



## **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 2007-2008 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 2007. Actual results are presented for all performance measures.

#### 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 no exceptions when I performed these procedures.

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 22, 2008

*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 \$469.7 million in 2007-08, which is a \$61.8 million decrease in revenues from 2006-07, and \$189.2 million lower than budget. Consolidated expenses were \$878.4 million. This figure is \$237.6 million lower than in 2006-07, and \$198.3 million lower than budget. The net operating deficit was an excess of expenses over revenues of \$408.9 million, which is \$175.4 million lower than in 2006-07 and \$9 million lower than budget.

### Revenues

Revenues decreased by 11.6 per cent from the previous year. They were down \$61.8 million and, as noted above, were \$189.2 million lower than budget.

Revenue was lower than budget mainly because of reduced federal contributions for the AgriStability program (formerly Canadian Agricultural Income Stabilization — CAIS) resulting from the reduction of amounts previously accounted for in prior fiscal years. Other revenue changes from the budget include reduced premiums resulting from a drop in Spring Price Endorsement participation due to the futures outlook of commodity prices.

Revenue picture highlights include the following:

- Transfers from the Government of Canada decreased \$157.8 million from budget and \$79.4 million from 2006-07, resulting primarily from the reduction of CAIS program amounts previously accounted for in prior fiscal years.
- Premiums from insured persons were \$34.4 million lower than budget due to a reduction in Spring Price Endorsement (SPE) participation. Premiums were \$13.7 million higher than the previous year, in spite of the lower participation in SPE, resulting from the one-time initiative by the Province to reduce producers' premiums in 2006.
- Interest and investment income was \$4 million higher than budget and \$7.9 million higher than 2006-07 due to an increase in production insurance fund balances as a result of better than average crop yields.

## Expenses Compared to Budget

Expenses were \$198.3 million lower than budget primarily as a result of a reduction of CAIS program amounts previously accounted for in prior fiscal years and better than average crop yields and commodity prices for the 2007 crop year. These reductions were partially offset by expenses for the new Alberta Farm Recovery Plan.

- Agriculture Income Support payments were \$170 million under budget. Program payments for the CAIS program were significantly lower than budget as a result of a reduction of amounts previously accounted for in prior fiscal years. A portion of the available CAIS budget was redirected to the Alberta Farm Recovery Plan, which is included in the expenses for Agriculture Income Support. The Farm Recovery Plan was introduced in October, 2007 as a new financial assistance program to assist livestock farmers with rising fuel, feed and fertilizer costs.
- Insurance expenses were \$39.8 million lower than budget. Favourable crop conditions and commodity prices resulted in lower production insurance indemnity payments compared to the budget, which is based on historical averages.
- Industry Development expenses were \$14.6 million higher than budget, primarily as a result of additional support, under the Agricultural Policy Framework (APF), for science and innovation projects in the agricultural sector. The expenses for the program were offset by an increase in transfers from the Federal government.
- Environment and Food Safety expenses were \$14.1 million lower than budget primarily resulting from lower than anticipated costs for the Specified Risk Material (SRM) Disposal and BSE Surveillance programs. The resulting surplus in SRM Disposal was redirected to other priority programs in the department, enabling additional future year spending on the SRM Disposal program.
- Rural Services incurred expenses of \$8.6 million greater than budget, due to increased grant expenditures for agricultural societies and rural utilities programs.
- Valuation adjustments were \$6.4 million over budget due to the increased provision for loan losses at AFSC resulting from higher lending volumes and a higher provision for grant recovery losses in the Department.
- Debt servicing costs were \$4.7 million lower than budget resulting from lower than budgeted interest rates.

## Expenses Compared to 2006-07

Expenses were \$237.6 million lower than last year. Spending highlights for 2007-08 compared to 2006-07 are as follows:

- Farm Income Support payments were \$373.7 million lower than in 2006-07 due to a reduction of CAIS program amounts previously accounted for in prior fiscal years. Additional farm income support expenses in 2006-07 included the Alberta Margin Enhancement and Alberta Reference Margin Initiative programs.
- Insurance expenses were \$122.4 million higher than those in 2006-07. Although the 2007 crop conditions were favourable, they did not compare to the exceptional conditions in 2006. Indemnity payments for hail insurance and wildlife damage compensation also exceeded payments in 2006-07.
- Infrastructure Assistance program expenses were \$31.2 million lower than 2006-07. Irrigation infrastructure grants were much higher in the previous year resulting from Treasury Board approval to utilize surplus funds from the SRM Disposal program for irrigation infrastructure. In addition, Infrastructure Assistance for Municipal Wastewater funding was redirected to grants for agricultural societies. Municipal Wastewater funding was not required in 2007-08 due to the lack of demand for agricultural processing developments.
- Industry Development expenses were \$20.6 million higher than 2006-07. Additional funding was provided from the Federal government, under the Agricultural Policy Framework (APF), to support science and innovation projects in the agricultural sector.
- Expenses in Rural Services were \$9.1 million higher than the previous year for agricultural societies and rural utilities grant payments. \$5 million of Ministry spending was redirected to provide one-time additional financial support to the 286 small agricultural societies to address immediate issues in the community. Rural utilities grants payments increased in 2007-08 due to increased demand for those programs.
- Environment and Food Safety expenses were \$5.1 million higher than the previous year primarily due to increased funding for the SRM Disposal program.
- Valuation adjustments were \$6.4 million higher than the previous year primarily due to the increased provision for loan losses at AFSC resulting from higher lending volumes and a higher provision for grant recovery losses in the Department.

## Performance Measures Summary

This section provides progress made on the 16 performance measures established in the 2007-2008 Alberta Agriculture and Food Business Plan. These measures include 19 targets.

Performance measurement is an evolutionary process, and current performance measures continue to evolve to objectively measure and report on the Ministry's progress and to meet the evolving needs of stakeholders. The targets for these performance measures were established at the time the business plan was written.

A detailed explanation of these performance measures and major activities undertaken to influence these results are presented under the following sections: Core Businesses, Goals and Measures and Performance Measures Methodology.

Highlighted below are the performance measures reported in the 2007-2008 Annual Report, including the achievement of forecasted targets and the most current result(s). The measures are grouped under into two captions: met/exceeded target or below target. A brief explanation is provided for significant variances with respect to targets that were not met. As well, the following symbols denote the direction of Ministry accomplishment for each measure:

≈ met target

↑ target exceeded

↓ target not met

Overall the Ministry:

- met or exceeded ten forecasted targets
- did not meet nine forecasted targets

---

## Core Business One: Facilitate Sustainable Industry Growth

### Goal 1

#### Sustainable Growth of the Food and Non-food Agriculture Industry

The Ministry contributes to this goal by encouraging new and diversified product development, investment and facilitating long-term sustainable growth in the agriculture industry.

Selected performance measures for this goal assess areas where the Ministry has some influence over the growth of the industry.

Below Target

| MEASURE CODE | PERFORMANCE MEASURE  | RESULT FOR 2007 – 2008 |
|--------------|--|------------------------|
| 1.a          | Number of value-added products developed and successfully introduced to market with assistance from Agriculture and Food.  | ↓                      |
| 1.b          | Research and development investment by collaborators leveraged through Ministry resources (\$ million).  | ↓                      |
| 1.c          | Total leveraged investment in agri-industry businesses (farm business and agribusiness) facilitated by Agriculture Financial Services Corporation lending services (\$ million). | ↓                      |

#### Explanation

- The reopening of the U.S. border to cattle over 30 months of age provided producers with competitive marketing options. The new marketing environment resulted in a gradual reduction in the surplus of cattle over 30 months of age and a moderate increase in price for cattle over 30 months of age. The net effect is that value added processing projects, based on a surplus of cattle over 30 months of age, were no longer economically viable and as such some were shelved.
- The result for Measure 1.b is the expended amount for research and development projects while the target value is the total budget of research and development projects. As such, these two numbers are not directly comparable. Future business plans have addressed this challenge.
- The target for Measure 1.c was revised to reflect an anticipated stronger level of activity in the bio-industrial sector. This overly optimistic target was not achieved because of the difficulties faced by farmers and processors in raising equity, uncertainty in equity markets and an increase in prices for feedstock commodities such as grains and oilseeds.

## 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.

#### Met/Exceeded Target

| MEASURE CODE | PERFORMANCE MEASURE   | RESULT FOR 2007 – 2008 |
|--------------|---|------------------------|
| 2.b          | Percentage of Alberta production produced under on-farm food safety programs. <ul style="list-style-type: none"> <li>■ chicken farms</li> </ul>   | ↑                      |
| 2.c          | Number of on-farm food safety (cumulative) <ul style="list-style-type: none"> <li>■ certified beef feedlot and cow/calf operations</li> </ul>   | ↑                      |
| 2.d          | Percentage of Alberta licensed abattoirs that have added a preventative system to their existing food safety system <ul style="list-style-type: none"> <li>■ Red meat — Meat Facilities Standard</li> </ul> | ↑                      |
| 2.e          | Number of Alberta food processing facilities participating in the Alberta Hazard Analysis Critical Control Point (HACCP) Advantage Program (cumulative).  | ↑                      |

#### Below Target

| MEASURE CODE | PERFORMANCE MEASURE   | RESULT FOR 2007 – 2008 |
|--------------|---|------------------------|
| 2.a          | Number of surveillance and monitoring initiatives designed to measure hazards in food production.   | ↓                      |
| 2.b          | Percentage of Alberta production produced under on-farm food safety programs. <ul style="list-style-type: none"> <li>■ hog farms</li> </ul> | ↓                      |
| 2.c          | Number of on-farm food safety (cumulative) <ul style="list-style-type: none"> <li>■ trained beef feedlot and cow/calf operators</li> </ul>  | ↓                      |

## Explanation

- Measure 2.c tracks the voluntary industry-led on-farm food safety program delivered by Alberta Beef Quality Start Here (ABQSH). The Ministry currently has no involvement in the design, implementation or funding of this program. Any success or lack thereof on farm food safety is attributed solely to the participating commodity organizations and ABQSH. For attribution reasons, this measure has since been removed from the 2008-2011 Ministry Business Plan. Additional information is available at the ABQSH website: <http://beefsafety.ab.ca>

---

## Core Business Two: Support and Strengthen 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 relate to the Ministry's work in providing customized information, training and support to industry regarding environmentally sustainable agriculture practices.

Met /Exceeded Target

| MEASURE CODE | PERFORMANCE MEASURE   | RESULT FOR 2007 – 2008 |
|--------------|---|------------------------|
| 3.a          | Percentage of producer survey respondents who have adopted improved environmentally sustainable agriculture practices.      | ≈                      |
| 3.b          | Number of producers provided with specific training and technical support to enable development of environmental farm plans | ↑                      |

#### DID YOU KNOW?

Did you know the Alberta Beef Quality Starts Here Program (ABQSH) — Verified Beef Production, is a voluntary, proactive and preventative system that mitigates preventable food safety risks on farms?

# Goal 4

## Support Strengthened Rural Communities

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

The measures for this goal target areas where the Ministry provides targeted support for rural businesses, organizations and their networks.

