



AUDITOR'S REPORT

To the Minister of Agriculture, Food and Rural Development

I have audited the statement of financial position of the Department of Agriculture, Food and Rural Development as at March 31, 2005 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the management of the Department. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by]
Fred Dunn
FCA
Auditor General

Edmonton, Alberta
May 20, 2005

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

Department – continued

Department of Agriculture, Food and Rural Development – Financial Statements 2004-2005

Statement of Operations for the Year Ended March 31, 2005*(in thousands)*

	2005 Budget (Schedule 4)	2005 Actual	2004 Actual (Restated)
Revenues (Schedule 1)			
Transfers from the Government of Canada	\$ 15,243	\$ 75,395	\$ 220,072
Internal government transfers	16,620	16,620	16,620
Other revenue	4,590	45,691	4,593
Fees, permits and licenses	1,400	1,313	1,172
	37,853	139,019	242,457
Expenses – Directly Incurred (Note 2(b) and Schedule 8) Voted (Schedules 3 and 5)			
Industry development	49,404	137,917	85,762
Sustainable agriculture	38,894	46,354	36,037
Planning and competitiveness	39,230	37,083	40,709
Infrastructure assistance	24,000	23,815	16,732
Ministry support services	18,430	17,841	18,371
Agriculture assistance –			
Canadian agricultural income stabilization	86,125	202,323	106,471
BSE recovery	–	147,225	488,554
Insurance and lending	133,261	104,082	127,449
Farm fuel distribution allowance	33,500	32,637	30,972
Farm income assistance	–	12,408	54,646
Other assistance	7,600	4,920	21,626
	430,444	766,605	1,027,329

continued

Department – continued

Department of Agriculture, Food and Rural Development – Financial Statements 2004-2005

continued**Statement of Operations for the Year Ended March 31, 2005***(in thousands)*

	2005 Budget (Schedule 4)	2005 Actual	2004 Actual (Restated)
Statutory (Schedules 3 and 5)			
Valuation adjustments –			
Write-offs and losses	–	2	–
Provision for loan guarantees	–	1,204	1,400
Provision for vacation pay	–	488	189
Provision (decrease) for doubtful accounts	–	511	(54)
	–	2,205	1,535
Total expenses	430,444	768,810	1,028,864
Loss (gain) on disposal of tangible capital assets	–	52	(2)
Net operating results	\$(392,591)	\$(629,843)	\$(786,405)

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

Department – continued**Department of Agriculture, Food and Rural Development – Financial Statements 2004-2005****Statement of Financial Position as at March 31, 2005***(in thousands)*

	2005	2004 (Restated)
Assets		
Cash	\$ 822	\$ 450
Accounts receivable <i>(Note 4)</i>	125,278	62,293
Loans and advances <i>(Note 5)</i>	10	14
Tangible capital assets <i>(Note 6)</i>	31,914	31,280
	\$158,024	\$ 94,037
Liabilities		
Accounts payable and accrued liabilities <i>(Note 7)</i>	\$264,421	\$ 233,937
Unearned revenue	3,540	4,690
	267,961	238,627
Net Liabilities		
Net liabilities at beginning of year	(144,590)	(73,364)
Net operating results	(629,843)	(786,405)
Net transfer from general revenues	664,496	715,179
Net liabilities at end of year	(109,937)	(144,590)
	\$158,024	\$ 94,037

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

Department – continued**Department of Agriculture, Food and Rural Development – Financial Statements 2004-2005****Statement of Cash Flows for the Year Ended March 31, 2005***(in thousands)*

	2005	2004 (Restated)
Operating Transactions		
Net operating results	\$(629,843)	\$(786,405)
Non-cash items included in net operating results –		
Amortization <i>(Schedule 3)</i>	3,405	2,686
Valuation adjustments	2,205	1,535
Loss (gain) on disposal of tangible capital assets	52	(2)
	(624,181)	(782,186)
Increase in accounts receivable	(63,498)	(25,684)
Increase in accounts payable and accrued liabilities	28,792	93,370
(Decrease) increase in unearned revenue	(1,150)	2,547
Cash applied to operating transactions	(660,037)	(711,953)
Capital Transactions		
Acquisition of tangible capital assets	(3,999)	(3,486)
Transferred assets	(139)	–
Disposal of tangible capital assets	47	21
Cash applied to capital transactions	(4,091)	(3,465)
Investing Transactions		
Loans and advances	(10)	(14)
Repayment of loans and advances	14	44
Cash provided by investing transactions	4	30
Financing Transactions		
Net transfer from general revenues	664,496	715,179
Increase (decrease) in cash	372	(209)
Cash, beginning of year	450	659
Cash, end of year	\$ 822	\$ 450

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

Department – continued

Department of Agriculture, Food and Rural Development – Financial Statements 2004-2005

Notes to the Financial Statements for the Year Ended March 31, 2005

Note 1 Authority and Purpose

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

Note 2 Summary of Significant Accounting Policies and Reporting Practices

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

(a) Reporting Entity

The reporting entity is the Department of Agriculture, Food and Rural Development, which is part of the Ministry of Agriculture, Food and Rural Development and for which the Minister of Agriculture, Food and Rural Development is accountable. The other entity reporting to the Minister is Agriculture Financial Services Corporation.

The activities of this organization are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

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

(b) Basis of Financial Reporting

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

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

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

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

Expenses

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

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

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

Department – continued

Department of Agriculture, Food and Rural Development – Financial Statements 2004-2005

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

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

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

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

Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$100,000 and the threshold for all other tangible capital assets is \$5,000 (2004 – \$15,000). All land is capitalized.

