



## AUDITOR'S REPORT

### To the Minister of Agriculture, Food and Rural Development

I have audited the statement of financial position of the Department of Agriculture, Food and Rural Development as at March 31, 2006 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the management of the Department. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by]  
Fred Dunn  
FCA  
Auditor General

Edmonton, Alberta  
May 19, 2006

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

**Department – continued**

Department of Agriculture, Food and Rural Development – Financial Statements 2005-2006

**Statement of Operations for the Year Ended March 31, 2006***(in thousands)*

	2006 Budget (Schedule 4)	2006 Actual	2005 Actual
<b>Revenues (Schedule 1)</b>			
Transfers from the Government of Canada	\$ 45,977	\$ 4,759	\$ 75,395
Internal government transfers	22,220	22,220	16,620
Other revenue	6,068	24,366	45,691
Fees, permits and licenses	1,426	1,354	1,313
	<b>75,691</b>	<b>52,699</b>	139,019

**Expenses – Directly Incurred (Note 2(b) and Schedule 8)  
Voted (Schedules 3 and 5)**

Ministry support services	18,553	19,889	17,841
Planning and competitiveness	46,241	44,188	37,083
Sustainable agriculture	55,587	56,548	46,354
Industry development	48,928	85,514	137,917
Infrastructure assistance	27,000	29,441	23,815
Agriculture assistance –			
Canadian agricultural income stabilization	130,469	291,228	202,323
BSE recovery	133,190	18,853	147,225
Insurance and lending	146,481	178,884	104,082
Farm fuel distribution allowance	33,500	33,295	32,637
Farm income assistance	–	(368)	12,408
Other assistance	7,000	4,090	4,920
	<b>646,949</b>	<b>761,562</b>	766,605

**continued**

**Department – continued**

Department of Agriculture, Food and Rural Development – Financial Statements 2005-2006

**continued****Statement of Operations for the Year Ended March 31, 2006***(in thousands)*

	2006 Budget (Schedule 4)	2006 Actual	2005 Actual
<b>Statutory (Schedules 3 and 5)</b>			
Valuation adjustments –			
Write-offs and losses	–	–	2
Provision for loan guarantees	–	–	1,204
Provision for vacation pay	–	346	488
Provision for doubtful accounts	–	357	511
	–	<b>703</b>	<b>2,205</b>
	<b>646,949</b>	<b>762,265</b>	<b>768,810</b>
Loss on disposal of tangible capital assets	–	4	52
<b>Net operating results</b>	<b>\$(571,258)</b>	<b>\$(709,570)</b>	<b>\$(629,843)</b>

*The accompanying notes and schedules  
are part of these financial statements.*

**Department – continued****Department of Agriculture, Food and Rural Development – Financial Statements 2005-2006****Statement of Financial Position as at March 31, 2006***(in thousands)*

	2006	2005
<b>Assets</b>		
Cash	\$ 86	\$ 822
Accounts receivable (Note 3)	48,283	125,278
Loans and advances (Note 4)	8	10
Tangible capital assets (Note 5)	31,909	31,914
	<b>\$80,286</b>	<b>\$158,024</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 88,285	\$ 264,421
Unearned revenue	3,278	3,540
	<b>91,563</b>	<b>267,961</b>
<b>Net Liabilities</b>		
Net liabilities at beginning of year	(109,937)	(144,590)
Net operating results	(709,570)	(629,843)
Net transfer from general revenues	808,230	664,496
Net liabilities at end of year	<b>(11,277)</b>	<b>(109,937)</b>
	<b>\$ 80,286</b>	<b>\$ 158,024</b>

*The accompanying notes and schedules  
are part of these financial statements.*

**Department – continued****Department of Agriculture, Food and Rural Development – Financial Statements 2005-2006****Statement of Cash Flows for the Year Ended March 31, 2006***(in thousands)*

	2006	2005
<b>Operating Transactions</b>		
Net operating results	\$(709,570)	\$(629,843)
Non-cash items included in net operating results –		
Amortization	3,780	3,405
Valuation adjustments	703	2,205
Loss on disposal of tangible capital assets	4	52
	<b>(705,083)</b>	<b>(624,181)</b>
Decrease (increase) in accounts receivable	76,638	(63,498)
(Decrease) increase in accounts payable and accrued liabilities	(176,482)	28,792
(Decrease) in unearned revenue	(262)	(1,150)
Cash applied to operating transactions	<b>(805,189)</b>	<b>(660,037)</b>
<b>Capital Transactions</b>		
Acquisition of tangible capital assets	(3,816)	(3,999)
Transferred assets	(7)	(139)
Disposal of tangible capital assets	44	47
Cash applied to capital transactions	<b>(3,779)</b>	<b>(4,091)</b>
<b>Investing Transactions</b>		
Loans and advances	(8)	(10)
Repayment of loans and advances	10	14
Cash provided by investing transactions	<b>2</b>	<b>4</b>
<b>Financing Transactions</b>		
Net transfer from general revenues	<b>808,230</b>	664,496
(Decrease) increase in cash	(736)	372
Cash, beginning of year	822	450
<b>Cash, end of year</b>	<b>\$ 86</b>	<b>\$ 822</b>

*The accompanying notes and schedules  
are part of these financial statements.*

## Department – continued

### Department of Agriculture, Food and Rural Development – Financial Statements 2005-2006

#### Notes to the Financial Statements for the Year Ended March 31, 2006

##### Note 1 Authority and Purpose

The Department of Agriculture, Food and Rural Development operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The purpose of the Department is to enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services in partnership with vibrant rural communities.

##### Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

###### (a) Reporting Entity

The reporting entity is the Department of Agriculture, Food and Rural Development, which is part of the Ministry of Agriculture, Food and Rural Development and for which the Minister of Agriculture, Food and Rural Development is accountable. The other entity reporting to the Minister is Agriculture Financial Services Corporation. The activities of this organization are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

###### (b) Basis of Financial Reporting

**Revenues** – All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

*Government Transfers* – Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

**Dedicated Revenue** – Dedicated revenue initiatives provide a basis for authorized spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

###### Expenses

*Directly Incurred* – Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees, and indemnities.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

## Department – continued

### Department of Agriculture, Food and Rural Development – Financial Statements 2005-2006

#### **Note 2** Summary of Significant Accounting Policies and Reporting Practices (continued)

*Incurred by Others* – Services contributed by other entities in support of the Department operations are disclosed in Schedule 8.

**Assets** – Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$100,000 and the threshold for all other tangible capital assets is \$5,000. All land is capitalized.

**Liabilities** – Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

**Net Liabilities** – Net liabilities represent the difference between the carrying value of assets held by the Department and its liabilities.

**Measurement Uncertainty** (*in thousands*) – Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

These financial statements include the Department's contribution of \$291,228 to Agriculture Financial Services Corporation for the Department's share of program payments under the Canadian Agricultural Income Stabilization (CAIS) program that is subject to measurement uncertainty. The Department's contribution for the CAIS program could change substantially in the future, if factors considered by management in establishing the estimates were to change significantly.

Included in the Department's contribution toward the cost of the CAIS program are estimated contributions for the 2005 claim year of \$127,334 for the vast majority of claims that have not yet been received because the deadline for submission of complete information is after the end of the fiscal year. CAIS program payments are triggered when the participant's claim-year program margin falls below their support level.

The two factors impacting estimated indemnities payable for the 2005 claim year are the number of participants and estimated program margins. The estimated number of participants for the 2005 claim year is based on the number of farm operations participating in the program during the 2004 claim year. The estimated program margins are based on forecasted changes in eligible income and expenses and inventories between 2004 and 2005. If the 2005 estimated program margins were to increase by 5%, the estimated Department's contribution for the 2005 claim year would decrease by \$12,000. If the 2005 program margins were to decrease by 5% the estimated Department's contribution for the 2005 claim year would increase by \$14,000.

The Department's contribution includes estimated contributions of \$18,404 for claims received but not processed for the 2003 and 2004 claim years. The estimates for the 2003 and 2004 claim years are based on the number of claims received but not yet processed and the estimated average payment per claim.

The Department's contribution also includes estimated contributions of \$84,902 for the 2003, 2004 and 2005 claim years. The estimate is for claims not yet processed that may receive an increased payment as a result of a change in the way support levels are determined. The estimate is based on the historical payment ratio for claims processed.

**Valuation of Financial Assets and Liabilities** – Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash accounts receivable, advances and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments. Fair values of loans are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair value with sufficient reliability.





**Department – continued****Department of Agriculture, Food and Rural Development – Financial Statements 2005-2006****Note 6 Accounts Payable and Accrued Liabilities**

	2006	2005
	<i>(in thousands)</i>	
Accounts payable – general	\$ 2,475	\$ 6,893
Manpower	12,088	11,951
Grants	66,423	238,303
Allowance for loan guarantees	2,604	2,604
Supplies and services and capital purchases	<u>4,695</u>	<u>4,670</u>
	<u>\$88,285</u>	<u>\$264,421</u>

**Note 7 Contractual Obligations**

	2006	2005
	<i>(in thousands)</i>	
Grants	\$4,447	\$3,035
Service contracts	<u>3,719</u>	<u>2,068</u>
	<u>\$8,166</u>	<u>\$5,103</u>

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Grants	Service Contracts
	<i>(in thousands)</i>	
2007	\$2,460	\$2,737
2008	1,031	592
2009	956	130
2010	–	130
2011	<u>–</u>	<u>130</u>
	<u>\$4,447</u>	<u>\$3,719</u>

**Note 8 Contingent Liabilities**

*(in thousands)*

At March 31, 2006, the Department is a defendant in five legal claims (2005 – four legal claims). These claims have specified amounts totalling \$5,185 (2005 – \$1,834). Included in the total legal claims is one claim amounting to \$1,332 (2005 – one claim amounting to \$1,332) in which the Department has been jointly named with other entities. Two claims amounting to \$4,533 (2005 – one claim amounting to \$1,332) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

**Note 9 Guarantees**

	2006	2005	Expiry Date
	<i>(in thousands)</i>		
Feeder associations	\$49,675	\$48,820	Ongoing
Rural Utilities Act	183	370	Ongoing
Agricultural Societies Act	<u>12</u>	<u>29</u>	2015
	49,870	49,219	
Allowance for loan guarantees	<u>(2,604)</u>	<u>(2,604)</u>	
	<u>\$47,266</u>	<u>\$46,615</u>	

**Department – continued****Department of Agriculture, Food and Rural Development – Financial Statements 2005-2006****Note 9** Guarantees (continued)

Guarantee programs and their limits are established under the following Acts:

- *Feeder Associations Guarantee Act* (authorized guarantee limit set by Order in Council is \$55 million)
- *Rural Utilities Act* (authorized guarantee limit set by statute is \$50 million)
- *Agricultural Societies Act* (authorized guarantee limit set by statute is \$50 million)

The lender takes appropriate security prior to issuing a loan to the borrower, which is guaranteed by the Province. The security taken depends on the nature of the loan. Interest rates are negotiated with the lender by the borrower.

The expiry date shown for guarantees under the *Agricultural Societies Act* is the latest expiry date for guaranteed loans under the program.

