped farmers affected by declining commodity prices.
- AFSC developed and implemented hybrid and identity-preserved seed canola insurance plans, a spot loss policy to cover wildfire on pasture, a weather-based hay top up plan and a catastrophic benefit for annual and perennial crop plans for 2007.
- The Ministry significantly expanded the weather station network by adding 40 new weather stations in 2007.
- AFSC completed Input Advisory Group meetings with producers to obtain direction on design changes to its yield coverage and premium rating systems.
- Provided CAIS Program Beginner Farmer Margins.
- Partnered with the federal government to organize four federal-provincial-territorial public forum consultations to seek input from Albertans on the proposed Next Generation Agricultural Policy Framework.
- Organized an industry consultation to develop a consensus on industry's vision and prioritize principles to guide the Ministry in the development of future agricultural policy and programming under the Next Generation Agricultural Policy Framework.
- Received federal and provincial sign-off on Implementation Agreement Amendment #9 and its related Collateral Agreement for the use of unspent funds. These agreements provide federal funds to support additional provincial initiatives under the Agricultural Policy Framework in Alberta.

Strategy

Develop and deliver specific programs that increase industry competitiveness.

Results

- A premium reduction for Crop Insurance and Spring Price Endorsement provided more affordable risk management support to grains and oilseeds producers affected by low commodity prices and high input costs.
- AFSC implemented two Alberta-only enhancements to the CAIS Program. The Alberta Margin Enhancement Program provided additional benefits to industries significantly affected by low commodity prices and high input costs. The Alberta Reference Margin Initiative was implemented to help farmers facing back-to-back disasters.
- Implemented the 2005-2006 Canada-Alberta Farm Water Program; 1,270 producers applied for financial assistance to secure long term water supplies for their farm operation.
- Processed 26,824 applications under the Canada-Alberta Bovine Spongiform Encephalopathy (BSE) Surveillance Program to help Canada meet the required BSE testing level. This program encourages producers to submit eligible livestock to increase international confidence in Canadian beef.
- Issued 1,898 new registration numbers to producers under the Alberta Farm Fuel Benefit (AFFB) Program, providing them with access to marked fuel and farm plates, and contributing to competitive marketing of their agricultural products. Through existing internal compliance processes, 717 producers with active AFFB numbers were cancelled and no longer have access to the benefits of the program.

Strategy

Develop programs, where appropriate, that respond to significant events that impact business sustainability.

Results

- An evaluation of provincial activities relating to all BSE response programs has been completed. The analysis confirms that the Canada-Alberta and Alberta-only BSE programs positively contributed to sustaining the beef value chain during the BSE crisis.
- In partnership with Agriculture and Agri-Food Canada, recommended that producers in five counties and municipalities in the Peace Region affected by drought in 2006 be deemed eligible to defer their 2006 income tax on the sale of breeding livestock for one year under the Federal Livestock Tax Deferral Program. The delay in income tax payments will minimize the cash flow difficulties facing eligible producers in these areas.
- Administered the 2005 Southern Alberta Disaster Recovery Programs. 432 farmers are eligible to receive financial support for the loss of uninsurable items.

Goal 6 Performance Measure		2005 - 2006	2006 - 2007	2006 - 2007	2007 - 2008
		Result	Target	Result	Target
6.a	Percentage of seeded acres for major crop categories insured under production insurance:				
	<ul style="list-style-type: none"> • annual crops • perennial crops 	64% 29%	60% 25%	65% 23% ¹	64% 25%
6.b	The per cent of Alberta farm cash receipts represented by Alberta participants in the Canadian Agricultural Income Stabilization Program.	76%	88%	76% ²	70%- 75%

¹ Most producers participating in AFSC's perennial crops programs are livestock producers who insure primarily to protect their feed supply. The 2006 year was an excellent year, resulting in an increase in the carry-over supplies of hay and other feed. As a result, many producers chose to self insure in 2007.

² 12% lower than the target. The variance is primarily due to the revision made to the methodology in 2005-2006. Inter-farm sales were included in the denominator to make Alberta farm cash receipts comparable to farm cash receipts covered by Alberta participants in the CAIS Program. Performance targets starting from 2007-2008 have been revised to reflect the new methodology.

