



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

To the Members of the Legislative Assembly

In connection with the Ministry of Agriculture, Food and Rural Development's performance measures included in the *2004-2005 Annual Report of the Ministry of Agriculture, Food and Rural Development*, I have:

1. Agreed information from an external organization to reports from the organization, or where information is reported as not available, confirmed that the information is not available.
2. Agreed information from reports that originated from organizations included in the consolidated financial statements of the Ministry to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports.
3. Checked that the presentation of results is consistent with the stated methodology.
4. Checked that the results presented are comparable to stated targets and information presented in prior years.
5. Checked that the performance measures, as well as targets, agree to and include results for all of the measures presented in Budget 2004.

As a result of applying the above procedures, I found no exceptions. These procedures, however, do not constitute an audit, and therefore, I express no opinion on the performance measures included in the *2004-2005 Annual Report of the Ministry of Agriculture, Food and Rural Development*.

[Original signed by]
Fred Dunn
FCA
Auditor General

Edmonton, Alberta
August 31, 2005

[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 \$793.9 million in 2004-2005, which is a \$33.7 million decrease in revenues from 2003-2004, and \$244.6 million higher than budget. Consolidated program expenses were \$1,287.2 million. This figure is \$206.1 million lower than in 2003-2004, and \$382.8 million higher than budget. The net operating deficit was an excess of expenses over revenues of \$543.4 million, which is \$176.2 million lower than in 2003-2004 and \$131.5 million higher than budget.

Revenues

Revenues decreased by 4.1 per cent from the previous year. They were down \$33.7 million and, as noted above, were \$244.6 million higher than budget.

Revenue exceeded budget mainly because of federal contributions for the Canadian Agricultural Income Stabilization (CAIS) program and the Canada-Alberta Calf Set-Aside and Fed Cattle Set-Aside programs, and miscellaneous revenue relating to an accounting adjustment to revalue prior year liabilities for disaster programs and the recovery of prior year grant overpayments.

Revenue picture highlights include the following:

- Transfers from the government of Canada increased from budget by \$219.9 million. This amount is comprised primarily of \$164.3 million representing the federal share of CAIS program payments, \$62.1 million representing the federal share of bovine spongiform encephalopathy (BSE) recovery payments and \$3.7 million representing the federal share of BSE surveillance payments. These increases were offset by a reduction in federal contributions for crop insurance programs of \$8.4 million.
- Fees, permits, licenses and other income was \$43.5 million higher than budget and 2003-2004 relating to an accounting adjustment to revalue prior year liabilities for disaster programs and the recovery of prior year grant overpayments.
- Premiums from insured persons were \$17.2 million lower than budget and \$10 million lower than 2003-2004 receipts due to lower commodity prices and a reduction in Spring Price Endorsement participation.
- Reinsurance recoveries, which were not budgeted in 2005-2006, were \$2.2 million, compared to \$9 million in recoveries from the prior year. The current year recoveries were attributed to the hail program.
- Interest and investment income was \$3.8 million lower than budget and \$5.7 million lower than 2003-2004 resulting from decreased lending volumes.

Expenses Compared to Budget

Expenses were \$374.9 million higher than budget primarily as a result of BSE recovery and BSE-related CAIS program costs. The BSE crisis continued to have a negative economic effect on the agriculture industry and on rural Alberta. During the fiscal year, approximately \$521 million was directed to address initiatives under the six-point BSE recovery strategy.

- Farm Income Support payments were \$309.3 million over budget. Program payments for the Canadian Agricultural Income Stabilization (CAIS) program were significantly higher than budget as a result of BSE-related support payments.
- Insurance expenses were \$162.7 million lower than budget. Favourable crop conditions throughout the province resulted in lower production insurance indemnity payments from budget, which is based on 20-year historical averages.
- BSE Recovery Program expenditures of \$147.2 million represent provincial and federal funding for the Canada-Alberta Fed Cattle Set-Aside and Calf Set-Aside programs. Federal contributions for these programs were \$62.1 million.
- Industry Development expenses exceeded budget by \$88.5 million. Initiatives include the \$30 million Beef Market and Retention Fund, helping the beef industry find more export markets and increase sales in existing markets. Additional funding provided support for ongoing research into the development, production and marketing of value-added products, creating commercial uses for specified risk materials, and beef product and market development.
- Sustainable Agriculture expenses exceeded budget by \$7.5 million as a result of the new Canada-Alberta BSE Surveillance Program. The funding helped producers and veterinarians with the costs of submitting samples for BSE testing.
- Planning and Competitiveness expenses were \$2.1 million lower than budget primarily resulting from lower than anticipated activity for rural utility services.
- Lending expenses were \$3.2 million lower than budgeted due to lower than anticipated participation.
- Debt servicing costs were \$7.6 million lower than budget resulting from lower than anticipated participation in lending programs and lower than budgeted interest rates.

Expenses Compared to 2003-2004

Expenses were down \$211.1 million from last year. Highlights of the spending picture for 2004-2005 compared to 2003-2004 are as follows:

- Farm Income Support payments were \$129.9 million higher than in 2003-2004 primarily resulting from the retroactive introduction of coverage for negative margins for the Canadian Agricultural Income Stabilization (CAIS) program, covering the 2003 and 2004 claim years.
- Insurance expenses were \$58.7 million lower than those in 2003-2004 due to better than average crop yields in 2004.
- BSE Recovery Program expenditures continued in 2004-2005, but were \$341.3 million lower than the prior year. The U.S. border was closed to Canadian beef and other ruminants in May 2003 in response to Alberta's discovery of a BSE-infected cow. The border closure prompted the need to implement several BSE programs in 2003-2004 to protect the agriculture industry from disaster. With the continued border closure in 2004-2005, the Canada-Alberta Fed Cattle Set-Aside and Calf Set-Aside programs were initiated to mitigate the negative impacts of BSE.
- Industry Development expenses were \$52.2 million higher than 2003-2004 as a result of market research and development initiatives in response to the ongoing effects of BSE.
- Sustainable Agriculture expenses were \$10.3 million higher than the prior year due to the implementation of the Canada-Alberta BSE Surveillance Program.

- Expenses for Planning and Competitiveness were \$3.6 million lower than 2003-2004 primarily resulting from reduced BSE-related expenditures in the current year.
- Farm Fuel Distribution expenditures were \$1.7 million higher than in 2003-2004.
- Lending expenses were \$3.0 million lower than in 2003-2004 due to lower than anticipated participation in lending programs.
- Infrastructure Assistance program expenses were \$7.1 million higher than the previous year due to increased funding for irrigation infrastructure projects.
- Debt Servicing Costs were \$2.2 million lower than 2003-2004 as a result of reduced borrowing and lower interest rates.
- Valuation Adjustments were \$2.8 million lower than the prior year due to overall improvements in cattle and land prices resulting in a decrease in the provision for losses in the lending portfolio.

Performance Measures Summary

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

Performance measures continue to be refined following the transition to goal-based planning in the 2002-2005 business planning cycle. Measures are more specific and focused on areas where the Ministry has the opportunity to influence.

Targets for the performance measures were established based on research at the time the business plan was written. Forecasts for the fiscal year 2004-2005 have been included. Summary tables, including the targets, forecasts for the fiscal year and the results, are included later in this document.

Core Business One: Facilitate Sustainable Industry Growth

Goal 1: Sustainable Growth of the Agriculture and Food Industry

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

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

Forecasted performance was achieved or exceeded for the following measures:

- 1.1 The number of value-added products developed through the Processing Development Division and successfully introduced to market.
- 1.4 Agri-business investment supported by AFSC lending services.

Forecasted performance was not achieved for the following measure:

1.5 Amount of Beginning Farmer Loans¹.

- 1 With the ongoing difficulties faced by producers as a result of challenges such as drought, BSE and low commodity prices, it is believed that many producers were taking time to assess their situation. Rather than borrow under the Beginning Farmer Program, producers continued to take advantage of disaster lending programs.

The following measures did not have associated targets:

- 1.2 Examples of research funded by the Ministry that have contributed to competitiveness and growth.
- 1.3 Industry competitiveness enhanced through new, or changes to existing, public and private sector policies and programs.

Goal 2: Continued Excellence in Food Safety

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

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

Forecasted performance was achieved or exceeded for the following measures:

- 2.1 Number of active surveillance sampling programs that identify the incidence of food contaminants or residues.

Forecasted performance was not reported for the following measures:

- 2.2 Per cent of Alberta production from Alberta chicken farms, hog farms and beef feedlots produced under nationally recognized on-farm food safety (OFFS) programs¹.
 - a. chicken farms
 - b. hog farms
 - c. beef feedlots
- 2.3 Per cent of Alberta-licensed food processing plants that have implemented appropriate food safety process control systems².
 - a. meat (HACCP-based)
 - b. dairy (HACCP pre-requisites)

- 1 The provincial commodity organizations have implemented OFFS programs that have been technically recognized by the Canadian Food Inspection Agency. The goal of these programs is to provide assurances nationally and globally that our products, regardless of origin, are safe. The national recognition process is under development. Given that national recognition protocols are not yet in place, completed implementations noted through Ministerial reviews of OFFS systems cannot be reported.
- 2 Results for this fiscal year cannot be reported. The audit and inspection methodology currently used to determine the adoption of HACCP or HACCP pre-requisites is not adequate to determine with certainty if the adoption of HACCP or HACCP pre-requisites has occurred.

Core Business Two: Enhance Rural Sustainability

Goal 3: Improved Environmental Stewardship

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

Forecasted performance was achieved or exceeded for the following measure:

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

Forecasted performance was not achieved for the following measure:

3.1 Percentage of respondents who have adopted improved practices as a result of Ministry-supported stewardship training (formal evaluation every three years)¹.

1 The adoption score out of a possible 54 eligible practices (i.e. if a farmer had livestock and water bodies on his/her land, a practice such as "fencing to manage livestock access to water" would apply) was 53 per cent in 2003 (63% in 2000). Producers surveyed (n=500) indicated the prolonged droughts of 2001, 2002 and 2003, coupled with the ongoing BSE crisis, were the main reasons for not increasing the adoption rate of environmentally sustainable practices on their farms. In fact, 86 per cent were affected in some fashion by these severe financial hardships (40% very significantly).

The following measure did not have associated targets:

3.3 Representative examples of results from Ministry and Ministry-funded research that are environmentally related will be reported in the Ministry's annual report.

Goal 4: Strengthened Rural Communities

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

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

Forecasted performance was achieved or exceeded for the following measures:

4.2 Investment in rural business.

4.3 Percentage of Ministry-supported, agricultural-related community activities that focus on community improvements and leadership development.