**Note 10** Trust Funds Under Administration

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

As at March 31, 2006 trust funds under administration were as follows:

	2006	2005 (Restated)
	<i>(in thousands)</i>	
4-H General Trust	\$ 51	\$ 85
Wheat Board Monies Trust Fund	96	97
Claude Gallinger Memorial Trust Fund	23	24
	<u>\$170</u>	<u>\$206</u>

**Note 11** Payments Under Agreement

*(in thousands)*

The Department has entered into agreements to deliver programs and services that are funded by the Government of Canada. Costs for the Canadian Food Safety and Quality Program are fully funded by the Government of Canada. Administration costs for the Alberta Mature Animal Transition Program and the Federal Cull Animal Program are 60% funded by the Government of Canada, and grants paid under Federal Cull Animal Program are 100% funded by the Government of Canada.

Costs for the 2005 Agriculture Ministers' Conference are partially funded by the Government of Canada, industry sponsors and conference attendees.

Costs incurred under these agreements are made by the Department under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes \$74 (2005 – \$422) and accounts payable includes \$41 (2005 – \$1,364) relating to payments under agreement.

Amounts paid and payable under agreement with program sponsors are as follows:

	2006	2005
	<i>(in thousands)</i>	
2005 Agriculture Ministers' Conference	\$ 70	\$ –
Canadian Food Safety and Quality Program	84	–
Alberta Mature Animal Transition Program	4	422
Federal Cull Animal Program	7	30,916
	<u>\$165</u>	<u>\$31,338</u>

**Department – continued**

**Department of Agriculture, Food and Rural Development – Financial Statements 2005-2006**

**Note 12 Defined Benefit Plans**

*(in thousands)*

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$5,817 for the year ended March 31, 2006 (2005 – \$5,042).

At December 31, 2005, the Management Employees Pension Plan reported a deficiency of \$165,895 (2004 – \$268,101) and the Public Service Pension Plan reported a deficiency of \$187,704 (2004 – \$450,068). At December 31, 2005, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$10,018 (2004 – \$9,404).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2006, the Bargaining Unit Plan reported an actuarial deficiency of \$8,699 (2005 – \$11,817) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$8,309 (2005 – \$3,208). The expense for these two plans is limited to the employer's annual contributions for the year.

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**Note 13 Comparative Figures**

Certain 2005 figures have been reclassified to conform to the 2006 presentation.

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**Note 14 Approval of the Financial Statements**

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

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**Department – continued****Department of Agriculture, Food and Rural Development – Schedule to Financial Statements  
Revenues for the Year Ended March 31, 2006****Schedule 1***(in thousands)*

	<b>2006 Budget</b>	<b>2006 Actual</b>	<b>2005 Actual</b>
Transfers from the Government of Canada			
Canada/Alberta BSE assistance	\$34,010	\$ 10,004	\$ 62,057
Canadian farm income program	–	(19,188)	(2,802)
Irrigation infrastructure	1,967	1,967	8,933
BSE surveillance	4,000	5,061	3,670
Other	6,000	6,915	3,537
	<u>45,977</u>	<u>4,759</u>	<u>75,395</u>
Internal government transfers			
Transfers from the lottery fund	<u>22,220</u>	<u>22,220</u>	<u>16,620</u>
Other revenue			
Project contributions	3,130	3,541	2,805
Rail hopper car revenue	650	1,179	1,349
Green certificate and home study	880	368	321
Publications	225	233	221
Refunds of expenditures			
Previous years'	–	18,494	33,494
Other	–	(500)	6,999
Surplus sales	–	25	30
Miscellaneous	1,183	1,026	472
	<u>6,068</u>	<u>24,366</u>	<u>45,691</u>
Fees, permits and licenses			
Livestock water program	140	187	111
Food processing centre fees	600	686	725
Meat services	253	214	213
Aquaculture, sheep and diversified livestock	150	127	160
Dairy laboratory and analytical services	29	11	14
Other	254	129	90
	<u>1,426</u>	<u>1,354</u>	<u>1,313</u>
	<u>\$75,691</u>	<u>\$ 52,699</u>	<u>\$139,019</u>

**Department – continued****Department of Agriculture, Food and Rural Development – Schedule to Financial Statements  
Dedicated Revenue Initiatives for the Year Ended March 31, 2006****Schedule 2***(in thousands)*

	<b>Authorized Dedicated Revenues</b>	<b>Actual Dedicated Revenues</b>	<b>(Shortfall)/ Excess</b>
Ministry support services	\$ 225	\$ 234	\$ 9
Planning and competitiveness	1,776	1,144	(632)
Industry development	9,299	7,676	(1,623)
Sustainable agriculture	<u>1,030</u>	<u>1,045</u>	<u>15</u>
	<u>\$12,330</u>	<u>\$10,099</u>	<u>\$(2,231)<sup>(1)</sup></u>

Ministry Support Services dedicated revenue initiatives include fees for sale of publications.

Planning and Competitiveness dedicated revenue initiatives include fees for Rural Utilities (\$120), Educational Services (\$895) and Strategic Information Services (\$129).

Industry Development dedicated revenue initiatives include: Food Processing Development Centre (\$1,155), various Crop Diversification programs (\$2,370), Business and Innovation (\$2,533), Ag-Entrepreneurship (\$543), Agri-Food Investment (\$479), various Livestock Industry programs (\$566) and Program Information Services (\$30).

Sustainable Agriculture dedicated revenue initiatives include: Food Safety Initiatives (\$309), Resource Management and Irrigation (\$330) and various Technical Services Programs (\$406).

The revenue and expense of each initiative's dedicated revenue and expense are reported in the Statement of Operations.

<sup>(1)</sup> Shortfall is deducted from the current year's authorized budget, as disclosed in Schedules 4 and 5 of the financial statements.

