

# FARMERS' ADVOCATE OFFICE

1973 - 2013



**Advocacy**

**Fair Process**

**Rural Opportunities**

**Rural Consumer Protection**

ADVOCATING FOR ALBERTA FARMERS AND RANCHERS



*CELEBRATING 40 YEARS*  
*OF SERVING THE*  
*AGRICULTURAL COMMUNITY*

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**Government of Alberta ■**  
Agriculture and Rural Development

**Letter to the Minister**

April 1, 2013

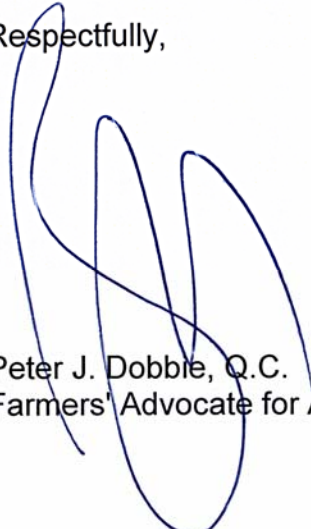
Honourable Verlyn Olson  
Minister of Agriculture and Rural Development  
423 Legislature Building  
10800 – 97<sup>th</sup> Avenue  
Edmonton, Alberta T5K 2B6

Minister Olson:

The Farmers' Advocate Office of Alberta is pleased to present its 39<sup>th</sup> Annual Report to you. Traditionally, the Minister would table this document in the Legislative Assembly as it includes the required financial audit for the Farm Implement Compensation Fund. The audit is required to be tabled by statute.

This report covers the activities of the Farmers' Advocate Office and the Farm Implement Compensation Fund for the period April 1, 2012 through March 31, 2013.