Liabilities – Liabilities represent all financial claims payable by the Department at fiscal year end.

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

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

Accounts payable and accrued liabilities, recorded as \$264,421 in these financial statements, include an estimated amount owing to Agriculture Financial Services Corporation (AFSC) of \$48,198 and corresponding expenses for the Canadian Agricultural Income Stabilization Program (CAIS) that are subject to measurement uncertainty. The estimated indemnities payable and corresponding contributions for the CAIS program could change substantially in the future, if factors considered by management in establishing the estimates were to change significantly. Indemnities to be paid may be more or less than the amount recorded because the estimate is made before the majority of participants elected their coverage levels and information necessary to process a claim is received. It is also difficult to predict the estimated indemnities because of the wide variation that business risks may have on individual program margins.

Also included in accounts payable and accrued liabilities is an estimated liability of \$8,778 relating to amounts owing to producers and corresponding expenses under the Canada-Alberta Fed Cattle Set-Aside Program. The estimated amount could change significantly if factors considered by management in establishing the estimate were to change. Grants payable may be more or less than the amount recorded because the estimate is based on a prediction of the difference between future market prices in Alberta and the United States for cattle sold in Alberta that were set aside before March 31, 2005 under the program.

Accounts receivable, recorded as \$125,278 in these financial statements, includes amounts due from the Government of Canada under the Canadian Farm Income Program (CFIP) of \$37,750 and corresponding revenues that are subject to measurement uncertainty. The Federal-Provincial agreement obligates the Government of Canada to make contributions to Alberta where credited Provincial programs offset some of the benefit that would otherwise be provided by CFIP. This amount is contingent upon amounts paid by the Province under the Farm Income Disaster Program and/or the Farm Income Assistance Program. Amounts included in the financial statements have been estimated based on a formula agreed to by the Government of Canada and could change based on the finalization of claims under the program.

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

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

Department – continued**Department of Agriculture, Food and Rural Development – Financial Statements 2004-2005****Note 3 Program Transfer***(in thousands)*

Effective April 1, 2004, responsibility for funding the Standing Policy Committee (the Committee) was transferred to the Department of Infrastructure and Transportation. Comparatives for 2004 have been restated as if the Department had never been assigned responsibility for the Committee.

Net operating results, as previously reported at March 31, 2004	\$(786,501)
Add: Expenses transferred to the Department of Infrastructure and Transportation	<u>96</u>
Net operating results, as restated at April 1, 2004	<u><u>\$(786,405)</u></u>

Note 4 Accounts Receivable

	Gross Amount	2005 Allowance for Doubtful Accounts	Net Realizable Value	2004 Net Realizable Value
	<i>(in thousands)</i>			
Accounts receivable	\$125,740	\$546	\$125,194	\$60,619
Refunds from suppliers	<u>84</u>	<u>–</u>	<u>84</u>	<u>1,674</u>
	<u><u>\$125,824</u></u>	<u><u>\$546</u></u>	<u><u>\$125,278</u></u>	<u><u>\$62,293</u></u>

Accounts receivable are unsecured and non-interest bearing.

Note 5 Loans and Advances

	Gross Amount	2005 Allowance for Doubtful Accounts	Net Realizable Value	2004 Net Realizable Value
	<i>(in thousands)</i>			
Travel advances	\$ 4	\$ –	\$ 4	\$10
Loans receivable	<u>8</u>	<u>2</u>	<u>6</u>	<u>4</u>
	<u><u>\$12</u></u>	<u><u>\$ 2</u></u>	<u><u>\$10</u></u>	<u><u>\$14</u></u>

Note 6 Tangible Capital Assets

	Estimated Useful Life	Cost	2005 Accumulated Amortization <i>(in thousands)</i>	2004 Net Book Value	2004 Net Book Value
Land	Indefinite	\$ 123	\$ –	\$ 123	\$ 123
Buildings	40 years	1,739	131	1,608	1,651
Equipment and vehicles	10 years	25,386	12,151	13,235	11,916
Computer hardware and software	3 years	2,510	1,324	1,186	329
Rail hopper cars	35 years	<u>50,585</u>	<u>34,823</u>	<u>15,762</u>	<u>17,261</u>
		<u><u>\$80,343</u></u>	<u><u>\$48,429</u></u>	<u><u>\$31,914</u></u>	<u><u>\$31,280</u></u>

Computer hardware and software includes \$428 for software development that has not been amortized during the period.

Department – continued**Department of Agriculture, Food and Rural Development – Financial Statements 2004-2005****Note 7 Accounts Payable and Accrued Liabilities**

	2005	2004
	<i>(in thousands)</i>	
Accounts payable – general	\$ 6,893	\$ 5,943
Manpower	11,951	11,563
Grants	238,303	211,036
Allowance for loan guarantees	2,604	1,400
Supplies and services and capital purchases	<u>4,670</u>	<u>3,995</u>
	<u>\$264,421</u>	<u>\$233,937</u>

Note 8 Contractual Obligations

	2005	2004
	<i>(in thousands)</i>	
Grants	\$3,035	\$ 7,465
Service contracts	<u>2,068</u>	<u>3,916</u>
	<u>\$5,103</u>	<u>\$11,381</u>

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

	Grants	Service Contracts
	<i>(in thousands)</i>	
2006	\$2,285	\$1,940
2007	375	98
2008	<u>375</u>	<u>30</u>
	<u>\$3,035</u>	<u>\$2,068</u>

Note 9 Contingencies

(in thousands)

At March 31, 2005, the Department is a defendant in four legal claims (2004 – four legal claims). These claims have specified amounts totaling \$1,834 (2004 – \$1,990). Included in the total legal claims is one claim amounting to \$1,332 (2004 – three claims amounting to \$1,778) in which the Department has been jointly named with other entities. One claim amounting to \$1,332 (2004 – two claims amounting to \$1,488) is covered by the Alberta Risk Management Fund.