Met/Exceeded Target

| MEASURE CODE | PERFORMANCE MEASURE   | RESULT FOR 2007 – 2008 |
|--------------|---|------------------------|
| 4.b          | Percentage of Ministry-supported, agriculture related community activities that focus on leadership development.                      | ↑                      |
| 4.c          | Percentage of rural youth and adults participating in Ministry-supported programs that report effective learning from those programs. | ↑                      |

Below Target

| MEASURE CODE | PERFORMANCE MEASURE  | RESULT FOR 2007 – 2008 |
|--------------|--|------------------------|
| 4.a          | Total investment leveraged in rural businesses facilitated through Agriculture Financial Services Corporation lending services (\$ million). | ↓                      |

### Explanation

- The target for Measure 4.a was revised to reflect an anticipated stronger level of activity in the bio-industrial sector in rural Alberta. This overly optimistic target was not achieved as a result of the difficulties faced by farmers and processors in raising equity, uncertainty in equity markets and an increase in prices for feedstock commodities such as grains and oilseeds.

---

## 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 provide targeted business risk management training and information dissemination that allow managers to identify, quantify and respond to risks pertaining to their businesses.

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

Below Target

| MEASURE CODE | PERFORMANCE MEASURE   | RESULT FOR 2007 – 2008 |
|--------------|---|------------------------|
| 5.a          | Percentage of managers surveyed indicating the use of risk management tools for improved decision making. | ↓                      |

#### Explanation

- The 2007-2008 result for this measure is the same as reported in 2005-2006, as it is the most current data available. The target established for 2005-2006 was ambitious based on risk management information available at that time. The result from the 2006 Risk Management survey has established a much stronger benchmark for this measure, and subsequent targets were revised accordingly.

# Goal 6

## Effective Programs for Long-term Industry Stability

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

The measures for this goal are intended to report on the effectiveness of the core Ministry risk management programs.

Met/Exceeded Target

| MEASURE CODE | PERFORMANCE MEASURE   | RESULT FOR 2007 – 2008 |
|--------------|---|------------------------|
| 6.a          | Percent of eligible seeded acres for major crop categories insured under production insurance: <ul style="list-style-type: none"> <li>■ annual crops</li> </ul> | ↑                      |
| 6.b          | Percent of Alberta farm cash receipts represented by Alberta participants in the Canadian Agricultural Income Stabilization Program (CAIS).                     | ≈                      |

Below Target

| MEASURE CODE | PERFORMANCE MEASURE  | RESULT FOR 2007 – 2008 |
|--------------|--|------------------------|
| 6.a          | Percent of eligible seeded acres for major crop categories insured under production insurance: <ul style="list-style-type: none"> <li>■ perennial crops</li> </ul> | ↓                      |

### Explanation

- The lower result is mainly due to the continued good growing moisture conditions experienced in 2007 as well as excellent forage feed supply.

## Future Challenges

### Summary of 2007-2008 Major Actions

The Ministry's measures show the effects the Ministry has on the three core business areas. In the 2007-2008 operating period, the Ministry enhanced its knowledge and actions on a variety of industry issues.

The Ministry's activities covered the following:

- economic, social and environmental implications of agricultural production practices
- new market opportunities for diversified and specialty products and services
- advancement of the organic industry
- emergency risk management
- bioenergy technologies
- trade agreements and advocacy
- safe food production strategies

In addition, the Ministry participated in and supported a variety of cross-Ministry initiatives such as the Land Use Framework, Water for Life Strategy, Climate Change Strategy, Institute of Agriculture, Forestry and the Environment, pandemic preparedness planning and Rural Development. The Ministry's two major internal initiatives — Competitiveness and Traceability — were moved forward through solution development, advanced pilot projects and technology assessments.

Goals and measures are affected by challenges inherent in the industry; therefore, it is 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 also need to be refined accordingly as challenges and opportunities arise.

### Challenges for Future Actions

#### *Challenges for Global Trade*

Global trade is vital for Alberta's agriculture and food industry as it generates a substantial portion of annual revenue. International trade poses both challenges and opportunities for all participants. The key issues for Alberta are export market access and the ability to compete and win in markets where its products have freer access. 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.

The Government of Alberta, in cooperation with the federal government, other provinces and industry, is committed to strongly advocating for improved market access for Alberta producers. It is doing so by actively and forcefully presenting its positions for freer and undistorted market access at multilateral and bilateral trade negotiations. A timely conclusion of these negotiations remains a challenge; however, recent progress evidenced in the World Trade Organization (WTO) negotiations is promising.

To benefit from market access, Alberta's industry will need to continually rediscover ways of remaining competitive in existing markets and take full advantage of new markets. Among other things, the industry needs to find ways of differentiating itself from its competitors to capture new, higher valued markets and maintain existing ones.

Among the challenges the industry will face in capturing new or higher value markets are: developing new products with the attributes consumers want, proving that Alberta products are different from those of our competitors and ensuring a critical mass of differentiated raw materials and value-added products. Successful response will allow Alberta to gain a significant market share of high-valued markets around the globe. The Government of Alberta is committed to providing infrastructure and public domain research and development support for the industry as it continues to sharpen its competitive edge.

In light of the foregoing, product identity preservation, traceability, surveillance, and certification of foods will play increasingly important roles in differentiating our products from our competitors. It may even be essential to brand both national and provincial food safety systems, animal health strategies and product identities to meet and exceed requirements of trading partners.

### ***The Rapid Appreciation of the Canadian Dollar***

Currency effects are not unique challenges to Alberta's agriculture and food industry. A strong Canadian dollar negatively affects revenue and demand for Canadian exports. While the sharp surge in the exchange rate of the Canadian dollar poses serious adjustment challenges in the short run, it could have positive effects in the long run. A high Canadian dollar suggests cheaper imports of better machinery, improved technologies, chemicals and fertilizers from other countries. These lower priced, higher quality inputs in could reduce costs, enhance efficiency and improve the competitiveness of the industry.

### ***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.

Consumers are demanding healthy, safe food that is produced in an ethically and environmentally sound manner. The trends indicate two long term developments:

- 1) Health will become an increasingly desirable attribute of food as consumers in developing and developed countries make the link between diet and health.
- 2) The wellbeing of the environment will continue to grow as a driver of consumer tastes, farm production, and processor costs.

The rapid adjustments required in production practices and the product mix to meet changing consumer tastes and preferences create continual challenges for the industry. The rewards are also great for those who seize opportunities and meet the changing consumer demand.

### ***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 limit 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. Automation programs coupled with lean manufacturing programs can help industry deal with some components of labour shortage challenges. In addition, policies could be created to help industry access the alternative workforce.

Rising demand for food coupled with the demand for feedstock for biofuels production offer an opportunity to boost farming and food manufacturer's incomes, and generate employment in the agricultural sector.

### ***Rising Costs of Production***

Rising energy costs not only affect input costs for both primary production and processing, but also costs of transportation services and fertilizer production.

### ***Agriculture and the Environment***

Agriculture and the environment are intrinsically linked, and Albertans are increasingly concerned about the environment.

The industry will continue to meet the challenge of protecting the environment while meeting the business demands of agriculture. The development of market-based methods to capture the value provided by agriculture in employing environmentally sound practices is, therefore, important to promote sustainability. Combining the foregoing initiative with a long-term, comprehensive agri-environmental strategy will play a vital role in ensuring both agriculture and the environment are sustainable over the long term.

## Core Businesses Goals and Measures

The Ministry contributes to three of the five government priorities: manage growth pressures; improve Albertans' quality of life; and, build a stronger Alberta. The Ministry also contributes to the following government goals: Alberta will have a prosperous economy; and Alberta will have a financially stable, open and accountable government and maintain its strong position nationally and internationally.

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

- Facilitate sustainable industry growth
- Support and strengthen rural sustainability
- Strengthen business risk management

---

### Core Business One: Facilitate Sustainable Industry Growth

This core business:

- Relates to the government priority **Build a stronger Alberta**.
- 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 \$232.2 Million

## Goal 1

### Sustainable Growth of the Food and Non Food Agriculture Industry

This goal realizes that sustainable growth creates opportunities and wealth for all segments of the food and non-food agriculture industry, and contributes to the diversification and prosperity of the province. The Ministry contributes to this goal by working with industry to focus on consumer driven market opportunities that increase long-term profitability and increase industry competitiveness.

#### Goal 1 Expense \$216.1 Million

Key contributions to achievement of this goal include developing an Agriculture Workforce Strategy that will allow industry to have the required human resources to capitalize on new and existing market opportunities. Continued partnership with industry to ensure investment in physical infrastructure as well as providing producers access to capital also contributes towards achievement of this goal. The Ministry also has committed to continuing to develop legislation, regulation and policy that will allow the industry to become more competitive.

#### **Strategy:**

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

**Results:**

The Food Processing Development Centre in Leduc evaluated 5 new technologies, completed 75 client-initiated developmental projects and led or assisted in 26 research projects related to value-added products. It also helped Alberta companies develop 126 new products, 23 of which were successfully introduced to the marketplace.

Working in partnership with the Ministry, 7 food service companies identified 42 new products to be developed with Alberta food companies. These efforts resulted in the introduction of 23 Alberta-manufactured food products that are listed with 3 food service companies.

The Ministry continued to support the development and commercialization of non-food (bio-industrial) products and technology applications utilizing agricultural inputs. Industry-led projects supported include development of bio-fibre based environmental products, feasibility assessment of green building materials, demonstration of biodiesel performance involving long distance trucking applications and commercial development of a lipid-based cosmetic ingredient technology.

The Rhodiola Rosea Project is continuing to deliver on the establishment of a complete value chain, from field to medicine cabinet, for a new medicinal herb crop in Alberta. The market demand for this product is extremely high, and Alberta's climate has given producers an advantage over its competitors. Ministry staff worked with producers to establish the Alberta Rhodiola Rosea Growers Association.

Business Development staff and the Agriculture Information Centre answered over 215 new venture business inquiries. Information and links to assess target markets were provided, and this support greatly assisted clients in determining their business decisions.

The Ministry made presentations regarding barley fermentation results implications at the annual general meetings of the Alberta Barley Commission and the Western Barley Growers. As a consequence, the Ministry is working with private sector companies to enhance partnership opportunities. Also, results of barley and triticale fermentations were shared with a private sector company that is currently using the information to make strategic decisions to incorporate these crops into ethanol processes.

**DID YOU KNOW?**

Did you know that value added exports represented 43 percent, or \$2.9 billion of Alberta's total agri-food exports in 2007? Among the value added products showing increases were dairy products, processed vegetables and fruits, crude canola oil, processed meat, animal feed, honey, malt, and wheat flour.

(Source: Statistics Canada)

**Strategy:**

Facilitate capital investment by industry, and grant better access to capital for farmers through opportunity identification, evaluation and lending products.

**Results:**

Granting better access to capital for farmers is essential for the industry to grow and gain a competitive advantage. Agriculture and Food has worked with Ministry partners to give producers more flexible options that lead to increased opportunities.

AFSC approved 1,220 loans totaling \$209 million under the Alberta Farm Loan Program in 2007-08. This represents a 21 percent increase in the number of loans approved and a 22 percent increase in the amount of loans approved when compared to the previous year of 2006-2007.