**Department – continued****Department of Agriculture, Food and Rural Development – Schedule to Financial Statements  
Expenses – Directly Incurred Detailed by Object for the Year Ended March 31, 2006****Schedule 3***(In thousands)*

	<b>2006 Budget</b>	<b>2006 Actual</b>	<b>2005 Actual</b>
Voted			
Salaries, wages and employee benefits	\$ 79,723	\$ 81,297	\$ 76,858
Supplies and services	44,258	42,585	38,525
Grants	519,482	633,813	647,589
Financial transactions and other	72	87	228
Amortization of tangible capital assets	<u>3,414</u>	<u>3,780</u>	<u>3,405</u>
Total voted expenses	<u>\$646,949</u>	<u>\$761,562</u>	<u>\$766,605</u>
Statutory			
Valuation adjustments			
Write-offs and losses	\$ –	\$ –	\$ 2
Provision for loan guarantees	–	–	1,204
Provision for vacation pay	–	346	488
Provision for doubtful accounts	<u>–</u>	<u>357</u>	<u>511</u>
	<u>\$ –</u>	<u>\$ 703</u>	<u>\$ 2,205</u>

**Department – continued**  
**Department of Agriculture, Food and Rural Development – Schedule to Financial Statements**  
**Authorized Budget for the Year Ended March 31, 2006**

**Schedule 4**  
*(in thousands)*

	2005-2006 Estimates	Adjustment (a)	2005-2006 Budget	Authorized Supplementary (b)	2005-2006 Authorized Budget
Revenues					
Transfers from the Government of Canada	\$ 45,977	\$ –	\$ 45,977	\$ 3,583	\$ 49,560
Internal government transfers	22,220	–	22,220	–	22,220
Other revenue	6,094	–	6,094	903	6,997
Fees, permits and licenses	1,400	–	1,400	–	1,400
	<u>75,691</u>	<u>–</u>	<u>75,691</u>	<u>4,486</u>	<u>80,177</u>
Expenses – directly incurred					
Voted expenses					
Planning and competitiveness	219,931	–	219,931	876	220,807
Agriculture insurance and lending assistance	276,950	–	276,950	273,289	550,239
Sustainable agriculture	77,587	–	77,587	2,099	79,686
Industry development	53,928	–	53,928	15,734	69,662
Ministry support services	18,553	–	18,553	–	18,553
Dedicated revenue shortfall (Schedule 2)	–	(2,231)	(2,231)	–	(2,231)
	<u>646,949</u>	<u>(2,231)</u>	<u>644,718</u>	<u>291,998</u>	<u>936,716</u>
Net operating results	<u>\$(571,258)</u>	<u>\$(2,231)</u>	<u>\$(569,027)</u>	<u>\$(287,512)</u>	<u>\$(856,539)</u>
Equipment/inventory purchases	<u>\$ 2,566</u>	<u>\$ –</u>	<u>\$ 2,566</u>	<u>\$ 777</u>	<u>\$ 3,343</u>

(a) Adjustments include dedicated revenue shortfalls.

(b) Supplementary Estimates were approved on December 1, 2005. Treasury Board approval is pursuant to Section 24 (2) of the *Financial Administration Act* (for net budgeted initiatives), which were approved on July 28, 2005 and March 20, 2006.

**Department – continued**  
**Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by**  
**Element to Authorized Budget for the Year Ended March 31, 2006**

**Schedule 5**  
*(in thousands)*

<b>Voted Expenses and Capital Investments</b>	<b>2005-2006</b>	<b>Adjustments</b>	<b>2005-2006</b>	<b>Authorized</b>	<b>2005-2006</b>	<b>2005-2006</b>	<b>Unexpended</b>
	<b>Estimates</b>	<b>(a)</b>	<b>Budget</b>	<b>Supplementary</b>	<b>Authorized</b>	<b>Actual Expenses</b>	<b>(Over</b>
				<b>(b)</b>	<b>Budget</b>	<b>(c)</b>	<b>Expended)</b>
	\$	\$	\$	\$	\$	\$	\$
1.0 Ministry support services							
1.0.1 Minister's office	458	-	458	-	458	435	23
1.0.2 Deputy minister's office							
- Operating expense	418	-	418	-	418	523	(105)
- Capital investment	-	-	-	-	-	1	(1)
1.0.3 Farmers' advocate	684	-	684	-	684	780	(96)
1.0.4 Finance							
- Operating expense	6,570	-	6,570	-	6,570	6,979	(409)
- Capital investment	-	-	-	-	-	259	(259)
1.0.5 Internal audit	208	-	208	-	208	2	206
1.0.6 Information technology							
- Operating expense	2,798	-	2,798	-	2,798	3,621	(823)
- Capital investment	70	-	70	-	70	71	(1)
1.0.7 Agriculture information division							
- Operating expense	3,123	-	3,123	-	3,123	3,532	(409)
- Capital investment	-	-	-	-	-	7	(7)
1.0.8 Industry information network							
- Operating expense	982	-	982	-	982	865	117
- Capital investment	-	-	-	-	-	14	(14)
1.0.9 Knowledge management							
- Operating expense	529	-	529	-	529	348	181
- Capital investment	-	-	-	-	-	107	(107)
1.0.10 Communications	277	-	277	-	277	336	(59)



**Department – continued**  
**Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by**  
**Element to Authorized Budget for the Year Ended March 31, 2006**

