



2021-22 Annual Report

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Introduction

Agricorp was created in 1997 to deliver Production Insurance. When it was created, there were fewer than 100 employees delivering 1 program. 25 years later, there are over 330 employees delivering 18 programs. Agricorp is now the delivery agent of choice for government and industry.

Agricorp is an agency of the Government of Ontario that delivers risk management and business support programs to Ontario's agricultural industry on behalf of the provincial and federal governments. Agricorp was created under the *AgriCorp Act* and is a board-governed agency. As an agency, we have the flexibility, independent decision-making and robust governance framework to meet the evolving needs of customers, industry and government.

From the field to the boardroom, Agricorp staff and Board of Directors combine a wealth of agricultural expertise with a broad range of knowledge in customer service, insurance underwriting, claims processing, finance, technology, risk management, communications, human resources, law and public administration. Many employees have farming backgrounds themselves, bringing a unique perspective and a strong customer focus to our day-to-day operations.

Delivering programs to strengthen farm businesses

The agriculture and agri-food industry is a major economic driver in Ontario. It generates \$47.6 billion¹ in gross domestic product and provides , 752,000 jobs, more than 10 per cent of all jobs in the province.² Ontario's agricultural industry continues to adapt and grow. Average farm yields increased by 10 to 20 per cent over the past 10 years. Farmers continue to become more efficient and reach more markets while continuing to manage their individual risks.

Governments around the world offer agricultural risk management programs to protect global commodities, food supply and the agribusiness economic engine. Agricorp is proud to deliver these programs to Ontario farmers. Risk management programs help farmers manage risks beyond their control so they can confidently innovate and invest in their businesses.

The Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and Agriculture and Agri-Food Canada (AAFC) are responsible for program policy, and Agricorp is responsible for program delivery and customer service.

Each year, Agricorp delivers programs in ways that are cost effective, with an emphasis on efficiency, continuous improvement and quality customer service. In 2021-22, the programs delivered by Agricorp provided \$7 billion in coverage and \$352 million in program payments to Ontario farmers.

¹ Ontario Ministry of Agriculture, Food and Rural Affairs Ontario Data Catalogue – [Gross domestic product for agri-food sector, 2007-2021](#) (\$ million), May 2, 2022

² Ontario Ministry of Agriculture, Food and Rural Affairs Ontario Data Catalogue –, [Ontario employment in agri-food industry, 2000-2021](#), April 6, 2022

Vision

Excellence in delivery to help grow Ontario agriculture.

Agricorp's vision is focused on the delivery of programs and services for Ontario's agricultural industry. This vision supports the Ontario government in building a strong and healthy provincial economy. It also aligns with OMAFRA's efforts in supporting a thriving agri-food industry in Ontario.

Mission

We provide financial and risk management programs for the farmers of Ontario and empower employees to deliver a trusted customer experience.

Core qualities

Our core qualities are the guiding principles and fundamental beliefs that help us function together as a team and work toward a common business goal. Core qualities define how we expect everyone at Agricorp to perform as they work toward our vision and mission.

Proactivity – We are always looking for opportunities to improve. We act in advance to deal with expected difficulties.

Collaboration – We work together to foster a shared vision. We support and encourage each other.

Quality Focus – We take pride in our work. We do the right things the right way, to the highest possible standard.

Efficiency – We work effectively with a minimum of waste, expense, or unnecessary effort. We look for ways to do our jobs as easily and as quickly as possible, without compromising quality.

Professionalism – We meet our commitments and do our jobs with integrity. We strive to earn the trust of others through our actions, the quality of our work, and our attitude.

Our mandate

Agricorp's mandate, as outlined in the *AgriCorp Act*, is to:

- Administer crop insurance plans under the *Agricultural Products Insurance Act* and perform duties conferred on it by that Act;
- Perform other duties conferred on it by any other Ontario statute, by order of the Lieutenant Governor in Council, or by agreement.

In October 2020, Ontario's Minister of Agriculture, Food and Rural Affairs sent a mandate letter to Agricorp's Board Chair setting out the Ontario government's and the Minister's expectations of Agricorp. The expectations for 2021-22 were addressed in Agricorp's 2021-24 business plan and are reported on below.

Priorities from Ontario's Minister of Agriculture Food and Rural Affairs

Minister's expectations	Agricorp's results
Continue to prioritize providing a high level of front-line services in line with national comparators, as applicable in the programs the agency delivers.	We continue to provide a high level of customer service, achieving a 91% satisfaction score from Ontario farmers in our customer satisfaction survey in January 2021. For details, see Easy to do business with.
Continue to look for ways to reduce burden on the agricultural sector by streamlining application processes and tightening delivery timelines.	We continued to reduce the burden on farmers by doing things like enhancing online acreage reporting, streamlining yield reporting and removing the premium deposit for fruit polices in the Production Insurance program. For details, see Easy to do business with.
Support the ministry's efforts as requested in program policy and design, including any changes resulting from federal-provincial-territorial decisions affecting business risk management programs.	We supported the ministry's efforts as requested in program policy and design for business risk management programs by removing the reference margin limit for AgriStability and by continuing to provide Production Insurance coverage for production losses caused by on-farm labour shortages due to COVID-19. For details, see Efficient and effective operations.
Work closely with industry to ensure Production Insurance plans continue to meet their needs and with the ministry to ensure any Production Insurance plan enhancements are properly prioritized and aligned with government objectives.	We worked closely with industry and the ministry to ensure Production Insurance enhancements, such as new coverage for pedigreed seed and increased coverage for coloured beans, were aligned with government objectives and met industry needs. For details, see Ready to deliver.
Complete the implementation of both the Production Insurance IT system and the Farm Business Registration program IT system.	We implemented the new IT system for the Farm Business Registration program and Guidewire, the new Production Insurance IT system. We are now implementing Guidewire for the Risk Management Program. For details, see Efficient and effective operations.