AFSC developed a new Value-added and Agribusiness loan program in September 2007. As a result, agribusinesses now have access to longer term financing and flexible repayment options. This access to capital has allowed several businesses throughout Alberta to explore new market opportunities.

The Ministry has also worked with specific parts of the industry. For example, Ministry staff worked on the Greenhouse Situational Analysis Project, developed greenhouse specific financial management software and coached greenhouse managers on expansion opportunities. As a result, between \$12 and \$15 million in greenhouse capital expansion has occurred. In addition, the Ministry has participated in the Cut Flower Greenhouse Investment Project, the Alberta Greenhouse Vegetables — Future Sustainability Project and the Greenhouse Alternative Energy Project. Information developed in these projects was delivered to industry in support of marketing and expansion opportunities.

New legislation helped Alberta producers gain better access to capital. Amendments were made to the *Farm Implement Act* that allow financial institutions to offer leasing options for farm equipment directly to agricultural producers. Direct leasing and lease purchasing provide producers with greater consumer choice and lower costs. Producers remain well protected under this legislation as dealers and distributors will continue to provide warranty and parts for the farm equipment.

**Strategy:**

Advocate policies, develop and deliver programs or initiatives (such as the World Trade Organization Transition Assistance Program) and develop networks that facilitate market access, human resource development and industry competitiveness.

**Results:**

The Ministry advocated to the Federal Government for the removal of kernel visual distinguishability (KVD) from all classes of wheat. Ministry efforts contributed to the Federal Government decision to remove KVD from wheat effective August 1, 2008. KVD has proven to be an impediment to seed-driven innovation, and the removal of this requirement will promote research and development and add greater value throughout the wheat value chain.

The Ministry continued to pursue the goal of marketing choice for wheat and barley. The Ministry participated in court proceedings to support the deregulation of the barley market. These efforts culminated in the introduction of a Bill in Parliament that, if implemented, will allow marketing freedom for barley producers. The target for an open market is August 1, 2008. Marketing choice will give Alberta producers the freedom to explore more marketing opportunities to increase competitiveness.

Significant efforts were focused on transportation issues in the agriculture industry. The Ministry advocated for increased rail service levels and capacity that will allow Alberta producers to move their grain and market efficiently. Ministry efforts contributed to the Canadian Transportation Agency's decision that now allows companies to book 50 railway cars in advance instead of the current 100. In addition, companies will now be able to trade space with other shippers. Additionally, Member of the Legislative Assembly, Mr. Len Mitzel attended the National Summit on Agricultural and Food Truck Transport (NFSTT) in Washington, DC. As a result of attending this summit, the Ministry was able to meet with key legislators to advance Alberta's agriculture and agri-food interests and networks with key contacts in the U.S. transportation sector.

The Ministry worked with other governments, stakeholders and industry to advance trade opportunities for the agriculture sector. A number of trade missions were held in the past year to advance competitiveness for the industry. For example, at the Agricultural Accord, a forum for policy makers from Canada, the U.S. and Mexico, Minister Groeneveld advocated for full restoration of trade in cattle and beef products as well as voiced opposition to the U.S. country of origin legislation. The Ministry also coordinated the meeting of the Rural Development Tri-Lateral Working Group that also involved policy makers from Canada, the U.S. and Mexico. Minister Groeneveld addressed Alberta's Rural Development issues and the joint issues facing the three countries. Finally, the Ministry participated in World Trade Organization (WTO) negotiations with Canadian Ministers and WTO members in Geneva, Switzerland. The Ministry has continued to advocate for a new WTO agreement that will create significant new export opportunities that are critical for the growth and prosperity of Alberta's agriculture and food sector.

In May 2007, Minister Groeneveld appointed a team of 10 experts from government and industry to a Competitiveness Initiative Steering Group. This group has reviewed research, addressed information gaps and is providing government with recommendations to improve local, national and international competitiveness.

**Strategy:**

Develop and administer essential policy legislation and regulations.

**Results:**

The Ministry has completed the first phase of the Industry Governance Review, which has incorporated the review of the *Marketing of Agricultural Products Act*. Extensive consultation with 410 individuals as well as specific consultations with youth (18 to 35 year-old producers) occurred. The governance review is focused on identifying current issues and ideas for ways to improve industry performance, competitiveness and governance.

The *Animal Health Act* was developed and given Royal Assent in June 2007. The *Animal Health Act* replaced the *Livestock Diseases Act* created in 1946. This act allows Alberta to manage disease outbreaks, such as avian influenza should they occur.

The Ministry made significant progress in federal/provincial/territorial negotiations. On March 31, 2008, the Canada-Alberta Implementation Agreement, Collateral Agreements and the Agricultural Policy Framework/Growing Forward Continuity Agreements were signed. These agreements gave Alberta the authority to continue to claim federal funding and to identify eligible activities under the current APF agreement and the transition period between APF and Growing Forward.

**Strategy:**

Deliver and/or support targeted research, technology, information and services to enhance sustainability, competitiveness and market access.

**Results:**

Four barley cultivars developed by Ministry researchers were registered in 2007-2008. TR05671, TR05669, TR06673 and, BT577 are new varieties of barley suitable for crop production in western Canada. These varieties have various purposes and give producers more options for selecting malting, feed or multi-purpose barley. Also, researchers registered a new winter triticale variety, Luoma. This variety is high yielding, with excellent kernel size (high starch content), high bushel weight and carries greater leaf stem rust and stripe rust resistance compared to wheat.

The Ministry conducted a large scale survey of provincial beekeepers in response to high over-wintering losses in bee colonies. Results indicated that more than twice the long-term average of bees was lost during the 2006-2007 winter. The Ministry published a new factsheet titled *Honey Bees and Winterkill* to educate producers on best management practices and to reduce bee winterkill. Also, Alberta beekeepers exporting honey to Japan were supported through the provision of laboratory analysis and certificates indicating specific quality characteristics of their honey. Fifty-five certificates were provided for five different honey producers.

The *Alberta Clubroot Management Plan* was revised to create and facilitate the adoption of protocols to reduce the spread of the disease on Alberta land. Clubroot in Canola is a very serious issue, and the disease has a detrimental effect on crop yields. Reducing the spread of this disease is critical for industry competitiveness. Information was shared with all counties in the province to ensure consistent disease management and enforcement

The Ministry focused research and technology implementation efforts towards improving the livestock industry. The Ministry completed an initial project to increase awareness of bio-security in the livestock industry and educated producers to improve bio-security practices. In addition to bio-security awareness, several traceability technology assessments have been completed for cattle and horses, and a traceability pilot for sheep was initiated. Fifteen auction marts in Alberta have become automated to enhance traceability information exchange capabilities.

Rising energy prices and increased environmental benefits have encouraged the Ministry and industry to examine alternative fuel usages. The Ministry provided technical support for the On-farm Energy Efficiency Program. This program looked at reducing costs for hog, poultry and dairy operations, resulting in lower energy demands and reduced greenhouse gases. The Ministry has also provided technical expertise for the Alberta Pork biogas pilot plant as well as a biodiesel performance assessment in long distance trucking applications.

Alberta livestock producers were assisted through various animal health programs within the Ministry. For example, the Alberta Veterinary Surveillance Network monitors and maps the incidence of disease in 1.6 million dairy and beef cattle to provide an early warning system for foreign animal and emerging disease outbreaks in the province. Additionally, the Livestock Disease Investigation Network and Livestock Pathology Consultation Program investigated and provided consultation services on 103 unresolved animal health issues or significant herd problems that could not be resolved in the private sector.

**Strategy:**

Work with partners to ensure investment in essential physical infrastructure.

**Results:**

In May 2007, the first Canadian incubator for food processors was officially opened in Leduc. This incubator is dedicated to growing the food processing sector and provides up to eight businesses the opportunity to use one of the fully serviced processing suites. Currently five of the eight suites have been leased and are in production.

The Ministry has worked with industry and Institute for Food and Agricultural Sciences, Alberta (IFASA) partners to increase capital investment in infrastructure at Agri Food Discovery Place and Alberta Research Council Vegreville. In 2007-2008, a biopolymer pilot plant was commissioned to accelerate the commercialization of proprietary products and processes developed by the Biomaterials Research Team at the University of Alberta. Current products under development for industrial partners include bioplastics, cosmetics, automotive components, biocomposites and specialty chemicals.

The Ministry has worked with industry partners to improve crop production; \$15.9 million in Irrigation Rehabilitation Program grants were administered for irrigation districts to properly maintain irrigation equipment, which allowed producers to increase crop yields.

Modernization of Ministry food safety laboratories also took place in 2007-2008. Continued updates to these facilities allow the Ministry to continue to support the industry. The containment Level 3 laboratory was accredited in support of expanded surveillance and research in poultry and livestock diseases.

**Strategy:**

Address the current labour shortage for the agriculture and food industry for Alberta by developing an Agriculture Workforce Strategy.

**Results:**

The Ministry provided support to assist 12 industry employers to undertake recruiting missions to foreign countries to recruit to 1,430 vacant positions. As a result of these missions, 1,077 temporary foreign workers were recruited. A total of 222 foreign workers were nominated for permanent residency under the Provincial Nominee Program.

In addition to recruitment, employee retention is critical for a successful industry. Information sessions on costs of turnover and strategies for employers to retain the best workers were delivered to over 100 representatives of processing companies and primary producers. Supervisory skill training was provided to 44 front line supervisors to help them improve skills that lead to reduced employee turnover. The Ministry also provided direct coaching to companies to assist them in developing strategies that can be used by industry to best address workforce shortage issues.

**DID YOU KNOW?**

Did you know that the average age of farm operators in Alberta is 52.2 years? (Source: Statistics Canada - 2006 Census of Agriculture)

Workplace shortages in the agriculture sector have led to the need for increased automation and productivity. The Ministry partnered with Edmonton Economic Development Corporation to deliver the Lean Manufacturing Project. This project helped nine food processing companies access consulting services to implement lean processes. In addition, automation and process efficiency assessments using third party engineering expertise have been delivered to 11 companies. One assessment project identified worker productivity improvements of 34 percent for 6 companies. The Ministry received approval to amend funding agreements to redirect \$8 million to create automation and productivity initiatives that support the acquisition of new technologies and automated processes

| <b>GOAL 1<br/>PERFORMANCE MEASURES</b>  | <b>2006 – 2007<br/>RESULT</b> | <b>2007 – 2008<br/>TARGET</b> | <b>2007 – 2008<br/>RESULT</b> | <b>2008 – 2009<br/>TARGET</b> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| 1.a Number of value-added products developed and successfully introduced to market with assistance from Agriculture and Food  | 91 <sup>1</sup>               | 90                            | 69                            | 105                           |
| 1.b Research and development investment by collaborators leveraged through Ministry resources (\$ million)  | 4.2                           | 10                            | 6.9 <sup>2</sup>              | 12                            |
| 1.c Total leveraged investment in agri-industry businesses (farm businesses and agribusiness) facilitated by investment supported by Agricultural Financial Services Corporation lending services (\$ million) <sup>3</sup> | 273 <sup>4</sup>              | 360                           | 318                           | 374                           |

<sup>1</sup> The result for 2006-2007 has been restated from 89 to 91 as 2 products reported for 2007-2008 were confirmed to have been introduced to market in the 2006-2007 year.