**Schedule 5** continued

<b>Voted Expenses and Capital Investments</b>	<b>2005-2006</b>	<b>Adjustments</b>	<b>2005-2006</b>	<b>Authorized</b>	<b>2005-2006</b>	<b>2005-2006</b>	<b>Unexpended</b>
	<b>Estimates</b>	<b>(a)</b>	<b>Budget</b>	<b>Supplementary</b>	<b>Authorized</b>	<b>Actual Expenses</b>	<b>(Over</b>
				<b>(b)</b>	<b>Budget</b>	<b>(c)</b>	<b>Expended)</b>
1.0.11 Human resources							
– Operating expense	2,236	–	2,236	–	2,236	2,359	(123)
– Capital investment	–	–	–	–	–	11	(11)
1.0.12 Amortization of capital assets	270	–	270	–	270	110	160
Total program	18,623	–	18,623	–	18,623	20,360	(1,737)
2.0 Planning and competitiveness							
2.1 Program support							
2.1.1 Assistant deputy minister							
– Operating expense	287	–	287	–	287	360	(73)
– Capital investment	–	–	–	–	–	1	(1)
2.1.2 Policy secretariat	3,491	–	3,491	–	3,491	3,387	104
2.1.3 Rural development initiative							
– Operating expense	558	–	558	–	558	961	(403)
– Capital investment	–	–	–	–	–	1	(1)
2.1.4 Alberta grain commission	478	–	478	–	478	490	(12)
2.1.5 Amortization of capital assets	1,464	–	1,464	–	1,464	1,457	7
Total sub-program	6,278	–	6,278	–	6,278	6,657	(379)

**Department – continued**  
**Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by**  
**Element to Authorized Budget for the Year Ended March 31, 2006**

**Schedule 5** continued

<b>Voted Expenses and Capital Investments</b>	<b>2005-2006</b>	<b>Adjustments</b>	<b>2005-2006</b>	<b>Authorized</b>	<b>2005-2006</b>	<b>2005-2006</b>	<b>Unexpended</b>
	<b>Estimates</b>	<b>(a)</b>	<b>Budget</b>	<b>Supplementary</b>	<b>Authorized</b>	<b>Actual Expenses</b>	<b>(Over</b>
				<b>(b)</b>	<b>Budget</b>	<b>(c)</b>	<b>Expended)</b>
2.2 Economics and competitiveness							
2.2.1 Administrative support	422	-	422	-	422	342	80
2.2.2 Statistics and data development	1,014	-	1,014	-	1,014	1,019	(5)
2.2.3 Economics	1,259	-	1,259	-	1,259	1,179	80
2.2.4 Competitive intelligence	436	-	436	-	436	375	61
2.2.5 Strategic information services	927	-	927	120	1,047	1,080	(33)
2.2.6 Bilateral relations and strategic initiatives	381	-	381	-	381	395	(14)
Total sub-program	4,439	-	4,439	120	4,559	4,390	169
2.3 Rural services							
2.3.1 Administrative support	272	-	272	-	272	128	144
2.3.2 Farm income support operations	3,156	-	3,156	-	3,156	1,932	1,224
2.3.3 4-H	1,264	-	1,264	-	1,264	1,449	(185)
2.3.4 Educational and community services	2,569	-	2,569	706	3,275	2,577	698
2.3.5 Agricultural service boards							
- Operating expense funded by lotteries	10,600	-	10,600	-	10,600	10,582	18
2.3.6 Agriculture initiatives							
- Operating expense funded by lotteries	11,620	-	11,620	-	11,620	11,591	29
2.3.7 Farm fuel distribution allowance	33,500	-	33,500	-	33,500	33,295	205
2.3.8 Farm water program	7,000	-	7,000	-	7,000	4,090	2,910
2.3.9 Farm income assistance program	-	-	-	-	-	65	(65)
2.3.10 BSE recovery	133,190	-	133,190	-	133,190	18,853	114,337
Total sub-program	203,171	-	203,171	706	203,877	84,562	119,315

**Department – continued**  
**Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by**  
**Element to Authorized Budget for the Year Ended March 31, 2006**

**Schedule 5** continued

<b>Voted Expenses and Capital Investments</b>	<b>2005-2006 Estimates</b>	<b>Adjustments (a)</b>	<b>2005-2006 Budget</b>	<b>Authorized Supplementary (b)</b>	<b>2005-2006 Authorized Budget</b>	<b>2005-2006 Actual Expenses (c)</b>	<b>Unexpended (Over Expended)</b>
2.4 Rural utilities							
2.4.1 Administrative support	1,393	-	1,393	50	1,443	1,383	60
2.4.2 Rural electric – grants	850	-	850	-	850	510	340
2.4.3 Rural gas grants	3,050	-	3,050	-	3,050	2,066	984
2.4.4 Remote area heating allowance	750	-	750	-	750	921	(171)
Total sub-program	6,043	-	6,043	50	6,093	4,880	1,213
Total program	219,931	-	219,931	876	220,807	100,489	120,318
3.0 Industry development							
3.1 Program support							
3.1.1 Assistant deputy minister							
– Operating expense	473	-	473	-	473	397	76
– Capital investment	-	-	-	-	-	1	(1)
3.1.2 Marketing council	645	-	645	-	645	706	(61)
3.1.3 Amortization of capital assets	830	-	830	-	830	858	(28)
Total sub-program	1,948	-	1,948	-	1,948	1,962	(14)

**Department – continued**  
**Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by**  
**Element to Authorized Budget for the Year Ended March 31, 2006**