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

Note 10 Guarantees

	2005	2004	Expiry Date
	(Restated)		
	<i>(in thousands)</i>		
Feeder associations	\$48,820	\$51,611	Ongoing
Rural Utilities Act	370	591	Ongoing
Agricultural Societies Act	<u>29</u>	<u>25</u>	2015
	49,219	52,227	
Allowance for loan guarantees	<u>(2,604)</u>	<u>(1,400)</u>	
	<u>\$46,615</u>	<u>\$50,827</u>	

Department – continued

Department of Agriculture, Food and Rural Development – Financial Statements 2004-2005

Note 10 Guarantees (continued)

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

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

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

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

Note 11 Trust Funds Under Administration

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

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

	2005	2004 (Restated)
	<i>(in thousands)</i>	
Wheat Board Monies Trust Fund	\$ 97	\$ 99
4-H General Trust	86	85
Claude Gallinger Memorial Trust Fund	24	23
4-H Scholarships Trust Fund	–	59
	<u>\$207</u>	<u>\$266</u>

Effective August 25, 2004 responsibility for administering the 4-H Scholarships Trust Fund was transferred to the 4-H Foundation of Alberta.

Note 12 Payments Under Agreement

(in thousands)

The Department has entered into an agreement to deliver programs and services that are funded by the Government of Canada. Administration costs for the Alberta Mature Animal Transition Program and the Federal Cull Animal Program are 60% funded by the Government of Canada, and grants paid under Federal Cull Animal Program are 100% funded by the Government of Canada. Costs incurred under this agreement are made by the Department under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes \$422 (2004 – \$637) and accounts payable includes \$1,364 (2004 – \$79) relating to payments under agreement.

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

	2005	2004
	<i>(in thousands)</i>	
Government of Canada:		
Alberta Mature Animal Transition Program	\$ 422	\$637
Federal Cull Animal Program	<u>30,916</u>	<u>–</u>
	<u>\$31,338</u>	<u>\$637</u>

Department – continued

Department of Agriculture, Food and Rural Development – Financial Statements 2004-2005

Note 13 Defined Benefit Plans

(in thousands)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$5,042 for the year ended March 31, 2005 (2004 – \$4,403).

At December 31, 2004, the Management Employees Pension Plan reported a deficiency of \$268,101 (2003 – \$290,014) and the Public Service Pension Plan reported a deficiency of \$450,068 (2003 – \$584,213). At December 31, 2004, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$9,404 (2003 – \$9,312).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2005, the Bargaining Unit Plan reported an actuarial deficiency of \$11,817 (2004 – \$9,766) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$3,208 (2004 – actuarial surplus of \$1,298). The expense for these two plans is limited to employer's annual contributions for the year.

Note 14 Comparative Figures

Certain 2004 figures have been reclassified to conform to the 2005 presentation.

Note 15 Approval of the Financial Statements

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

Department – continued**Department of Agriculture, Food and Rural Development – Schedule to Financial Statements
Revenues for the Year Ended March 31, 2005****Schedule 1***(in thousands)*

	2005 Budget	2005 Actual	2004 Actual
Transfers from the Government of Canada			
Canadian farm income program	\$ –	\$ (2,802)	\$ 51,000
Canada/Alberta BSE assistance	–	62,057	150,585
Irrigation infrastructure	8,993	8,933	8,090
BSE surveillance	–	3,670	–
Other	6,250	3,537	10,397
	<u>15,243</u>	<u>75,395</u>	<u>220,072</u>
Internal government transfers			
Transfers from the lottery fund	<u>16,620</u>	<u>16,620</u>	<u>16,620</u>
Other revenue			
Project contributions	2,400	2,805	2,238
Rail hopper car revenue	650	1,349	951
Green certificate and home study	880	321	257
Publications	225	221	235
Refunds of expenditures			
Previous years'	–	33,494	311
Other	–	6,999	–
Surplus sales	–	30	77
Miscellaneous	435	472	524
	<u>4,590</u>	<u>45,691</u>	<u>4,593</u>
Fees, permits and licenses			
Livestock water program	140	111	130
Food processing centre fees	600	725	538
Meat services	223	213	199
Aquaculture, sheep and diversified livestock	150	160	156
Dairy laboratory and analytical services	29	14	7
Other	258	90	142
	<u>1,400</u>	<u>1,313</u>	<u>1,172</u>
	<u>\$37,853</u>	<u>\$139,019</u>	<u>\$242,457</u>

Department – continued**Department of Agriculture, Food and Rural Development – Schedule to Financial Statements
Dedicated Revenue Initiatives for the Year Ended March 31, 2005****Schedule 2***(in thousands)*

	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall)/ Excess
Ministry support services	\$ 225	\$ 222	\$ (3)
Planning and competitiveness	900	472	(428)
Industry development	4,738	4,229	(509)
Sustainable agriculture	<u>727</u>	<u>1,354</u>	<u>627</u>
	<u>\$6,590</u>	<u>\$6,277</u>	<u>\$(313) ⁽¹⁾</u>

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

Planning and Competitiveness dedicated revenue initiatives include fees for educational services.

Industry Development dedicated revenue initiatives include: Food Processing Centre Fees (\$1,025), various Plant Industry Programs (\$2,252), Business Innovation (\$563), and various Livestock Industry Programs (\$389).