<sup>2</sup> The result is not directly comparable to the target. The result is based expended amounts, while the target was based on project budget.

<sup>3</sup> Result reported refers to loans approved and or facilitated by Agricultural Financial Services Corporation.

<sup>4</sup> The result for 2006-2007 has been restated from 242 to 273 to reflect the change in methodology in the 2007-2008 year.

## DID YOU KNOW?

Did you know that about two-thirds of Canadian beef processing occurs in Alberta? In 2007, cattle slaughter in federally and provincially inspected plants (excluding calves) was 2.2 million head or about 63 percent of the Canadian total of 3.5 million. (Source: Canadian Beef Grading Agency)

# Goal 2

## Continued Excellence in Food Safety

This goal recognizes that a reputation for excellence is essential to maintaining consumer confidence and to expand domestic and international markets.

The Ministry contributes to this goal by promoting or directing the implementation of food safety systems in food production. This is achieved through essential food safety legislation, regulations, policy, education and through surveillance systems that support consumer confidence and market access.

### **Goal 2 Expense \$16.1 Million**

Key contributions to the achievement of this goal include partnerships with other jurisdictions that share legislative responsibilities for food safety, education to increase industry awareness of and assistance to facilitate adoption of international food safety control systems, scientific information that produces clear recommendations to reduce food safety risks and appropriate food safety surveillance, regulatory inspections and enforcement.

Ensuring Alberta's interests are represented in traceability initiatives that involve other jurisdictions as well as enhancing food traceability systems to reduce risks to Alberta's agriculture industry and enhance consumer confidence also contribute to continued excellence in food safety.

#### **Strategy:**

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

#### **Results:**

Additional components of the Alberta Hazard Analysis Critical Control Point (HACCP) Advantage Program (AHA!) were implemented to provide access to food safety process control system certification for Alberta food processors. The HACCP system is an internationally recognized, science-based food safety system that prevents, eliminates and reduces hazards. Rather than relying on end product testing to detect failures, HACCP applies control measures at critical points of the production process. HACCP differs from an inspection-based system because it identifies and addresses hazards before they emerge. The AHA! Program provides participants with an Alberta-based HACCP standard, resource material, and a recognition protocol. Grants from the Federal Food Safety Initiative Program of the Agricultural Policy Framework have been provided to 148 processors totaling \$1.6 million.

The Ministry also promotes the national On-farm Food Safety Program (OFFS). An OFFS program is a systematic, HACCP-based approach to the production of safe products at the farm level. OFFS programs provide producers with a set of good production practices, control measures, producer manual, and management manual. The Ministry provided recommendations for the development of OFFS protocols and recognition oversight to the federal/provincial/territorial committee on food safety. The Ministry provided input into four OFFS programs that were technically reviewed under the national recognition program.

In July 2007, a new federal enhanced feed ban came into effect. Specified Risk Materials (SRM) in cattle must be excluded from all animal feed, pet food and fertilizer, and must be destroyed or contained in an approved manner. The Ministry has assisted in educating Alberta abattoir operators about the enhanced requirements, and the Canadian Food Inspection Agency has confirmed through their auditing process that Alberta abattoirs are compliant with the enhanced feed ban. The Ministry monitored the effects of the federal enhanced feed ban on factors such as prices of cattle and meat and bone meal. This provided information to assess the effect of the enhanced ban on restoring confidence of the non-ruminant feeding industry in non-SRM meat and bone meal and overall economic competitiveness of the entire beef supply chain. Additionally, the Ministry worked with stakeholders and partners to help ease the financial burden created by implementation requirements by providing \$1.8 million to 90 recipients to offset increased costs. A total of \$8.5 million was provided from a shared federal-provincial program for infrastructure and equipment in support of SRM segregation and destruction.

**Strategy:**

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

**Results:**

A surveillance system that validates and identifies opportunities for enhancing the safety of Alberta's agriculture and food products is critical to the success/competitiveness of the industry. There is an increased global demand by consumers and markets for assurance of the safety of agriculture and food products.

Several food safety surveillance studies were conducted in 2007-2008. These studies are necessary for the Ministry to gain relevant information about Alberta agri-food production. One example is a study that measured the prevalence and distribution of *Listeria* in poultry processing facilities. The results of the study have assisted in reducing the risk of food-borne contamination. Other studies involved surveillance of the levels of veterinary drugs in honey and pork, and contributed to better production practices. Testing for antimicrobials and contaminants in Alberta products provided baseline information to determine potential risks for consumers.

The Ministry received ISO 17025 accreditation for its food safety and animal health laboratories. Accreditation was received through an audit process conducted by the Standards Council of Canada. This accreditation provides confidence in the quality of testing results used to confirm the safety of Alberta's animal and food products to both local and international clients.

**DID YOU KNOW?**

Did you know that agriculture and food processing industries employed 73,700 Albertans in 2007? Of this total, 50,400 were employed in primary agriculture and 23,300 in food and beverage industries. (Source: Statistics Canada)

**Strategy:**

Ensure Alberta's interests are reflected in national, provincial and industry food safety and traceability initiatives.

**Results:**

Development of national strategies is critical to improving coordination of activities and leveraging resources to achieve targeted outcomes. The Ministry provided leadership in the development of a national food safety strategy that supports the objectives of improved public health by reduced exposure to chemical and biological hazards in foods as well as improved food safety controls by industry. The intent is to ensure the collaboration of federal, provincial and territorial governments, as well as national and provincial food associations in support of these achievements. The Ministry also participated in the development of a Canadian meat hygiene strategy, a national farmed animal health strategy and an Alberta Food Safety Strategy. It is crucial that Alberta continues to strengthen food safety and animal health processes and outcomes to maintain the confidence of consumers and trading partners. Confidence contributes to industry competitiveness and increased market opportunities.

Traceability is becoming increasingly important to a sustainable agriculture industry. Alberta completed a strategic plan for traceability. Under that plan, traceability initiatives are conducted in partnership with industry and other government partners. Initiatives, projects and programs facilitate industry/government capability in emergency response, retail traceback, product and animal identification and full animal/value attribute tracking.

As part of the federal/provincial/territorial Task Team, Alberta provided input into a national strategic framework and implementation plan for traceability that was initiated and completed in 2007-2008. Alberta also provided input into the Growing Forward Agreement in which traceability is a key component.

**Strategy:**

Enhance food traceability systems to reduce risks to Alberta's agriculture and agri-food industry, enhance consumer confidence and market access for Alberta agri-food products.

**Results:**

Premise identification is one of the three key pillars of Alberta's agriculture and agri-food traceability system. The intent of premise identification is to identify all agriculture and food premises where animals, plants and food are grown, kept, assembled, or disposed of. In partnership with the Canadian Cattle Identification Agency and other agencies, the Ministry has developed a prototype Alberta Premises Identification System and purchased infrastructure to allow the Ministry to proceed with the implementation of agricultural premise identification processes.

A market development strategy was also produced for the traceability initiative.

**Strategy:**

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

**Results:**

The *Livestock Commerce and Animal Inspection Statutes Amendment Act* was introduced in November 2007. This proposed amendment act streamlines the original legislation and eases the transition into the *Livestock Industry Commerce Act*. The purpose of this act is to facilitate fair commerce, increase the protection available for livestock buyers and promote the integrity of marketing practices within the industry.

Through consultations with industry and other levels of government, Alberta will prepare and respond to emergencies and disease outbreaks, minimizing negative effects on producers and consumers. The Ministry participated in the Canada Alberta Partners in Food Safety Committee in partnership with representatives from Alberta Health and Wellness, Health Canada, Canadian Food Inspection Agency and Regional Health Authorities. Under this committee, Alberta's food-borne illness response protocol was tested and enhanced, ensuring a coordinated response to food-borne illnesses. The committee was involved in responding to *E. coli* in donairs and milk product recalls. The Ministry prepared a study on the long-term effects on food processors involved in recalls. The study emphasized the value of preventive processes to reducing the risk of producing unsafe food resulting in recall.

**ANIMALS SLAUGHTERED BY ARD LICENSED ABATTOIRS  
(APRIL 1, 2007 - MARCH 31, 2008)**

| RED MEAT      |         | POULTRY          |           |
|---------------|---------|------------------|-----------|
| Total Numbers | 197,448 | Total Numbers    | 3,397,466 |
| Hogs          | 118,347 | Broiler Chickens | 3,012,090 |
| Cattle        | 36,098  | Domestic Fowl    | 259,353   |
| Lamb          | 25,281  | Turkeys          | 107,762   |
| Goats         | 6,474   | Ducks            | 8,703     |
| Buffalo       | 3,852   | Geese            | 7,008     |
| Other         | 7,396   | Other            | 2,550     |

**Strategy:**

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

**Results:**

Technology is advancing at a rapid rate. Many of these advancements contribute to the wealth of knowledge required to increase the safe production and processing of food.

The Ministry completed a 2-year comprehensive assessment of the quality of irrigation water used for crop production in 13 irrigation districts. The results of the study were shared with irrigation districts and key food processors, to facilitate evaluation of the risks posed by the water.

Ministry efforts were also focused on various studies related to safe food production and processing. For example, the Ministry tested organic acid spray washes as intervention strategies for food-borne disease agent reduction on beef and pork carcasses in provincial abattoirs. The use of chlorine dioxide in carcass cooling tanks was assessed as an intervention strategy to enhance the safety of poultry processed by provincially-licensed abattoirs. The prevalence of *Salmonella* in Alberta's poultry industry was determined to assess the risk of and identify potential mitigation strategies to reduce the risk to consumers from this food-borne disease agent.

New food processors were supported in product or process development at the Ministry's Food Processing Development Centre. Part of the development process includes training and education about preventative food safety systems and the development and implementation of HACCP plans for the safe manufacture of new food products. As food processors in Alberta become more knowledgeable they contribute to providing safer food products for consumers.

**Strategy:**

Deliver information and programs that enhance Alberta's reputation for safe food production and support access to domestic and international markets.

**Results:**

Alberta has a reputation for safe food production and practices. Confidence of consumers in Alberta-produced food depends on their awareness of safety protocols.

Alberta tested 6,097 farmed cervids under its Chronic Wasting Disease (CWD) Mandatory Surveillance Program. All samples were negative. This program assists cervid farmers in Alberta to demonstrate freedom from disease and allows their animals and products access to external markets. Testing for CWD enhanced access to European markets for elk, assisted Alberta Sustainable Resource Development in reducing the spread in wild deer populations, in turn reducing the risk of spread to Alberta's farmed elk and deer populations.

In support of the Canada-Alberta BSE program, 25,941 samples were tested at a cost of \$12 million. This contributed to restoring confidence in Canada's BSE control program and elevated Canada's international status to a controlled-BSE-risk country.