Performance Measures Methodology

Core Business One: Facilitate Sustainable Industry Growth

Goal 1: Sustainable Growth of the Agriculture and Food Industry

1a Number of value-added products developed and successfully introduced to market with assistance from the Ministry.

This measure captures the number of value-added products developed and successfully introduced to market through the efforts of Ministry staff. The purpose of the measure is to determine the contribution the Ministry makes to the growth of Alberta's value-added industry. It is also used to assess the ability of the Ministry to focus on Alberta's value-added industry.

Product development activities encompasses projects where staff assisted industry clients in one or more of the following areas: product formulation, shelf-life, packaging, sensory evaluation, marketing and commercialization. "Introduced to market" refers to a product that has obtained a listing at retail or food service, domestically or internationally. The term also includes products that have been sold as ingredients for further manufacturing. Value-added includes value-added food, beverage and bio-industrial products.

Calculation method

An annual Measure Report is prepared from the data supplied by four divisions: Food Processing Development, Commercialization, Agri-Business Expansion and Bio-Industrial Technologies. The total number of value-added products involving project work conducted by staff and successfully introduced to market by industry, as listed in the annual Measure Report, is counted and reported.

Data limitations

The successful launch of new products may take several months after new product development work is completed. This timing may result in some products being recorded in a fiscal year subsequent to the year in which the product development work occurred. Information reported by industry clients regarding the market success of their products is not confirmed. There is also no weighting done in terms of value; that is, the measure simply records the number of products introduced to market and does not attempt to reflect the value of sales generated. The data is limited to project work completed in the Industry Development Sector, as this sector works directly with industry clients on value-added products. No attempt is made to measure indirect efforts with industry clients by staff in the Industry Development Sector or other sectors in the Ministry that may have resulted in a value-added product.

1b Research and development investment by collaborators leveraged through Ministry resources.

This measure is an attempt to demonstrate the dollar value of investment by collaborators in research and development (R&D) initiatives involving Ministry resources. Collaborators include industry organizations, private companies, universities and government agencies. The measure reports on four program areas that cover R&D activities. They are value-added processing, livestock development, crop diversification and environmental stewardship.

This measure provides an indication of the Ministry's success in building partnerships and leveraging its resources in R&D with cash contributions from collaborators. To make the best possible use of resources and to more effectively respond to industry needs, Ministry scientists explore all possible opportunities to form partnerships with scientists from outside organizations. These relationships allow them to leverage funds and expand the pool of scientific talents that are devoted to research.

Calculation method

The Ministry's Policy Secretariat prepares a report annually of Ministry R&D and related scientific activities (RSA). Ministry results contribute to an annual review of government R&D conducted by Alberta Advanced Education and Technology (AET). The data is also used in responding to a Statistics Canada annual survey. Statistics Canada uses the survey results as indicators of national science and technology activities. In preparing the Ministry's response to AET's annual review, Policy Secretariat co-ordinates responses from seven Ministry divisions that are involved in R&D and RSA. The questionnaire collects information on a division's fiscal year R&D expenditures and corresponding levels of collaborator funding.

Data limitations

The distribution of questionnaires is limited to seven Ministry divisions that have been determined to account for the Ministry's R&D and RSA activities in four program areas. The four areas are value-added processing, livestock development, crop diversification and environmental stewardship. Although data on in-kind contributions from collaborators is collected, this measure only reflects cash contributions from collaborators. As a result, it likely understates the 'true' amount of leveraged resources invested by collaborators. However, reported in-kind contributions are less reliable as they are based on estimates that can be subjective in nature.

1c Investment supported by AFSC lending services.

This measure reports the total dollar investment in rural business (including farm lending) as a result of AFSC's involvement in financing and consulting services. In addition to direct lending products that can result in investment, AFSC also has a number of alliance partnerships with organizations such as Farm Credit Canada and Credit Union Central that help facilitate investment in rural business. Dollar investment is defined as any fund (i.e., debt, equity, investment) that would be used to support the growth of rural business. The purpose of this measure is to determine the total dollar investment as a result of AFSC's involvement in the facilitation of capital investment in rural businesses (including farm lending) through its lending products, services and partnerships.