Schedule 5 continued		2005-2006	Adjustments	2005-2006	Authorized	2005-2006	2005-2006	Unexpended
Voted Expenses and Capital Investments		Estimates	(a)	Budget	Supplementary	Authorized	Actual Expenses	(Over
					(b)	Budget	(c)	Expended)
3.2	Livestock industry development							
3.2.1	Administrative support							
	– Operating expense	263	–	263	–	263	302	(39)
	– Capital investment	–	–	–	–	–	7	(7)
3.2.2	Beef							
	– Operating expense	1,914	–	1,914	189	2,103	2,165	(62)
	– Capital investment	–	–	–	–	–	87	(87)
3.2.3	Pork, poultry and dairy	1,698	–	1,698	–	1,698	2,074	(376)
3.2.4	Forage and horse	1,295	–	1,295	–	1,295	1,144	151
3.2.5	Diversified livestock	2,151	–	2,151	–	2,151	1,870	281
	Total sub-program	7,321	–	7,321	189	7,510	7,649	(139)
3.3	Crop diversification							
3.3.1	Administrative support							
	– Operating expense	466	–	466	–	466	505	(39)
	– Capital investment	350	–	350	–	350	110	240
3.3.2	Crop diversification – north	3,556	–	3,556	15	3,571	3,704	(133)
3.3.3	Crop diversification – south							
	– Operating expense	3,092	–	3,092	–	3,092	3,162	(70)
	– Capital investment	–	–	–	–	–	9	(9)
3.3.4	Field crop development centre	3,106	–	3,106	81	3,187	3,236	(49)
	Total sub-program	10,570	–	10,570	96	10,666	10,726	(60)

**Department – continued**  
**Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by**  
**Element to Authorized Budget for the Year Ended March 31, 2006**

**Schedule 5** continued

<b>Voted Expenses and Capital Investments</b>	<b>2005-2006 Estimates</b>	<b>Adjustments (a)</b>	<b>2005-2006 Budget</b>	<b>Authorized Supplementary (b)</b>	<b>2005-2006 Authorized Budget</b>	<b>2005-2006 Actual Expenses (c)</b>	<b>Unexpended (Over Expended)</b>
3.4 Processing development							
3.4.1 Administrative support	373	-	373	-	373	455	(82)
3.4.2 Processing – operations							
– Operating expense	1,785	-	1,785	100	1,885	1,585	300
– Capital investment	266	-	266	-	266	216	50
3.4.3 Processing – programs							
– Operating expense	1,587	-	1,587	340	1,927	1,638	289
– Capital investment	-	-	-	-	-	31	(31)
3.4.4 Agrivalue processing business incubator							
– Operating expense	373	-	373	-	373	249	124
– Capital investment	-	-	-	777	777	616	161
3.4.5 Centre for agri-industrial technology							
– Operating expense	700	-	700	9	709	729	(20)
– Capital investment	-	-	-	-	-	36	(36)
<b>Total sub-program</b>	<b>5,084</b>	<b>-</b>	<b>5,084</b>	<b>1,226</b>	<b>6,310</b>	<b>5,555</b>	<b>755</b>
3.5 Agri-food investment							
3.5.1 Administrative support							
– Operating expense	236	-	236	-	236	238	(2)
– Capital investment	-	-	-	-	-	2	(2)
3.5.2 Processing investment	1,385	-	1,385	600	1,985	1,868	117
3.5.3 Production investment	587	-	587	-	587	382	205
3.5.4 Infrastructure assistance for municipal wastewater	5,000	-	5,000	5,000	10,000	2,759	7,241
3.5.5 Industrial and environmental infrastructure assistance for beef processing	-	-	-	5,000	5,000	4,682	318
<b>Total sub-program</b>	<b>7,208</b>	<b>-</b>	<b>7,208</b>	<b>10,600</b>	<b>17,808</b>	<b>9,931</b>	<b>7,877</b>

**Department – continued**  
**Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by**  
**Element to Authorized Budget for the Year Ended March 31, 2006**

**Schedule 5** continued

<b>Voted Expenses and Capital Investments</b>	<b>2005-2006 Estimates</b>	<b>Adjustments (a)</b>	<b>2005-2006 Budget</b>	<b>Authorized Supplementary (b)</b>	<b>2005-2006 Authorized Budget</b>	<b>2005-2006 Actual Expenses (c)</b>	<b>Unexpended (Over Expended)</b>
3.6 Business and innovation							
3.6.1 Administrative support							
– Operating expense	332	–	332	–	332	1,022	(690)
– Capital investment	–	–	–	–	–	1	(1)
3.6.2 Business development	2,369	–	2,369	600	2,969	4,897	(1,928)
3.6.3 Business management innovations	3,078	–	3,078	–	3,078	2,822	256
3.6.4 Business agri-processing	2,625	–	2,625	3,350	5,975	7,790	(1,815)
3.6.5 Business commercialization	1,512	–	1,512	450	1,962	1,939	23
Total sub-program	<u>9,916</u>	<u>–</u>	<u>9,916</u>	<u>4,400</u>	<u>14,316</u>	<u>18,471</u>	<u>(4,155)</u>
3.7 Ag-entrepreneurship							
3.7.1 Administrative support	1,863	–	1,863	–	1,863	3,797	(1,934)
3.7.2 Agri-preneur feasibility	783	–	783	–	783	830	(47)
3.7.3 Agri-preneur action team	2,423	–	2,423	–	2,423	2,246	177
3.7.4 Agri-preneur network development	796	–	796	–	796	881	(85)
Total sub-program	<u>5,865</u>	<u>–</u>	<u>5,865</u>	<u>–</u>	<u>5,865</u>	<u>7,754</u>	<u>(1,889)</u>
3.8 Program information services							
3.8.1 Program information services							
– Operating expense	6,632	–	6,632	–	6,632	3,940	2,692
– Capital investment	–	–	–	–	–	16	(16)
Total sub-program	<u>6,632</u>	<u>–</u>	<u>6,632</u>	<u>–</u>	<u>6,632</u>	<u>3,956</u>	<u>2,676</u>
3.9 Value added research and development							
3.9.1 IFASA	–	–	–	–	–	28,083	(28,083)
Total sub-program	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>28,083</u>	<u>(28,083)</u>
Total program	<u>54,544</u>	<u>–</u>	<u>54,544</u>	<u>16,511</u>	<u>71,055</u>	<u>94,087</u>	<u>(23,032)</u>