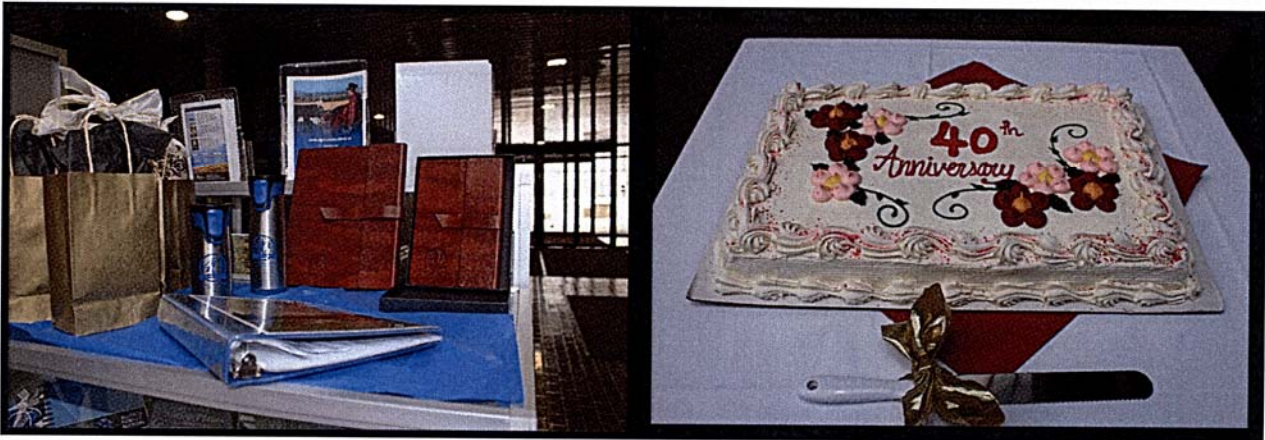
Respectfully,



Peter J. Dobbie, Q.C.  
Farmers' Advocate for Alberta

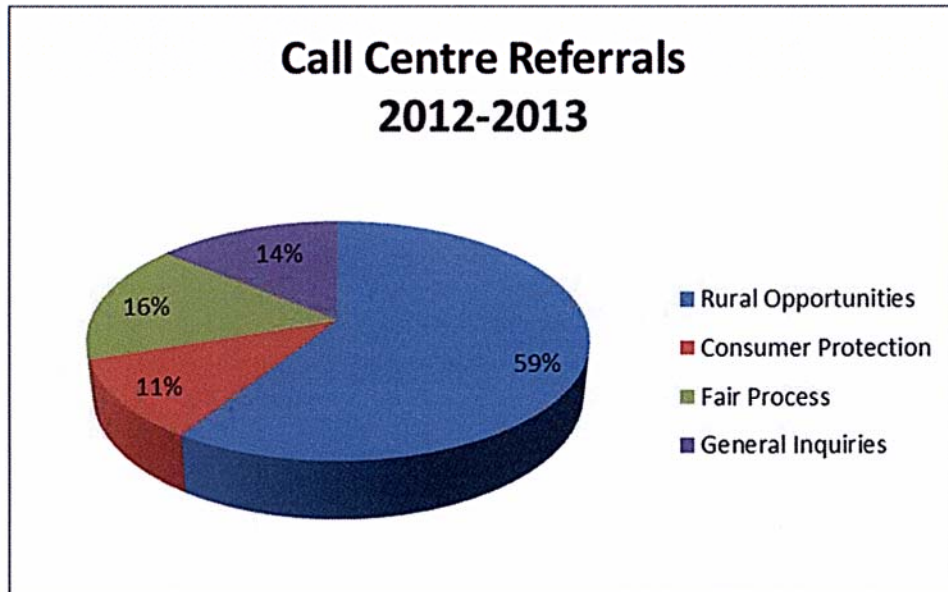
# 40<sup>th</sup> Anniversary Celebration

The FAO held a large celebration early in 2013 to commemorate 40 years of service. A large attendance of past Farmers' Advocates and staff, Minister Verlyn Olson, former Premier Ed Stelmach, and many other dignitaries shared memories of the past.