Calculation method

Rural agri-business investments (from all sources are included whether it is direct from AFSC, other sources of debt, business owner's equity, or investment by a third party) are added up and reported as total dollar investment in rural businesses. Farm lending amounts (direct loans only) are reported through AFSC's computer system and summarized by year. The two amounts, total investment in rural business and total amount of farm loans, make up the total in the 2006-2007 actuals.

Data limitations

None reported.

Goal 2: Continued Excellence in Food Safety

2a Number of surveillance and monitoring initiatives designed to measure hazards in food production.

This measure tracks active projects that identify the presence of hazards in food production at any stage of the farm to fork continuum. The definition of active projects no longer includes projects that are in the report writing stages. In previous years, projects in the report writing stages were considered active. This measure does not include method development, animal health, market access projects or projects that monitor surface waters. Nor does it include ongoing food safety programs.

Calculation method

The figure provided for this measure is derived from Food Safety Division entries in the Ministry's project reports database. The number of surveillance programs that identify hazards in food production is determined from a straight accounting of active surveillance programs in the fiscal year. The responsible reporting party reviews the final tally of active food safety projects for accuracy.

Data limitations

Surveillance programs may begin and end in different fiscal years; as a result, there may be a variety of projects in different stages of implementation and completion. Consequently in one given year, projects that are completed may have been initiated in a previous year or years. Consequently, a single project may be included in the total figure for this measure for more than one year.

2b Per cent of Alberta production produced under on-farm food safety (OFFS) programs: chicken farms, hog farms, beef feedlots and dairy.

The purpose of this measure is to encourage the production of safe agri-food products by primary producers in Alberta through the implementation of on-farm food safety (OFFS) programs. On-farm food safety programs are preventative Hazard Analysis Critical Control Point (HACCP) based programs that enable systematic review and control of food safety hazards through good production practices during primary production.

Food safety programs belong to national producer organizations and provincial producer groups, delivery agents or boards who work with producers of that commodity. These groups, agents or boards collect data on the producer's implementation of OFFS programs and work with the Ministry to provide the data required when requested. Data collected may include the number of producers enrolled in the OFFS program, the number of producers who have participated in OFFS workshops and the number of producers who have been audited and certified/recognized (terms to denote producers who have successfully been audited vary by commodity with terms such as recognized and certified).

Calculation method

Total primary production of food animals (i.e., not breeder animals) produced under an OFFS program, divided by total production in the province (from Statistics Canada).

Data limitations

The Ministry relies on external partners to collect these figures, some of which may be estimates.

The data is collected by the commodity groups according to each organization's fiscal year. The total production figures collected by Statistics Canada are not usually available for the most recent year. In addition, Statistics Canada figures are based on calendar years. Therefore, the Statistics Canada total production figures may not correspond to the exact same period as the figures supplied by the commodity groups.

The Alberta Beef Quality Starts Here (ABQSH) group does not keep production statistics. They do maintain a list of feedlot and cow/calf producers that follow the ABQSH program. However, separate lists are not maintained for feedlot operators.

2c Per cent of Alberta licensed food production facilities that have added a preventative system to their existing food safety system: meat and dairy.

This measure tracks the success of Ministry staff in their efforts to encourage Alberta meat and dairy processors to improve existing food safety systems in their facilities by implementing an additional food safety program. Preventative systems may be Hazard Analysis Critical Control Points (HACCP) systems or HACCP-based systems. HACCP and HACCP-based food safety systems provide a systematic, preventative program for the identification and control of food safety hazards.

Calculation method

The percentage of Alberta licensed food processing plants (meat and dairy) that have implemented appropriate food safety process control systems is calculated from the proportion of plants that have implemented food safety process control systems to the total number of plants. Data on the addition of preventative systems by provincially-licensed meat and dairy processing plants is obtained from the Regulatory Services Division audit records.

Data limitations

The Ministry does not control HACCP adoption. Unless adoption becomes a mandatory requirement, market drivers can only influence HACCP adoption.