**Department – continued**  
**Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by**  
**Element to Authorized Budget for the Year Ended March 31, 2006**

**Schedule 5** continued

<b>Voted Expenses and Capital Investments</b>	<b>2005-2006</b>	<b>Adjustments</b>	<b>2005-2006</b>	<b>Authorized</b>	<b>2005-2006</b>	<b>2005-2006</b>	<b>Unexpended</b>
	<b>Estimates</b>	<b>(a)</b>	<b>Budget</b>	<b>Supplementary</b>	<b>Authorized</b>	<b>Actual Expenses</b>	<b>(Over</b>
				<b>(b)</b>	<b>Budget</b>	<b>(c)</b>	<b>Expended)</b>
4.0 Sustainable agriculture							
4.1 Program support							
4.1.1 Assistant deputy minister							
– Operating expense	269	–	269	–	269	199	70
– Capital investment	–	–	–	–	–	1	(1)
4.1.2 Amortization of capital assets	850	–	850	–	850	1,355	(505)
Total sub-program	1,119	–	1,119	–	1,119	1,555	(436)
4.2 Resource management and irrigation							
4.2.1 Administrative support	259	–	259	–	259	252	7
4.2.2 Environmentally sustainable agriculture	4,903	–	4,903	–	4,903	4,720	183
4.2.3 Conservation and development							
– Operating expense	3,207	–	3,207	–	3,207	4,125	(918)
– Capital investment	–	–	–	–	–	8	(8)
4.2.4 Irrigation							
– Operating expense	4,982	–	4,982	–	4,982	4,932	50
– Capital investment	200	–	200	–	200	288	(88)
4.2.5 Irrigation secretariat	305	–	305	–	305	328	(23)
4.2.6 Irrigation infrastructure assistance	22,000	–	22,000	–	22,000	22,000	–
Total sub-program	35,856	–	35,856	–	35,856	36,653	(797)

**Department – continued**  
**Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by**  
**Element to Authorized Budget for the Year Ended March 31, 2006**

**Schedule 5** continued

	2005-2006 Estimates	Adjustments (a)	2005-2006 Budget	Authorized Supplementary (b)	2005-2006 Authorized Budget	2005-2006 Actual Expenses (c)	Unexpended (Over Expended)
<b>Voted Expenses and Capital Investments</b>							
4.3 Food safety							
4.3.1 Administrative support	941	-	941	-	941	961	(20)
4.3.2 Agri-food systems							
- Operating expense	5,204	-	5,204	-	5,204	4,378	826
- Capital investment	-	-	-	-	-	384	(384)
4.3.3 Agri-food laboratories							
- Operating expense	5,314	-	5,314	-	5,314	5,225	89
- Capital investment	1,680	-	1,680	-	1,680	1,367	313
4.3.4 Regulatory services							
- Operating expense	6,002	-	6,002	2,000	8,002	7,943	59
- Capital investment	-	-	-	-	-	83	(83)
4.3.5 Chief provincial veterinarian	608	-	608	-	608	1,078	(470)
4.3.6 Surveillance support							
- Operating expense	16,000	-	16,000	-	16,000	13,881	2,119
- Capital investment	-	-	-	-	-	81	(81)
Total sub-program	35,749	-	35,749	2,000	37,749	35,381	2,368
4.4 Technical services							
4.4.1 Administrative support	241	-	241	-	241	227	14
4.4.2 Agricultural engineering	3,648	-	3,648	37	3,685	3,774	(89)
4.4.3 Environmental practices and livestock welfare							
- Operating expense	2,854	-	2,854	62	2,916	3,170	(254)
- Capital investment	6,743	-	6,743	99	6,842	7,171	(329)
Total sub-program	79,467	-	79,467	2,099	81,566	80,760	806
Total program							



**Department – continued**  
**Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by**  
**Element to Authorized Budget for the Year Ended March 31, 2006**

**Schedule 5** continued

<b>Voted Expenses and Capital Investments</b>	<b>2005-2006 Estimates</b>	<b>Adjustments (a)</b>	<b>2005-2006 Budget</b>	<b>Authorized Supplementary (b)</b>	<b>2005-2006 Authorized Budget</b>	<b>2005-2006 Actual Expenses (c)</b>	<b>Unexpended (Over Expended)</b>
5.0 Agriculture insurance and lending assistance							
5.0.1 Lending assistance	7,936	-	7,936	-	7,936	7,927	9
5.0.2 Farm income disaster	-	-	-	-	-	(430)	430
5.0.3 Crop insurance	136,494	-	136,494	47,035	183,529	171,571	11,958
5.0.4 Wildlife damage	2,051	-	2,051	109	2,160	(614)	2,774
5.0.5 Canadian agricultural income stabilization	130,469	-	130,469	226,145	356,614	291,228	65,386
Total program	276,950	-	276,950	273,289	550,239	469,682	80,557
Dedicated revenue shortfall (Schedule 2)	-	(2,231)	(2,231)	-	(2,231)	-	(2,231)
Program operating expense	\$649,515	\$(2,231)	\$647,284	\$292,775	\$940,059	\$765,378	\$174,681
Program operating expense funded by lotteries	\$624,729	\$(2,231)	\$622,498	\$291,998	\$914,496	\$739,389	\$175,107
Program capital investment	22,220	-	22,220	-	22,220	22,173	47
Statutory Expenses	646,949	(2,231)	644,718	291,998	936,716	761,562	175,154
Valuation adjustments	2,566	-	2,566	777	3,343	3,816	(473)
	\$649,515	\$(2,231)	\$647,284	\$292,775	\$940,059	\$765,378	\$174,681
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 703	\$ (703)

(a) Adjustments include dedicated revenue shortfalls.