Minister's expectations	Agricorp's results
In concert with the ministry, work to ensure that changes to the 2021 Risk Management Program are implemented and delivered to producers effectively.	We worked in concert with the ministry on changes for the 2021 Risk Management Program, which included enhancements to livestock classifications and implementation of the RMP Fund. The changes were effectively communicated and delivered to producers. For details, see Easy to do business with.
Update Business Continuity Plans each year and submit to the ministry in Q1	We updated our Business Continuity Plans as needed and provided them to the ministry in Q1.

Government-wide priorities

Government expectations	Agricorp's results
Competitiveness, sustainability and expenditure management	
Operating within your agency's allocations.	We operated within our overall funding allocation in 2021-22 and within all program-specific funding allocations, except for the Farm Property Class Tax Rate Program. A program delivery efficiency review of the Farm Property Class Tax Rate Program will be completed in 2022.
Identifying and pursuing opportunities for revenue generation as directed, innovative practices, and/or improved program sustainability.	In 2021-22, Agricorp was not directed to pursue revenue generation. We continue to identify and assess opportunities to implement innovative practices to improve the sustainability of programs.
Identifying and pursuing efficiencies and savings.	We continue to examine operational expenses and to implement cost savings where applicable, including the reduction of office space. We also reduced pension costs while maintaining this key component of Agricorp's total compensation package for employees.
Complying with applicable direction related to supply chain centralization, Realty Interim Measures and Agency Office Location Criteria.	Agricorp is in compliance with the interim procurement directive, realty interim measures and agency office location criteria where applicable.
Continuing to address the recommendations of the Agency Review Task Force.	Agricorp and the ministry have collaborated and implemented recommendations from the Agency Review Task Force, including setting measurable outcomes for the agency and reducing duplication between Agricorp and industry.

Government expectations	Agricorp's results
Transparency and accountability	
Abiding by applicable government directives and policies and ensuring transparency and accountability in reporting.	We continue to abide by government directives and policies while ensuring transparency and accountability in reporting, as evident in our attestation submission of March 2022.
Adhering to requirements of the Agencies and Appointment Directive and responding to audit findings, where applicable.	We continue to adhere to requirements in the Agencies and Appointment Directive and to respond to audit findings. For example, we have responded to all of the Agricorp-specific recommendations from the value-for-money audit of Farm Support Programs.
Identifying appropriate skills, knowledge and experience needed to effectively support the Board's role in agency governance and accountability.	The Agricorp Board has maintained and followed its Skills Matrix for many years, which supports all appointment recommendations to the Minister.
Setting out performance measurement expectations publicly and clearly and subsequently reporting back on them.	Agricorp 2021-24 business plan sets out clear performance measures, which are reported on in the 2021-22 annual report.
Incorporating in the Board's review of senior management's performance the achievement of the agency's performance measures.	The Agricorp Board reviews senior management performance and the achievements of the agency at all Board meetings.
Risk management	
Developing and implementing an effective process for the identification, assessment and mitigation of risks, including planning for and responding to emergency situations such as COVID-19.	We have developed and implemented effective processes for risk identification, assessment and mitigation. The assessment includes COVID-19. We collaborate with and share the information with the ministry. We implemented our business continuity plan, establishing a remote work environment during the COVID-19 pandemic.
Workforce management	
Optimizing your agency's workforce to enable efficient and effective fulfilment of government priorities, while enhancing customer service standards	We continue to work collaboratively with the ministry to address government priorities and to implement efficient and effective processes to meet customer service standards.
Streamlining back-office functions to ensure that all available resources are redirected towards the critical front-line services that Ontarians depend upon.	We continue to find efficiencies and to streamline back-office processes, which enables Agricorp to provide a trusted customer experience to the farmers of Ontario.

Government expectations	Agricorp's results
Data collection	
Improving how the agency uses data in decision-making, information sharing and reporting, including by leveraging available or new data solutions to inform outcome-based reporting and improve service delivery.	We continue to collaborate with the ministry and industry to share data and information to enable evidenced based decision-making and improved service delivery.
Supporting transparency and data sharing with the ministry, as appropriate.	As appropriate, we continue to share program, administrative and financial data with the ministry, enabling transparent and effective program and service delivery to Ontario's farmers.
Digital delivery and customer service	
Exploring and implementing digitization or digital modernization strategies for the provision of services online and continuing to meet and exceed customer service standards through transition.	We continue to investigate, assess, develop and implement digital services for the programs and services we deliver to the farmers of Ontario, while providing alternative traditional interactions as requested by customers.
Using a variety of approaches or tools to ensure service delivery in all situations, including COVID-19.	We have adjusted our program and service delivery model to enable effective and efficient delivery of programs and services throughout the COVID-19 pandemic.

Chair's message

Ready to deliver for Ontario farmers

This past year was a year like no other. Farmers faced many challenges with weather, input costs, supply chains and other impacts of the ongoing pandemic.

As a farmer myself, I know first-hand how running a farm business comes with many uncertainties, especially during these unprecedented times. In the same way, I also understand why risk management programs, and the work we do at Agricorp, are so important to farmers and the food they produce. The Ontario government relies on Agricorp to deliver these programs so that farmers across the province can get the support they need when they need it.

After a couple years as the Board Chair, I know the leadership team and employees at Agricorp understand just how important their work is. This year we updated our vision statement to align employees focus on where we are going, what we are working towards and the value that we bring. Our new vision is "Excellence in delivery to help grow Ontario agriculture." And that is exactly what we strive towards.

The programs Agricorp delivered this year helped farmers manage risks, stay competitive, innovate, confidently invest in their operations and effectively respond to changes in their business environments. Through the delivery of these programs and initiatives, we aligned with government priorities to provide a high level of front-line service. We were ready to deliver new, emergency programs that helped farmers when they needed it most, including funding for drought-affected farmers in the northwest, the agri-tourism industry and the pork sector. There were also multiple improvements made to existing programs, such as increased coverage for AgriStability and continuation of coverage for on-farm labour disruptions due to COVID-19 under Production Insurance.

As an agency of the government, we act in the best interests of Ontarians by continuously seeking opportunities to reduce costs and to be efficient and effective through things like technology enhancements and improved processes.