Sustainable Agriculture dedicated revenue initiatives include: Food Safety Initiatives (\$790), Resource Management and Irrigation (\$253) and various Technical Services Programs (\$311).

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

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

Department – continued**Department of Agriculture, Food and Rural Development – Schedule to Financial Statements
Expenses – Directly Incurred Detailed by Object for the Year Ended March 31, 2005****Schedule 3***(In thousands)*

	2005 Budget	2005 Actual	2004 Actual (Restated)
Voted			
Salaries, wages and employee benefits	\$ 74,810	\$ 76,858	\$ 73,625
Supplies and services	36,134	38,525	35,119
Grants	316,014	647,589	915,816
Financial transactions and other	72	228	83
Amortization of tangible capital assets	3,414	3,405	2,686
Total voted expenses	<u>\$430,444</u>	<u>\$766,605</u>	<u>\$1,027,329</u>
Statutory			
Valuation adjustments			
Write-offs and losses	\$ –	\$ 2	\$ –
Provision for loan guarantees	–	1,204	1,400
Provision for vacation pay	–	488	189
Provision (decrease) for doubtful accounts	–	511	(54)
	<u>\$ –</u>	<u>\$ 2,205</u>	<u>\$ 1,535</u>

Department – continued**Department of Agriculture, Food and Rural Development – Schedule to Financial Statements
Authorized Budget for the Year Ended March 31, 2005****Schedule 4***(in thousands)*

	2004-2005 Estimates	Adjustment (a)	2004-2005 Budget	Authorized Supplementary (b)	2004-2005 Authorized Budget
Revenues					
Transfers from the Government of Canada	\$ 15,243	\$ –	\$ 15,243	\$ –	\$ 15,243
Internal government transfers	16,620	–	16,620	–	16,620
Other revenue	4,590	–	4,590	–	4,590
Fees, permits and licenses	1,400	–	1,400	–	1,400
	<u>37,853</u>	<u>–</u>	<u>37,853</u>	<u>–</u>	<u>37,853</u>
Expenses (directly incurred) –					
Voted expenses					
Planning and competitiveness	80,330	–	80,330	320,300	400,630
Agriculture insurance and lending assistance	219,386	–	219,386	105,867	325,253
Sustainable agriculture	57,894	(1,947)	55,947	12,000	67,947
Industry development	54,404	(320)	54,084	90,100	144,184
Ministry support services	18,430	–	18,430	–	18,430
Dedicated revenue shortfall (Schedule 2)	–	(313)	(313)	–	(313)
	<u>430,444</u>	<u>(2,580)</u>	<u>427,864</u>	<u>528,267</u>	<u>956,131</u>
Net operating results	<u>\$(392,591)</u>	<u>\$(2,580)</u>	<u>\$(390,011)</u>	<u>\$(528,267)</u>	<u>\$(918,278)</u>
Equipment/inventory purchases	<u>\$ 1,266</u>	<u>\$ 2,267</u>	<u>\$ 3,533</u>	<u>\$ –</u>	<u>\$ 3,533</u>

(a) Adjustments include dedicated revenue shortfalls and reallocation from Operating Expense to Equipment/Inventory Purchases.

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

Department – continued

Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2005

Schedule 5

(in thousands)

Voted Expenses and Capital Investments		2004-2005 Estimates	Adjustments (a)	2004-2005 Budget	Authorized Supplementary (b)	2004-2005 Authorized Budget	2004-2005 Actual Expenses (c)	Unexpended (Over Expended)
1.0	Ministry Support Services							
1.0.1	Minister's Office	\$ 447	\$ –	\$ 447	\$ –	\$ 447	\$ 428	\$ 19
1.0.3	Deputy Minister's Office	406	–	406	–	406	463	(57)
1.0.4	Farmers' Advocate	664	–	664	–	664	672	(8)
1.0.5	Finance							
	– Operating Expense	6,674	–	6,674	–	6,674	5,657	1,017
	– Capital Investment	–	–	–	–	–	48	(48)
1.0.6	Internal Audit	203	–	203	–	203	273	(70)
1.0.7	Information Technology							
	– Operating Expense	2,737	–	2,737	–	2,737	3,355	(618)
	– Capital Investment	70	–	70	–	70	186	(116)
1.0.8	Agriculture Information Division	3,140	–	3,140	–	3,140	3,104	36
1.0.9	Industry Information Network							
	– Operating Expense	974	–	974	–	974	918	56
	– Capital Investment	–	–	–	–	–	28	(28)
1.0.10	Knowledge Management							
	– Operating Expense	522	–	522	–	522	370	152
	– Capital Investment	–	–	–	–	–	35	(35)
1.0.11	Communications	270	–	270	–	270	305	(35)
1.0.12	Human Resources	2,013	–	2,013	–	2,013	2,191	(178)
1.0.13	Amortization of Capital Assets	380	–	380	–	380	105	275
	Total Program	<u>18,500</u>	<u>–</u>	<u>18,500</u>	<u>–</u>	<u>18,500</u>	<u>18,138</u>	<u>362</u>

Department – continued**Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2005****Schedule 5** continued