Ministry efforts regarding food safety were communicated through various mechanisms. The Ministry released over 35 Call of the Land radio interviews and Agri-news articles making direct reference to the safety of Alberta produced-food. Food safety information was also presented through manned displays at events across the province, such as the Calgary Stampede and the Northlands Farm and Ranch Show.

**DID YOU KNOW?**

Did you know that Alberta farm cash receipts totaled \$8.7 billion in 2007? Livestock and livestock products accounted for 50.5 per cent of these receipts, with crops and direct program payments accounting for 39.1 and 10.4 per cent respectively. (Source: Statistics Canada)

| <b>GOAL 2<br/>PERFORMANCE MEASURES</b>  | <b>2006-2007<br/>RESULT</b> | <b>2007-2008<br/>TARGET</b> | <b>2007-2008<br/>RESULT</b> | <b>2008-2009<br/>TARGET</b> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 2.a Number of surveillance and monitoring initiatives designed to measure hazards in food production.                   | 18                          | 18                          | 15                          | n/a <sup>1</sup>            |
| 2.b Percentage of Alberta production produced under On Farm Food Safety programs.                                       |                             |                             |                             |                             |
| ■ chicken farms   | 100%                        | 98%                         | 100%                        | n/a <sup>1</sup>            |
| ■ hog farms   | 100%                        | 98%                         | 94%                         | n/a <sup>1</sup>            |
| 2.c Number of On Farm Food Safety (cumulative)  | 2005-06                     |                             |                             |                             |
| ■ trained beef feedlot and cow/calf operator  | 1,447 <sup>2</sup>          | 2,700                       | 2,329                       | n/a <sup>1</sup>            |
| ■ certified beef feedlot and cow/calf operations  | 14                          | 41                          | 66                          | n/a <sup>1</sup>            |
| 2.d Percentage of Alberta licensed abattoirs that have added a preventative system to their existing food safety system | 22%                         | 45%                         | 52%                         | 75%                         |
| ■ Red meat – Meat Facilities Standard   |                             |                             |                             |                             |
| 2.e Number of Alberta food processing facilities participating in the Alberta HACCP Advantage Program (cumulative)      | 2005-06                     |                             |                             |                             |
|   | 0 <sup>3</sup>              | 80                          | 148                         | 160                         |

<sup>1</sup> The 2008-2009 targets for these measures are reported as n/a as these measures have been removed from future business plans.

<sup>2</sup> The cumulative number of beef feedlot and cow/calf operators trained in on farm food safety has been revised to 1,447 from the previously forecasted number of 1,700 to reflect current information provided by Alberta Beef Quality Start Here.

<sup>3</sup> The last actual for 2005-2006 is reported here as "0" because this program began in April 2006. The first payment issued to a participant in the AHA program was issued in December 2006. Cheques are issued upon the completion of a work plan, which is developed as part of the funding process. Work plan may take up to a year to complete.

## DID YOU KNOW?

Did you know that Alberta is the largest cattle producing province in Canada? It led the nation in cattle and calf inventories with 5.6 million head as of January 1, 2008. (Source: Statistics Canada)

---

## Core Business Two: Support and Strengthen Rural Sustainability

This core business:

- Contributes to the government priorities: **Manage Growth Pressures** and **Improve Albertans Quality of Life**.
- Relates to maintaining and improving agriculture's physical and human resource base.
- Promotes strong rural community capacity.

**Core Business Cost \$65.7 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 management systems that reduce environmental risks and support the competitiveness of the industry regarding Alberta's air, water and land for the well being of current and future generations. The Ministry contributes to this goal through essential policy, legislation, information and services related to water quality, air quality, climate change and bio diversity.

### Goal 3 Expense \$15 Million

Key contributions to achievement of this goal include: research conducted to develop improved beneficial management practices for crop and livestock production; technology and knowledge transfer that allows the industry to become more environmentally sustainable; and creating benchmarks and performance standards that evidence the sustainability of Alberta's water, air and soil quality. The Institute for Agriculture, Forestry and the Environment was created to identify market-based solutions that increase environmentally sound practices in the renewable resource sectors.

#### **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:**

Developing beneficial management practices that are both economically feasible and environmentally sound is very important for the agriculture sector. The Ministry is committed to conducting research and evaluations to assist industry to reduce the detrimental environmental impacts of crop and livestock production as well as agricultural processing.

In 2007-2008 the Ministry initiated nine new Alberta Environmentally Sustainable Agriculture (AESA) Processing Agreements. Three of these agreements have been completed, and six are ongoing. The AESA processing program provided \$110,434 in funding to processors who committed to projects that reduce the environmental impact of agricultural processing through resource conservation, packaging and waste reduction or environmental management.

Partnering with industry and other research facilities is necessary for the Ministry to achieve this strategy. The Ministry, in cooperation with livestock producers, initiated a 5-year \$15 million watershed scale research study to identify and assess management practices that will mitigate the industry's impacts on surface water quality. The Ministry also partnered with Agrium to initiate a 4-year

\$8 million agronomic research project to assess the effectiveness of environmentally-smart nitrogen fertilizer. This project is intended to identify practices that increase nitrogen fertilizer use efficiency, enhance crop productivity, reduce environmental effects and improve economic competitiveness.

The Ministry has also partnered with Agriculture and Agri-Food Canada and various industry commodity groups to conduct several applied research projects. These projects were focused toward improving on-farm irrigation water use efficiency, enhancing the commercialization of emerging crops, and increasing the productivity of water used for irrigated crop production. The Ministry also worked in cooperation with the service industry, Southern Applied Research Association, Alberta Pulse Growers and producers and manufacturers to assess, develop and demonstrate sprayer application technologies. The analysis is intended to reduce spray losses, improve effectiveness, and develop the most efficient application system for crop production.

The Ministry has partnered with Climate Change Central and private industry to develop an On-farm Energy Efficiency Program in Alberta. Dairy, poultry and swine producers in southern Alberta can receive an energy assessment determine opportunities to save money and enhance their competitiveness.

The Climate Change Strategy was completed. This strategy will guide the Ministry in facilitation of agricultural greenhouse gas mitigation, carbon offset market and adaptation opportunities.

**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:**

The Ministry is committed to transferring knowledge and technology to help the industry become more environmentally sustainable. Transition assistance funding was provided to the Alberta Environmental Farm Plan Company (AEFP) to support the capacity to deliver environmental programming. The Ministry also provided technical expertise at various AEFP workshops throughout the province to increase awareness of on-farm environmental risks.

Funding and support for 38 extension programs was provided by the Ministry that covered 14 agriculture groups, 45 municipalities and one First Nations group. These programs have facilitated increased adoption of beneficial management practices (BMP'S). The Ministry, in collaboration with Alberta Environment, Prairie Farm Rehabilitation Administration and a number of municipalities and regional health authorities, developed, pilot-tested and provincially deployed an extension program to teach rural landowners basic information regarding the proper design, construction, protection, maintenance and decommissioning of drinking water wells.

The Ministry, in collaboration with Agriculture and Agri-Food Canada and industry producer organizations, evaluated on-farm irrigation systems to help improve water use efficiency and increase crop yield and quality. Web-based computer models were updated to allow producers the ability to better match irrigation delivery with crop water requirements, to reduce both water and energy use. Climate change models were developed to improve assessments of future water supply and irrigation water demands to help irrigation producers adapt to future global warming scenarios.

Near real-time weather data from 18 weather stations in the irrigated areas was provided to agricultural producers to support web-based irrigation scheduling for improved water and energy use efficiencies in Southern Alberta.

The Ministry provided technical extension support to confined feeding operation producers to ensure the province's livestock industry can grow to meet opportunities presented by local and world markets in an environmentally sustainable manner. The Ministry also works with the Natural Resources Conservation Board to support the effective delivery of the *Agricultural Operation Practices Act* (AOPA).

Effective nutrient management information is critical to assisting the industry to become more environmentally sustainable. The Ministry developed a *Nutrient Management Planning Guide* for managers of manure and fertilizer. This guide provides options for maximizing the economic benefit of nutrients in an efficient and environmentally responsible way. Several other nutrient management tools including a manure transportation calculator, ammonia emissions calculator and a manure training site have also been developed and are available on the Ministry web-site (<http://www1.agric.gov.ab.ca>).

**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.

**Results:**

The Ministry has dedicated significant human and capital resources toward improved environmental stewardship. Full achievement of this goal will require effective partnerships and collaboration with industry and other government ministries.

The Ministry assisted Alberta Sustainable Resource Development in developing the Land Use Framework. Several stakeholder consultations were held throughout the province, and the Ministry worked with industry to ensure that the interests of the agriculture sector were appropriately reflected in the final framework.

Effective water use is essential in the agriculture industry. The Ministry has participated in several collaborative efforts within the framework of the Water for Life Strategy. Collaboration with other Government of Alberta ministries occurred to represent provincial interests during shared governance processes such as negotiation of bilateral agreements with neighboring jurisdictions, policy development through the Alberta Water Council and watershed management planning. The Ministry also facilitated collaboration with other Ministries on program development and delivery. Additionally, the Ministry also allocated \$1 million in cost-shared infrastructure funding to irrigation rehabilitation projects that specifically address the desired outcomes of the Water for Life Strategy.

**DID YOU KNOW?**

Did you know that there are 49,431 farms in Alberta? Total farmland area is 52.1 Million acres, with an average farm size of 1,055 acres. (2006 Census of Agriculture)

**Strategy:**

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

**Results:**

The Ministry, in partnership with industry, continued to monitor the environmental effect of agricultural production and processing. In 2007-2008, the Ministry completed a soil and water quality monitoring project funded by Alberta Environmentally Sustainable Agriculture (AESAs). This assessment analyzed the effects of agriculture on soil and surface water quality. Results from the assessment have been shared with industry and agricultural organizations to improve beneficial management practices.

The Ministry also measured the outlet water quality of 23 watersheds of varying agricultural intensity across the Alberta. Additionally, testing increased knowledge regarding veterinary drug residues in surface water as a result of agricultural production.

**Strategy:**

Lead the establishment of an institute to identify market-based solutions to increase environmentally sound practices in the renewable resource sectors.

**Results:**

Dr. Ken Nichol has been appointed as chair of the Institute of Agriculture, Forestry and the Environment. The institute will help Alberta to green its growth and brand Alberta as an environmental leader and innovator. The institute is expected to do the following:

1. Develop a recommended policy framework for environmental goods and services markets within Alberta.
2. Develop a recommended approach to documenting the environmentally-sound production practices used to produce renewable resource products in Alberta.
3. Identify environmentally sound practices used in other parts of the world that can be adopted to increase market access for Alberta's renewable resource industries.

Results and progress pertaining to the institute will be published in future Ministry annual reports.

| <b>GOAL 3<br/>PERFORMANCE MEASURES</b>  | <b>2006-2007<br/>RESULT</b> | <b>2007-2008<br/>TARGET</b> | <b>2007-2008<br/>RESULT</b> | <b>2008-2009<br/>TARGET</b> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 3.a Percentage of producer survey respondents who have adopted improved environmentally sustainable agriculture practices           | n/a <sup>1</sup>            | 58% <sup>2</sup>            | 58%                         | n/a <sup>3</sup>            |
| 3.b Number of producers provided with specific training and technical support to enable the development of environmental farm plans | 8,573                       | 6,500                       | 10,310                      | 8,000                       |

<sup>1</sup> Result is not applicable as the survey is completed every three years.