An auditing plan to recognize meat processing plants (abattoirs) that have added a preventative food safety system is not yet fully underway. However, a protocol to assist operators of licensed abattoirs to comply with future meat facilities standards (MFS II), which include HACCP adoption, was developed. The protocol will enable regular, partial maintenance audits to be conducted by third party auditors, to ensure compliance with MFS II.

Core Business Two: Enhance Rural Sustainability

Goal 3: Improved Environmental Stewardship

3a Percentage of producer survey respondents who have adopted improved environmentally sustainable agriculture practices (formal evaluation every three years; next survey to be completed in 2006-2007).

A formal survey, including telephone survey and written responses, of approximately 500 producers is conducted every three years. This survey assesses awareness, attitudes and adoption of environmentally sustainable agriculture (ESA) practices and any effect that the Alberta ESA program may have had.

The sample population for this survey is now based on a subscription list of commercial farmers maintained by Farm Business Communications. The 2005-2006 result is based on previous methodology that can be found in the Performance Measures Methodology section of the 2005-2006 Ministry Annual Report. Five hundred farmers participated in the telephone survey, and 268 (56%) of these completed a follow-up mail survey. The margin of error for a sample size of 500 is +/- 4.4%, while the margins of error for the regional samples of 100 are +/-10.0%. In other words, if this survey were conducted 20 times, the responses would be within the stated margins of error 19 times out of 20. For the mail portion of the survey, a sample size of 268 yields a margin of error of +/-6.1%.

Calculation method

Data analysis consisted of grouping the data according to the following headers:

- region (5 regions)
- gross farm revenue in 2003 (under \$25,000, \$25,000 to \$99,999 and \$100,000 and over)
- farm type (crop-only, livestock-only and mixed)
- stage of farm operation (three groupings)
- farmer education and training
- attitude cluster (three types)

Cluster analysis is a statistical technique used in market research to group or segment respondents into “like” categories based on their pattern of response to the series of 25 attitude statements asked on an agree/disagree scale. In this case, a seven-point scale was used, and three clusters were identified.

Data limitations

None. The survey is statistically sound, and margins of error are reported in the survey report.

3b Number of producers provided with specific training and technical support to enable development of environmental farm plans

This is a measure of the uptake of specific training targeted towards environmental farm plan (EFP) development. Once completed, EFPs are an indication of the uptake of and improvement in environmental stewardship planning on Alberta farms.

Producers are required to participate in two training workshops to enable them to develop an environmental farm plan (EFP) for their farming operation. This training is provided by the Alberta Environmental Farm Plan (AEFP) Company, through financial and technical support from Alberta Agriculture and Food (AF) and Agriculture and Agri-Food Canada (AAFC). The AEFP Company is a tripartite partner with AAFC and AF on the Environment Chapter of the Agricultural Policy Framework. Once a producer has completed both workshops, he/she is then eligible to complete an EFP and is counted under this measure.

Calculation method

The calculation is a cumulative addition of participants completing both Workshop I and II of the Alberta Environmental Farm Plan Program as reported in the annual report of the Alberta Environmental Farm Plan (AEFP) Company.

Data limitations

None. This is a straightforward cumulative total, based on the annual report for the AEFP Company. Information in the annual report is auditable and forms the basis for operational payments from AAFC to the AEFP Company.

Goal 4: Strengthened Rural Communities

4a Number of rural businesses assisted by AFSC Lending Services.

This measure tracks the effect of AFSC's involvement in supporting the growth of businesses in rural Alberta by counting the total number of rural businesses that receive financial assistance as a result of AFSC's involvement in financing and consulting services. A rural business is defined as any business outside Edmonton or Calgary.

Calculation method

AFSC maintains records of rural businesses assisted as part of its regular monthly reporting including the Account Manager involved and the business involved. This measure is a simple summation of all rural businesses securing financing, facilitated by AFSC lending services, as reported in AFSC's records.

Data limitations

None.

4b Total investment in rural businesses facilitated through AFSC Lending Services.

This measure determines the total dollar investment in rural Alberta business as a result of AFSC's involvement with the facilitation of capital investment through its lending products and partnerships. Rural businesses are any businesses outside Edmonton or Calgary. AFSC has direct lending products that can result in investment, as well as a number of alliance partnerships to help facilitate investment in Alberta business.