Voted Expenses and Capital Investments		2004-2005 Estimates	Adjustments (a)	2004-2005 Budget	Authorized Supplementary (b)	2004-2005 Authorized Budget	2004-2005 Actual Expenses (c)	Unexpended (Over Expended)
2.0	Planning and Competitiveness							
2.1	Program Support							
2.1.1	Assistant Deputy Minister	280	–	280	–	280	315	(35)
2.1.2	Policy Secretariat	2,424	–	2,424	–	2,424	3,356	(932)
2.1.3	Rural Development Initiative	544	–	544	–	544	560	(16)
2.1.4	Alberta Grain Commission	469	–	469	–	469	407	62
2.1.5	Amortization of Capital Assets	1,464	–	1,464	–	1,464	1,459	5
	Total Sub-program	<u>5,181</u>	<u>–</u>	<u>5,181</u>	<u>–</u>	<u>5,181</u>	<u>6,097</u>	<u>(916)</u>
2.2	Economics and Competitiveness							
2.2.1	Administrative Support	410	–	410	100	510	565	(55)
2.2.2	Statistics and Data Development	987	–	987	–	987	1,000	(13)
2.2.3	Economics	1,223	–	1,223	–	1,223	1,221	2
2.2.4	Competitive Intelligence	423	–	423	–	423	353	70
2.2.5	Strategic Information Services	900	–	900	–	900	911	(11)
2.2.6	Bilateral Relations and Strategic Initiatives	371	–	371	–	371	337	34
	Total Sub-program	<u>4,314</u>	<u>–</u>	<u>4,314</u>	<u>100</u>	<u>4,414</u>	<u>4,387</u>	<u>27</u>

Department – continued

Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2005

Schedule 5 continued

Voted Expenses and Capital Investments		2004-2005 Estimates	Adjustments (a)	2004-2005 Budget	Authorized Supplementary (b)	2004-2005 Authorized Budget	2004-2005 Actual Expenses (c)	Unexpended (Over Expended)
2.3	Rural Services							
2.3.1	Administrative Support	266	–	266	–	266	215	51
2.3.2	Farm Income Support Operations	2,943	–	2,943	–	2,943	1,848	1,095
2.3.3	4-H							
	– Operating Expense	1,233	–	1,233	–	1,233	1,279	(46)
	– Capital Investment	–	–	–	–	–	7	(7)
2.3.4	Educational and Community Services	2,667	–	2,667	–	2,667	2,031	636
2.3.5	Agricultural Service Boards							
	– Operating Expense funded by Lotteries	5,000	–	5,000	–	5,000	5,033	(33)
2.3.6	Agriculture Initiatives							
	– Operating Expense funded by Lotteries	11,620	–	11,620	–	11,620	11,435	185
2.3.7	Farm Fuel Distribution Allowance	33,500	–	33,500	–	33,500	32,637	863
2.3.8	Farm Water Program	7,600	–	7,600	–	7,600	4,890	2,710
2.3.9	Farm Income Assistance Program	–	–	–	–	–	246	(246)
2.3.10	BSE Recovery	–	–	–	320,200	320,200	147,225	172,975
2.3.11	Grasshopper Control Program	–	–	–	–	–	30	(30)
	Total Sub-program	<u>64,829</u>	<u>–</u>	<u>64,829</u>	<u>320,200</u>	<u>385,029</u>	<u>206,876</u>	<u>178,153</u>

Department – continued**Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2005****Schedule 5** continued

Voted Expenses and Capital Investments		2004-2005 Estimates	Adjustments (a)	2004-2005 Budget	Authorized Supplementary (b)	2004-2005 Authorized Budget	2004-2005 Actual Expenses (c)	Unexpended (Over Expended)
2.4	Rural Utilities							
2.4.1	Support Services							
	– Operating Expense	1,356	–	1,356	–	1,356	1,251	105
	– Capital Investment	–	–	–	–	–	7	(7)
2.4.2	Rural Electric – Grants	850	–	850	–	850	577	273
2.4.3	Rural Gas Grants	3,050	–	3,050	–	3,050	2,059	991
2.4.4	Remote Area Heating Allowance	750	–	750	–	750	809	(59)
	Total Sub-program	<u>6,006</u>	<u>–</u>	<u>6,006</u>	<u>–</u>	<u>6,006</u>	<u>4,703</u>	<u>1,303</u>
	Total Program	<u>80,330</u>	<u>–</u>	<u>80,330</u>	<u>320,300</u>	<u>400,630</u>	<u>222,063</u>	<u>178,567</u>
3.0	Industry Development							
3.1	Program Support							
3.1.1	Assistant Deputy Minister	464	–	464	–	464	337	127
3.1.2	Marketing Council	631	–	631	–	631	700	(69)
3.1.3	Amortization of Capital Assets	770	–	770	–	770	818	(48)
	Total Sub-program	<u>1,865</u>	<u>–</u>	<u>1,865</u>	<u>–</u>	<u>1,865</u>	<u>1,855</u>	<u>10</u>
3.2	Livestock Industry Development							
3.2.1	Administrative Support	288	–	288	–	288	1,246	(958)
3.2.2	Beef	1,964	–	1,964	–	1,964	1,747	217
3.2.3	Pork, Poultry and Dairy	1,698	–	1,698	–	1,698	1,519	179
3.2.4	Forage and Horse	1,295	–	1,295	–	1,295	1,192	103
3.2.5	Diversified Livestock	2,151	–	2,151	–	2,151	1,973	178
	Total Sub-program	<u>7,396</u>	<u>–</u>	<u>7,396</u>	<u>–</u>	<u>7,396</u>	<u>7,677</u>	<u>(281)</u>