We are always looking for ways to make it easier for farmers to do business with us and to reduce burden on the agricultural sector by using less paper, providing more digital options, streamlining application processes and tightening delivery timelines. It's important to us that farmers get the support they need, and that's why we work closely with industry and government to understand how programs can better meet farmers' needs.

I would like to thank Minister Thompson for supporting the agricultural sector and meeting with the board to discuss important topics that affect the industry. Thank you to the Board members, the senior management team and all employees for your hard work and commitment to working towards excellence in delivery and providing a trusted customer experience.

We are committed to serving the public and ensuring transparency and accountability while doing so. My work as Chair is a rewarding experience, and I look forward to continuing our ongoing work supporting Ontario's agriculture and agri-food sector.

Jason Verkaik
Chair

Governance

Agricorp is governed by legislation and directives that guide Ontario agencies in the delivery of services to the public. The *AgriCorp Act* outlines our objects, duties, powers and structure. As an agency of the provincial government, we deliver programs and services to the agricultural industry on behalf of OMAFRA. We are accountable to the Ontario Minister of Agriculture, Food and Rural Affairs to deliver programs while maintaining high standards for fiscal responsibility, transparency, accountability, risk management and customer service.

We regularly review and refine our governance practices, adapting and strengthening policies and procedures as required to ensure they remain effective. Robust governance and oversight ensure objectives are realized, resources are well managed, and the interests of stakeholders are protected and reflected in key decisions.

Why an agency?

Ontario agencies are diverse and are established for a number of reasons. Operating within a complex environment with many stakeholders, agencies exist where there is a substantial public interest or when there is a need for the provincial government to play a role in the delivery of a service or function.

There is significant public interest in the shared federal-provincial sphere of fostering a robust and sustainable agricultural industry. Agricorp was created to deliver programs and services to the agricultural industry. As an agency, it has organizational and resource flexibility to adapt to the needs of industry and government. Under the governance of an experienced and knowledgeable Board of Directors, agency employees focus on efficient and effective program delivery while being accountable to the Ontario Minister of Agriculture, Food and Rural Affairs. Agricorp supports the government by providing advice on agricultural policy and programs and ensures public confidence through impartial and autonomous decisions within the programs it delivers.

Reporting structure

Agricorp's Board of Directors and staff work collaboratively with OMAFRA. Our CEO reports to the Board of Directors and the Board Chair reports to the Minister. The Board and its committees play a central role in translating government direction and expectations into strategy. They provide direction, oversight and advice to the CEO. OMAFRA staff monitor Agricorp's governance and advise the Minister as outlined in the Agencies and Appointments Directive and other applicable directives.

Memorandum of understanding

A memorandum of understanding (MOU) defines the relationship between the Minister and Agricorp's Board Chair and clarifies expectations and reporting requirements. The MOU establishes the accountability relationships between the Minister and the Chair on behalf of Agricorp. The MOU also outlines the roles and responsibilities of the Board of Directors, Chair, CEO, Minister and Deputy Minister. This effective and collaborative governance framework ensures the timely exchange of information to support better decision-making, clearly documented accountabilities and streamlined service agreements.

Ethical standards

Agricorp is committed to maintaining the highest ethical standards. We follow best practices essential to operating ethically and responsibly. Daily activities by all staff are guided by the high standards of conduct defined in legislation, directives, our mission statement, and corporate policies and procedures.

Code of Ethics, Oath of Office and Oath of Allegiance

Agricorp has a comprehensive *Code of Ethics and Professional Conduct* that outlines the standards of ethical behaviour that Agricorp expects of its employees and Board members. All employees receive training and, along with Board members, sign an acknowledgement agreeing to abide by this code. The *Oath of Office* and *Oath of Allegiance* for new employees reinforce the serious obligations and responsibilities they have as employees of a government agency.

Government directives

Agricorp must comply with provincial government directives that guide agencies in the delivery of services to the public. The Agencies and Appointments Directive (AAD) sets out the accountability framework within which Agricorp operates. Each year, Agricorp's Board Chair and CEO attest to meeting AAD requirements and the requirements of other directives, legislation and policies. Directives fall under three broad categories:

- **Business planning and financial management:** Includes directives on delegation of authority, financial transactions, and travel, meal and hospitality expenditures.
- **Accountability and governance:** Includes directives on procurement, internal audit and transparency.
- **Information and information technology management:** Includes directives on records management, privacy and freedom of information.

In 2021-22, Agricorp met the obligations and timelines under the AAD and completed attestation, with one exception noted that has an action plan. We published our memorandum of understanding and quarterly expenses for the Board and Senior Management Team on our website, demonstrating our commitment to transparency and accountability.

Board responsibilities

The Board of Directors follows best practices in corporate governance, including continuous development and training, succession planning, self-assessment, regular in-camera sessions, and strategic planning. The Agricorp by-laws provide guidelines for Board governance and documents the roles and responsibilities of the Chair, Board members and committees. These roles and responsibilities include fiduciary and operational oversight, strategic planning, risk management and controls, legal and ethical conduct, ongoing education and evaluation, and liaison with OMAFRA.

Board committees

Two Board committees provide oversight and advice to the Board.

The Finance and Audit Committee:

- Develops the annual internal audit plan, and reviews audit reports and how management responds to audit recommendations
- Monitors how management evaluates, plans, and responds to business and emerging risks
- Oversees Agricorp's investment policies for the Production Insurance Fund
- Oversees the financial reporting process and internal controls
- Reviews and recommends Board approval of Agricorp's audited financial statements and the pension fund financial statements
- Oversees the employee pension fund and Agricorp's investment management activities, which includes periodic reviews of investment policy and ensuring all regulatory requirements are met
- Reviews the annual financial statement audit plan as presented by the Auditor General of Ontario and meets annually with staff from the Office of the Auditor General of Ontario

The Governance and Human Resources Committee:

- Reviews and recommends any changes to Agricorp's mandate and role, including reviewing and recommending the MOU between the Chair and the Minister and annually reviewing and updating corporate governance documents
- Reviews and recommends updates to Board member orientation and ongoing training and development of all Board members
- Provides advice on criteria and potential candidates for appointment to the Board and monitors and recommends training and development programs for directors
- Monitors and recommends improvements to the annual assessment of Board effectiveness, including committees and individual directors
- Reviews and updates role descriptions for the Chair, Vice-Chair, Board committee Chair, Board members and CEO

Board of Directors

The Board comprises a minimum of five members, appointed by the Lieutenant Governor in Council through an Order in Council, as recommended by the Minister of Agriculture, Food and Rural Affairs.