Calculation method

AFSC maintains records of incremental investment as part of its regular monthly reporting including the Account Manager involved and the business involved. Incremental investment in rural Alberta business from all sources is included whether it is direct from AFSC, other sources of debt, business owner's equity or investment by a third party and reported as total dollar investment in rural Alberta business. The calculation for this measure is a summation of incremental investment in rural Alberta business from all sources, as reported in AFSC's records.

Data limitations

None.

4c Percentage of Ministry supported, agricultural-related community activities that focus on leadership development

In an effort to improve the efficiency and effectiveness of the Agricultural Society Program, both the number and diversity of activities undertaken by agricultural societies are measured. Program guidelines and procedures are designed to increase both the number and effectiveness of the leadership activities without increasing the overall funding envelope. The Agricultural Society Program collects information on activities, volunteer hours and attendance from individual agricultural societies by means of a voluntary report form.

The 4-H program offers a variety of events and learning opportunities for rural youth and adults. 4-H staff collect data for each program event, including the number of attendants. This data is reported quarterly in reports submitted by 4-H staff on their programs. All 4-H program events were submitted under the leadership development category.

The Agricultural Initiatives Program applications were categorized according to the calculation method.

Calculation method

Responses from the Agricultural Societies Report Form are collected and returned to the Agricultural Society Program. The data is then entered into the AgSocactivities database. All activities are coded into categories. The data is further aggregated into the following activity areas:

- **Agriculture related activities** – refers to activities such as rodeos, fairs and livestock shows.
- **Ag business development** – includes any activities that promote agricultural business development and the development of the agriculture industry.
- **Ag education and skill development** – includes programs or projects that foster awareness of agriculture or improve/develops skills within the community.
- **Leadership development** – includes, training for volunteer staff, fees for conferences, workshops, seminars and sponsoring youth leadership development.
- **Community improvements** – includes any capital funding for infrastructure development and renovations, repairs and maintenance of infrastructure and operating costs of facilities as well as all capital projects from the Agricultural Initiatives Program grant program.

The percentage of activities in the leadership development category is then calculated from the total of all activities.

Data limitations

Leadership skills take years to develop, and the results of the effective use of those leadership skills may take years longer to manifest. Therefore, it is very difficult to measure outcomes on an annual basis. As such, this is an output measure with no real indication of the results of these activities. The return rate of voluntary report forms is less than 100 per cent. Therefore, the results reflect only those agricultural societies that reported their activities.

4d Percentage of rural youth and adults participating in Ministry supported programs that report effective learning from those programs.

Ministry supported 4-H programming includes all 4-H programs and events coordinated, supervised and initiated by department staff. The 4-H Branch has been using KASA measurements for a number of years; KASA measures positive changes in **K**nowledge, **A**ttitudes, **S**kills and **A**spirations.

The measure is used to provide feedback on the effectiveness of 4-H programs. The numbers are analyzed, and efforts are made to maintain the KASA results each year. The results of this measure are used to assess changes required to the program content to enhance KASA results. Each program is designed to meet different objectives. In total, 23 objectives have been defined, including personal development and self esteem, learning communication and presentation skills, demonstrating technology transfer, appreciating history, heritage and community as well as learning rural/economic renewal.

Calculation method

The data for this measure is obtained through the use of written evaluations at each program. Certain questions, used to measure KASA, are consistently asked on evaluations. The results are compiled and stored electronically in a database, with the hard copies stored separately. Each question on the survey has either four possible answers, Yes, No, Unsure, Not Applicable, or a short response. A “Yes” response is considered to be a positive change; a “No” or “Unsure” is not considered positive change. An “NA” is not considered in the response calculation. Answers to the short response questions are considered positive if they are answered with a definite response (for example, The skill I learned was...). If there is no answer or a nonsense answer, the response is considered to be negative.

Data limitations

Completion of evaluations is voluntary, but historically, most programs have a very high return rate. A small portion of the 4-H members may reside in urban centres.

Core Business Three: Strengthen Business Risk Management

Goal 5: Effective Risk Management Decisions by Agricultural Business Managers

5a Percentage of managers surveyed indicating the use of risk management tools for improved decision making.