Department – continued

Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2005

Schedule 5 continued

Voted Expenses and Capital Investments		2004-2005 Estimates	Adjustments (a)	2004-2005 Budget	Authorized Supplementary (b)	2004-2005 Authorized Budget	2004-2005 Actual Expenses (c)	Unexpended (Over Expended)
3.3	Crop Diversification							
3.3.1	Administrative Support							
	– Operating Expense	495	–	495	–	495	742	(247)
	– Capital Investment	350	–	350	–	350	180	170
3.3.2	Crop Diversification – North							
	– Operating Expense	3,802	–	3,802	–	3,802	4,057	(255)
	– Capital Investment	–	–	–	–	–	7	(7)
3.3.3	Crop Diversification – South							
	– Operating Expense	3,271	–	3,271	–	3,271	3,048	223
	– Capital Investment	–	–	–	–	–	18	(18)
3.3.4	Field Crop Development Centre							
	– Operating Expense	2,829	–	2,829	–	2,829	3,066	(237)
	– Capital Investment	–	–	–	–	–	17	(17)
	Total Sub-program	<u>10,747</u>	<u>–</u>	<u>10,747</u>	<u>–</u>	<u>10,747</u>	<u>11,135</u>	<u>(388)</u>

Department – continued**Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2005****Schedule 5** continued

Voted Expenses and Capital Investments		2004-2005 Estimates	Adjustments (a)	2004-2005 Budget	Authorized Supplementary (b)	2004-2005 Authorized Budget	2004-2005 Actual Expenses (c)	Unexpended (Over Expended)
3.4	Processing Development							
3.4.1	Administrative Support							
	– Operating Expense	413	–	413	–	413	914	(501)
	– Capital Investment	–	–	–	–	–	68	(68)
3.4.2	Processing – Operations							
	– Operating Expense	1,733	–	1,733	–	1,733	1,531	202
	– Capital Investment	266	–	266	–	266	248	18
3.4.3	Processing – Programs							
	– Operating Expense	1,934	–	1,934	–	1,934	1,310	624
	– Capital Investment	–	–	–	–	–	146	(146)
3.4.4	Agrivalue Processing Business Incubator							
	– Operating Expense	390	(320)	70	–	70	138	(68)
	– Capital Investment	–	320	320	–	320	433	(113)
	Total Sub-program	<u>4,736</u>	<u>–</u>	<u>4,736</u>	<u>–</u>	<u>4,736</u>	<u>4,788</u>	<u>(52)</u>
3.5	Agri-Food Investment							
3.5.1	Administrative Support	231	–	231	–	231	239	(8)
3.5.2	Processing Investment	1,357	–	1,357	17,000	18,357	18,488	(131)
3.5.3	Production Investment							
	– Operating Expense	571	–	571	–	571	475	96
	– Capital Investment	–	–	–	–	–	2	(2)
3.5.4	Infrastructure Assistance for Municipal							
	Wastewater	<u>5,000</u>	<u>–</u>	<u>5,000</u>	<u>–</u>	<u>5,000</u>	<u>4,815</u>	<u>185</u>
	Total Sub-program	<u>7,159</u>	<u>–</u>	<u>7,159</u>	<u>17,000</u>	<u>24,159</u>	<u>24,019</u>	<u>140</u>

Department – continued

Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2005

Schedule 5 continued

Voted Expenses and Capital Investments		2004-2005 Estimates	Adjustments (a)	2004-2005 Budget	Authorized Supplementary (b)	2004-2005 Authorized Budget	2004-2005 Actual Expenses (c)	Unexpended (Over Expended)
3.6	Business and Innovation							
3.6.1	Administrative Support	374	–	374	–	374	405	(31)
3.6.2	Business Development	2,715	–	2,715	–	2,715	3,145	(430)
3.6.3	Business Management Innovations	3,661	–	3,661	–	3,661	2,495	1,166
3.6.4	Business Agri-Processing							
	– Operating Expense	3,151	–	3,151	37,100	40,251	38,019	2,232
	– Capital Investment	–	–	–	–	–	2	(2)
	Total Sub-program	<u>9,901</u>	<u>–</u>	<u>9,901</u>	<u>37,100</u>	<u>47,001</u>	<u>44,066</u>	<u>2,935</u>
3.7	Ag-Entrepreneurship							
3.7.1	Administrative Support	391	–	391	–	391	2,245	(1,854)
3.7.2	Agri-Preneur Feasibility	763	–	763	–	763	806	(43)
3.7.3	Agri-Preneur Action Team							
	– Operating Expense	1,529	–	1,529	–	1,529	1,738	(209)
	– Capital Investment	–	–	–	–	–	1	(1)
3.7.4	Agri-Preneur Services							
	– Operating Expense	553	–	553	–	553	619	(66)
	– Capital Investment	–	–	–	–	–	1	(1)
	Total Sub-program	<u>3,236</u>	<u>–</u>	<u>3,236</u>	<u>–</u>	<u>3,236</u>	<u>5,410</u>	<u>(2,174)</u>
3.8	Program Information Services							
3.8.1	Program Information Services	9,980	–	9,980	–	9,980	3,786	6,194
3.8.2	Market Recovery and Value Added Research and Development	–	–	–	36,000	36,000	41,119	(5,119)
	Total Sub-program	<u>9,980</u>	<u>–</u>	<u>9,980</u>	<u>36,000</u>	<u>45,980</u>	<u>44,905</u>	<u>1,075</u>
	Total Program	<u>55,020</u>	<u>–</u>	<u>55,020</u>	<u>90,100</u>	<u>145,120</u>	<u>143,855</u>	<u>1,265</u>

Department – continued**Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2005****Schedule 5** continued