Board members are appointed for terms of up to 3 years and may be reappointed. They are agriculture, business, and community leaders who bring a broad range of experience and invaluable expertise to the organization's oversight.

Appointees receive per diem remuneration, based on their role, as outlined in the Agencies and Appointments Directive. In 2021-22, Agricorp's Board of Directors consisted of the following members:

Jason Verkaik, Chair

(York Region)

Term: March 21, 2019 – March 20, 2025

2021-22 Remuneration: \$4,665.31

Jason is owner, operator and president of Carron Farms Ltd., in Holland Marsh. Jason's extensive industry and board experience includes serving as chair and vice-chair of the Ontario Fruit and Vegetable Growers' Association and as a director on the Ontario Produce Marketing Association's Board of Directors. Jason is a graduate of the Ivey Business School's Agricultural Leadership Course and holds an Agricultural Business diploma from the University of Guelph's Ridgetown Campus.

Dan Veldman, Vice-chair

(Oxford County)

Term: January 31, 2019 – July 15, 2023

2021-22 Remuneration: \$1,817.92

Dan is president of Veldman Grain Farm Limited and operates his farm business together with his family in Embro, Ontario. He attended Fanshawe College for Farm Business Management. A first-generation egg producer, Dan currently serves as a board member of the Egg Farmers of Ontario and is a former member of the Poultry Insurance Exchange.

John Core

(Guelph)

Term: October 22, 2014 – October 21, 2023

2021-22 Remuneration: \$1,448.16

John is a former CEO of the Canadian Dairy Commission and former chair of the Dairy Farmers of Ontario. His community involvement includes serving as a board member of Guelph General Hospital Foundation and serving as a member of the Ontario Agricultural Hall of Fame Association board of directors for 2015-16. John holds a Master of Science degree and Bachelor of Science degree in agriculture from the University of Guelph.

John Kikkert

(Niagara Region)

Term: February 28, 2019 – February 27, 2025

2021-22 Remuneration: \$0

John is a chicken and turkey producer and owner of Parkview Poultry in Smithville. He has held many different roles for the past 10 years on the Christian Farmers Federation of Ontario's executive board, including president, and is now serving as a director. His extensive board experience includes serving on the boards of the Chicken Farmers of Ontario, Turkey Farmers of Ontario and the Ontario Farm Animal Council. John was chair of the Ontario Agricultural Hall of Fame and now serves as the organization's past president. He holds a diploma in Agriculture from the University of Guelph.

Patricia Lorenz, MBA, CA, CPA, DVM

(Toronto)

Term: August 7, 2013 – September 20, 2021

2021-22 Remuneration: \$1,300.32

Patricia has experience in the food manufacturing, software, retail, publishing, diagnostic and distribution industries and in the commercialization of agricultural technologies. She is a licensed veterinarian in Ontario.

Derek Mendez

(Perth County)

Term: December 31, 2018 – December 30, 2024

2021-22 Remuneration: \$811.44

Derek has held several management positions in the Container Port and Energy sectors in Trinidad before migrating with his family to Canada in 2010. He is currently the Vice President at Molesworth Farm Supply Ltd. He served as chair and co-chair on multiple community boards in the municipality of North Perth. He is also a board director on a number of agriculture boards including the Animal Nutrition Association of Canada (ANAC) and the Feed Section Committee of the Ontario Agri-Business Association (OABA). Derek holds a Bachelor of Science degree in Management Studies from the University of the West Indies and a master's certificate in Business Analysis from York University.

Dominic Morrissey

(Uxbridge)

Term: July 31, 2019 – July 10, 2022

2021-22 Remuneration: \$2,385.60

Dominic currently works in the manufacturing and procurement sector as a business development executive. Previously he worked for the Canadian Federation of Independent Business for ten years, gathering issues that affected the agricultural industry and shepherding them to the appropriate agencies to be addressed. He also ran his own production company for 25 years. Dominic is past president of the Horse Guards Polo Club and has also sat as board member on the Advisory Council of Equine Guelph. Dominic now lives outside of Uxbridge with his family and an assortment of retired horses and rescue animals.

Robert Pasuta

(Regional Municipality of Hamilton-Wentworth)

Term: April 11, 2019 – April 10, 2022

2021-22 Remuneration: \$2,451.12

Robert is a grains and oilseeds producer who also served as a Hamilton City councillor for 12 years. His experience includes sitting on the boards of several agricultural, rural and conservation organizations. Robert served three terms as Chair of the Hamilton Conservation Authority and he was on the board of directors of the Rural Ontario Municipal Association and Conservation Halton Agricultural Advisory Panel. He was a board member and past chair of the Hamilton-Wentworth Federation of Agriculture and the Golden Horseshoe Pork Producers and sat on the executive board of the Golden Horseshoe Food and Farming Alliance.

Greg Vanden Bosch

(Dundas County)

Term: March 22, 2017 – March 21, 2025

2021-22 Remuneration: \$1,987.44

Greg is a partner in Vanden Bosch Farms and a senior partner in Vanden Bosch Elevators Inc. based in Chesterville, Ontario. He is also a former director and chair of the Grain Section Committee of the Ontario Agri Business Association. He graduated from the University of Guelph's Ridgetown Campus in 1988. Greg attended the Advanced Agricultural Leadership Program (class 4) and the Executive Program for Agricultural Producers in 1995.