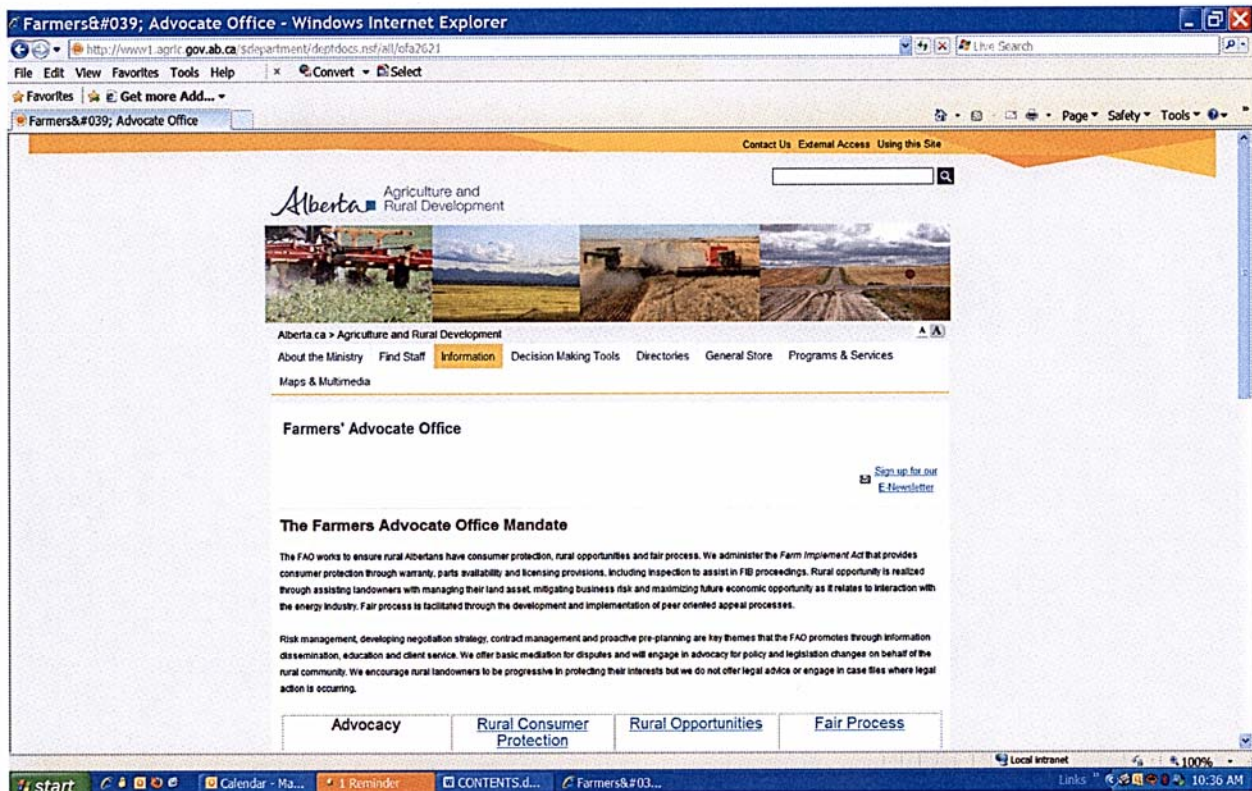
## Client Call/Service Breakdown

The breakdown of client calls (1,072) that the Farmers' Advocate Office (FAO) received from the Ag Info Centre were categorized into four areas. This data is from April 1, 2012 to March 31, 2013 and does not include the calls received by staff on their direct lines (excluding the Farmers' Advocate for Alberta direct calls) which is another 500 plus combined calls for a total of well over 1,500 calls in the past year.



Rural opportunity (59%) calls were the inquiries related to energy activity and county and municipal affairs within the province. The rural consumer protection (11%) area of the office mostly relates to the *Farm Implement Act* inspection and administration of the compensation fund. Fair process (16%) deals with the appeal programs and the mediation services administered by the FAO. General inquiry calls (14%) came directly to the FAO administrative support and then were dealt with or redirected appropriately upon further inquiry.

# FAO Website [www.farmersadvocate.gov.ab.ca](http://www.farmersadvocate.gov.ab.ca)



The website was updated to reflect our new area of the office on the front page under Advocacy. This section is to keep rural farmers and ranchers updated on any advisories that may affect their operations. FAO continues to serve their clients online with a steady 10,000 plus hits from April 1, 2012 to March 31, 2013.

## Trade Shows

The FAO made numerous appearances throughout rural Alberta. Staff attended 56 trade shows and open houses. We conducted information sessions and spoke at conferences, and provided many rural organizations, municipalities/counties with advice, facilitation or dispute resolution options and made presentations regarding all areas of practice of the office.

## Surface Rights, Land and Energy

The FAO advocates for and on behalf of landowners interacting with the energy industry. The number of inquiries has remained consistent with past years regarding land and energy requests for information and advice. There was a significant increase in the number of requests for landowner information events.

Property and surface rights issues continue to remain a high priority for landowners. Numerous concerns were raised with respect to the implementation of the new Alberta Energy Regulator and the impacts to the processes. Landowners across the province are anxious for more specific information and clarity.

The FAO continues to strengthen our relationships by providing advice, resources and information dissemination to surface, agricultural, synergy and community groups.

The FAO hosted a number of extension events in various regions of the province partnering with groups in rural communities.

## FAO Supported Programs and Groups

The FAO partners/support a number of industry and government organizations through their participation, knowledge and experience. The following is an overview of the projects the FAO contributed to throughout the year.

### **Joint Government/Industry/Geophysical Steering Committee**

Membership on this committee consists of representatives from geophysical contractors, the forest industry, the energy industry, the landowner community, municipal councils and provincial government departments. They allow a consistent dialog between the seismic industry and the regulator to exist.

This committee filtered through discussions on possible impacts of the new Alberta Energy Regulator.