<sup>2</sup> Target of 58% for 2007-2008 was misreported as n/a in the 2007-10 Agriculture and Food Business Plan. The forecasted target of 58% for 2007-2008 was reported accurately in the 2005-08 and 2006-09 Agriculture and Food Business Plans.

<sup>3</sup> Target for this measure is not applicable for 2008-2009 fiscal year as the survey is completed every third year for this measure. The next survey will be completed in the 2010-2011 fiscal year.

# Goal 4

## Support Strengthened Rural Communities

This goal recognizes that vibrant rural communities strongly contribute to a prosperous province. The Ministry contributes to this goal by providing leadership and skill development to members of rural communities.

For rural communities to function effectively, it is essential that the appropriate infrastructure be in place. The Ministry provides grant funding to irrigation districts to improve water conveyance. Rural gas distributors and rural electric utilities also receive grant funding to extend essential utility services to rural Albertans. Agricultural societies receive financial support through grant programs to build new or upgrade community facilities. This funding also allows communities to deliver events such as rodeos and fairs. Agricultural Service Boards also receive grant support for pest and weed control as well as soil and water conservation.

Sustainability and growth of rural businesses are essential to maintaining strong rural communities. The Ministry is committed to working with rural businesses and their support networks to ensure they are positioned to take advantage of opportunities. Strong businesses located in rural centers are essential for rural communities to maintain and grow their human and capital resources.

During the past year, the Ministry supported the priorities of the Rural Development Strategy. With the announcement of a new Ministry structure on March 12, 2008 Agriculture and Rural Development assumed responsibility for leading the ongoing implementation of this strategy. The Rural Development Strategy is promotes and a balanced and focused effort on social, economic and environmental priorities by all stakeholders in support of community prosperity.

### **Goal 4 Expense \$50.7 Million**

Key contributions to achievement of this goal include providing training and leadership to rural community and business leaders. Assisting with rural business diversification and contributing to planning of future rural development will also strengthen Alberta's rural communities.

#### **Strategy:**

Support the development of rural organizations and their infrastructure.

#### **Results:**

The Ministry provided grant support to a number of rural communities and organizations to strengthen rural organizations and their infrastructure. The Ministry provided \$10.6 million to Agricultural Service Boards to support delivery of municipal projects, programs and services and the enforcement of legislation related to both weed and pest control and soil and water conservation. The 286 Agricultural Societies throughout the province benefited from a total of \$13.7 million in grant funding. As a result of this funding, leadership and training activities occurred, community facilities were constructed and upgraded and agricultural activities were enhanced. Additionally, \$2.9 million dollars was provided through the Agricultural Initiatives Program. These funds supported 94 community-initiated projects that facilitated an improved quality of life for members of agricultural communities.

Rural utility grant funding was also provided to rural businesses and residents. Through this funding \$1.037 million in heating rebates was provided to Albertans residing in remote communities to help reduce the high costs of propane and heating oil. Additionally, \$5.7 million was provided to help lower the cost of installing 4,814 natural gas services. The Ministry also provided \$1.3 million in grant support to help lower the cost of constructing 584 rural electric services to Alberta farmers.

The Ministry also focused efforts on the development of rural organizations. The 4-H program is prevalent in Alberta and provides children and adults in rural communities with various opportunities. More than 90 percent of 4-H districts have key leaders in place, ensuring the continuity and evolution of 4-H in developing youth and supporting rural communities.

**Strategy:**

Provide leadership and skill development for youth and adults actively engaged in or able to contribute to the agriculture industry.

**Results:**

It is necessary for the Ministry to provide leadership and skill development to youth and adults engaged in the agriculture industry. As youth transition into various opportunities in the agriculture industry, they need to be equipped with knowledge and training that will allow them to succeed.

In 2007-2008, ten Agri-Preneur scholarships were presented to recipients across Alberta. Funds from these scholarships allowed Alberta Agri-Preneurs to attend educational out-of-province national and international conferences. The scholarship program also allowed for self-directed learning tours, which presented Alberta Agri-Preneurs with the opportunity to directly network with farm direct or agricultural tourism operators from outside the province. The scholarship recipients acted as ambassadors to the Alberta farm direct and agricultural tourism industries. Upon returning from the conference or self-directed tour, recipients shared their results and experiences with industry. This knowledge transfer greatly assisted the agriculture industry.

The Ministry continues to provide youth and adults excellent opportunities and skill development through Ministry programming such as 4-H. Through the 4-H program, various projects are available ranging from small animals to photography and veterinary sciences. In 2007-2008 fiscal year, 587 leaders and 1,997 members participated in Ministry programming, such as 4-H.

Partnering with schools allows youth to increase leadership and skill development. The Ministry has engaged a rural school in a pilot project in an attempt to increase 4-H membership. This project has enhanced Career and Technology Studies options available to junior high students. The Ministry, in cooperation with Alberta Education, has also been active in revisions to the Career and Technologies Studies.

Agricultural resource training has also been provided to hundreds of Alberta teachers through the "Ag Ambassador" newsletter and professional development events. The Green Certificate Program enrolled 420 high school students and certified 358 trainees in 2007-2008. This program creates opportunities for students to gain experience through an apprenticeship style of learning in agriculture-related businesses.

The Ministry continued to explore and create alternative modes for leadership and skill development delivery. E-learning options such as a weed management course, a farm safety quiz and Managing a Cow-Calf Business were all delivered to youth and adults in the past year.

**Strategy:**

Facilitate the growth and development of diverse agricultural and rural related businesses and their networks

**Results:**

The Ministry is committed to assisting the development and growth of rural businesses. Successful businesses are an incredible asset to rural communities. These businesses create opportunities for community members.

AFSC has assisted an increased number of rural businesses with direct loans and leveraged investment. In 2007-2008, AFSC assisted 1,493 rural businesses with direct loans totaling \$261.4 million, which resulted in excess of \$371.4 million of leveraged investment.

The Ministry also administered the Agriculture Opportunity Fund. This fund leveraged \$1.5 million of investment in projects that provided a \$100 million effect throughout rural Alberta through various industry organizations.

The Ministry works directly with rural businesses to facilitate growth. In 2007-2008, interactive decision making tools were developed to assess farm direct business expansion opportunities. Some of these tools include selling at Farmers Markets, building an on-farm butchery, adding a maze and offering for profit school tours. In addition, the Ministry assisted Alberta innovators in the development of products. Ministry assistance with portable watering systems and direct seeding tools has allowed for commercialization and an independent assessment of products for marketing or planning purposes.

The Dine Alberta Program received outstanding support in 2007-2008. In 2007, one hundred and twenty-seven restaurants registered as Dine Alberta participants. This program showcases locally grown cuisine across Alberta.

Rural businesses and organizations are provided opportunities to facilitate business networks with assistance from the Ministry. The Ministry website Ropin' the Web, the radio show Call of the Land, and various other media such as the weekly Agri-News package have allowed rural businesses to become more informed regarding opportunities that will assist in growing their businesses.

**DID YOU KNOW?**

Did you know that almost 600,000 Albertans live in rural areas with populations of less than 1000 people? (Source: Statistics Canada - 2006 Census of Population)

**Strategy:**

Support a collaborative, cross-Ministry approach that responds to the priorities of the Rural Development Strategy.

**Results:**

The Ministry is committed to supporting an approach that responds to the priorities of the Rural Development Strategy. The four pillars of the Rural Development Strategy are economic growth, community capacity, quality of life and infrastructure, health care and learning and skill development.

The Ministry worked with other government ministries while participating in the Capital Planning Initiative process. During these consultations, the data and support for the capital funding requirements of agriculture were presented and supported appropriately.

Agriculture and Food strongly contributed to two significant outcomes relating to the Rural Development Strategy in 2007-2008. Rural Alberta's Development Fund is a \$100 million fund that provides supports to projects that contributes to the outcomes identified in the Rural Development Strategy. During 2007-2008, Agriculture and Food contributed to determining the outcomes that projects eligible for funding must consider. The Ministry also made a strong contribution to the Progress Report of the Rural Development Strategy. The efforts of Ministry staff in partnership with other ministries and organizations created awareness among Albertans of the progress being made regarding rural development.

| <b>GOAL 4<br/>PERFORMANCE MEASURES</b>  | <b>2006-2007<br/>RESULT</b> | <b>2007-2008<br/>TARGET</b> | <b>2007-2008<br/>RESULT</b> | <b>2008-2009<br/>TARGET</b> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 4.a Total investment leveraged in rural businesses facilitated through Agricultural Financial Services Corporation lending services (\$ million) <sup>1</sup> | 399 <sup>2</sup>            | 455                         | 372                         | 473                         |
| 4.b Percentage of Ministry-supported, agriculture-related community activities that focus on leadership development   | 32%                         | 30%                         | 31%                         | 30%                         |
| 4.c Percentage of rural youth and adults participating in Ministry-supported programs that report effective learning from those programs                      | 92%                         | 90%                         | 92%                         | 90%                         |

<sup>1</sup> Result reported refers loans approved and or facilitated by Agricultural Financial Services Corporation.

<sup>2</sup> The result for 2006-2007 has been restated from 186 to 399 to reflect the change in methodology in the 2007-2008 year.

**DID YOU KNOW?**

Did you know that irrigation was used for 1.7 million acres in Alberta in 2007?  
(Source: Irrigation Development, ARD)

---

## Core Business Three: Strengthen Business Risk Management

This core business:

- Contributes to the government priority: **Build a Stronger Alberta.**
- Provides effective programs for industry sustainability and growth.
- Provides risk management tools and training.

### Core Business Cost \$580.5 Million

## Goal 5

### Effective Risk Management Decisions by Agricultural Business Managers

This goal recognizes that risk management is critical to the success of agricultural businesses. Risk management training and the dissemination of relevant information will be accomplished through cooperative partnerships fostered between the Ministry and the private sector. Appropriate risk management tools and instruments will aid managers in identifying and adopting the most economical and effective business management practices to sustain, grow and increase the profitability of their businesses.

### Goal 5 Expense \$4.1 Million

This goal is manager-driven with Ministry staff and industry partners focusing on providing appropriate and relevant information and training to agricultural business managers. The manager makes the decisions, not government on behalf of the manager.

Key contributions towards achievement of this goal include the development and enhancement of financial and weather-related risk management tools. Continued partnerships with other provincial governments, the federal government and industry organizations will assist in increased farm safety and better risk management decisions for individual businesses.

#### **Strategy:**

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

#### **Results:**

Consultation with the industry is essential to determining the risk management needs of business managers in the agriculture sector.

Among other consultations, in November 2007, the Minister met with 61 representatives from Alberta's agriculture, agri-food and agri-products sector. At the session, participants prioritized the outcomes and program directions Alberta should take in the multilateral and bilateral Growing Forward negotiations. Ministry staff has since worked to align program concepts with the Ministry business plan and the national policy framework.