4.4 Per cent change in total employment in rural Alberta.

Forecasted performance was not achieved for the following measure:

- 4.1 Number of rural businesses assisted¹.
- 4.5 Percentage of rural youth participating in Ministry-supported programs that report effective learning from those programs.

¹ Though the target for the number of rural businesses assisted was not achieved, the target for investment in rural business was far surpassed (see measure 4.2) indicating a greater investment in fewer, larger projects and businesses.

Core Business Three: Strengthen Business Risk Management

Goal 5: Effective Business Risk Management Programming

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

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

The following measures did not have associated targets:

- 5.1 Percentage of primary producers surveyed that participated in business risk management programs¹.
- 5.2 Percentage of customers satisfied with business risk management program delivery¹.

¹ These are new measures for the 2004-2007 Ministry business plan. As such, there were no previous results available, and no targets were set. The 2004-2005 results will be the benchmark levels against which future targets will be set.

Future Challenges

The Ministry's measures are intended to show the effects the Ministry has on the three core business areas; however, measures are also affected by significant influences that remain beyond the role and scope of Ministry programs and staff. The Ministry will continue to be challenged to refine its measurement processes to better isolate the reporting of its efforts to achieve its goals.

Major influences on Alberta's agriculture and food industries:

Weather

Weather has a major effect on the production of agriculture commodities in Alberta. A look at crop insurance program payments will show the variance this factor can introduce. The year 2002 saw the most widespread and severe drought Alberta has experienced in recorded history. Payments exceeded \$800 million. The 2002 drought caused an estimated 10 to 15 per cent of Alberta's cattle herd to be sold to U.S. buyers.

Federal Government Programs and Policies

The future growth of Alberta's agriculture and food industries continues to be affected by federal government programs and policies. Addressing industry concerns relating to specific programs or policies requires partnership with industry, Ministry staff and the federal government. For example, Alberta farmers marketing their grain are affected by issues around grain transportation, marketing constraints and regulations, and they stand to benefit from marketing choice.

To address some of these joint concerns, federal and provincial business risk management programs and policies continue to be considered through bilateral agreement negotiations that support the ongoing operation of the Agricultural Policy Framework. Bilateral agreements address in more detail the issues affecting each agreement's area of the agriculture and food industry.

Currency Effects

The level of the Canadian dollar relative to the U.S. dollar affects the prices received for international exports leaving Alberta. Similarly, these changes also affect producer input costs, particularly for those items imported from the U.S. A majority of the machinery, equipment and agricultural chemicals used on Alberta farms and ranches comes from U.S. manufacturers.

Government Programs and Policies of Other Countries

Markets in other countries are crucial to Alberta agriculture and food industries, given the increasing dependence on export markets. As such, Alberta industries are significantly affected by both existing and future programs as well as policies in other countries.

The international demand for agriculture commodities changes constantly and significantly. In part, these alterations are due to changes in government programs and policies in other countries. Consequently, Albertans representing agriculture and food industries must continue to search for new markets. Without new markets, the forecast potential for growth will not occur.

Social Norms and the Consumer

Recently, terrorist attacks have placed governments on alert to threats to public safety in all industries. Similarly, the longer-term effects on the industry of the global reaction to confirmed instances of animal disease such as foot-and-mouth and the transmissible spongiform encephalopathy family of diseases remain uncertain. Food safety concerns have the public on alert. As well, the globalization of agriculture markets places Alberta producers and manufacturers at greater risk with regard to changing views, concerns and beliefs on what foods are safe and which are not.

Issues around animal welfare, the environment, biotechnology and resource issues such as air, land and/or water will continue to affect the future direction of agriculture and food in this province. Social norms can drive significant changes in how these industries produce agriculture and food products, in Canada and around the world.

Changes in consumer tastes and demand can result in significant challenges. The ability of the food product industry to respond to changes in consumer preferences is an issue because the response often requires significant lead time for research and development. For example, the move from producing rapeseed to canola took more than 10 years to complete. In today's fast-paced society, consumer tastes continue to evolve.

Competing Demands for Resources

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

Competition for farmland from other industrial sectors, such as oil and gas exploration and extraction, and from the expansion of urban centers and residential acreages drives up the price of farmland and limits the ability of producers to expand their farming operations. These sectors also place increased demand on limited water resources, especially in southern Alberta, resulting in reduced availability for farming and food processing. Consumer concern for the environment, as well as demand for environmental benefits, and increasing desire for landscape amenities also limit availability, use of and farming practices used on farmland.

The cost of inputs is also a significant challenge facing the industry. The demand for workers in Alberta's economy is contributing to the increasing cost of labour. Increased energy costs also affect the costs of trucking services and fertilizer production.

Demographic and Financial Structure of the Primary Agriculture Industry

According to Statistics Canada (Census of Agriculture 1991, 1996 and 2001), in the decade between 1991 and 2001, the average age of farmers in Alberta increased by more than three years. During that time, the number of farmers over 55 years of age has increased slightly while the number of farmers under 35 has been reduced by almost half, dropping from 16,660 in 1991 to 8,945 in 2001. These demographic issues create challenges for the industry in a number of areas, including new entrants to farming, transitioning out of farming for retirement or other reasons and intergenerational farm transfers.

Rising Competitiveness of Newly-industrialized Nations

Newly-industrialized nations, such as China and Brazil, have competitive advantages in the areas of input costs, labour availability and cost and price elasticity of the products they grow and sell.

Similarly, emerging competitors generally face less evolved regulatory requirements, particularly for environment and labour.

Core Businesses, Goals and Measures

The Ministry contributes to the government's three core businesses: **People, Prosperity and Preservation** and the following seven of the government's goals: 6, 7, 8, 9, 10, 11 and 12. The Ministry's primary focus is on the second core business – working with others to promote prosperity for Alberta through a strong, competitive, sustainable agriculture and food industry.

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

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

Core Business One: Facilitate Sustainable Industry Growth

This core business:

- Relates to the core government business of **Prosperity**.
- Relates to the opportunities for Alberta's primary agricultural production to grow to \$10 billion and value-added industry to grow to \$20 billion by 2010.
- Promotes adding value from production to finished consumer goods.
- Facilitates development of essential policy and legislation.

Core Business Cost \$292 million (unaudited)

Goal 1: Sustainable Growth of the Agriculture and Food Industry

This goal recognizes that industry growth is the outcome of long-term profitability arising from a competitive agriculture and food industry focused on market opportunities. The Ministry contributes to this goal by encouraging new and diversified product development and investment in primary and value-added food and non-food products and by facilitating long-term sustainable growth in established sectors. It is the role of the Ministry to work to enhance market access for agriculture and food industry products and to improve agriculture and food industry business services.

Goal 1 Expense \$275.3 million (unaudited)

The Ministry's efforts under Goal 1 are focused on achieving growth in Alberta's primary agricultural production and value-added industry leading to \$10 billion and \$20 billion, respectively, by 2010. Ministry staff contribute to the prosperity of the industry by assisting economic units/alliances of all sizes to be profitable.

To that end, the Ministry has facilitated capital investment in the industry valued at \$151 million to expand processing and slaughter capacities and \$80 million in primary agriculture opportunities.

Other capital projects contributing to achievement of this goal include the Agrivalue Business Incubator, the Level 3 Biocontainment Laboratory and the Agrifood Discovery Place facilities. Areas of focus also include continued domestic and international efforts to remove bovine spongiform encephalopathy (BSE) imposed trade restrictions, as well as active defence of Alberta's interests with regard to U.S. trade actions against hog exports.

Key contributions to achievement:

- Expansion of processing and slaughter capacities
- New technologies
- International trade
- Infrastructure/capital projects
- Producer and processor supports

Continued growth of Alberta's agriculture industry has the potential to negatively affect environmental quality in agricultural areas of the province. Balancing economic growth with social and environmental sustainability continues to be a challenge for industry and governments.

Strategy

Encourage market access, market responsiveness, diversity and industry competitiveness through the provision of information, technology and targeted research.

Results

- The Business Commercialization Branch was developed to provide specialized coaching and mentoring to agri-businesses to assist them in growing and expanding their businesses. The areas of focus for the branch are marketing, management, finance and operations (lean manufacturing and human resources).
- With support from industry partners, completed research on “BSE Impact on Consumer Demand for Meat” and presented findings to the American Agricultural Economics Association. This was the first study completed on the effect of BSE on consumer demand for meat in Canada, after the discovery of BSE in an Alberta cow in 2003.
- Facilitated product development through negotiation of the \$1 million Bio Products fund agreement with the Alberta Crop Industry Development Fund.

Strategy

Enhance efficiencies in production and processing through the delivery of business and technical information and services.

Results

- Three programs under the Renewal Chapter of the Agricultural Policy Framework provided one-to-one financial assessment and business planning advice to 334 farms (40% of applicants were beef producers); 517 applicants have participated since programs were established in 2004.

Strategy

Facilitate capital investment in the agriculture and food industry through opportunity identification, evaluation, lending products and providing risk management tools and training.

Results

- Several development and expansion decisions were facilitated with private sector industry clients that have resulted in \$151 million in capital investment committed toward poultry processing, beef slaughter, pork slaughter, frozen potato products, beverage production, frozen desserts and oat processing.
- By the Ministry providing information and other services, over \$80 million of capital investment projects in the pork, beef, dairy and greenhouse/crops sectors are proceeding. These projects include a number of new immigrant farmers acquiring and expanding farm businesses in rural Alberta.

Strategy

Enhance the development of new products and processes to assist industry in capturing additional value-added market opportunities.

Results

- Construction of the \$21.2 million Agrivalve Processing Business Incubator began in October 2004.
- Nine new technologies were evaluated; two were adopted by industry.
- Alberta companies took 172 products to market, 55 of which were entirely new.

- Partnered with the Alberta Food Processors Association, Western Economic Diversification, Destinations Product International, Economic Development Edmonton Corporation and Alberta Economic Development to develop a U.S. private label market access service for Alberta agri-food processors. This project will increase Alberta's share in the U.S. private label market and position Alberta as a private label production centre.
- A \$4.5 million Beef Product and Market Development Program provided a total of 49 grants to industry in support of market-driven initiatives that use meat from animals older than 30 months of age. The program focused on four main areas: secondary beef processing expansion, new product development, market re-entry and new market development.
- In response to a need for greater levels of financing for larger projects, AFSC implemented the Project Investor Financing Program. This program, with \$30 million available, provides financing for investors to purchase shares in project companies that support rural development or the agriculture value-added industry. The program was further expanded to facilitate increased investment into Beef Slaughter projects. In fiscal 2004-2005, AFSC approved 13 loans for \$10.2 million in two projects.
- AFSC launched the Agrivalue Processing Loan Program specifically aimed to help the agri-processing clients of the Leduc Food Processing Development Centre or its Agrivalue Processing Incubator grow their business by either scaling up production at the centre or by moving to external, commercial premises.