Joanne Vanderheyden

(Strathroy-Caradoc)

Term: April 9, 2020 – April 8, 2022

2021-22 Remuneration: \$767.76

Joanne is in her eighth term of public service on the council of the Municipality of Strathroy-Caradoc, currently serving as Mayor. She also holds the position of President on the Federation of Canadian Municipalities. Joanne has a solid background in board and committee work and has considerable knowledge in financial reporting and strategic planning. She also spent 22 years as a service representative at the Libro Credit Union. Joanne earned her BA from Western University and served on Western's Board of Governors.

CEO's message

Supporting Ontario farmers in another challenging year

2021 proved to be another challenging year for Ontario farmers. Many farm businesses faced uncertainties due to the pandemic, including high input costs, supply-chain problems and on-farm labour disruptions.

There were also weather challenges that are always a risk with farming. The drought in northwestern Ontario led to yield loss and livestock feed shortages while wet weather delayed soybean harvest and planting of the 2022 winter wheat crop. Despite this, many farmers saw good corn, soybean and wheat yields for 2021. With all the adversities farmers face, we know how important it is to have a reliable risk management plan.

Because of the challenges experienced across the province, we looked at our priorities and made deliberate decisions to adjust our plans so that we were ready to deliver immediate, and in some cases emergency, support – without compromising the excellent service that farmers rely on.

By reprioritizing, employees were ready to deliver new, targeted initiatives announced by the government. Three initiatives were specifically for the drought in Northwestern Ontario while other initiatives helped the agri-tourism industry and the pork sector. Because we were ready to deliver, we were able to get these initiatives up and running quickly for affected farmers.

On top of these initiatives, we also implemented improved coverage for existing programs. Enhancements to AgriStability provided beneficial changes that improved coverage retroactively to 2020, and Production Insurance coverage for on-farm labour disruptions due to COVID-19 was extended again this year. We are also working with OMAFRA and stakeholders to implement a new Risk Management Program (RMP) fund.

Over the past year, we looked for ways to make it easier for our customers to do business with us. We provided our customers flexibility to have more time for program activities. We continued to enhance digital services with improved online acreage reporting for Production Insurance that is now mobile friendly. All of our online services use trusted security technology to help keep our customers' information safe.

At Agricorp, we are always striving to be more efficient and effective in the work we do. We successfully completed implementation of the new Production Insurance system, which allows for more flexible program updates, automated workflows and more digital options for customers. We are also working to transfer the delivery of RMP: Grains and Oilseeds to the system we implemented for Production Insurance. In addition, we've had some savings this year by merging our pension plan with the Public Service Pension Plan and reducing costs for office space.

Agricorp employees know just how important their work is to this vital industry. Every day I see first-hand that our employees are engaged and committed to providing excellence in delivery. We work to keep our employees empowered through frequent and open lines of communication, equipping them with the right tools to do their jobs, encouraging growth through learning and promoting a culture of recognition.

I would like to thank our Board Chair, Jason Verkaik, for his strategic leadership, insight and advice and the entire board for their commitment to the industry. I would also like to express my appreciation to employees for all their hard work as well as our colleagues at OMAFRA for continued partnership. Thank you to our stakeholders for working collaboratively with us to share information so we can better help farmers and to our customers for their willingness to try different ways of doing business with us.

As we head into another year, Agricorp will continue to support farmers and work towards excellence in delivery to help grow Ontario agriculture. We will do this by remaining focused on achieving our three goals: being ready to deliver, being easy to do business with, and having efficient and effective operations.

Doug LaRose

Chief Executive Officer

Programs

Ontario is one of the most diverse agricultural regions in the country, producing more than 200 commodities on 12.3 million acres of agricultural land.¹ Agriculture is a key economic driver in the province, but it is also prone to many risks.

Farmers are adept at using the latest management practices and technology to help them minimize risks and maximize production. While they can take measures to reduce some of the risks associated with weather, disease and insect infestation, other risks are beyond their control, such as market prices and production costs. As well as affecting crop yields, weather can also affect market supply and demand. To help mitigate all of these risks, Agricorp delivers many programs. Our 3 main programs are AgriStability, Production Insurance and Ontario's Risk Management Program (RMP).

AgriStability and Production Insurance are part of the suite of national business risk management programs offered under the *Canadian Agricultural Partnership*. RMP is funded solely by the Government of Ontario.

Farmers see value in the programs, which is why more than 20,000 farm businesses are enrolled in AgriStability, Production Insurance and RMP. The majority of customers agree that these programs help stabilize their income, give them the confidence they need to innovate and invest in business improvements, and help them work with lenders to secure the financing needed to operate and grow their businesses.

¹ Statistics Canada, Census of Agriculture, 2016 – [Cropland in Ontario grows despite fewer farms](#)

Different programs cover different risks

Each program covers different types of risks, from weather events to rising production costs and market volatility. Participation in all 3 programs ensures farmers have maximum coverage and long-term stability.

Program summary at a glance

Program	Participation	Payments	Risks covered and benefits
AgriStability	<ul style="list-style-type: none"> • 9,800 • \$2.1 billion in reference margin 	\$69.5 million in 2021-22 (for multiple program years)	Unexpected large income declines <ul style="list-style-type: none"> • Protects eligible farm income as a whole instead of 1 commodity at a time • Affordable (\$315 for every \$100,000 of reference margin)
Production Insurance	<ul style="list-style-type: none"> • 14,375 • \$4.6 billion in liability 	\$109.7 million in 2021-22 (for multiple program years)	Low yields and production loss caused by insured perils <ul style="list-style-type: none"> • Coverage based on a guaranteed level of production • Choice of coverages for more than 100 commodities
Risk Management Program	<ul style="list-style-type: none"> • Grains and Oilseeds – 6,050 • Livestock – 1,790 • SDRM – 1,950 	\$145.8 million in 2021-22 (for multiple program years)	Fluctuating commodity prices and general farm losses or expenses <ul style="list-style-type: none"> • Covers losses caused by fluctuating commodity prices and production costs • Includes sector-specific plans for cattle, hogs, sheep, veal, grains and oilseeds, and edible horticulture

AgriStability

AgriStability provides whole farm coverage that is designed to cover large declines in net income caused by production loss, increased costs or market conditions. If a farmer's program year margin falls below 70% of their average historical reference margin, AgriStability helps to offset the difference.