### **Synergy Alberta**

Synergy Alberta is the umbrella organization for local synergy groups and facilitate a balanced approach to resource development. Synergy groups throughout Alberta support information development, communications, landowner resources and facilitation alternatives within local groups to resolve broader community/industry issues.

The Farmers' Advocate continues to support Synergy Alberta as a member on the Board of Directors which met four times this year. Synergy Alberta continues to implement their strategic plan focusing on supporting over 25 local groups and continuing to advocate the synergistic approach to issues management and conflict resolution. Capacity building and providing tools for local synergy groups combined with the annual 3-day Synergy Conference were highlights for the past year.

#### **Alberta Provincial Rural Crime Watch**

This year the FAO awarded its 2012 crime prevention award to the Hanna Rural Crime Watch Association. The provincial association held their annual AGM and symposium in Olds.

#### **Land Agent Advisory Committee (LAAC)**

LAAC is a formal advisory body to the Registrar of Land Agents. It is comprised of land agents, landowners and public members. The FAO continues to sit on this committee to provide input on behalf of the landowners. During the past year, there was a great deal of discussion around the new Alberta Energy Regulator and speculation on definition of roles and responsibilities.

#### **Alberta Energy's Information Management Strategy Committee**

The FAO had continual participation with this cross-ministry group that is tasked with building and facilitating information sharing across the departments that interact with energy development.

#### **Dispute Resolution Network**

The FAO supported the resurrection of this network, on behalf of Alberta Agriculture and Rural Development, which is a cross government initiative for any employees involved in dispute resolution work. The DRN hosted a very successful conference in October with plans for another one in 2013.

#### **International Conflict Resolution Day Committee**

AARD is represented on this committee by the FAO and is comprised of government and non-government groups to promote the international celebration on the third Thursday in October every year. The FAO raises the awareness of this day by hosting a session on a new topic each year educating staff on one aspect of conflict resolution, this year it was the Art of Listening.



## Water Well Restoration or Replacement Program

This program provides landowners reimbursement for expenses incurred to replace a water source that has allegedly been damaged by energy activity. The funds for the program come from levies paid by the energy industry to the Alberta Energy Resources Conservation Board (ERCB). Alberta Environment provides technical support while the FAO administers the programs and coordinates and chairs the hearings. When seismic activity is involved, Sustainable Resource Development provides the technical support.

The FAO received two applications and held two hearings this fiscal year. The program awarded \$6,150.83 to one applicant and the other applicant was found non-eligible.

Both of the case files were seismic related.

**Table 1. Summary of the Program**

<b>Fiscal Year</b>	<b>Amount Claimed</b>	<b>Amount Awarded</b>	<b>Hearings</b>
2012/2013	\$ 15,909	\$ 6,151	2
2011/2012	\$112,903	\$ 80,905	4
2010/2011	\$ 39,579	\$ 39,579	3
2009/2010	\$ 56,540	\$ 11,618	2
2008/2009	\$216,810	\$ 99,936	11
2007/2008	\$191,933	\$122,676	13
2006/2007	\$259,169	\$155,596	21
2005/2006	\$175,021	\$130,955	19
2004/2005	\$116,642	\$ 31,700	11

## Wildfire Cost Assessment Committee Program

On behalf of Sustainable Resource Development (SRD), the FAO administers a program that addresses hardship claims resulting from firefighting costs incurred by the department. This committee has a financial assessment done by an independent consultant in which they review and make recommendations to the Minister of SRD. Recommendations are based on the financial impact the wildfire billing would have on the applicant.

The program held one hearing during the fiscal year.

## Agricultural Development Committee Coordinator

Two Agriculture Financial Services Corporation (AFSC) Hail and Crop Insurance appeals were held during the year with one involving uninsured causes and the second relating to the percentage of loss assessed. The uninsured causes appeal found in favour of the producer and the percentage of loss assessed appeal found in favour of AFSC. One Sustainable Resource Development review was held in the Peace region. The grazing disposition holder was given an extension on the grazing lease during which time it was expected that the weed infestation and fencing issues would be resolved.