Strategy

Develop and administer essential policy, legislation and regulation

Results

- Completed amendments to the following:
 - Barley Commission Plan Regulation to improve governance framework and enable the commission to create a more accurate membership list.
 - Potato Growers of Alberta Marketing Regulation to implement a more equitable system for assessing service charges for seed potato growers.
 - Chicken Producers Marketing Regulation to reduce quota restrictions and permit the export program to be more market responsive.
 - Alberta Milk Records Transfer Regulation and Alberta Milk Records Disclosure Regulation to give producers more efficient access to their historical quota records.
 - Alberta Milk Marketing Regulation to permit the board to operate a monthly quota exchange, thereby giving producers another tool to better manage their quota and production commitments.
- Continued domestic and international efforts to remove BSE-imposed trade restrictions. Included extensive diplomatic initiatives with the U.S. and other countries and input into the development of new U.S. rules allowing expansion of imports that were to be implemented on March 7, 2005. Alberta has also been assisting the federal government and industry in responding to a U.S. court preliminary injunction that has delayed implementation of the U.S. rule.
- Ministry has been active in defending Alberta interests against U.S. trade actions against hog exports. Success was achieved when the U.S. Department of Commerce confirmed that Canada does not illegally subsidize hog production and the U.S. International Trade Commission ruled that imports of live hogs from Canada do not cause economic injury to U.S. hog producers.
- Alberta government Cabinet and Caucus approved the live cervid and slaughter import policies. This was a collaborative effort in partnership with Alberta Sustainable Resource Development and industry.

Strategy

Advocate policies and programs that facilitate market access, human resource development and industry competitiveness.

Results

- Development, delivery and ongoing monitoring of the Canada-Alberta BSE Surveillance Program. The program facilitated exceeding Alberta's share of the national target numbers required to establish Canada's BSE status.
- Coordinated five out-going and two incoming trade advocacy missions targeting key U.S. state-level officials. These advocacy efforts focused primarily on U.S. border closure to Canadian beef and live cattle exports as a result of BSE.
- Certified 327 Green Certificate (GC) trainees as production technicians and supervisors. Certification of trainees provides an assurance that production technicians and supervisors have farm production, competency-based training to contribute to the farm labour pool.

Strategy

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

Results

- In partnership with Alberta Infrastructure and Transportation, began construction of Biocontainment Level 3 laboratory to support agricultural testing and research in Alberta. In partnership with Western Economic Diversification, acquired lab equipment to support the research function in the Level 3 lab.
- Committed \$6.45 million of support under the Municipal Industrial Wastewater Infrastructure Program to assist two municipalities to develop the necessary infrastructure to service the needs of new meat processing developments. This will lead to the construction of approximately \$20 million of municipal water and sewer systems and will accommodate over \$65 million of new private sector investment into value-added processing.
- Approved long term economically viable plans for Alberta's 13 irrigation districts and provided \$19 million in cost-shared funds to rehabilitate water distribution infrastructure in the districts.
- In conjunction with Irrigation Council, audited the condition of approximately 50 randomly selected irrigation canals to ensure that irrigation districts are adequately maintaining irrigation infrastructure.
- Under the Rural Electric Program, provided \$577,304 in grants to help offset the cost of installing electric service to 275 farm consumers.
- Under the Rural Gas Program, provided \$2,056,000 in grants to help offset the cost of installing 3,382 rural natural gas services and upgrading of rural natural gas supply facilities.

For more information on the following performance measures, please refer to the Performance Measures Summary and the Performance Measures Methodology sections in this document.

Goal 1	2003 -	2004 -	2004 -	2005 -
Performance Measures	2004	2005	2005	2006
	Result	Target	Result	Target
1.1 Number of value-added products developed through the Processing Development Division and successfully introduced to market ⁵ .	148	110	172	120
1.2 Examples of research funded by the Ministry that have contributed to competitiveness and growth.	N/A	N/A	See below ¹	N/A
1.3 Industry competitiveness enhanced through new, or changes to existing, public and private sector policies and programs.	N/A	N/A	See below ²	N/A
1.4 Agri-business investment supported by AFSC lending services.	\$26.5 million	\$57.9 million	\$157.4 million ³	\$60.8 million
1.5 Amount of Beginning Farmer Loans.	\$92.3 million	\$140 million	\$80.1 million ⁴	\$145 million

1 Measure 1.2: 2004-2005 Results

- Feasibility assessments identified opportunities and barriers for growth in meats (Cow/Bull Meat Market Opportunities, Cost Competitiveness for Pork, Halal Meat), processed pulses (Chinese Noodle Study, Fababean Fractionation Study), dairy functional foods (CLA – Enriched Dairy Products), pet foods and nutraceuticals and biorefining (Business Case for the Centre for Agri-Industrial Technology).
- Provided clients with customized studies related to opportunities in the value-added agri-food sector. Examples include “A Spatial Analysis of Ontario’s Food and Beverage Exports to the USA,” “Moving Malt to China” and “Potential for a White Fat Cow Meat Market in Canada.”
- The Crop Diversification Division is becoming a world leader in biosafety of novel crops. A paper was published in the *Canadian Journal of Plant Science* on the potential for transgenic gene flow from target plants to wild or weedy relatives in western Canada. This research program will help Alberta create a competitive advantage in the production of plant-made pharmaceuticals and agri-industrial chemicals.
- *Fusarium graminearum* continues to be a destructive disease in western Canada and could threaten Alberta cereal grains. The Crop Diversification Division has studied polymorphic chain reaction methods for detecting fusarium headblight (FHB) in cereal grains. The research has revealed a more effective method of detecting very low levels of FHB mycotoxins compared to commercial test kits currently in use. New, affordable, rapid testing technologies are required to assist Alberta to maintain its essentially FHB-free status. Both the livestock and malt industry depends on FHB-free cereal grains.
- The Crop Diversification Division completed a report on the nutrient profile of zero-tannin fababean. The report represents the second step in removing barriers to the introduction of a promising new crop for Alberta’s pulse producers and a new, lower cost feed option for the growing swine industry. Already proven to grow well in Alberta, this crop’s high protein, high energy and extremely low anti-nutritive factors make it very desirable to hog producers, making it a favourable option to imported soy bean. In addition to this, the high nitrogen fixation ability of fababean places great potential in sustainable crop rotations to reduce the increasing costs of nitrogen fertilizers.

- The Crop Diversification Division released an update of the innovative Alberta Farm Fertilization Information and Recommendation Manager computer software. This is a downloadable decision-support tool that enables rapid calculations of optimal fertilization based on specific agro-climatic locations, soil profiles, crops and economics. This is a flexible and comprehensive tool for producers that will help reduce costs by making more effective use of limited input dollars.
- Cost-shared financial support of \$99,496 was provided to four companies to conduct feasibility studies related to functional food ingredient extraction, ethanol production, natural beef slaughter and an integrated hog production and processing with ethanol production.

2 Measure 1.3: 2004-2005 Results

- Development of enhanced BSE surveillance, scrapie surveillance and chronic wasting disease surveillance.
 - The Business Commercialization Branch was developed to provide specialized coaching and mentoring to agri-businesses to assist them in growing and expanding their businesses. The areas of focus for the branch are marketing, management, finance and operations (lean manufacturing and human resources).
 - A \$4.5 million Beef Product and Market Development Program provided a total of 42 grants to industry in support of market-driven initiatives that use meat from animals older than 30 months of age. The program focused on four main areas: secondary beef processing expansion, new product development, market re-entry and new market development.
 - The Alberta government committed \$30 million to create a Beef Market Development and Retention Fund to help the beef industry find more export markets and increase sales in existing ones. An additional \$7 million has been allocated towards creating commercial uses for specified risk material.
 - With industry partners, successfully prepared a business case for Alberta's fruit and wine industry for Alberta Gaming and Liquor Commission. The new cottage wine policy was enacted February 2005.
 - Completed regulation amendments to the Chicken Producers Marketing Regulation to reduce quota restrictions and permit the export program to be more market responsive.
 - Woodlot Extension Program secured \$485,000 in annual funding through to 2008 from forest industry partners, conservation organizations and governments to promote economic and environmental goals related to sustainable wood production on private land.
 - Alberta government Cabinet and Caucus approved the live cervid and slaughter import policies. This was a collaborative effort by Alberta Sustainable Resource Development, the Ministry's Livestock Development Division, Food Safety Division and industry.
- 3 With the introduction of two new programs (Beef Product and Market Development Loan Program and the Project Investor Financing Loan Program), AFSC was able to be involved in a few larger projects, resulting in AFSC exceeding its agri-business investment target.
 - 4 With the ongoing difficulties faced by producers as a result of challenges such as drought, BSE and low commodity prices, it is believed that many producers were taking time to assess their situation. Rather than borrow under the Beginning Farmer Program, producers continued to take advantage of disaster lending programs.
 - 5 The wording of this measure implies that the measure reports only on new products. However, the measure does capture work on existing products completed with assistance from the Processing Development Division.

Goal 2: Continued Excellence in Food Safety

This goal recognizes that a reputation for excellence in food safety is essential to maintain consumer confidence and expand markets, both domestic and international. 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. These initiatives support the development of a national approach to food safety as identified in the Agricultural Policy Framework food safety and food quality chapter.

Goal 2 Expense \$16.7 million (unaudited)

Alberta has an excellent reputation for safe food production and processing. The Ministry partners with other governments and agencies to maintain and advance that reputation for products. Increasing surveillance and certification of Qualification Certificate holders help to ensure that Alberta food is safe.

The Ministry works with producer groups to implement on-farm food safety programs. These programs require that food safety practices be incorporated throughout the production chain. Compliance with food safety regulations is validated through inspections and enforcement activities, demonstrating to the world that safe food is the priority.

Key contributions to achievement:

- Increases in surveillance
- Increases in certification
- Processing and on-farm food safety
- Partnerships, including those with the Canadian Food Inspection Agency, Alberta Sustainable Resource Development and Alberta Health and Wellness
- Well managed regulatory, inspection and enforcement activities

Reporting and measurement related to food safety continue to create challenges given the multi-jurisdictional responsibility for food safety program delivery.

Strategy

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

Results

- Meat Facility Standards (1999) were maintained in Alberta Agriculture, Food and Rural Development licensed meat facilities. Dairy facilities are in the process of incorporating HACCP (Hazard Analysis Critical Control Point) pre-requisite programs.
- Information and one-on-one training regarding HACCP systems provided to meat and non-meat food processing facilities.
- Developed an Alberta HACCP standard and a plan to recognize HACCP system adoption by Alberta licensed and permitted facilities.
- Eight of the 126 licensed meat processing facilities in Alberta volunteered to participate in the Regulatory Services Branch HACCP System Implementation pilot project.

