

Agriculture and Rural Development

BUSINESS PLAN 2014-17

ACCOUNTABILITY STATEMENT

This business plan was prepared under my direction, taking into consideration the government's policy decisions as of February 12, 2014.

original signed by

Verlyn Olson, QC, Minister
February 19, 2014

THE MINISTRY

The ministry consists of the Department of Agriculture and Rural Development, Agriculture Financial Services Corporation (AFSC) and the Alberta Livestock and Meat Agency Ltd. (ALMA). The ministry is also responsible for the Office of the Farmers' Advocate, Irrigation Council, Agricultural Products Marketing Council, and Alberta Grains Council, for which funding is included in the department's budget.

The ministry provides the framework and services necessary for Alberta's agriculture and food sector to excel, to inspire public confidence in the quality and safety of food, and to lead the collaboration that enables resilient rural communities. Key outcomes are focused on providing a market-driven, environmentally responsible industry; food safety, plant health, and animal health and welfare; and rural development.

A more detailed description of Agriculture and Rural Development and its programs and initiatives can be found at www.agriculture.alberta.ca.

RESULTS-BASED BUDGETING AND THE GOVERNMENT OF ALBERTA STRATEGIC PLAN

Programs and services delivered by the ministry are reviewed for relevance, effectiveness, and efficiency in accordance with the Government of Alberta's *Results-based Budgeting Act*.

This business plan supports the "Advancing World-leading Resource Stewardship" theme outlined in the *Government of Alberta Strategic Plan*. The ministry focuses on policy, advocacy, programs and services in creating a business environment to reinforce and promote the economic competitiveness of Alberta's agriculture industry. Current and future economic opportunities are supported through the development of and access to markets, the promotion and expansion of value-added products and services, a focus on research and innovation, responsive traceability and surveillance systems, and a resilient and sustainable rural Alberta. The ministry also focuses on exploring and implementing environmentally responsive solutions that enable the agriculture sector to respond to emerging issues and prepare for the future through increasing water use efficiency and minimizing its environmental footprint.

The plan supports the achievement of the following strategic goals set out in the government's strategic plan:

- Goal 6: Innovative and Responsible Resource Development. The ministry will develop innovative policies and business models that facilitate the adoption of integrated environmental management practices. In addition, the ministry will continue to play a role in the completion of regional plans for the remaining regions under the *Land-use Framework*.
- Goal 7: Build Relationships and Open New Markets. The ministry works with industry and the federal government and collaborates with other provinces to develop and expand access to key markets, and works with other ministries to ensure that Alberta's agriculture products can reach markets effectively and efficiently.

STRATEGIC CONTEXT

The agriculture sector continues to thrive while addressing a complex and interconnected landscape of economic, rural development, environmental, and social objectives. With the global population continuing to grow and developing nations giving rise to a growing middle class, there is an increased demand for safe and high quality food that requires additional resources to produce. As one of the few jurisdictions positioned to be a net exporter of agri-food products over the next 20 years, Alberta is well positioned to gain a competitive advantage by: identifying, pursuing, and developing markets for verified high quality products; promoting value-added processing and supplying premium products with desirable attributes; addressing transportation constraints; and encouraging non-food use of agriculture products.

Consumers in a growing number of markets, domestically as well as globally, are not only concerned about where their food is coming from, but how it is produced, including the environmental footprint, the welfare and treatment of animals, and the impact of production practices on human health. Addressing these concerns is becoming increasingly important to sustain public confidence in the sector's operations. As well, as competition for land, water, and energy intensifies, it is important for the agriculture sector to continue to focus on efficiency, waste reduction, and recovery in production, processing, and distribution systems in order to have a sustainable food production system.

As the average age of farmers continues to rise, it is important to focus on engaging a new generation of agricultural entrepreneurs to ensure continuity and sustainability of the industry. By increasing human and business capacity, building networks, addressing challenges, and taking advantage of opportunities, rural Alberta can realize increased economic diversification, self-reliance, and an improved quality of life.