(b) Supplementary Estimates were approved on December 1, 2005. Treasury Board approval is pursuant to Section 24 (2) of the *Financial Administration Act*.

(c) Includes achievement bonus amounting to \$1,960.

**Department – continued****Department of Agriculture, Food and Rural Development – Schedule of Salary and Benefits Disclosure for the Year Ended March 31, 2006****Schedule 6**

	Base Salary (1)	Other Cash Benefits (2)	2006 Other Non-Cash Benefits (3)	Total	2005 Total
Department					
Deputy Minister <sup>(4)</sup>	\$185,797	\$39,428	\$37,067	\$262,292	\$228,459
Assistant Deputy Ministers					
Planning and Competitiveness <sup>(5)</sup>	166,082	48,376	38,222	252,680	208,158
Industry Development	145,720	27,264	34,393	207,377	181,203
Sustainable Agriculture	145,509	27,455	32,920	205,884	239,290
Rural Development <sup>(6)</sup>	84,899	17,687	21,055	123,641	–
Executive Directors					
Agriculture Corporate Services <sup>(7)</sup>	60,821	15,674	13,366	89,861	178,721
Information Division	120,992	23,065	28,429	172,486	152,727
Rural Development Initiatives <sup>(8)</sup>	110,204	20,122	23,607	153,933	34,671
Human Resources	113,144	16,167	27,674	156,985	6,032
Boards and Agencies					
Farmers' Advocate	121,327	16,370	4,962	142,659	66,962
General Manager, Agricultural Products Marketing Council	114,740	10,144	27,373	152,257	135,069

Prepared in accordance with Treasury Board Directive 05/2006.

Total salary and benefits relating to a position are disclosed.

(1) Base salary includes regular base pay.

(2) Other cash benefits include bonuses, vacation payouts, overtime and lump sum payments.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) The position was occupied by two individuals during the year.

(6) Position was created on September 12, 2006, and includes the responsibilities of the former Executive Director of Agriculture Corporate Services.

(7) Position responsibilities were encompassed within the Assistant Deputy Minister of Rural Development effective September 12, 2006.

(8) Position was a member of Executive Team until January 31, 2006.

**Department – continued****Department of Agriculture, Food and Rural Development – Schedule of Related Party Transactions for the Year Ended March 31, 2006****Schedule 7***(In thousands)*

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2006	2005	2006	2005 (Restated)
Revenues				
Grants	\$ –	\$ –	\$22,220	\$16,620
Fees and charges	–	–	–	–
Other	–	–	1,224	880
	<u>\$ –</u>	<u>\$ –</u>	<u>\$23,444</u>	<u>\$17,500</u>
Expenses – directly incurred				
Grants	\$469,683	\$318,629	\$ 406	\$ 249
Other services	159	–	7,123	7,222
	<u>\$469,842</u>	<u>\$318,629</u>	<u>\$ 7,529</u>	<u>\$ 7,471</u>
Tangible capital assets transferred from Innovation and Science	\$ –	\$ –	\$ 7	\$ 139
Payable to Agriculture Financial Services Corporation	7,994	50,756	–	–
	<u>\$ 7,994</u>	<u>\$ 50,756</u>	<u>\$ 7</u>	<u>\$ 139</u>

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2006	2005	2006	2005
Expenses – incurred by others	\$ –	\$ –	\$13,327	\$12,735
Accommodation	–	–	486	341
Legal	–	–	–	6
Other	<u>\$ –</u>	<u>\$ –</u>	<u>\$13,813</u>	<u>\$13,082</u>

Note: The Department receives services under contracts managed by the Ministry of Restructuring and Government Efficiency. Any commitments under these contracts are reported by the Ministry of Restructuring and Government Efficiency.

**Department – continued**  
**Department of Agriculture, Food and Rural Development – Schedule to Financial Statements**  
**Allocated Costs for the Year Ended March 31, 2006**

**Schedule 8**  
*(In thousands)*

Program	2006				2005	
	Expenses <sup>(1)</sup>	Expenses – Incurred by Others	Valuation Adjustments <sup>(4)</sup>	Total Expenses	Total Expenses	Total Expenses
		Accommodation Costs <sup>(2)</sup>	Legal Services <sup>(3)</sup>	Vacation Pay	Doubtful Accounts	
Industry development	\$ 19,889	\$ 4,748	\$118	\$ 188	\$(30)	\$ 24,913
Sustainable agriculture	44,188	4,584	147	198	237	49,354
Planning and competitiveness	56,548	2,452	111	\$(126)	150	59,135
Infrastructure assistance	85,514	–	–	–	–	85,514
Ministry support services	29,441	1,543	110	86	–	31,180
Agriculture assistance						
Canadian agricultural income stabilization	291,228	–	–	–	–	291,228
BSE recovery	18,853	–	–	–	–	18,853
Insurance and lending	178,884	–	–	–	–	178,884
Farm fuel distribution allowance	33,295	–	–	–	–	33,295
Farm income assistance	(368)	–	–	–	–	(368)
Other assistance	4,090	–	–	–	–	4,090
	<u>\$761,562</u>	<u>\$13,327</u>	<u>\$486</u>	<u>\$ 346</u>	<u>\$357</u>	<u>\$776,078</u>
						<u>\$781,884</u>

(1) Expenses – Directly incurred as per the Statement of Operations, excluding valuation adjustments.

(2) Costs shown for Accommodation on Schedule 7, allocated by budgeted full-time equivalent employment.

(3) Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

(4) Valuation Adjustments as per Statement of Operations. Employee Benefits and Doubtful Accounts provisions included in Valuation Adjustments were allocated as follows:

- Vacation Pay – allocated to the program by employee.
- Doubtful Accounts Provision – estimated allocation to program.