Strategy

Develop, implement and maintain a food safety surveillance system that validates the safety of Alberta's agriculture and food products.

Results

- Utilized a priority setting process to identify areas of surveillance. Targeted surveillance was performed for pathogen and indicator organisms in poultry, pork, beef production animals and in food processing environments; prevalence of antimicrobial resistant bacteria in production, antimicrobial residues and heavy metal contamination in meat, dairy and honey, and prevalence of parasites/pathogens on Alberta-grown strawberries.
- Continued to develop and validate analytical techniques for chemical residue and rapid pathogen detection.
- Completed the development of a wireless real time application for Alberta veterinarians to track disease incidence and creation of a similar system for use by provincial meat inspectors to track meat inspection activities.

Strategy

Develop and administer essential policy, legislation and regulation.

Results

- Ensured that meat inspection standards were met in meat products by inspecting over 3.9 million carcasses from Alberta's licensed red meat and poultry plants (209,648 red meat and 3,773,356 poultry) and investigating 533 complaints to ensure compliance within regulatory requirements. Provided appropriate information and proceeded with prosecution when necessary.
- Participated in a department-wide process to develop specified risk materials (SRM) policy options, with successful implementation of the SRM removal program in provincial plants validated through an audit for the Canadian Food Inspection Agency.
- Certified 187 Qualification Certificate holders under the Production Animal Medicine Regulation.
- Developed and supported policies on treatment of antibiotic resistant forms of bee disease to ensure no residues in honey.
- Completed amendments to the Alberta Pork regulations to broaden membership and enable the commission to set up a framework for a traceability system.
- Completed amendments to the Hatching Eggs Regulation to make the On-Farm Food Safety Assurance Program a required element of licensing.

Strategy

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

Results

- Food safety information and training was developed for managers and vendors of Ministry-approved Farmer's Markets.
- Six projects were conducted that dealt with production and processing practices, specifically feed withdrawal in chickens and Salmonella, E. coli O157:H7 in beef feedlots, antibiotic residues in honey, listeria in poultry and red meat processing plants and validation of microbiological control parameters in chicken slaughter and processing.

- Published new information products on avian influenza and BSE.
- Produced media releases and broadcast radio messages on handling and storing food safely.

Strategy

Provide information, training and other programs that enhance food safety awareness and emergency response.

Results

- Successfully partnered with Alberta Health and Wellness in an investigation of the illegal sale of un-inspected meat, resulting in eight charges being laid against the violator.
- Provided an enhanced level of HACCP training to all provincial meat inspectors and enforcement staff.
- Provided food processors and others with HACCP videotapes to help them develop food safety and quality control programs.

Strategy

Participate, as appropriate, in national traceability initiatives.

Results

- Provided assistance to the Canadian Cattle Identification Agency (CCIA) by ensuring all CCIA tags being retired at provincial plants were sent electronically to the database.
- A Ministry representative sat on the board of directors of the Canadian Livestock Identification Agency.
- Participated on a subcommittee of the Federal-Provincial-Territorial Agri-Food Inspection Committee, developing traceability standards for the agri-food industry.

For more information on the following performance measures, please refer to the Performance Measures Summary and the Performance Measures Methodology sections in this document.

Goal 2		2003 -	2004 -	2004 -	2005 -
Performance Measures		2004	2005	2005	2006
		Result	Target	Result	Target
2.1	Number of active surveillance sampling programs that identify the incidence of food contaminants or residues.	17	8	18	10
2.2	Per cent of Alberta production from Alberta chicken farms, hog farms and beef feedlots produced under nationally recognized on-farm food safety programs.				
	• chicken farms	N/A ¹	90%	N/A ¹	90%
	• hog farms	N/A ¹	90%	N/A ¹	90%
	• beef feedlots	N/A ¹	0%	N/A ¹	50%
2.3	Per cent of Alberta-licensed food processing plants that have implemented appropriate food safety process control systems.				
	• meat (Hazard Analysis Critical Control Point (HACCP)-based)	N/A ²	6%	N/A ²	20%
	• dairy (HACCP pre-requisites)	N/A ²	70%	N/A ²	70%

- 1 The provincial commodity organizations have implemented on-farm food safety (OFFS) programs that have been technically recognized by the Canadian Food Inspection Agency. The goal of these programs is to provide assurances nationally and globally that our products, regardless of origin, are safe. The national recognition process is under development. Given that national recognition protocols are not yet in place, completed implementations noted through Ministerial reviews of OFFS systems cannot be reported. As a result of these limitations, this measure has been revised significantly in subsequent business plan years, starting in 2005-2008, to allow the Ministry to disclose achievements in these areas.
- 2 Results for this fiscal year cannot be reported. The audit and inspection methodology currently used to determine the adoption of HACCP or HACCP pre-requisites is not adequate to determine with certainty if the adoption of HACCP or HACCP pre-requisites has occurred. As a result of these limitations, this measure has been revised significantly in subsequent business plan years, starting in 2005-2008, to allow the Ministry to disclose achievements in these areas.

Core Business Two: Enhance Rural Sustainability

This core business:

- Relates to the core government businesses of **Preservation, Prosperity and People**.
- Relates to maintaining and improving agriculture's physical and human resource base.

Core Business Cost \$45 million (unaudited)

Goal 3: Improved Environmental Stewardship

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

Goal 3 Expense \$20.2 million (unaudited)

To realize the desired outcomes of maintaining or improving agricultural soils and water quality in agricultural areas of the province, the Ministry worked with industry and other partners to conduct research, provide training and monitor the effect of agricultural production and processing on soil and water quality.

Through provision of support to the Environmental Farm Plan Company, farmers are provided with training to enable the development of environmental farm plans. The Ministry also works with partners to provide training and technical support for the development and application of beneficial management practices on Alberta farms.

Key contributions to achievement:

- Work with other ministries and agencies
- Engagement of industry in several areas, including beneficial management practices and environmental farm plans
- Greenhouse gas and biodiversity awareness programs
- Research results

Continued growth of Alberta's agriculture industry has the potential to negatively affect environmental quality in agricultural areas of the province. The Ministry continues to work with the agriculture industry to ensure that growth occurs in a sustainable manner.

Strategy

Support and conduct applied/adaptive research and evaluations to find economically sound, environmentally friendly technologies and management practices for crop and livestock production and agricultural processing.

Results

- Continued work with Alberta Environment and Alberta Sustainable Resource Development in the implementation of Phase II of the South Saskatchewan River Basin Water Management Plan. As part of this study, the Ministry worked with basin advisory committees in the Red Deer, Bow, Oldman and South Saskatchewan River basins to address public concerns regarding environmental protection and development.
- Developed a water measurement canal/pipeline system to test and promote effective water measurement practices to irrigation producers and districts that will increase water use productivity and efficiency.
- Partnered with Agriculture and Agri-Food Canada to assess the effect of manure incorporation methods to reduce nutrient runoff to surface water.
- Distributed the Greenhouse Gas (GHG) Science Plan. Completed the development of a strategic roadmap for agricultural GHG research. Initiated the development of a series of booklets to replace the GHG workbook.
- Continued a prairie-wide collaborative research project with the University of Saskatchewan, University of Manitoba and Ducks Unlimited to quantify nitrous oxide and methane emissions from soils on farmed landscapes with wetlands.
- Collaborated with and supported research at the University of Alberta, University of Calgary and Alberta Research Council regarding phosphorous mobility from farmland, soil quality and greenhouse gas emissions from agriculture.
- Significant progress was made on measuring odour with confidence and odour dispersion to better quantify how odour may affect the siting of confined feeding operations. The evaluation of five odour control technologies was also completed.
- A low draft prototype was developed to inject liquid manure with minimal surface residue incorporation. The project will lead to further development of a manure injection tool that is compatible with soil conservation practices while eliminating odours and preventing surface runoff.
- Published eight technical papers and released ten publications, manuals, factsheets and plans/leaflets (Canadian Plan Services, evaluations on direct seeding tools and sprayer application technology, energy efficiency and mortality composting).

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

- Worked with partners and local watershed groups to demonstrate beneficial management practices in the Beaver Creek, Battersea Drain and Lower Little Bow River watersheds as part of the Oldman Watershed Council.
- Provided information to producers and industry that will improve irrigation and energy use efficiencies of irrigation systems through irrigation management training and the Irrigation Management Climate Information Network.
- Continued development of the necessary infrastructure to support a Corporate Spatial Data Service that will facilitate decision making, support and risk assessment for key initiatives such as the Agriculture and Climate Information Service, the Agro-Climatic Atlas of Alberta and the Agriculture Regions of Alberta Soil Inventory.

- Finalized a global information system-based scan of environmental issues facing the agricultural industry, as a commitment under the Environmental Chapter of the Agricultural Policy Framework. The scan identifies priority areas for delivery of beneficial management practices and environmental farm plans in Alberta. Developed the Alberta Chapter for a national scan summary report.
- Developed industry training programs and communication tools to support extension activities related to environmental sustainability in the agriculture sector and to build capacity in the agricultural industry through rural extension staff.
- Assisted 59 Agriculture Service Boards and 25 agricultural groups in the delivery of 48 local community-based extension programs.
- Provided financial and technical support for the operation of the industry-led Environmental Farm Plan Program. Technical and communications support was provided for the delivery of the workshops and training of the technical advisors.
- Established four demonstration farms and 40 on-farm demonstrations to increase producer awareness of beneficial management practices that mitigate greenhouse gases in cropping and manure management systems; 1,693 farmers and extension persons attended 60 tours. The demonstrations were completed through partnering in RTLinkages and the National Greenhouse Gas Mitigation Program.
- Developed a series of factsheets on small animal mortality composting, silo gas safety, methane safety and respiratory protection for producers.
- Completed cow/calf, cropping and farmstead beneficial management practices manuals, and revised the cow/calf wintering site publication.
- Completed development of Canada-Alberta Farm Stewardship Program.
- Nutrient management training was provided to producers, consulting and agronomy companies. A Manure Nutrient Management module was developed and implemented at the Diagnostic Field School. Over 800 industry representatives, municipal extension staff and producers participated.