AgriStability is funded by the federal and provincial governments and by producer fees. AgriStability claims are typically processed in the following calendar year after the tax year ends. In the 2021-22 fiscal year, Agricornp mainly processed AgriStability files for the 2020 program year and interim payments for the 2021 program year.

AgriStability highlights

2021 was another challenging year, and to help farmers manage the impact of market disruptions and production challenges, the government made changes to the program by removing the reference margin limit for 2020 and future program years. The Ontario government also increased the provincial portion of the AgriStability compensation rate to 80% from 70%.

Farmers who experience financial distress can apply for interim payments following completion of 6 months of their fiscal year. Interim payments are 50% of a farmer's estimated final payment. For the 2021 program year, the interim payment rate was increased to 75% for ginseng and grape farmers and for farmers in northwestern Ontario affected by drought.

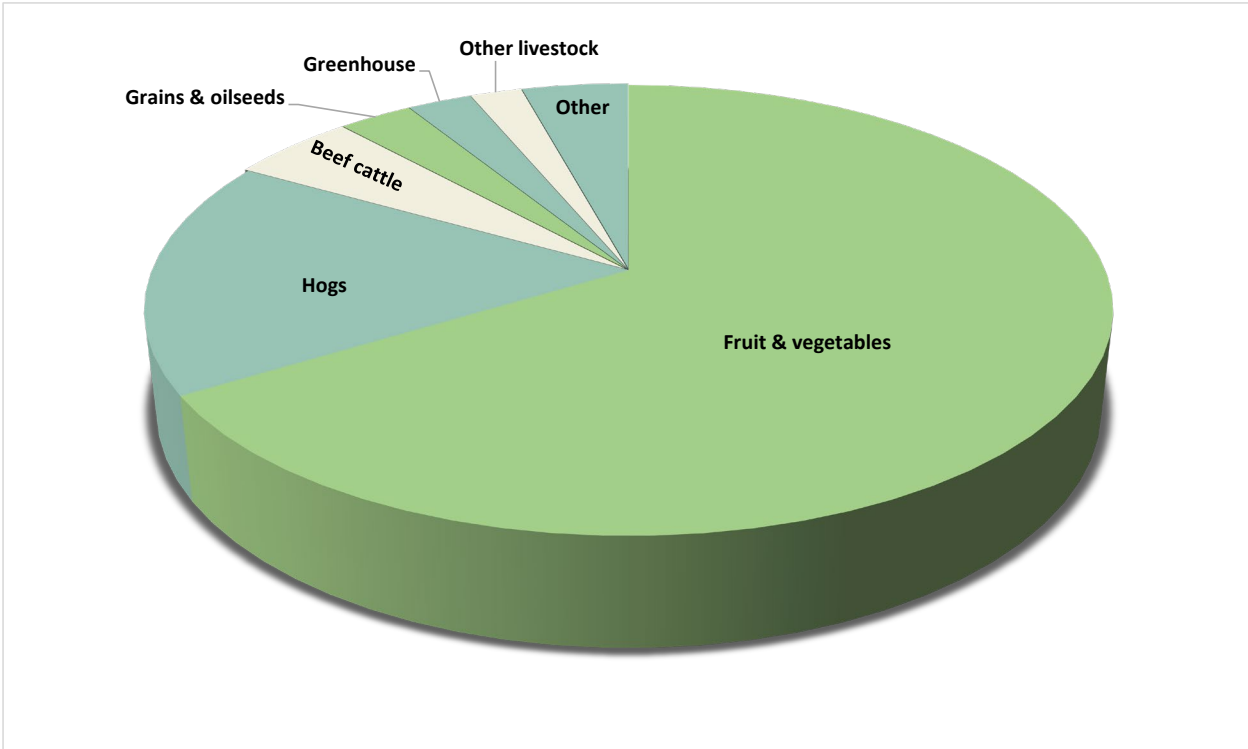
To ensure farmers received 2020 AgriStability payments when they needed them, Agricornp optimized resources and prioritized payments by processing payment files before nonpayment files.

Fruit and vegetable growers and livestock producers experienced declines due to lower market returns. Fruit and vegetable growers triggered \$51.8 million in AgriStability payments. This was the largest share of AgriStability payments for 2020.

AgriStability by the numbers

- **9,800** participants in the 2020 program year
- **\$2.1 billion** in reference margin (farming income less expenses)
- **\$78.2 million** in 2020 program payments
- **\$5.2 million** in 2021 interim payments for farmers in financial distress
- **75%** of customers are satisfied or very satisfied with the delivery of AgriStability
- **66%** of customers agree that AgriStability stabilizes farm income

2020 AgriStability payments by sector



Sector	Payments (millions)
Fruit & vegetables	\$51.8
Hogs	\$13.3
Beef cattle	\$3.9
Grains & oilseeds	\$2.3
Greenhouse	\$2.0
Other livestock	\$1.6
Other	\$3.3
Total	\$78.2

Production Insurance

Production Insurance is designed to cover yield reductions and production losses caused by factors beyond a farmer's control, including adverse weather, disease, pests, wildlife or other uncontrollable natural perils. Coverage is available for over 100 commodities.

For production loss coverage, farmers receive a payment after harvest when an insured peril causes their total yield to fall below their guaranteed level of production. For other coverages, farmers may receive payments for things like tree and vine loss, and excess or insufficient rainfall.

Production Insurance highlights

The 2021 crop year was generally a good year, with farmers getting the majority of their crops planted in favourable conditions. The Production Insurance program paid \$9.2 million in replant claims and \$0.2 million in unseeded acreage claims this year. This was less than in 2020, which saw \$16.7 million in replant claims and \$0.6 million in unseeded acreage claims paid.

The number of acres insured this year was higher, at 5.4 million. This is an increase over 2020, where 5.3 million acres were insured, and an increase over the previous 5-year average of 5.1 million.