## **Chair's Message to the Minister**

It is my pleasure as the new chairman to provide a report on the activities of the Farm Implement Board and of the Farm Implement Compensation Fund. This report is for April 1, 2012 to March 31, 2013.

During this 12-month period, the Farm Implement Board (FIB) held three board meetings during the year and completed some tribunal hearing procedure training. The mandate of the Farm Implement Board is:

- to hold appeals under Section 28 and hearings under section 38 of the *Farm Implement Act*,
- subject to the *Farm Implement Act*, set levies and may set assessments for the Compensation Fund,
- to hold the Compensation Fund, invest the money in the Compensation Fund, pay money out of the Compensation fund and report on the Compensation Fund in accordance with the *Farm Implement Act*,
- to carry out any duty given to the Farm Implement Board by regulations, and
- to notify the Minister of levies, assessments and penalties that are unpaid.

The *Farm Implement Act* and *Farm Implement Dealerships Act* continue to be reviewed and stakeholders consulted on recommended legislative changes until they are rescheduled for review. We will continue to initiate communications with our neighbouring provinces to work on harmonizing our legislation.

Yours Sincerely,



Don Deaville  
Chairman  
Alberta Farm Implement Board

## 2013 Farm Implement Board Members

NAME	POSITION
Don Deaville	Chairman and farmer member
Remi Cyr	Vice Chairman and farmer member
John Zeinstra	Farmer member
Tien McDonald	Association of Equipment Manufacturers (AEM) - Canada
Trevor Jubenville	Agricultural Manufacturers of Canada (AMC)
Everett Trepner	Canada West Equipment Dealers Association
Terry Murray	Minister's Representative

## Farm Implement Act Administration (FIAA)

The FAO continues to support the Farm Implement Board (FIB) with administrative assistance, continually enhancing tribunal services with education to the board members and financial management of the compensation fund. This includes a grant for expenses for meetings, hearings and legal costs under the *Farm Implement Act* and *Farm Implement Dealerships Act*.

The farm implement inspection followed up with another successful year of resolving 100% of the disputes prior to a hearing.

Both of the acts have been postponed for legislative review, but the FIAA continues to consult with stakeholders to keep current on the concerns.

The FIB is still leading the conversations with our counterparts in the other western provinces to try to harmonize our legislation as much as possible for producers, dealers and distributors doing business in the western provinces. A meeting was held during the Canada West Equipment Dealers Association Convention between Alberta, Saskatchewan and Manitoba and the reality of our differences in legislation was discussed and it was agreed that more communications need to take place.

Levies for the FIB were set and remain the same for 2013 continuing with the early bird discount of 50 percent to continue to encourage dealers and distributors to pay on time. The number of licensed dealers and distributors for 2013 remained steady at 506.

## Farm Implement Inspector

The 2012/2013 fiscal year was another busy year for the Farm Implement Inspector. The growing season of 2012 was very warm and saw normal to above normal rainfall for most of the province and above average harvest weather conditions. Winter arrived in the northern areas of the province in late October 2012 and the balance of the province in early November. Favourable soil moisture conditions existed throughout most of the province at the time of fall freeze up which provided optimism for the next spring seeding.

### Fair Process

The inspector processed six "Notice of Failure to Perform" filings to the FAO and all were resolved to the producer satisfaction. The inspector also resolved many producer and/or dealer inquiries through negotiation assistance and providing *Farm Implement Act* interpretation. All of the issues were resolved and none went through a Farm Implement Board (FIB) hearing process. The goal of the inspector is to resolve 95% of all inquiries prior to a FIB hearing.

### Producer and Dealer Protection

Approximately 60 dealer site visits were conducted providing a "hands on" and personal approach to the *Farm Implement Act* administration, complaint prevention and resolution. The inspector attended a Canada West Equipment Dealer Association (CWEDA) regional meeting in Alberta, the CWEDA annual meeting and convention in Winnipeg, MB as well as the Agriculture Manufacturers of Canada (AMC) annual convention in Regina, SK.