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

- Encouraged intergovernmental collaboration ensuring an opportunity for agriculture's voice regarding environmental decisions and implementation funding in the following areas: at the provincial level, State of the Environment Reporting, Environmental Monitoring, Climate Change, Biodiversity and Integrated Land Management, at the federal level, National Agriculture Land Strategy, Environmental Goods and Services, Species at Risk and National Greenhouse Gas Offset Quantification Team.
- Participated as a member of a multi-stakeholder advisory committee in the review of current legislation for development of conventional natural gas to ensure appropriate regulations are in place for the development of natural gas from coal also known as coal bed methane.
- Worked with partners to continue the applied research work on phosphorus effects on surface water in Alberta's agricultural areas to develop soil phosphorus limits for all agricultural lands in Alberta. Organized and implemented a steering committee, with representatives from industry and government, to communicate with agricultural producers and develop recommendations for future actions related to phosphorus management.

- *Agricultural Operation Practices Act (AOPA)* amendments were completed to provide clarity and confirm the original intent of the legislation.
- In support of the revisions to the AOPA, the 2004 Reference Guide was revised, and 12 publications “Standards” were completed, including AOPA and Existing Operations, Record Keeping, Wintering Sites, AOPA and Horse Producers, AOPA and Cow/Calf Producers, Manure Spreading and Role of Municipalities under AOPA. Twenty presentations were given to industry, municipalities, other stakeholders and the Natural Resources Conservation Board (NRCB).
- Concrete standards and manure storage leak detection guidelines were completed to provide policy direction to the NRCB for the implementation of AOPA.

Strategy

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

Results

- Continued to monitor 23 small agricultural watersheds for bacteria, nutrients and pesticides to determine the effect of the agricultural industry on surface water quality. Initiated a five-year summary of results.
- Initiated a pilot project to detect personal care products and pharmaceuticals residues in surface waters, in partnership with the Canadian Food Inspection Agency and Alberta Environment.
- Completed an analysis of the first six years of the 42 soil quality monitoring benchmark sites. In addition, completed analysis and a report of micronutrient levels in the benchmark soils. Also collaborated with the University of Manitoba to evaluate the retention ability of the benchmark soils for pesticides. Initiated development of a soil quality index for agricultural soils in Alberta as a Ministry measure.

For more information on the following performance measures, please refer to the Performance Measures Summary and the Performance Measures Methodology sections in this document.

Goal 3	2003 -	2004 -	2004 -	2005 -
Performance Measures	2004	2005	2005	2006
	Result	Target	Result	Target
3.1 Percentage of respondents who have adopted improved practices as a result of Ministry-supported stewardship training (formal evaluation every three years).	53% ¹	68%	53% ¹	68%
3.2 Number of producers provided with training and technical support to enable development of environmental farm plans.	1,048	1,500	1,968	2,000 ²
3.3 Representative examples of results from Ministry and Ministry-funded research that are environmentally related will be reported in the Ministry's annual report.	N/A	N/A	See below ³	N/A

1 The reason for the 2004-2005 actual numbers staying at 53 per cent is that this is the most recent data available. The next survey will be conducted during the latter part of the 2006-2007 fiscal year. The target for reporting during 2007-2008 is 58 per cent.

- The adoption score out of a possible 54 eligible practices (i.e. if a farmer had livestock and water bodies on his/her land, a practice such as "fencing to manage livestock access to water" would apply) was 53 per cent in 2003 (63% in 2000). Producers surveyed (n=500) indicated the prolonged droughts of 2001, 2002 and 2003, coupled with the ongoing BSE crisis, were the main reasons for not increasing the adoption rate of environmentally sustainable practices on their farms. In fact, 86 per cent were affected in some fashion by these severe financial hardships (40% very significantly).

2 Future targets for 2005-2008 and beyond will be revised to reflect a cumulative growth of 1,000 per year.

3 Measure 3.3: 2004-2005 Results

- Continued work with Alberta Environment and Alberta Sustainable Resource Development in the implementation of Phase II of the South Saskatchewan River Basin Water Management Plan. As part of this study, worked with basin advisory committees in the Red Deer, Bow, Oldman and South Saskatchewan River basins to address public concerns regarding environmental protection and development.
- Developed a water measurement canal/pipeline system to test and promote effective water measurement practices to irrigation producers and districts that will increase water use productivity and efficiency.
- Partnered with Agriculture and Agri-Food Canada to assess the effect of manure incorporation methods to reduce nutrient runoff to surface water.
- Distributed the Greenhouse Gas (GHG) Science Plan. Completed the development of a strategic road map for agricultural GHG research. Initiated the development of a series of booklets to replace the GHG workbook.
- Continued a prairie-wide collaborative research project with the University of Saskatchewan, University of Manitoba and Ducks Unlimited to quantify nitrous oxide and methane emissions from soils on farmed landscapes with wetlands.
- Collaborated with and supported research at the University of Alberta, University of Calgary and Alberta Research Council regarding phosphorous mobility from farmland, soil quality and greenhouse gas emissions from agriculture.
- Significant progress made on measuring odour with confidence and odour dispersion to better quantify how odour may affect the siting of confined feeding operations. The evaluation of five odour control technologies was also completed.

- A low draft prototype was developed to inject liquid manure with minimal surface residue incorporation. Project will lead to further development of a manure injection tool that is compatible with soil conservation practices while eliminating odours and preventing surface runoff.
- Published eight technical papers and released ten publications, manuals, factsheets and plans/leaflets (Canadian Plan Services, evaluations on direct seeding tools and sprayer application technology, energy efficiency and mortality composting).

Goal 4: Strengthened Rural Communities

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

Goal 4 Expense \$24.8 million (unaudited)

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

The Ministry has been actively engaged in facilitating the creation of the Rural Development Strategy in partnership with stakeholders and other ministries. Through that process, Ministry staff have established strong partnerships with communities across the province.

Key contributions to achievement:

- Training and leadership
- Evident partnership with communities
- Access to capital, facilitated through Agriculture Financial Services Corporation (AFSC), to support economic growth in rural Alberta
- Excellent stakeholder engagement and cross-ministry involvement
- Contributions to planning for the future

As strategies and specific actions to be implemented in support of desired outcomes of the goal continue to evolve, so too will the partnerships with other ministries and stakeholders, as well as performance measures.

Strategy

Provide leadership development for youth and people actively engaged in agriculture and community organizations.

Results

- An on-line testing application to support the 4-H skills evaluation program was developed and provided on the Ministry's Ropin' the Web site.
- Initiated five pilot projects on feasibility assessment of 4-H programming in Aboriginal communities. Establishing 4-H programs in Aboriginal communities will provide opportunities for youth in these rural communities to develop leadership skills.

- The training course for new 4-H leaders has been revised and delivered across the province, making it more effective at preparing adults for leadership roles in 4-H clubs.
- Over 94 per cent of provincial 4-H program participants indicated that 4-H programming provided opportunities for leadership development.
- Developed and delivered the On-line Horse Bowl Contest to 105 participants to test their knowledge in the areas of health, nutrition, equipment, riding and working with a horse. Seventy per cent indicated they learned more about horses as a result of their participation in the event.
- The Alberta Rural Youth Council became an incorporated society. Its goals and objectives propose a youth training and development program together with a conference to be held in fiscal 2005-2006.

Strategy

Facilitate the development of sustainable communities, organizations and agricultural and rural businesses that are networked, flexible, adaptable and manage change pro-actively and positively.

Results

- Effectively administered the cost-shared Irrigation Rehabilitation Program that assisted irrigation districts to rehabilitate infrastructure used to deliver water to irrigators, towns, villages, industries, recreational facilities and wildlife habitat.
- Supported rural communities and organizations by providing grant funding of approximately \$8.7 million to 283 agricultural societies to improve quality of life in agriculture and rural communities.
- Provided grant funding of approximately \$5 million to 70 Agricultural Service Boards to assist boards in the enforcement and administration of legislation under the *Weed Control Act*, *Agricultural Pests Act* and the *Soil Conservation Act* to protect, sustain and improve agricultural production capability.
- Supported rural tourism, through partnership with Travel Alberta, in updating and distributing 250,000 copies of a comprehensive rural tourism publication.
- Supported improvements in the quality of life in agricultural communities by funding 86 community-initiated projects (approximately \$2.8 million) under the Agricultural Initiatives Grant Program.
- Completed a review of the Agriculture Services Board Program.
- Developed a knowledge and information management database for correspondence, bylaws, technical issues and resolutions under the Agriculture Services Board Program to facilitate improved communications and service to clients.
- Developed and launched a new 4-H website, magazine and media kit to assist clubs, sponsors and volunteers.

Strategy

Co-ordinate a multi-ministry approach to rural development.

Results

- Assisted the MLA Steering Committee for Rural Development in their third round of consultations with rural Albertans and key stakeholder groups. The public reviewed the Rural Alberta Land of Opportunities (RALO) report, and omissions were identified and priorities established.
- Assisted in the cross-ministry review of the RALO report and incorporated the results into the Rural Development Strategy.
- Supported the MLA Steering Committee in the preparation of the Rural Development Strategy – A Place To Grow .

For more information on the following performance measures, please refer to the Performance Measures Summary and the Performance Measures Methodology sections in this document.

Goal 4 Performance Measures	2003 - 2004 Result	2004 - 2005 Target	2004 - 2005 Result	2005 - 2006 Target
4.1 Number of rural businesses assisted.	276	315	273	331
4.2 Investment in rural business.	\$76.2 million	\$90.5 million	\$169 million ¹	\$95.0 million
4.3 Percentage of Ministry-supported, agricultural-related community activities that focus on community improvements and leadership development.	50%	33%	52% ²	34%
4.4 Per cent change in total employment in rural Alberta.	3.8% ³	0%	1.9%	1.0%
4.5 Percentage of rural youth participating in Ministry-supported programs that report effective learning from those programs.	91%	92%	91%	92.3%

- 1 With the introduction of two new programs (Beef Product and Market Development Loan Program and the Project Investor Financing Loan Program), AFSC was able to be involved in a few larger projects, resulting in AFSC exceeding its rural investment target.
- 2 Leadership Development activities totalled 32 per cent and Community Improvement activities totalled 20 per cent of all Ministry-supported, agricultural-related community activities.
- 3 The 2003-2004 result is different than the number reported in the 2004-2007 business plan due to revisions in numbers from Statistics Canada. The 2004-2007 business plan reported a 2003-2004 result of -0.4 per cent.

Core Business Three: Strengthen Business Risk Management

This core business:

- Relates to the core government businesses of **Preservation** and **Prosperity**.
- Provides risk management tools and training that is not available or not consistently available through the private sector.

Core Business Cost \$999.1 million (unaudited)

Goal 5: Effective Business Risk Management Programming

This goal recognizes the need for greater stability in an industry significantly affected by unforeseen weather disasters, disease and global market influences. Increased stability coupled with targeted business management information and training allows farmers to concentrate their management efforts on adoption of the most economically sustainable management practices for

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

Goal 5 Expense \$999.1 million (unaudited)

The Ministry focuses its efforts under this goal on working with our partners and stakeholders in establishing effective business risk management programs and ensuring that primary agriculture producers have access to disaster response programs when disasters occur outside their control.