The Ministry partnered with Agriculture and Agri-Food Canada and other provinces in the development of a new measure for farm income forecasting, namely, the Gross Value-added Account. The Account measures total revenue from farm production and makes allowance for expenses on inputs and taxes, but not other expenses such as depreciation, wages, rent and interest.

The Ministry also conducted food safety gap assessments for 47 processors to determine the status of their food safety programs and to identify priority risks to food safety. Processors were provided with relevant information and assisted in developing a plan to control identified risks.

**Strategy:**

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

**Results:**

The Ministry and AFSC partnered with Agriculture and Agri Food Canada and Alberta Environment to expand the provincial meteorology network to a total of 69 stations in agricultural regions of Alberta. This network of stations is managed by the Ministry and is one of the largest provincially operated near-real-time networks in the country. This meteorology network provides weather information for functions such as drought monitoring, flood forecasting, moisture-based crop insurance, irrigation scheduling, crop disease forecasting and climate change analysis.

Targeted insect pest forecasts for the 2008 crop year were completed and posted on the Ministry website, *Ropin' the Web*. Pest monitoring activities result in savings to producers, better pest management procedures and increased crop quality. Knowing which pests, such as Bertha Army Worms or grasshoppers, are in outbreak situations allows producers to make management decisions based on economic thresholds.

A monthly survey was conducted in 20 locations across Alberta to monitor prices for 53 selected farm inputs. The information was distributed to 274 clients across the province, including industry representatives, government officials and financial institutions. This updated data assisted various clients in making informed risk management decisions.

Through the AgriProfit\$ program, the Ministry delivered production and business performance information and benchmarks to Alberta producers. This information highlights the effect and implications of risks in managing agribusinesses.

The Ministry places great importance on ensuring our clients are aware of their rights. The Ministry enhanced consumer protection by releasing several announcements in both print and radio media related to issues such as auction purchases and sales and the *Farm Implement Act*. This Act provides consumer protection through warranty, parts availability and licensing provisions for farm equipment purchases and producer rights when dealing with seismic development.

The Ministry analyzed court decisions from surface rights hearings. Results of this detailed analysis are communicated to landowners to enhance awareness in managing dealings with companies interested in oil and gas exploration. The Ministry also communicated beneficial management practices for surface lease agreements.

**DID YOU KNOW?**

Did you know that producers spent an estimated \$7.3 billion in farm operating expenses in 2007? Commercial feed was the highest expense at \$1.1 billion. (Source: Statistics Canada)

**Strategy:**

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

**Results:**

The Ministry consulted with industry and made revisions to the Feedlot Investment Risk Simulation Tool (FIR\$T), a software tool available on the Ministry website. This program analyzes cattle feeding investments and assists managers in evaluating market risk and in making break-even and cost of gain calculations.

CropChoice\$, a risk management software tool, was redesigned to support understanding of AFSC individual base coverage and customized crop insurance levels and premiums. CropChoice\$ is available on the Ministry website. This tool helps farmers assess their yield and price risks.

The web-based Alberta Climate Information System was updated and enhanced to assist producers with crop and irrigation management decisions. This system gives producers up-to-date weather information.

The Surface Lease Compensation Mapping Project was completed. The project provides producers and landowners with information regarding the compensation paid by oil and gas companies to landowners across the province. Prior to the project's completion, producers did not have access to information about past precedents or comparables upon which to base their negotiations. Increased access to information has increased producers awareness and opportunities when negotiating surface lease agreements.

**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:**

The Ministry conducted industry-sponsored business and risk training for agribusiness managers and leading edge producers. Staff worked with marketing clubs and beef and forage associations to promote improved market and business risk management.

Ministry staff organized a conference entitled "Risk Choices – Risk Management." The conference was attended by 31 value-added business clients, industry representatives and Ministry Industry Development Officers. The goal of the conference was to enhance risk management knowledge to facilitate improved profitability and sustainability.

Farm safety is an essential component of business risk management. The Ministry has partnered with industry, the media, and private sector organizations to increase awareness around farm safety issues. Various resources such as compact discs and newsletters have been developed and distributed to industry. Farm Safety Week, which ran from March 12 to March 18, 2008, showcased the work of the Ministry with various events and media releases related to farm safety. As a result of Ministry efforts, Alberta has seen improved farm safety practices across the province.

| <b>GOAL 5<br/>PERFORMANCE MEASURE</b>  | <b>2006-2007<br/>RESULT</b> | <b>2007-2008<br/>TARGET</b> | <b>2007-2008<br/>RESULT</b> | <b>2008-2009<br/>TARGET</b> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 5.a Percentage of managers surveyed indicating the use of risk management tools for improved decision making | 22% <sup>2</sup>            | n/a <sup>1</sup>            | 22% <sup>2</sup>            | 30%                         |

1 Target for this measure is not applicable for the 2007-08 fiscal year as the survey is completed every third year for this measure. The next survey will be completed in the 2008-2009 fiscal year.

2 The 2007-08 result for this measure is the same as the 2005-2006 result as it based on the most recent data available.

## Goal 6

### Effective Programs for Long-term Industry Stability

This goal recognizes the need for proactive financial risk management programming and disaster support in the absence of effective private sector tools when natural and market events occur that are beyond agribusiness managers' control. Industry stability is desirable as it helps agribusinesses recover from disaster events and facilitates overall industry growth.

The Ministry contributes to this goal by continuously improving appropriate programs such as the Canadian Agricultural Income Stabilization Program (now AgriStability), production insurance and disaster recovery initiatives.

#### **Goal 6 Expense \$576.4 Million**

The key contributions to achievement of this goal include the development and delivery of programs that are predictable and responsive to the needs of producers. The Ministry remains committed to working with industry groups in developing and implementing program enhancements.

#### **Strategy:**

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

#### **Results:**

Producers continue to view production insurance as an important risk management tool with 11.6 million acres of production and \$2.18 billion in risk insured on annual crops, and 6.2 million acres of production and \$125.6 million in risk insured on perennial crops. In 2007-2008, production insurance claims for annual crops (including hail endorsement) totaled \$225 million, up from \$127.9 million the previous year. This increase was largely due to poor seeding conditions in the spring and a high frequency and severity of hailstorms throughout the crop year. Claims for perennial crops totaled \$13.3 million, up from \$6.2 million the previous year due to poor growing conditions in the latter half of the growing season.

The current Agricultural Policy Framework expired on March 31, 2008. During the 2007-2008 fiscal year, significant Ministry efforts were concentrated on the development of a new Business Risk Management suite of programs that will be delivered under the upcoming Growing Forward Agreement. Producers are continuing to benefit from programs such as the redesigned “AgriStability, AgriRecovery, AgriInsurance and AgriInvest” programs which provide effective risk management tools. Alberta is continuing to work with the federal government and other provinces to develop an effective package of programs for Alberta farmers and the agriculture and agri-food sector.

Delivery of the Canada-Alberta Farm Water Program continued in 2007-2008. This program offered financial assistance to over 2,000 producers who developed long-term farm water supplies.

AFSC implemented several crop insurance program enhancements including changes to the unseeded acreage benefit, insurance for soft white wheat that is grown for the ethanol market, and insurance for organic peas and corn for processing. A new program option under the silage green-feed program was also developed to offer producers better risk management protection for silage green feed crops which is seeded later in the crop season.

**Strategy:**

Develop and deliver specific programs that increase industry competitiveness.

**Results:**

AFSC developed and implemented a new individual coverage system for production insurance. This system provides coverage that is more directly linked to producer yields, and also encourages producers to use beneficial management practices.

The Ministry has continued to deliver the Alberta Farm Fuel Benefit Program to assist producers with high fuel costs. Eligible producers receive a rebate of nine cents a litre on fuel purchases, and a rebate of six cents per litre on diesel.

The Irrigation Rehabilitation Program continued to provide funding to the irrigation districts throughout Alberta. During the 2007-2008 fiscal year, the Inter-District Allocation Formula was reviewed. As a result of these efforts, irrigation districts will be able to continue to manage their resources and capital in an efficient and effective manner.

**Strategy:**

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

**Results:**

The Alberta Farm Recovery Program was designed and delivered to Alberta producers primarily in the livestock sector to address rising input costs such as feed, fuel and fertilizer. Alberta producers received \$175.6 million in transitional funding under this program.

Canada’s rising dollar, increased costs for inputs combined with the drop in livestock prices put a significant strain on livestock producers. The Ministry enacted the Targeted Advance Program that allowed hog producers timely access to funds from the AgriStability Program.

| <b>GOAL 6<br/>PERFORMANCE MEASURES</b>  | <b>2006-2007<br/>RESULT</b> | <b>2007-2008<br/>TARGET</b> | <b>2007-2008<br/>RESULT</b> | <b>2008-2009<br/>TARGET</b> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 6.a Percent of seeded acres for major crop categories insured under Production Insurance:   |                             |                             |                             |                             |
| ■ Annual crops  | 65%                         | 64%                         | 67%                         | 64%                         |
| ■ Perennial crops   | 23%                         | 25%                         | 22%                         | 25%                         |
| 6.b Percent of Alberta farm cash receipts represented by Alberta participants in the Canadian Agricultural Income Stabilization Program | 76%                         | 70% - 75%                   | 74%                         | 70% - 75%                   |

## 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 Agriculture and Food**

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.

A product development activity encompasses projects where Ministry 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, Business Expansion and Commercialization, Ag-Industry Development and Diversification 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. No attempt is made to measure indirect efforts with industry clients by Ministry staff that may have resulted in a value-added product.

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

This measure demonstrates the amount of funds leveraged from outside sources through Ministry investment in research and development (R&D). The outside sources include industry organizations, private companies, universities, government departments and agencies. The R&D activities covered for this measure fall into four primary areas: value-added processing, livestock development, crop diversification and environmental stewardship.

This measure provides an indication of the Ministry's success in building partnerships and the value of its R&D activities to the partners. 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 devoted to research.

### ***Calculation method***

The Ministry's Policy Secretariat prepares a report annually on Ministry Research and Development (R&D) and related scientific activities (RSA). The Measure was collated from data supplied by five divisions that are involved in R&D activities: Agriculture Research Division, Food Safety Division, Food Processing Development Division, Bio-Industrial Technologies Division and Agriculture Stewardship Division. The questionnaire collects information on a division's fiscal year R&D expenditures and corresponding levels of collaborator funding.

The questionnaire used to collect information specifically requests data on expended amounts received from outside sources. Items included in the expended amounts are payments with respect to capital equipment, miscellaneous items and the temporary staff hired (scientist, technical and professional). The performance result for this measure is the sum of expended amounts of outside funds.

### ***Data limitations***

Data on in-kind contributions from collaborators are not included in the calculation of this measure. As a result, the performance result likely understates the "true" amount of leveraged resources invested by collaborators. In-kind contributions are less reliable as they are based on estimates that can be subjective in nature.