The majority of grain crops did well this year. Almost every county in the province saw yields for corn and soybeans above the 10-year average. The 2021 average reported yield for corn was 189 bushels per acre, much higher than the 10-year average of 173 bushels per acre. For soybeans the average reported yield was 51 bushels per acre, which is significantly higher than the 10-year average of 47 bushels per acre.

While grain crops did well, wet conditions in the late summer and fall resulted in many vegetable farmers dealing with rot in the fields and struggling to finish harvest. Many crops in the Holland Marsh, including onions and carrots, experienced quality issues and pressure from disease as a result of continuous wet field conditions.

The wet and humid fall conditions resulted in rot and breakdown in processing grapes. These conditions delayed harvest, caused low brix values and resulted in some low quality grapes being delivered to wineries. Production insurance provides coverage for yield losses due to poor quality. Agricornp worked closely with farmers to ensure they understood their coverage.

For 2021, total claims were lower than premiums collected.

Ensuring the sustainability of the Production Insurance program

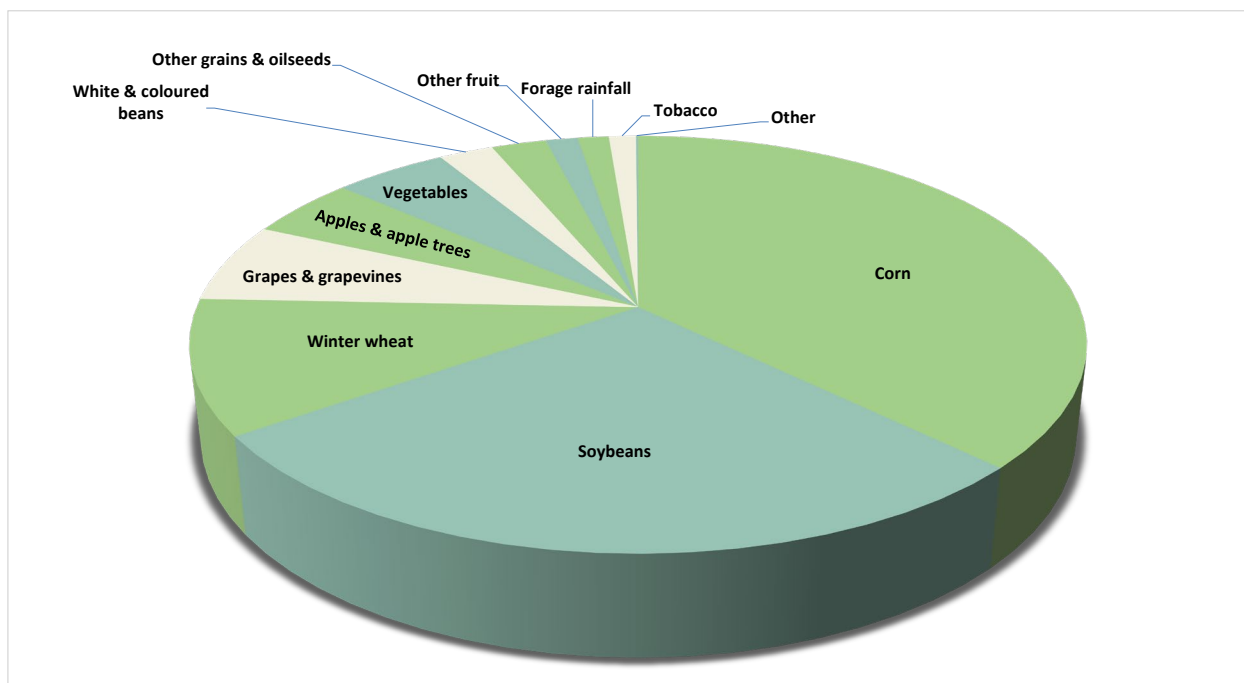
Production Insurance participants are compensated for production losses through claim payments from the Production Insurance Fund. Agricorp has a comprehensive risk management strategy to manage the fund and the financial risk of the Production Insurance program. This strategy includes a premium rate setting methodology that is actuarially certified according to national certification guidelines and approved by Agriculture and Agri-Food Canada. It includes solid underwriting methodologies and claim processes, and a risk-based reinsurance strategy. It provides customers with reliable coverage and stable premiums, while ensuring an adequate reserve of funds for long-term program sustainability. The fund consists of premiums from customers and the Canada and Ontario governments, along with investment earnings.

We started with \$831.5 million in the fund on March 31, 2021. The fund balance plus reinsurance and premiums paid in 2021 covered liability of \$4.6 billion. On March 31, 2022, the fund was \$893.4 million. Agricorp targets a fund balance of 14% of liability. Since the fund balance exceeded our target reserve, customers and governments received the added benefit of a 12.2% reduction in premiums for 2021.