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

The Canadian Agricultural Income Stabilization (CAIS) Program resulted from working directly with other provincial and federal government colleagues on the Agricultural Policy Framework (APF). The APF and the CAIS program, combined with insurance programs, have had a positive effect on the achievement of Ministry outcomes.

Key contributions to achievement:

- Farm Income Disaster Program review
- Canadian Agricultural Income Stabilization Program modifications
- Continued contributions to the Agricultural Policy Framework process
- Ongoing discussion regarding insurance and lending programs
- Financing for increased slaughter capacity

The Ministry has recognized a need for a more proactive approach to helping the industry prepare for and respond to disasters. Changes have been made to the 2005-2008 business plan to include a new goal focusing on the provision of business risk management information and training for farm operators that supports the development of business risk strategies. Negotiations with federal and provincial counterparts in all program areas also support the achievement of desired outcomes.

Strategy

Stabilize farm income by providing Alberta farmers with effective and efficient business risk management programs.

Results

- Completed a summative evaluation of the Farm Income Disaster Program (FIDP) for the 2002 claim year. Seventy per cent of the respondents who received a FIDP payment indicated that the payment was useful or extremely useful in helping them recover from their low income in 2002.
- Developed “Beginning Farmer Production Margins” for crops and livestock for the Canadian Agricultural Income Stabilization (CAIS) Program to enable calculation of payments to new farmers in the program.
- Analyzed Farm Financial Survey data to assess the adoption of risk management tools by Alberta farmers.
- Facilitated an increased understanding and participation in Ministry business risk management programs and services by Aboriginal producers, through the delivery of 15 targeted information sessions, dissemination of program information and one-on-one consultation.

- Developed a one-stop-shop BSE website for producers, processors, retailers and consumers, which provides up-to-date information on programs, strategies and emerging issues to facilitate business management decisions.

Strategy

Ensure business risk management programs are delivered effectively and have the flexibility to meet producer needs.

Results

- Worked with consultants to improve the farm level information and management skills of Alberta producers.
- Completed risk analysis and payment verification of all ad hoc programs. Information from this analysis will be used to improve current and future business processes.
- Participated in and provided program support in the externally contracted field audit of the BSE program recipients.
- Facilitated effective program delivery through program policy development, policy analysis, verification and processing of claims made under ad hoc programs and initiatives in 2004-2005.
- In consultation with industry and federal, provincial and territorial governments, developed BSE Set-Aside programs for Alberta producers. These programs have helped balance supply of fed cattle with slaughter capacity until sufficient new capacity comes on line or the U.S. border opens to live animals.
- Implemented the 2004 Kneehill County Disaster Recovery Program under the Alberta Disaster Recovery Regulation. Twelve farm operations in the county that experienced damage to uninsurable items due to widespread flooding will receive financial assistance to support recovery to pre-disastrous conditions.
- AFSC introduced new pasture programs (Moisture Deficiency Insurance (MDI) and Satellite Imagery Insurance (SAT)) with short/long seasons and split-season options. Enhancements were also made to the existing hay insurance program to increase coverage stability when significant perils occur more than once per decade. Pasture insurance (through MDI and SAT) was purchased to insure 7.25 million acres.

Strategy

Through the Agricultural Policy Framework (APF) process, implement enhancements to business risk management programs to better respond to changing global market influences.

Results

- Represented Alberta on the national Business Risk Management Policy Working Group that recommended changes to CAIS, including negative margin coverage, increased cap for producer payments and a simplified deposit option. These enhancements provided producers with better coverage while accommodating those with cash flow difficulties.
- Participated in an intergovernmental working group that created a report titled “Report to Canadians 2003-2004,” which provides Canadians with an assessment of progress made towards the attainment of the APF objectives.
- Participated in an intergovernmental project for the creation of the Federal-Provincial-Territorial Program Book. This book catalogues programs developed and implemented through the five chapters of the APF, to serve as a reference tool for Canadian agricultural producers.
- Completed a study on the potential effect of exchange rate fluctuations on the canola value chain.

- AFSC developed and implemented the new Equity Advance Option for the CAIS Program. This change allows equity losses to be taken into account when determining payments and enables producers to receive up to 50 per cent of the estimated CAIS Program entitlement.
- Production Advance Option for the CAIS Program was increased to enable producers to receive up to 70 per cent of the estimated CAIS entitlement.
- As of March 31, Alberta producers received \$274.2 million in advance payments, \$257.1 million in advances for the 2004 program year and \$17.1 million for 2003.
- To address producer need to access funds under the CAIS Program, a change to final payment processing was made. If the deposit requirement was not yet met, final payments were processed at the 70 per cent payment rate with the understanding that the producer would have until the deposit deadline of March 31, 2005, to meet the deposit requirements.
- Recognizing the continued struggles faced by primary producers as a result of BSE and lingering effects of the drought, the Alberta Disaster Assistance Loan Program and Alberta Farm Development Loan program were extended to June 30, 2005.

Strategy

Respond to issues resulting from recurring drought by continuing to administer the Agriculture Drought Risk Management Plan.

Results

- Provided strategic information and advice on drought management strategies to industry under Agriculture Drought Risk Management Plan for Alberta.
- Added one weather station to the DroughtNet system, bringing the total to 37, and upgraded three Alberta Environment stations to DroughtNet standards. These weather stations provide real-time weather information for optimum production and farm management decisions.
- Developed or adapted five science-based drought indicators for Alberta conditions, which will increase accuracy in assessing agricultural drought in the province.
- Developed an Agro-Climatic Information System to replace the Drought Information System and provide producers with customized drought and weather information.
- In partnership with Prairie Farm Rehabilitation Administration, recommended that producers in 14 counties and municipalities affected by drought in 2004 be deemed eligible to defer their 2004 income tax on the sale of breeding livestock for one year under the Federal Livestock Tax Deferral Program. The delay in income tax payments helps to minimize the cash flow difficulties facing eligible producers in these areas.
- Implemented the 2004-2005 Canada-Alberta Farm Water Program. As of April 25, 2005, 1,483 producers have applied for financial assistance to secure a long-term water supply for their farm operations.
- Conducted a province-wide grasshopper monitoring process to assess the level of grasshopper infestation for 2004. Data was used to construct the 2005 Alberta Grasshopper Forecast map and to formulate grasshopper control strategies.
- In cooperation with AFSC, initiated development of a pasture-soil-water simulation model to assist in production decisions, choice of production activities and timing of seeding.

Strategy

Facilitate the development of business interruption insurance for agriculture.

Results

- Partnered with Agriculture and Agri-Food Canada (AAFC) to conduct an assessment of the business risks of the livestock sector and to analyze the effectiveness of existing tools with a focus on where improvements can be made. AAFC engaged a consultant to study four areas of risk, including business interruption insurance. A report was produced, and government is now determining next steps.

For more information on the following performance measures, please refer to the Performance Measures Summary and the Performance Measures Methodology sections in this document.

Goal 5		2003 -	2004 -	2004 -	2005 -
		2004	2005	2005	2006
Performance Measures		Result	Target	Result	Target
5.1	Percentage of primary producers surveyed that participated in business risk management program. • CAIS Program • Production Insurance	N/A ¹ N/A ¹	N/A ¹ N/A ¹	77% ² 59% ³	3.5% over benchmark (2004-2005)
5.2	Percentage of customers satisfied with business risk management program delivery. • CAIS Program • Production Insurance	N/A ¹ 76%	N/A ¹ N/A ¹	33% ⁵ 69% ^{4,5}	3.5% over benchmark (2004-2005)

1 This is a new measure for the 2004-2007 Ministry business plan. As such, there were no previous results available and/or no targets were set. The 2004-2005 results will be the benchmark level against which future targets will be set.

2 The survey designed to provide performance information for this measure was postponed to fall 2005, due to Statistics Canada's prior commitments.

3 Total includes all producers who purchased Crop Insurance for the 2004 growing season, irrespective of total farm area (5,242 producers insured less than 180 acres and have been included to reflect the total client base and to account for those who might have insured only part of their crops). The survey designed to provide performance information for this measure was postponed to fall 2005, due to Statistics Canada's prior commitments.

4 The drop in overall satisfaction from 2003-2004 is likely related to dissatisfaction with the pasture insurance program that was in place in 2003 and was then discontinued in 2004.

5 When asked about specific customer service standards, AFSC clients reported higher satisfaction percentages indicating that although there may be some level of dissatisfaction with the programs, key service standards are satisfactory:

Customer Survey Standards Results for 2004-2005

Key customer service	Insurance %	CAIS %
Courtesy	93	88
Going the extra mile	86	75
Knowledge	89	65
Timeliness	84	66
Accessibility	85	68

Performance Measures Methodology

Core Business One: Facilitate Sustainable Industry Growth

Goal 1: Sustainable Growth of the Agriculture and Food Industry

1.1 The number of value-added products developed through the Processing Development Division and successfully introduced to market.

Product development activities refers to projects where Division staff assisted industry clients in one or more of the following areas: product formulation, shelf life, packaging and/or sensory evaluation. “Introduced to the market” refers to a product that has obtained a listing at retail or food service, domestically or internationally. It also includes products that have been sold as ingredients for further manufacturing.

The Division operates the following facilities at which value-added products may be developed:

- Food Processing Development Centre
- Centre for Agri-Industrial Technology
- Food Science and Technology Centre
- Crop Diversification Centre South
- Sensory Evaluation Centre
- Consumer Product Testing Centre

Project leads gather the information from their monthly reports and ongoing knowledge of client activities. In instances where project leads do not have direct knowledge of a product’s status, clients are contacted and asked about the product and whether it is on the market. The Division maintains contract files on each of the products worked on at its facilities. An annual Measure Report is prepared by the Processing Development Division in February of each year. The report is a compilation of information requested from project leads on the clients they have worked with in the current fiscal year.

Calculation method

The result is a summation of the total number of value-added products involving project work conducted at Division facilities and/or successfully introduced to market by industry, as listed in the annual Measure Report.

Data limitations

The length of time to successfully launch new products depends on a number of factors and may take several months after new product development work is completed. This may result in some products being recorded in a fiscal year different than the year in which the product development work occurred. Also, there is no confirmation of the information reported by industry clients regarding the market success of their products. There is also no weighting done in terms of value; that is, the measure simply records the number of products introduced to market and does not attempt to reflect the value of sales generated.