### **1c Total leveraged investment in agri-industry businesses (farm business and agribusinesses) facilitated by Agriculture Financial Services Corporation lending services**

This measure reports the total dollar investment in farm business and agribusinesses in both rural and urban areas as a result of Agriculture Financial Services Corporation's (AFSC) involvement in financing and consulting services. In addition to direct lending products that can result in investment, AFSC also has a number of alliance partnership arrangements with several organizations that help facilitate investment in agribusinesses. Total dollar investment in agribusiness and farm loans is a proxy value for investment based on loans approved or facilitated by AFSC. Dollar investment is any fund (i.e., debt, equity, investment) that would be used to support the growth of value-added processing in agriculture. 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 agribusinesses and farm businesses through its lending products, services and partnerships.

#### ***Calculation method***

Farm business and agribusiness investments in both rural and urban areas (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. Farm business (direct loans only) and agribusiness lending amounts are reported through AFSC's computer system and summarized by year. The two amounts, total investment in agribusiness and total amount of farm loans, make up the total in the 2007-2008 actuals.

#### ***Data limitations***

Total dollar investment in agribusiness and farm loans is a proxy value for investment based on loans approved or facilitated by AFSC. Values reported are affected by timing differences between approval and disbursement of loans approved. As well, not all approved loans are disbursed.

## 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 figure provided for this measure is derived from Food Safety Division entries in the Ministry's project reports database. This measure does not include animal health, market access, surface water monitoring or method development projects. Nor does it include ongoing food safety programs or projects in the report writing phase.

#### ***Calculation method***

The number of surveillance programs that identify hazards in food production is determined by accounting 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. This means that a single project may be included in the total figure for this measure for more than one year.

## **2b Percentage of Alberta production produced under on-farm food safety (OFFS) programs: chicken farms, hog farms**

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 producers who implement OFFS programs and provide the data to the Ministry when requested.

Data for this measure was collated from two sources:

- Producer associations — Alberta Chicken Producers and Alberta Pork for the Alberta chicken and market ready hogs produced under on-farm food safety programs respectively. 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).
- Agriculture and Agri-Food Canada, Statistics Canada for Alberta hog production.

### ***Calculation method***

For hogs, this measure is the percentage of market ready hogs produced under OFFS provided by Alberta Pork divided by the total slaughter of hogs of Alberta origin (from Statistics Canada).

OFFS is mandatory for commercial chicken producers in Alberta, which is confirmed by Alberta Chicken Producers.

### ***Data limitations***

This measure has been removed from the 2008-2009 Ministry Business Plan due to attribution issues and difficulty in obtaining and verifying relevant data required to accurately report on this measure. Estimated hog production figures provided by Alberta Pork have been overly optimistic, exceeding slaughter hogs of Alberta origin and international exports of hogs.

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.

## **2.c Number of on-farm food safety (cumulative)**

- **trained beef feedlot and cow/calf operators**
- **certified beef feedlot and cow/calf operations**

The measure tracks industry-led on-farm food safety (OFFS) initiatives designed to positively influence beef value-chain to move toward voluntary verifiable food safety standards and good production practices. OFFS is a proactive, preventive system that mitigates preventable food safety risks on farms.

Alberta Beef Quality Starts Here Program (ABQSH) is a provincial organization responsible for implementing the national on-farm food safety program, Canadian Cattlemen's Verified Beef Production initiative. ABQSH provides training workshops as well as a voluntary method of certification in on-farm food safety services. Trained beef feedlots and cow/calf operators are Alberta beef producers who attended one or more workshops and received instruction and information about the OFFS program from ABQSH. Certified beef feedlots and cow/calf operations are operations whose operators/producers have completed all required training in OFFS management practices and have passed a third-party audit.

### ***Calculation method***

Data supplied by Alberta Beef was collated from Alberta beef feedlot and cow/calf operators who registered for training and certification in OFFS organized by ABQSH.

The calculation for this measure is the cumulative number of trained beef feedlots and cow/calf operators and certified beef feedlots and cow/calf operations as of March 31, 2008.

### ***Data limitations***

For attribution reasons, this measure has been dropped from the Ministry Business Plan for 2008-2011. The Ministry has no involvement in the design, implementation or funding of OFFS initiatives currently delivered by ABQSH. Any success or lack thereof on OFFS is attributed solely to the participating commodity organizations and ABQSH Initiative/Program.

## **2d Percentage of Alberta licensed abattoirs that have added a preventative system to their existing food safety system:**

- **Red meat — Meat Facilities Standard.**

This measure tracks the success of the Ministry in encouraging Alberta licensed abattoirs to improve existing food safety systems in their facilities by implementing additional food safety systems and processes. 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 result is calculated by the percentage of Alberta licensed abattoirs that have implemented appropriate food safety process control systems divided by the total number of Alberta licensed abattoirs as of March 31, 2008. Data on Alberta licensed abattoirs that have implemented appropriate food safety process control systems is obtained from the Regulatory Services Division audit records.

### ***Data limitations***

Implementation of additional food safety systems and processes is voluntary, and market drivers will continue to influence adoption rates until HACCP and HACCP-based food safety systems become a mandatory requirement.

## **2e Number of Alberta food processing facilities participating in the Alberta HACCP Advantage Program (cumulative)**

This measure tracks the success of the Ministry in encouraging Alberta food processors to adopt HACCP-based food safety systems or improve existing food safety systems. Preventative systems may be Hazard Analysis Critical Control Points (HACCP) systems or components. HACCP systems provide a systematic, preventative program for the identification and control of food safety hazards. Data on provincially-licensed meat and dairy processing plants is obtained from the Regulatory Services Division audit records.

### ***Calculation method***

The cumulative number of Alberta licensed food processing plants that have implemented appropriate food safety process control systems and passed a closing assessment under the Alberta HACCP Advantage Program as of March 31, 2008. Data on provincially-licensed meat and dairy processing plants is obtained from the Regulatory Services Division audit records.

### ***Data limitations***

None

---

## **Core Business Two: Support and Strengthen Rural Sustainability**

### **Goal 3**

Improved Environmental Stewardship

## **3a Percentage of producer survey respondents who have adopted improved environmentally sustainable agriculture practices**

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. Five hundred randomly selected farmers participated in the telephone survey, and 229 (45%) 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 229 yields a margin of error of +/-6.6%.

### ***Calculation method***

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

- region (5 regions)
- gross farm revenue in 2006 (under \$50,000, \$50,000 to < \$250,000 and \$250,000 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 the development of an environmental farm plan (EFP). The environmental stewardship planning sessions provide opportunities for Alberta producers to learn more about best environmental management practices and develop their farm-specific EFP. The implementation of EFPs will result in improved environmental practices on Alberta farms.

Producers are required to participate in two training workshops to enable development of 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 and Agriculture and Agri-Food Canada (AAFC). Once a producer has completed both workshops, he/she becomes eligible to complete an EFP and is counted under this measure.

### ***Calculation method***

The calculation is a cumulative of participants completing Workshop II of the Alberta Environmental Farm Plan Program as reported by the Alberta Environmental Farm Plan (AEFP) Company.

### ***Data limitations***

None. This is a 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

## Support Strengthened Rural Communities

### **4a Total investment leveraged in rural businesses facilitated through Agriculture Financial Services Corporation lending services**

This measure determines the total dollar investment in rural Alberta businesses as a result of AFSC's involvement with the facilitation of capital investment through its lending products and partnerships. Rural businesses are defined as 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***

Farms and commercial business investments in rural areas (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. Rural Alberta businesses refer to farm and commercial activities located outside Edmonton and Calgary. The calculation for this measure is a summation of the incremental investment in rural Alberta business from all sources, as reported in AFSC's records.

#### ***Data limitations***

Total dollar investment in rural businesses is a proxy value for investment based on loans approved or facilitated by AFSC. Values reported are affected by timing differences between approval and disbursement of loans approved. As well, not all approved loans are disbursed.

### **4b Percentage of Ministry-supported, agriculture related community activities that focus on leadership development**

This measure focuses on leadership development opportunities as well as the diversity of initiatives under Ministry agricultural community programming. Program guidelines and procedures are designed to encourage and leverage Ministry financial resources and expertise in developing leadership capacity in rural communities.

Data for this measure is collated from three program areas; Agricultural Society Program, 4-H Program, and Agricultural Initiatives Program. 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 collects 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***

Related data from Agricultural Society Program, 4-H Program and Agricultural Initiatives Program were reviewed and then entered into the AgSocactivities database. These agricultural related community activities were then aggregated into five priority areas:

- **Agriculture related activities** — refers to activities such as rodeos, fairs and livestock shows.
- **Agribusiness 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/develop skills within the community.
- **Leadership development** — includes training for volunteer staff, providing funding 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 measure is calculated as the total of leadership development activities divided by the total number of activities under the above five priority areas and then expressed as a percentage.

### ***Data limitations***

Leadership skills take years to develop and nurture, 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 output measure only demonstrates the Ministry's accomplishment in providing developmental opportunities for rural Albertans to develop their leadership skills.

## **4c 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 Ministry staff. The 4-H Branch has been using KASA measurements for a number of years; KASA measures positive changes in Knowledge, Attitudes, Skills and Aspirations.

The measure provides assessment on the appropriateness and effectiveness of 4-H programs. The results of this measure provide ideas on how to better manage and improve current and future 4-H programs. Each program is designed to meet different objectives. In total, 21 objectives have been defined, including personal development and self esteem, enhancing environmental sustainability, learning communication and presentation skills, demonstrating technology transfer and community as well as farm management. Nineteen of these 21 objectives were used to derive performance information for this measure.

### ***Calculation method***

The data for this measure is obtained through the use of written evaluations for each program. The target audience and the objective of individual programs determine the type of questions selected from the standardized menu of questions for assessing KASA. The results are compiled and stored electronically in a database, with the hard copies stored separately. Each question on the survey has four possible answers: Yes, No, Unsure, Not Applicable (NA), 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. The performance result is not weighted and differences in the number in survey respondents across events could affect the reported result.

---

## **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 active 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 response strategies, technologies and practices.

#### ***Calculation method***

Data was collated from the 2006 Risk Management Survey, an Agricultural Risk Management Survey prepared for the Ministry’s Strategic Direction and Program Policy Division by Serecon Management Consulting Inc. 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) as well as an internet search of small commodity producers. It is assumed that farmers on this list are representative of the general population of Alberta farmers. The sample results were weighted by region and income to reflect the distribution based on the 2001 Census of Agriculture survey. 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 Long-term Industry Stability

#### **6a Percent 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 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.

#### ***Calculation method***

Data for this measure is collected from three sources:

- 1) Statistics Canada, 2006 Census of Agriculture,
- 2) Agri-Food Statistics Update, December 11, 2007, supplied by Statistics Canada and prepared by the Statistics and Data Development Unit and
- 3) 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***

The denominator of this measure is based on the 2006 Census of Agriculture survey, and the numerator is based on 2007 production insurance data.

**6b The percent of Alberta farm cash receipts represented by Alberta participants in the Canadian Agricultural Income Stabilization Program (CAIS).**

The intent of this measure is to determine the participation of producers in the CAIS Program for the 2006 tax year and over time. 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, inter-farm sales and program payments.

***Calculation method***

Data for this measure was collated from two sources, Statistics Canada 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 2006 is divided by the total farm cash receipts for Alberta for 2006.

***Data limitations***

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