For the purpose of this measure, “managers” refers to primary producers in Alberta who are most responsible for their farms and whose gross income was \$50,000 or more in 2004. This measure was designed to determine the percentage of producers that a) are using risk management tools and b) report improvement in their ability to make effective decisions. A risk management tool is defined as an analytical process or a decision aid. Risk management tools can be used to identify and measure risk, and to assess alternative strategies, technologies and practices.

Calculation method

Data were collated primarily from the 2006 Risk Management Survey, an Agricultural Risk Management Survey prepared for the Ministry’s Strategy and Business Planning Division by Serecon Management Consulting Inc., in April 2006. Respondents for the 2006 Risk Management Survey were selected from a purchased list of commercial farmers maintained by Farm Business Communications (publishers of several prominent farm periodicals). It is assumed that farmers on this list are representative of the general population of Alberta farmers. A frequency analysis was used to calculate a benchmark for this measure.

The calculation is the product of:

- The number of respondents that indicated the use of at least two of options 1, 2, 4 and 5 in question 17 of the survey, *and*
- The number of respondents that in question 18 of the survey indicated “great” or “some” improvement in their “ability to make better risk management decisions.”
- The product of these two numbers is the proposed benchmark.

Options 1, 2, 4 and 5 were selected to represent a more sophisticated level of risk management decision making than would be the case if all seven options were included. Statistical calculations related to the measure have a margin of error of +/- 3.6%.

Data limitations

Data limitations include non-subscribers to Farm Business Communications (the source of the original survey list), non-contactable subscribers (due to privacy legislation compliance), unreachable sample (due to wrong phone numbers, answering machine, busy, no answer, etc.) and non-response/failure to return mail survey.” The survey sample size was based on 2001 Census of Agriculture, and obsolescence is a major concern.

Goal 6: Effective Programs for Industry Competitiveness and Growth

6a Per cent of eligible seeded acres for major crop categories insured under Production Insurance for annual crops and perennial crops.

The purpose of this measure is to examine the use of crop insurance to mitigate the business risk of growing annual and perennial crops. Annual crops refer to those that are seeded every year. Perennial crops refer to crops that do not need to be seeded every year and last for several years. “Eligible crops” are insurable under the crop insurance program. Approximately 99.7 per cent of acres seeded in Alberta are sown to eligible crops.

Calculation method

Data for this measure are collected from three sources, Statistics Canada, 2006 Census of Agriculture, the Agri-Food Statistics Update, December 14, 2006, supplied by Statistics Canada and prepared by the Statistics and Data Development Unit, Alberta Agriculture and Food, and the Production Insurance Program Management System, a secured program management application, accessible only by AFSC staff.

To determine the percentage of eligible seeded acres, the total eligible seeded acres for each crop category (annual and perennial) insured under the crop insurance program for the year under review is calculated by summation. The total eligible seeded acres in Alberta are then calculated from the above data sources. The total insured acres are then divided by the total eligible acres for each crop category.

Data limitations

None reported.

6b The per cent of Alberta farm cash receipts represented by Alberta participants in the Canadian Agricultural Income Stabilization Program.

The intent of this measure is to determine the participation of producers in the CAIS Program for the 2005 tax year and over time, to determine the participation of producers in the CAIS Program on an ongoing basis. CAIS participants are those that have elected to participate in CAIS by filing an options notice and have supplied tax information and supplementary information by the appropriate deadlines. Farm cash receipts include market receipts and program payments.

Calculation method

Data for this measure were collated from two sources, the Ministry’s Statistics and Data Development Unit and the CAIS Program Management System, a secured program management application, accessible only by AFSC staff. Program summary data was provided by AFSC, Lacombe.

To determine the reported result, the total amount of farm cash receipts represented by CAIS participants in Alberta for 2005 is divided by the total farm cash receipts for Alberta for 2005. Total gross income for authorized claims for CAIS participants for the 2005 tax year is \$7,469,109,046. The total farm cash receipts for Alberta for 2005 were \$9,777,814,000. The division of these two numbers results in a percentage of 76 per cent.

Data limitations

Information provided by the Ministry is a preliminary estimate and may change slightly as more data is accumulated.