Voted Expenses and Capital Investments		2004-2005 Estimates	Adjustments (a)	2004-2005 Budget	Authorized Supplementary (b)	2004-2005 Authorized Budget	2004-2005 Actual Expenses (c)	Unexpended (Over Expended)
4.0	Sustainable Agriculture							
4.1	Program Support							
4.1.1	Assistant Deputy Minister	262	–	262	–	262	281	(19)
4.1.2	Amortization of Capital Assets	800	–	800	–	800	1,023	(223)
	Total Sub-program	<u>1,062</u>	<u>–</u>	<u>1,062</u>	<u>–</u>	<u>1,062</u>	<u>1,304</u>	<u>(242)</u>
4.2	Resource Management and Irrigation							
4.2.1	Administrative Support	252	–	252	–	252	236	16
4.2.2	Environmentally Sustainable Agriculture							
	– Operating Expense	4,852	–	4,852	–	4,852	4,339	513
	– Capital Investment	–	–	–	–	–	2	(2)
4.2.3	Conservation and Development							
	– Operating Expense	3,135	–	3,135	–	3,135	3,232	(97)
	– Capital Investment	–	–	–	–	–	64	(64)
4.2.4	Irrigation							
	– Operating Expense	4,763	–	4,763	–	4,763	5,079	(316)
	– Capital Investment	200	–	200	–	200	152	48
4.2.5	Irrigation Secretariat	298	–	298	–	298	318	(20)
4.2.6	Irrigation Infrastructure Assistance	19,000	–	19,000	–	19,000	19,000	–
	Total Sub-program	<u>32,500</u>	<u>–</u>	<u>32,500</u>	<u>–</u>	<u>32,500</u>	<u>32,422</u>	<u>78</u>

Department – continued

Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2005

Schedule 5 continued

Voted Expenses and Capital Investments		2004-2005 Estimates	Adjustments (a)	2004-2005 Budget	Authorized Supplementary (b)	2004-2005 Authorized Budget	2004-2005 Actual Expenses (c)	Unexpended (Over Expended)
4.3	Food Safety							
4.3.1	Administrative Support	956	–	956	–	956	582	374
4.3.2	Agri-Food Systems							
	– Operating Expense	5,459	–	5,459	–	5,459	3,805	1,654
	– Capital Investment	–	–	–	–	–	119	(119)
4.3.3	Agri-Food Laboratories							
	– Operating Expense	5,636	(1,947)	3,689	–	3,689	4,419	(730)
	– Capital Investment	380	1,947	2,327	–	2,327	1,625	702
4.3.4	Regulatory Services							
	– Operating Expense	5,871	–	5,871	–	5,871	5,448	423
	– Capital Investment	–	–	–	–	–	67	(67)
4.3.5	Chief Provincial Veterinarian	606	–	606	–	606	480	126
4.3.6	Surveillance Support							
	– Operating Expense	–	–	–	12,000	12,000	10,116	1,884
	– Capital Investment	–	–	–	–	–	423	(423)
	Total Sub-program	<u>18,908</u>	<u>–</u>	<u>18,908</u>	<u>12,000</u>	<u>30,908</u>	<u>27,084</u>	<u>3,824</u>
4.4	Technical Services							
4.4.1	Administrative Support	229	–	229	–	229	231	(2)
4.4.2	Agricultural Engineering							
	– Operating Expense	2,991	–	2,991	–	2,991	3,931	(940)
	– Capital Investment	–	–	–	–	–	15	(15)
4.4.3	Environmental Practices and Livestock Welfare							
	– Operating Expense	2,784	–	2,784	–	2,784	2,834	(50)
	– Capital Investment	–	–	–	–	–	98	(98)
	Total Sub-program	<u>6,004</u>	<u>–</u>	<u>6,004</u>	<u>–</u>	<u>6,004</u>	<u>7,109</u>	<u>(1,105)</u>
	Total Program	<u>58,474</u>	<u>–</u>	<u>58,474</u>	<u>12,000</u>	<u>70,474</u>	<u>67,919</u>	<u>2,555</u>

Department – continued**Department of Agriculture, Food and Rural Development – Schedule of Comparison of Expenses – Directly Incurred and Capital Investments by Element to Authorized Budget for the Year Ended March 31, 2005****Schedule 5** continued

	2004-2005 Estimates	Adjustments (a)	2004-2005 Budget	Authorized Supplementary (b)	2004-2005 Authorized Budget	2004-2005 Actual Expenses (c)	Unexpended (Over Expended)
Voted Expenses and Capital Investments							
5.0 Agriculture Insurance and Lending Assistance							
5.0.1 Lending Assistance	7,732	–	7,732	–	7,732	7,725	7
5.0.2 Farm Income Disaster	–	–	–	11,200	11,200	12,224	(1,024)
5.0.3 Crop Insurance	123,580	–	123,580	–	123,580	86,102	37,478
5.0.4 Wildlife Damage	1,949	–	1,949	7,985	9,934	10,255	(321)
5.0.5 Canadian Agricultural Income Stabilization	86,125	–	86,125	86,682	172,807	202,323	(29,516)
Total Program	<u>219,386</u>	<u>–</u>	<u>219,386</u>	<u>105,867</u>	<u>325,253</u>	<u>318,629</u>	<u>6,624</u>
Dedicated Revenue Shortfall (Schedule 2)	–	(313)	(313)	–	(313)	–	(313)
Total Voted Expenses	<u>\$431,710</u>	<u>\$ (313)</u>	<u>\$431,397</u>	<u>\$528,267</u>	<u>\$959,664</u>	<u>\$770,604</u>	<u>\$189,060</u>
Program Operating Expense	\$413,824	\$(2,580)	\$411,244	\$528,267	\$939,511	\$750,137	\$189,374
Program Operating Expense funded by Lotteries	16,620	–	16,620	–	16,620	16,468	152
	430,444	(2,580)	427,864	528,267	956,131	766,605	189,526
Equipment/Inventory Purchases	1,266	2,267	3,533	–	3,533	3,999	(466)
	<u>\$431,710</u>	<u>\$ (313)</u>	<u>\$431,397</u>	<u>\$528,267</u>	<u>\$959,664</u>	<u>\$770,604</u>	<u>\$189,060</u>
Statutory Expenses							
Valuation Adjustments	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 2,205	\$ (2,205)

(a) Adjustments include dedicated revenue shortfalls and reallocation from Operating Expense to Equipment/Inventory Purchases.