In June 2013, devastating floods took place in Southern Alberta and the Regional Municipality of Wood Buffalo. Full recovery from the disasters will take years. The ministry is supporting the flood recovery and mitigation efforts through the coordination of government programs, including the Alberta Flood Recovery Loan Guarantee Program, the Alberta Flood Recovery Interest Rebate Program, and the AFSC Alberta Flood Recovery Loan Program.

GOALS, PRIORITY INITIATIVES AND PERFORMANCE MEASURES

As a result of the ministry's review of its goals, environment, opportunities and challenges, a number of priority initiatives have been identified. Focused agenda items, several areas where government will focus its attention over the next three years, are identified with a *.

Goal One: Alberta's agriculture industry is positioned for growth through access and development of new and existing markets

Alberta has one of the strongest agricultural sectors in North America. Alberta needs to maintain its level of excellence by positioning the industry for growth through accessing and developing markets. This can be achieved by ensuring that Alberta has an excellent reputation as a domestic and international supplier of choice for a variety of agriculture products and services, industry produces products and services that meet the demands of international consumers, Alberta promotes and enhances access into a variety of markets and sectors, and industry is supported in market development through a variety of tools and resources.

Priority Initiatives:

- * 1.1 Develop and implement a market access plan for Alberta's agriculture sector that identifies priority markets, key relationships, outcomes and opportunities to work with key stakeholders.
- * 1.2 Work with industry to develop and expand access into China, India and Europe through the Canada-EU Comprehensive Economic Trade Agreement (CETA), and nations of the Trans-Pacific Partnership (TPP).
- * 1.3 Work with other ministries, provincial governments and the federal government to ensure that Alberta's agriculture products can reach markets effectively and efficiently.
 - 1.4 Address and maintain market access to the United States through effective engagement with both federal and state level stakeholders.
 - 1.5 Identify and pursue opportunities for growth in domestic agriculture markets.

| Performance Measures | Last Actual 2012 | Target 2014-15 | Target 2015-16 | Target 2016-17 |
|---|---------------------|-------------------|-------------------|-------------------|
| 1.a Alberta's agri-food exports by market (\$ million): | | | | |
| • United States | 2,967 | 3,000 | 3,100 | 3,150 |
| • China | 1,646 | 1,702 | 1,762 | 1,782 |
| • India | 280 | 289 | 299 | 303 |
| • CETA member countries | 58 | 65 | 75 | 85 |
| • TPP member countries (excluding USA) | 2,232 | 2,308 | 2,389 | 2,416 |
| • Rest of the world | 2,085 | 2,100 | 2,150 | 2,200 |
| 1.b Alberta's agri-food exports by sector (\$ million): | | | | |
| • Primary commodities | 5,529 | 5,643 | 5,823 | 5,913 |
| • Processed/manufactured products | 3,681 | 3,757 | 3,877 | 3,937 |

Goal Two: Consumers have confidence and assurance that Alberta is an environmental steward and leader in farmed animal health and welfare, plant health and safe food products

To maintain the confidence of Albertans, Canadians, and international consumers, the ministry needs to continue to enhance and promote best practices in disease and pest control, animal welfare, traceability systems, environmental sustainability and food safety. This will help ensure that Albertans have confidence and pride in their agriculture industry and food supply, international consumers have assurance in Alberta farm practices and are supportive in allowing Alberta products into their markets, Alberta industry is seen to be at the forefront of environmental and sustainability practices, and Alberta's agriculture industry is supported by policies that enable innovation and responsibility.

Priority Initiatives:

- *2.1 Develop innovative policies and business models that facilitate the adoption of integrated environmental management practices.
- *2.2 Work with other ministries toward the completion of regional plans for the remaining regions under the *Land-use Framework*.
- 2.3 Work with Energy and Environment and Sustainable Resource Development to design and implement initiatives that will make Alberta the national leader in energy efficiency and sustainability.
- 2.4 Implement Alberta's Irrigation Strategy to support the irrigation industry in achieving improvements in the areas of productivity, efficiency, conservation, water supply and environmental stewardship.
- 2.5 In collaboration with stakeholders, establish and maintain effective warning and mitigation systems that enable government and industry to prevent, detect, respond to and recover from events that can impact trade, consumer confidence, the health of crops, and the health, welfare and protection of farmed animals.
- 2.6 Support research and innovation that encourages the development of integrated systems relating to disease and pest management and environmental sustainability.
- 2.7 Work with Health to ensure a coordinated and effective approach to food safety, including harmonized food safety policy and improved reporting.
- 2.8 Work with stakeholders to enhance frameworks for animal protection and welfare.