The Processing Development Division works on both new and existing products; for example, modification of an existing product for an export market, modification or introduction of new packaging, or introduction of an existing product to a new market segment, such as a product currently sold to food service clients and now being refined or modified for retail clients. The Processing Development Division also provides assistance with interim production for existing products. The wording of this measure implies that the measure reports only on new products. However, the measure does capture work on existing products completed with assistance from the Processing Development Division. The Goal Team will address the limitations of the implied meanings of “developed” and “introduced” in the coming year.

1.2 Examples of research funded by the Ministry that have contributed to competitiveness and growth.

This measure is an attempt to demonstrate how Ministry funds targeted to research have affected industry competitiveness and growth. The research examples are compiled from Ministry annual report submissions, related to Goal 1, from division directors. The Ministry prepares an annual report each year in accordance with the *Government Accountability Act*. As part of the annual report process, results of operational activities under each goal are reported to the Business Planning Coordinator and are reviewed and prioritized by Goal Team Chairs before being published in the annual report.

Data source

The research examples for this measure are based on a subjective selection from the Goal 1 annual report submissions. The Goal Team Chair and performance measures staff for that goal first selected items that had a clear research focus, where research is defined as both scientific and commercial (i.e. feasibility) projects. They then reduced the list to those projects that indicated a contribution to industry competitiveness and growth. No calculations are required for this measure.

Data limitations

The selection process for results reported under this measure was subjective, and the list of reported results may not have been inclusive of all research projects done by the Ministry. As well, those making the selections had no clear definition of competitiveness and growth. Also, this measure does not conform to the Government of Alberta Business Plan Standards for performance measures. This measure has been discontinued in the 2005-2008 business plan because of the limitations identified above.

1.3 Industry competitiveness enhanced through new, or changes to existing, public and private sector policies and programs.

This measure is an attempt to demonstrate how new public or private sector policies or programs or changes to existing public or private sector policies or programs have affected industry competitiveness. The policy or program examples are compiled from Ministry annual report submissions, related to Goal 1, from division directors. The Ministry prepares an annual report each year in accordance with the *Government Accountability Act*. As part of the annual report process, results of operational activities under each goal are reported to the Business Planning Coordinator and are reviewed and prioritized by Goal Team Chairs before being published in the annual report.

Data source

The policy and program examples for this measure are based on a subjective selection of examples from the Goal 1 annual report submissions list. The Goal Team Chair and performance measures staff for that goal first selected items that had a clear policy or program focus. They then reduced the list to two categories:

- New policy or programs that had not existed previously.
- Existing policies or programs that were significantly changed, where significant is defined as changes to legislation/regulations or a completely new direction in a program.

Finally, the list was reduced to those submissions that also enhanced industry competitiveness. No calculations are required for this measure.

Data limitations

The selection process for results reported under this measure was subjective and those making the selections had no clear definition of what was meant by private sector policies and programs. Also, this measure does not conform to the Government of Alberta Business Plan Standards for performance measures. This measure has been discontinued in the 2005-2008 business plan because of the limitations identified above.

1.4 Agri-business investment supported by AFSC lending services.

This measure is the total dollar investment in Alberta business as a result of AFSC's involvement in financing and consulting services and facilitation of capital investment in the agri-business industry through its lending products, services and partnerships. AFSC not only has direct lending products that can result in investment, but it also has a number of alliance partnerships such as Farm Credit Canada to help facilitate investment in Alberta business. Dollar investment is defined as any fund, such as debt, equity or investment that would be used to support the growth of Alberta business.

AFSC maintains records of incremental investment as part of its regular monthly reporting including the Commercial Account Manager involved and the business involved.

Calculation method

Agri-business investment from all sources, including direct loans from AFSC, other sources of debt, business owner's equity, or investment by a third party, are added up and reported as total dollar investment in Alberta business.

This measure has been revised in the Ministry 2005-2008 business plan to read "Investment supported by AFSC lending services."

1.5 Amount of Beginning Farmer Loans.

A Beginning Farmer Loan is a lending product offered by AFSC. Beginning Farmer Loans are loans to assist Alberta farmers start and develop viable operations. Loans can be used to purchase land, equipment, breeding stock, production quotas, making improvements to land, financial restructuring, purchasing shares in a farm company as well as loans for working capital.

This measure ascertains the total number and dollar amount of loans provided to farmers who qualify for Beginning Farmer assistance in an effort to show AFSC's support of the growth of Alberta's agriculture industry through lending products geared towards the beginning farmer. AFSC maintains records of each of its loans and indicates whether it is a Beginning Farmer Loan as part of its regular monthly reporting.

Calculation method

The reported result is a summation of the total of all loans qualifying for Beginning Farmer Loans, based on the records AFSC maintains of each of its loans as part of its regular monthly reporting.

This measure has been removed from subsequent business plans, beginning in the 2005-2008 Ministry business plan.

Goal 2: Continued Excellence in Food Safety

2.1 Number of active surveillance sampling programs that identify the incidence of food contaminants or residues.

The purpose of this measure is to identify and reduce food borne pathogens and residues that affect consumer confidence and public health in Alberta-produced food and agricultural products. Once contaminants have been identified, it is possible to quantify the risks and identify areas to mitigate these hazards in the food continuum to reduce or eliminate the exposure of humans to harmful agents.

Calculation method

The Food Safety Division maintains a database of surveillance sampling projects and milestones within those projects. The number of active surveillance sampling programs that identify the incidence of food contaminants or residues is determined from a straight accounting of active surveillance programs within that fiscal year recorded in the database.

Data limitations

This database only maintains the status of the project as far as stage of completion and other pertinent information. The accuracy of the database, as far as stage of completion of the projects, depends on the project leader, who is responsible for maintaining the status of the project.

2.2 Per cent of Alberta production from Alberta chicken farms, hog farms and beef feedlots produced under nationally recognized on-farm food safety (OFFS) programs: chicken farms, hog farms and beef feedlots.

The purpose of this measure is to encourage farmers to meet or exceed the on-farm food safety (OFFS) program requirements for the given commodity. An OFFS program is a systematic, Hazard Analysis Critical Control Point (HACCP)-based approach to promote the production of safe products at the farm level, represented by a set of production practices (good production practices), including control measures, producer manual and management manual.

Currently, there are two uses of the term “recognized.” The first is the technical recognition that is granted by the Canadian Food Inspection Agency, which deems the written program as being effective in controlling hazards associated with that specific commodity. Once this national program is technically recognized, the program may be used by each provincial organization to deliver to the farms that produce that commodity. The audit process at the producer level measures the adherence to the program requirements. This responsibility is given to the provincial producer organizations. The term “recognition” referred to in this measure is a national organization conducting audits of the provincial groups for accuracy of the implementation and audit process. This process assures equivalence between provinces and has yet to be implemented by any of the commodity groups mentioned in this measure to date.

Calculation method

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

Data limitations

These are estimated numbers, which the Ministry relies on others to collect.

Since the national recognition system has not yet been implemented, it is not possible to calculate the percentage of production from farms following a nationally recognized on-farm food safety system.

As a result of these limitations, this measure has been revised significantly in subsequent business plans. In 2005-2008, the measure has been revised to “per cent of Alberta production produced under on-farm food safety programs: chicken farms, hog farms, beef feedlots,” allowing the Ministry to disclose industry’s achievements in these areas in future years.

2.3 Per cent of Alberta-licensed food processing plants that have implemented appropriate food safety process control systems: meat (HACCP-based) and dairy (HACCP pre-requisites).

This measure encourages processors to use HACCP pre-requisites or HACCP systems in their plants to control food safety hazards and demonstrate due diligence in meeting current and expected market requirements. HACCP is a system that identifies, evaluates and controls hazards that are significant for food safety. Pre-requisites to HACCP are those programs that manage the basic conditions and activities for the purpose of maintaining a general hygienic production, processing and/or handling environment.

Calculation method

- Total number of dairy plants that have implemented HACCP pre-requisites divided by the total number of plants.
- Total number of meat processing plants that have implemented HACCP-based system divided by the total number of plants.

Data limitations

Methodology to effectively measure compliance to the HACCP pre-requisites or HACCP-based systems at this time does not provide the evidence that a facility has implemented the HACCP-based system or HACCP pre-requisites.

As a result of these limitations, this measure has been revised significantly in subsequent business plans. In 2005-2008, the measure has been revised to “per cent of Alberta licensed food production facilities that have added a preventative system to their existing food safety system: meat, dairy,” allowing the Ministry to disclose achievements in these areas in future years.

Core Business Two: Enhance Rural Sustainability

Goal 3: Improved Environmental Stewardship

3.1 Percentage of respondents who have adopted improved practices as a result of Ministry-supported stewardship training (formal evaluation every three years).

A formal survey, including telephone survey and written responses, of approximately 500 producers is conducted every three years. This survey addresses awareness, attitudes and adoption of environmentally sustainable agriculture practices and any effect that the Alberta Environmentally Sustainable Agriculture Program may have had.

The survey sample was drawn from a list of farmers maintained by the Ministry. Any producer who signed up for the Farm Fuels program and who agreed to let their name stand for the purpose of being contacted for research and consultations conducted by the Ministry was included. The total list stands at 4,431 names, or about 10 per cent of the population with over \$10,000 in gross annual sales (43,563), as reported by the 2001 Census of Agriculture by Statistics Canada. This list has not been updated since 1998. Overall, the response rate for the phone survey was 22 per cent of all numbers dialed. The refusal to completion ratio was 0.72:1.00.

Five hundred farmers participated in the telephone survey, and 268 (56%) of these completed a follow-up mail survey. The margin of error for a sample size of 500 is +/- 4.4%, while the margins of error for the regional samples of 100 are +/-10.0%. In other words, if this survey were conducted 20 times, the responses would be within the stated margins of error 19 times out of 20. For the mail portion of the survey, a sample size of 268 yields a margin of error of +/-6.1%.

Calculation method

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

- region (5 regions)
- gross farm revenue in 2003 (under \$25,000, \$25,000 to \$99,999 and \$100,000 and over)
- farm type (crop-only, livestock-only and mixed)
- stage of farm operation (3 groupings)
- farmer education and training
- attitude cluster (3 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 twenty-five 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.

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

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

Producers are required to participate in two training workshops to enable them to develop an 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, Food and Rural Development and Agriculture and Agri-Food Canada. The AEFP Company is a tripartite partner with Agriculture and Agri-Food Canada and the Ministry on the Environmental Chapter of the Agricultural Policy Framework. Once a producer has completed both workshops, he/she is then eligible to complete an EFP and is counted under this measure.

Calculation method

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

Data limitations

None. This is a straightforward cumulative total, based on the annual report for the AEFPP Company. Information in the annual report forms the basis for operational payments from Agriculture and Agri-Food Canada to the AEFPP Company.