The inspector delivered Farmers' Advocate Office and *Farm Implement Act* presentations to the several agricultural producer groups and to several equipment manufacturer and dealer meetings throughout the province.

The inspector monitored the on-line Obsolete Parts Directory (OPD) email on a daily basis and assisted many producers and dealers find parts for discontinued farm implements. The OPD is a public service directory that provides parts sourcing information for older or discontinued farm implements.

### Farm Implement Act (FIA) Licensing

Attending five Alberta farm equipment trade shows and the Canada Farm Progress Show in Regina, SK enabled the inspector to keep current on practices and trends in agriculture and to ensure dealers and distributors have FIA licensing requirement awareness and compliance. Approximately five new unlicensed distributors and dealers have been licensed as a result of trade show attendance and annual dealer and distributor licensing updated information.

### Looking Forward to 2013/2014 Fiscal Year

The Farm Implement Inspector anticipates a very busy 2013 growing season. The inspector will continue to assist agribusinesses with *Farm Implement Act* interpretation and consumer, dealer and distributor protection and fair process information.

*Robert I. Martin*

Farm Implement Inspector

**Farm Implement Act**

**Compensation Fund**

**Financial Statements**

**FARM IMPLEMENT COMPENSATION FUND**

**FINANCIAL STATEMENTS**

**March 31, 2013**



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ST. PAUL, ALBERTA TEL (780) 645-5393



**FARM IMPLEMENT COMPENSATION FUND**

**FINANCIAL STATEMENTS**

**March 31, 2013**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Farm Implement Compensation Fund

We have audited the accompanying financial statements of Farm Implement Compensation Fund, which comprise the statements of financial position as at March 31, 2013, March 31, 2012, and April 1, 2011, and the statements of operations, changes in net assets, and cash flows for the years ended March 31, 2013 and March 31, 2012, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

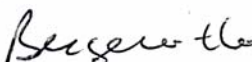
### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Farm Implement Compensation Fund as at March 31, 2013, March 31, 2012, and April 1, 2011, and its financial performance and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

### Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Farm Implement Compensation Fund adopted the Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. The adoption of these standards has not resulted in any restatement of the previous financial statements and therefore no retrospective changes have occurred.

Edmonton, AB  
June 15, 2013

  
Bergeron & Co., CGA  
Certified General Accountants



**FARM IMPLEMENT COMPENSATION FUND  
STATEMENT OF OPERATIONS  
For the years ended March 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>REVENUE</b>		
Farm Implement Fund Levies	\$ 131,483	\$ 132,250
Other revenue	-	18
Interest	<u>18,422</u>	<u>16,996</u>
	<u>149,905</u>	<u>149,264</u>
<b>EXPENSES</b>		
Bank charges	<u>1,480</u>	<u>1,327</u>
	<u>1,480</u>	<u>1,327</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b><u>\$ 148,425</u></b>	<b><u>\$ 147,937</u></b>

**FARM IMPLEMENT COMPENSATION FUND  
STATEMENT OF CHANGES IN NET ASSETS  
For the years ended March 31, 2013**

NET ASSETS	Total 2013	Total 2012
Balance, beginning of year	\$ 1,456,358	\$ 1,308,421
Excess of revenues over expenses	<u>148,425</u>	<u>147,937</u>
<b>Balance, end of year</b>	<b><u>\$ 1,604,783</u></b>	<b><u>\$ 1,456,358</u></b>

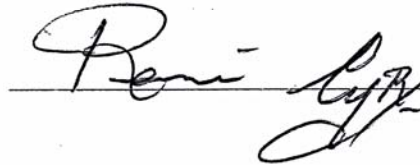
See accompanying Notes to Financial Statements