| Performance Measures | Last Actual (Year) | Target 2014-15 | Target 2015-16 | Target 2016-17 |
|--|-----------------------|-------------------|-------------------|-------------------|
| 2.a Average percentage of improved environmentally sustainable agriculture practices adopted by producers (biennial survey) | 55% (2011-12) | n/a | 57% | n/a |
| 2.b Percentage of active provincial licensed meat processing plants that meet provincial safe meat processing standards ¹ | 91% (2012) | 93% | 93% | 95% |

| Performance Measures | Last Actual (Year) | Target 2014-15 | Target 2015-16 | Target 2016-17 |
|---|-----------------------|-------------------|-------------------|-------------------|
| 2.c Percentage of eligible seeded acres for major crop categories insured under Production Insurance: | | | | |
| • Annual crops | 75% | 77% | 78% | 79% |
| • Perennial crops | 28% | 26% | 26% | 27% |
| | (2012) | | | |

Note:

- 1 In 2014, operating procedure for the audits performed at provincially-inspected meat facilities was changed from one scheduled annual audit to three unannounced inspections over the course of the year. The new meat inspection process provides additional rigour to the existing provincial safe meat processing procedure in terms of scope and frequency of the meat inspection processes.

Goal Three: Alberta's agriculture industry development initiatives maximize value and enable economic sustainability

The ministry enables producers and agri-businesses to be profitable, diversify their crops and products, and focus on value-added processing and manufacturing. This will help ensure that Alberta has a variety of high quality products and services to meet domestic and global consumer demands; Alberta producers operate in an economic environment that allows them to receive increased benefits for their products and services; Alberta agriculture is a recognized, highly sought growth industry; and there is clarity of purpose in identifying and evaluating opportunities.

Priority Initiatives:

- 3.1 Enable the establishment of next generation and emerging industries through advanced research and business development tools that facilitate growth in food processing, technology and infrastructure.
- 3.2 Engage with partner ministries and the federal government on the Temporary Foreign Worker program and immigration file to develop longer term solutions that address labour issues in the agricultural sector.
- 3.3 Integrate and collaborate with other ministries, industry stakeholders, and provincial and federal counterparts on knowledge sharing, research and innovation systems, regulatory systems, and commercialization strategies and activities.
- 3.4 Support and leverage industry investments in identifying new products, processes and services that result in increased diversification and value-added opportunities.
- 3.5 Develop waste reduction strategies and targets to support innovative and sustainable food production systems.
- 3.6 Support agricultural research and extension, emerging product development and commercialization opportunities through the Agriculture and Food Innovation Endowment.

| Performance Measures | Last Actual 2012-13 | Target 2014-15 | Target 2015-16 | Target 2016-17 |
|---|------------------------|-------------------|-------------------|-------------------|
| 3.a Number of value-added products developed and successfully introduced into market with assistance from Agriculture and Rural Development | 216 | 216 | 218 | 220 |
| 3.b Research and development investment by collaborators leveraged through ministry resources (\$ million) | 6.4 | 6.4 | 6.6 | 6.8 |

Goal Four: Rural Alberta has the development opportunities necessary for ongoing economic success

The ministry supports a positive economic environment in rural Alberta that enables producers and agri-businesses to succeed. This will help ensure that rural Alberta will continue to be a critical economic driver of the provincial economy, opportunities are available in emerging cash crops that hold the potential for significant growth in production and manufacturing spin-offs, and entrepreneurship will contribute to the lasting legacy of rural communities.