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

(c) Includes achievement bonus amounting to \$1,656.

Department – continued**Department of Agriculture, Food and Rural Development – Schedule of Salary and Benefits for the Year Ended March 31, 2005****Schedule 6**

	Base Salary (1)	Other Cash Benefits (2)	2005 Other Non-Cash Benefits (3)	Total	2004 (Restated) Total (10)
Department					
Deputy Minister ⁽⁴⁾	\$153,190	\$45,004	\$30,265	\$228,459	\$227,446
Assistant Deputy Ministers					
Planning and Competitiveness ⁽⁵⁾	150,415	22,142	35,601	208,158	173,898
Industry Development	128,685	25,426	27,092	181,203	179,369
Sustainable Agriculture ⁽⁶⁾	121,946	92,453	24,891	239,290	179,386
Executive Directors					
Agriculture Corporate Services	128,387	22,957	27,377	178,721	164,627
Information Division	110,303	19,684	22,740	152,727	151,701
Rural Development Initiatives ⁽⁷⁾	18,613	10,454	5,604	34,671	–
Human Resources ⁽⁸⁾	3,370	–	2,662	6,032	–
Boards and Agencies					
Farmers' Advocate ⁽⁹⁾	35,770	27,944	3,248	66,962	101,035
General Manager, Agricultural Products Marketing Council	99,408	14,737	20,924	135,069	124,607

Prepared in accordance with Treasury Board Directive 03/2004.

Total salary and benefits relating to a position are disclosed.

- (1) Base salary includes regular base pay.
- (2) Other cash benefits include bonuses, vacation payouts, overtime and lump sum payments.
- (3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.
- (4) Automobile provided, no dollar amount included in other non-cash benefits.
- (5) The position was occupied by three individuals through the year.
- (6) The position was occupied by two individuals through the year.
- (7) Position created on February 1, 2005.
- (8) Position created on March 21, 2005.
- (9) The position was occupied by two individuals through the year.
- (10) 2004 figures were restated to include professional membership fees.

Department – continued**Department of Agriculture, Food and Rural Development – Schedule of Related Party Transactions for the Year Ended March 31, 2005****Schedule 7***(In thousands)*

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

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

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

	Entities in the Ministry		Other Entities	
	2005	2004 (Restated)	2005	2004
Revenues				
Grants	\$ –	\$ –	\$16,620	\$16,620
Fees and charges	–	–	–	6
Other	–	–	566	591
	<u>\$ –</u>	<u>\$ –</u>	<u>\$17,186</u>	<u>\$17,217</u>
Expenses – directly incurred				
Grants	\$318,629	\$288,489	\$ 249	\$ 207
Other services	–	–	6,499	6,534
	<u>\$318,629</u>	<u>\$288,489</u>	<u>\$ 6,748</u>	<u>\$ 6,741</u>
Tangible capital assets transferred from Innovation and Science	\$ –	\$ –	\$ 139	\$ –
Payable to Agriculture Financial Services Corporation	50,756	46,419	–	–
	<u>\$ 50,756</u>	<u>\$ 46,419</u>	<u>\$ 139</u>	<u>\$ –</u>

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

	Entities in the Ministry		Other Entities	
	2005	2004	2005	2004
Expenses – incurred by others				
Accommodation	\$ –	\$ –	\$12,735	\$11,682
Legal	–	–	341	371
Other	–	–	6	–
	<u>\$ –</u>	<u>\$ –</u>	<u>\$13,082</u>	<u>\$12,053</u>

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

Department – continued

**Department of Agriculture, Food and Rural Development – Schedule to Financial Statements
Allocated Costs for the Year Ended March 31, 2005**

Schedule 8

(In thousands)

Program	2005						2004	
	Expenses ⁽¹⁾	Expenses – Incurred by Others		Valuation Adjustments ⁽⁴⁾			Total Expenses	Total Expenses (Restated)
		Accommodation Costs ⁽²⁾	Legal Services ⁽³⁾	Vacation Pay	Doubtful Accounts	Guarantees		
Industry development	\$137,917	\$ 4,600	\$123	\$192	\$ 79	\$ –	\$142,911	\$ 90,080
Sustainable agriculture	46,354	4,313	72	125	5	–	50,869	40,143
Planning and competitiveness	37,083	2,318	107	151	427	1,204	41,290	44,289
Infrastructure assistance	23,815	–	–	–	–	–	23,815	16,732
Ministry support services	17,841	1,504	39	20	–	–	19,404	19,955
Agriculture assistance								
Canadian agricultural income stabilization	202,323	–	–	–	–	–	202,323	106,471
BSE recovery	147,225	–	–	–	–	–	147,225	488,554
Insurance and lending	104,082	–	–	–	–	–	104,082	127,449
Farm fuel distribution allowance	32,637	–	–	–	–	–	32,637	30,972
Farm income assistance	12,408	–	–	–	–	–	12,408	54,646
Other assistance	4,920	–	–	–	–	–	4,920	21,626
	<u>\$766,605</u>	<u>\$12,735</u>	<u>\$341</u>	<u>\$488</u>	<u>\$511</u>	<u>\$1,204</u>	<u>\$781,884</u>	<u>\$1,040,917</u>

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

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

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

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

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