**FARM IMPLEMENT COMPENSATION FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**March 31, 2013**

	ASSETS		
	2013	2012	2011 (April 1)
CURRENT			
Cash (Note 3)	\$ <u>1,604,783</u>	\$ <u>1,456,358</u>	\$ <u>1,308,421</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,604,783</u></b>	<b>\$ <u>1,456,358</u></b>	<b>\$ <u>1,308,421</u></b>
	LIABILITIES		
TOTAL LIABILITIES	—	—	—
	NET ASSETS		
Restricted Fund balance for Potential Claims	<u>1,604,783</u>	<u>1,456,358</u>	<u>1,308,421</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ <u>1,604,783</u></b>	<b>\$ <u>1,456,358</u></b>	<b>\$ <u>1,308,421</u></b>

Approved by the Directors:

 \_\_\_\_\_, Director

 \_\_\_\_\_, Director

**FARM IMPLEMENT COMPENSATION FUND**  
**CASH FLOW STATEMENT**  
**For the years ended March 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>OPERATING ACTIVITIES</b>		
Cash receipts from levies	131,483	132,268
Cash paid to suppliers	(1,480)	(1,327)
Interest received	<u>18,422</u>	<u>16,996</u>
	<u>148,425</u>	<u>147,937</u>
INCREASE IN CASH AND CASH EQUIVALENTS	148,425	147,937
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,456,358</u>	<u>1,308,421</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b><u>\$ 1,604,783</u></b>	<b><u>\$ 1,456,358</u></b>

**FARM IMPLEMENT COMPENSATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

**1. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION**

The Farm Implement Compensation Fund (Fund) consists of money received by the Farm Implement Board (Board) from levies, assessments and penalties in accordance with the Farm Implement Act (Act). This fund is maintained by the Board and is reported annually through an audit process. Each year the Board sets the levy that Alberta dealers and distributors pay to the Farm Implement Compensation Fund. In addition to the levy, the Board may order an additional assessment on applicants who did not hold a license in the previous year and on licensees with respect to whom the Board awarded compensation from the Fund. The organization is exempt from income taxes.

**2. ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS**

These are the first financial statements of the organization since adopting Canadian accounting standards for not-for-profit organizations. The financial statements for the year ended March 31, 2012 were previously prepared in accordance with the pre-changeover accounting standards. The organization's date of adoption of the new standards is April 1, 2012 while its date of transition to Canadian accounting standards for not-for-profit organizations is April 1, 2011.

On adoption of ASNPO, an organization is permitted to selectively elect certain exemptions and choose accounting policies that may differ from the previously presented financial statement information. This can result in adjustments to the opening net assets at the transition date, which is the first day of the period for which comparative information is presented.

The organization did not elect to apply any exemptions upon initial adoption of Canadian accounting standards for not-for-profit organizations.

The adoption of Canadian accounting standards for not-for-profit organizations has not resulted in any restatement of the previous financial statements. Although there were no retrospective changes, an opening statement of financial position at the date of transition has been presented, as required.

**3. ACCOUNTING POLICIES**

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

**Revenue recognition**

- a) The revenues of the fund consist of levies, assessments and penalties. Revenue is recorded when received. Levies received that are for the following calendar year are not deferred.

**FARM IMPLEMENT COMPENSATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2013**

**Management's use of estimates**

- b) When preparing financial statements according to ASNPO, the organization makes estimates and assumptions relating to:
- Reported amounts of revenue and expenses;
  - Reported amounts of assets and liabilities; and
  - Disclosure of contingent assets and liabilities.

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates were used when accounting for certain items, such as the useful lives of capital assets.

**Cash and cash equivalents**

- c) Cash and cash equivalents are comprised of amounts on deposit with financial institutions and if applicable, highly liquid investments with maturities of three months or less from the date of acquisition.

**4. FINANCIAL INSTRUMENTS**

The organization uses risk management to monitor and manage its risk arising from financial instruments. These risks include credit risk, interest rate risk, liquidity risk.

The organization does not use any derivative financial instruments to mitigate these risks.