3.3 Representative examples of results from Ministry and Ministry-funded research that are environmentally related will be reported in the Ministry's annual report.

This measure identifies examples of environmentally related research being done in the Ministry or being funded by the Ministry to demonstrate to the amount and variety of research supported by the Ministry that is focused on finding economically sound, environmentally-friendly technologies and management practices for crop and livestock production and agricultural processing.

Data source

The examples reported for this measure are taken directly from submissions for the 2004-2005 annual report of the Ministry of Agriculture, Food and Rural Development. More specifically, the examples are taken from the results reported under Goal 3, Strategy 1, "Support and conduct applied/adaptive research and evaluations to find economically sound, environmentally friendly technologies and management practices for crop and livestock production and agricultural processing." No calculations are required for this measure.

Data limitations

The selection process for results reported under this measure is subjective. Also, this measure does not conform to the Government of Alberta Business Plan Standards for performance measures. As such, this measure has been discontinued in subsequent business plans, starting in 2005-2008.

Goal 4: Strengthened Rural Communities

4.1 Number of rural businesses assisted.

This measure tracks the effect of AFSC's involvement in supporting the growth of businesses in rural Alberta by counting the total number of rural businesses that received financing or consulting services from AFSC lending services. A rural business is defined as any business outside Edmonton or Calgary.

Calculation method

AFSC maintains records of rural businesses assisted as part of its regular monthly reporting including the Commercial Account Manager involved and the business involved. This measure is a summation of all rural businesses that received financing or consulting services from AFSC lending services, as reported in AFSC's records.

Data limitations

None.

4.2 Investment in rural business.

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

Calculation method

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

Data limitations

None.

4.3 Percentage of Ministry-supported, agricultural-related community activities that focus on community improvements and leadership development.

The information reported for this measure is collected from three sources: the Agricultural Society Program, the 4-H Program and the Agricultural Initiatives Program. The Agricultural Society Program has a strong emphasis on leadership development and, as a result, makes a significant contribution to the enhancement of rural sustainability and strengthened rural communities. Leadership skills, however, take years to develop, and the results of the effective use of those leadership skills may take years longer. Therefore, it is very difficult to measure outcomes on an annual basis. In an effort to improve efficiency and effectiveness of the program, both the number and diversity of activities undertaken by Agricultural Societies are measured. Program guidelines and procedures are designed to increase both the number and the effectiveness of the leadership activities without increasing the overall funding envelope.

The Agricultural Society Program collects information on activities, volunteer hours and attendance, from individual Agricultural Societies, by means of a voluntary report form. The information is collected based on each agricultural society's fiscal year, usually the calendar year prior to the Government's fiscal year. Program event and the number of attendants are collected for the 4-H data. This collection comes from the quarterly reports submitted by 4-H staff on their programs. All 4-H programs are categorized as leadership development. The Agricultural Initiatives Program is administered by Ministry staff, and applications are categorized according to the methodology outlined below. Data is collected on an ongoing basis and reported according to the Government of Alberta fiscal year.

Calculation method

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

- **Agriculture related activities** – refers to activities such as rodeos, fairs and livestock shows.
- **Ag business development** – includes any activities that promote agricultural business development and the development of the agriculture industry.
- **Ag education and skill development** – includes programs or projects that foster awareness of agriculture or improve/develop skills within the community.
- **Leadership development** – includes training for volunteer staff, fees for conferences, workshops and 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 grant program.

Ministry staff administer the Agricultural Initiatives Program. Data is collected on an ongoing basis and entered into the database. Applications are categorized according to the methodology outlined above. 4-H activities are categorized as leadership development. The percentage of activities in the Leadership Development and Community Improvements categories is then calculated from the total of all activities.

Data limitations

This is an output measure with no real indication of the results of these activities. The return rate of voluntary report forms is less than 100 per cent; therefore, the results reflect only those Agricultural Societies that reported their activities.

This measure has been changed in the Ministry 2005-2008 business plan to focus only on Leadership Development.

4.4 Percent change in total employment in rural Alberta.

This measure is an attempt to estimate changes in employment influenced by work within the Ministry, based on the Statistics Canada Labour Force Survey, 2005, used to estimate employment change.

Calculation method

The Labour Force Survey collects monthly information on the labour market activities of Canada's working age population age 15 and over. The data is collected from a sample of 53,600 households each month in Canada. The sample is designed to represent all persons in the population 15 years of age and over, excluding residents of the Territories, persons living on Indian reserves, persons residing in institutions (prisons, hospitals and nursing homes) for more than 6 months and full-time members of the Canadian Armed Forces. The Labour Force Survey is the only source of monthly estimates of total employment including the self-employed, full and part-time employment and unemployment. Contact Statistics Canada for full details.

Data limitations

Changes in rural employment are the result of many different factors that are beyond the control of and, in many cases, beyond the influence of the Ministry. The data is limited because it is a survey, which is then used to estimate a total rural employment figure. The data is also periodically (as was done this year) subject to revision by Statistics Canada. The coefficient of variation for the Alberta Employed Labour Force, 2004, is as follows:

- Total Employed 1,757,900 CV = 0.4%
- Urban Employed 1,368,200 CV = 0.5%
- Rural Employed 389,700 CV = 0.9%

Annual averages are based on the calendar year.

This measure has been discontinued in subsequent Ministry business plans, starting in 2005-2008.

4.5 Percentage of rural youth participating in Ministry-supported programs that report effective learning from those programs.

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

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.

Calculation method

The data for this measure is obtained through the use of written evaluations of each program. Certain questions, used to measure KASA, are consistently asked on evaluations. The results are compiled and stored electronically in a database, with the hard copies stored separately. Each question on the survey requires the participant to select from various responses or provide a short written response. A “yes” response is considered to be a positive change; a “No” or “Unsure” is not considered positive change. A “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 most programs have a 95 to 100 per cent return rate. A small portion of the 4-H members may reside in urban centres.

Core Business Three: Strengthen Business Risk Management

Goal 5: Effective Business Risk Management Programming

5.1a Percentage of primary producers surveyed that participated in business risk management programs: CAIS Program.

This measure determines the proportion of farmers producing primary agricultural products or commodities that participate in the Canadian Agricultural Income Stabilization (CAIS) program, administered by AFSC. The CAIS program integrates stabilization and disaster protection into a single program, helping producers protect their farming operations from both small and large drops in income. The CAIS program is a whole-farm program available to eligible farmers regardless of the commodities they produce.

Calculation method

Data for this measure were collated from two sources:

- Statistics Canada, 2001 Census of Agriculture. Summary tables are provided at the Ministry website: [http://www1.agric.gov.ab.ca/\\$department/deptodocs.nsf/all/sdd5726?opendocument](http://www1.agric.gov.ab.ca/$department/deptodocs.nsf/all/sdd5726?opendocument) Table 27.1 classifies farm entities in Alberta by gross farm income.
- CAIS Program Management System: a secured program management application, accessible only by AFSC staff. Program summary data was provided by AFSC, Lacombe.

Farm entities/producers with gross farm income equal to or greater than \$50,000 were counted from each data set. The number of farm entities and producers that participated in CAIS for the 2003 tax year is then divided by the total number of provincial farm entities.

Data limitation

The Census of Agriculture data was based on the 2000 tax information of producers, and income slippage is a great concern. Double counting may be an issue. For example, some producers in a joint operation may have been counted as separate operations in cases where their gross farm income exceeds \$50,000. As well, this measure is not derived from survey, and as such, no accuracy level is available.

The survey designed to provide performance information for this measure was postponed to fall 2005, due to Statistics Canada's prior commitments.

This measure has been discontinued in subsequent business plans, starting in 2005-2008.

5.1b Percentage of primary producers surveyed that participated in business risk management programs: Production Insurance (PI).

All risk Crop Insurance or Production-Based Insurance provides protection to producers when the annual crop yield in a given year falls below a percentage of what is normally grown or a normal expected yield. It covers losses caused by designated perils (drought, excessive moisture, fire by lightning, flood, frost, hail, insect infestations, plant disease, snow, waterfowl and wildlife, wind, winterkill, etc.) This measure determines the participation rate of producers in the PI Program.

Calculation method

Farm entities/producers with total farm area equal to or greater than 180 acres were counted from the 2001 Census of Agriculture. The number of farm entities and producers that participated in PI for the 2004 growing season was divided by the total number of provincial farm entities.

Data for this measure were collated from two sources:

- Statistics Canada, 2001 Census of Agriculture. Summary tables are provided at the Ministry website: [http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/sdd5726?opendocument](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/sdd5726?opendocument) Table 3.1 classifies farm entities in Alberta by total farm area.
- PI Program Management System: a secured program management application, accessible only by AFSC staff. Program summary data was provided by AFSC, Lacombe.

Data limitations

- PI is offered on crop-to-crop basis, and producers may elect to cover part or all of their crops. As such, all producers who purchased Crop Insurance for the 2004 growing season have been included in this analysis.
- Notwithstanding the farm size threshold, 5,242 producers who insured less than 180 acres have been included in the numerator to reflect the total client base and to account for those who might have elected only part of their crops.
- Measure is not derived from survey, and no accuracy level is available.
- The Census of Agriculture data was based on the 2000 tax information of producers.
- The denominator includes livestock operations with total farm area 180 acres or greater, but PI is available for crops only.

This measure has been discontinued in subsequent business plans, starting in 2005-2008.

5.2 Percentage of customers satisfied with business risk management program delivery.

This measure is designed to assess client satisfaction with the delivery of business risk management programs including crop insurance and the CAIS program by determining the percentage of AFSC crop insurance and CAIS clients who, when asked, would indicate that as a direct result of the risk management programs, they were able to maintain a viable farm operation.

Calculation method

AFSC conducts an annual customer survey of participants in crop insurance programs and the CAIS program. The survey is conducted by an external service provider and includes a question to assess overall satisfaction with the delivery of risk management products.

The CAIS program telephone survey was conducted in March 2005 and included 379 CAIS program participants. The survey participants were randomly drawn from a list of 29,349 clients provided by AFSC. The survey had a response rate of 86 per cent. The Production Insurance telephone survey was also conducted in March 2005. A total of 376 Production Insurance clients were randomly selected from a list of 16,958 clients provided by AFSC. This survey had a response rate of 75 per cent.

Probability sampling allows the generalization of survey results to the target population, with a known degree of confidence. Sample size is based on present margin of error of +/- 5%. From the results obtained, the number of producers surveyed that indicated they were satisfied or very satisfied with the delivery of the risk management program is divided by the total number of survey respondents.

Data limitations

None.

This measure has been discontinued in subsequent business plans, starting in 2005-2008.