Priority Initiatives:

- 4.1 Develop a rural economic development action plan addressing strategic agriculture infrastructure, leadership and entrepreneurial capacity, rural tourism and agricultural diversification, to help create the conditions for ongoing economic success in rural Alberta.
- 4.2 Review and enhance financial tools and structures, utilizing AFSC to generate economic development, increase business investment and grow rural Alberta through enhanced programs and services.

| Performance Measures | Last Actual 2012-13 | Target 2014-15 | Target 2015-16 | Target 2016-17 |
|--|--------------------------------|---------------------------|---------------------------|---------------------------|
| 4.a Total investment leveraged in rural businesses facilitated through AFSC lending services (\$ million) | 663 | 680 | 805 | 970 |
| 4.b Percentage of ministry-supported, agricultural-related community activities that focus on leadership development | 35% | 33% | 34% | 35% |

OPERATIONAL PLAN

| (thousands of dollars) | Comparable | | | 2014-15 Estimate | 2015-16 Target | 2016-17 Target |
|--|-------------------|-------------------|---------------------|-----------------------------|-------------------|-------------------|
| | 2012-13 Actual | 2013-14 Budget | 2013-14 Forecast | | | |
| OPERATIONAL EXPENSE | | | | | | |
| Ministry Support Services | 16,472 | 17,434 | 16,134 | 18,248 | 18,243 | 18,345 |
| Agriculture Policy and Economics | 13,817 | 17,605 | 16,282 | 17,955 | 17,576 | 17,645 |
| Agriculture Environment and Water | 31,029 | 30,799 | 31,657 | 35,670 | 33,289 | 33,406 |
| Food Safety and Animal Health | 43,596 | 47,260 | 45,789 | 51,156 | 48,839 | 48,968 |
| Industry Development | 94,879 | 113,739 | 112,209 | 118,571 | 116,933 | 117,175 |
| Farm Fuel Distribution Allowance | 35,223 | - | - | - | - | - |
| Lending | 37,268 | 37,984 | 35,052 | 37,829 | 40,373 | 40,377 |
| Insurance | 711,089 | 429,101 | 454,729 | 480,258 | 560,758 | 618,355 |
| Agriculture Income Support | 112,142 | 139,709 | 79,617 | 141,900 | 143,350 | 146,125 |
| Livestock and Meat Strategy | 36,672 | 29,352 | 29,095 | 34,122 | 34,790 | 34,290 |
| 2013 Alberta Flooding | - | - | 757 | 17,283 | 13,168 | - |
| Agriculture and Food Innovation Endowment Account | - | - | - | 9,000 | 9,000 | 9,000 |
| Sub-total | 1,132,187 | 862,983 | 821,321 | 961,992 | 1,036,319 | 1,083,686 |
| Debt Servicing | | | | | | |
| Agriculture Financial Services Corporation | 66,719 | 75,072 | 68,688 | 72,807 | 79,988 | 91,150 |
| Total | 1,198,906 | 938,055 | 890,009 | 1,034,799 | 1,116,307 | 1,174,836 |

CAPITAL PLAN SPENDING

| | | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Ministry Support Services | 1,043 | 100 | 1,675 | 1,600 | 1,600 | 1,600 |
| Agriculture Policy and Economics | 453 | - | 1,200 | - | - | - |
| Agriculture Environment and Water | 21,517 | 19,200 | 19,685 | 21,200 | 21,200 | 21,200 |
| Food Safety and Animal Health | 463 | 380 | 930 | 380 | 380 | 380 |
| Industry Development | 16,682 | 4,516 | 6,255 | 5,016 | 5,016 | 5,016 |
| Lending | 2,110 | 2,581 | 2,158 | 2,461 | 2,345 | 2,277 |
| Insurance | 3,457 | 3,555 | 5,246 | 4,033 | 3,841 | 3,730 |
| Agriculture Income Support | 1,677 | 2,314 | 1,046 | 1,956 | 1,864 | 1,809 |
| Livestock and Meat Strategy | 545 | 1,000 | 1,200 | 3,000 | 3,000 | 3,000 |
| Total | 47,947 | 33,646 | 39,395 | 39,646 | 39,246 | 39,012 |