Production Insurance by the numbers

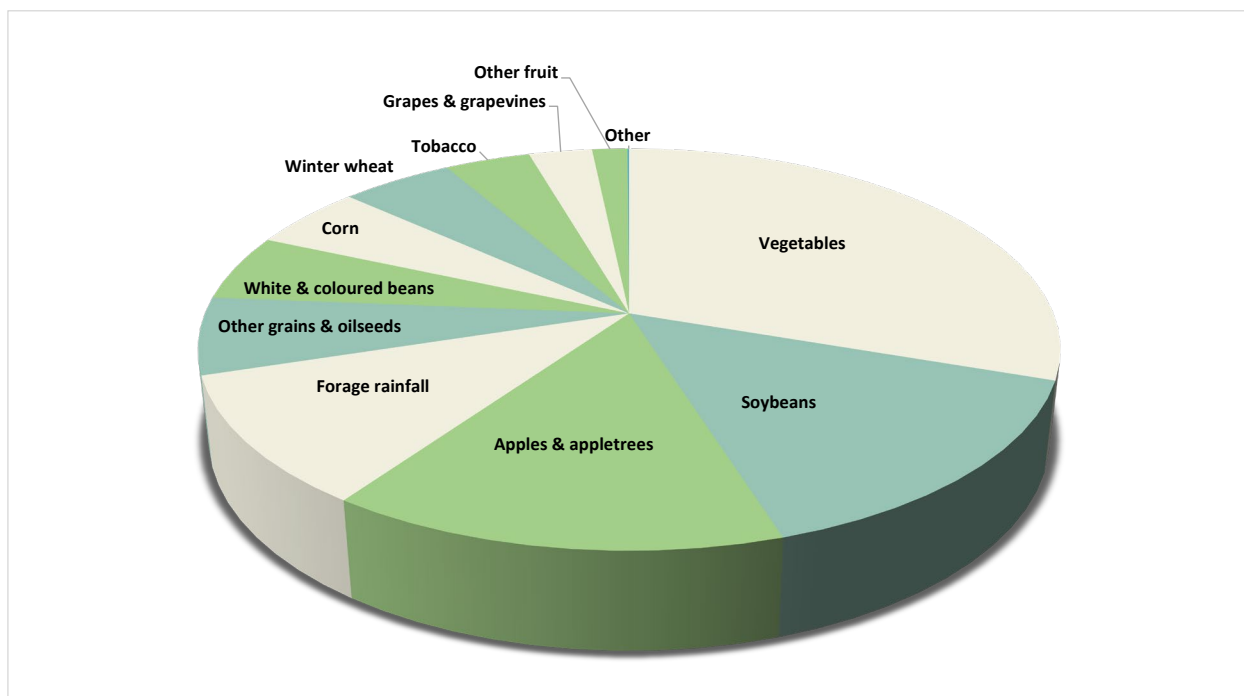
- **14,375** participants in the 2021 program
- **5.4 million** acres and **\$4.6 billion** in liability
- **\$105.5 million** in total claims paid for the 2021 program year, including:
 - **\$68.5 million** for production loss claims
 - **\$0.2 million** for unseeded acreage claims
 - **\$9.2 million** for replant claims
 - **\$27.6 million** for other claims
- **94%** of customers are satisfied or very satisfied with the delivery of Production Insurance
- **89%** of customers agree that Production Insurance stabilizes farm income

2021 Production Insurance liability by crop



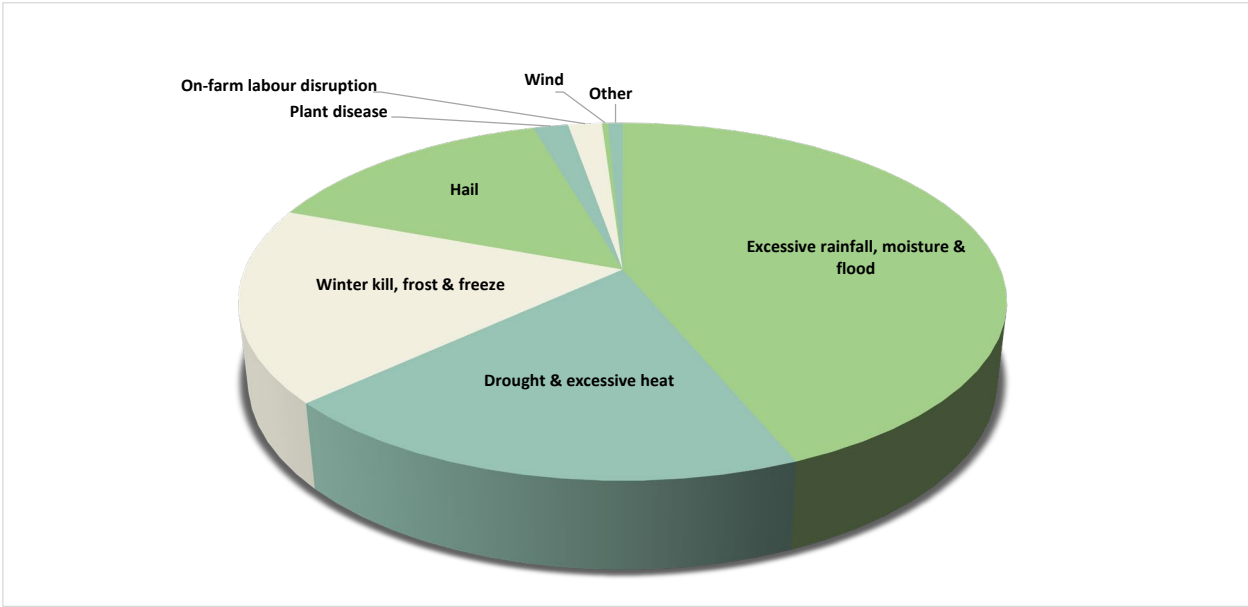
Crop	Liability (million)
Corn	\$1,721.5
Soybeans	\$1,293.6
Winter wheat	\$480.6
Grapes & grapevines	\$282.2
Apples & apple trees	\$218.2
Vegetables	\$224.3
White & coloured beans	\$107.9
Other grains & oilseeds	\$108.6
Other fruit	\$63.4
Forage rainfall	\$61.6
Tobacco	\$53.7
Other	\$4.2
Total	\$4.6 billion

2021 Production Insurance claims by crop



Crop	Claim amount (million)
Vegetables	\$31.9
Soybeans	\$15.7
Apples & apple trees	\$15.4
Forage rainfall	\$11.0
Other grains and oilseeds	\$6.5
White & coloured beans	\$5.6
Corn	\$5.4
Winter wheat	\$5.3
Tobacco	\$4.0
Grapes & grapevines	\$3.0
Other fruit	\$1.7
Other	\$0.1
Total	\$105.5

2021 Production Insurance claims by peril



Peril	Claim amount (million)
Excessive rainfall, moisture, flood	\$46.1
Drought, excessive heat	\$20.4
Winter kill, frost, freeze	\$18.6
Hail	\$15.6
Plant disease	\$1.8
On farm labour disruption	\$1.8
Wind	\$0.4
Other	\$0.8
Total	\$105.5

Risk Management Program

Ontario's Risk Management Program (RMP) is designed to help farmers manage risks beyond their control, such as fluctuating costs and market prices. It includes coverage for cattle, hogs, sheep, veal, grains and oilseeds, and edible horticulture.

RMP for livestock and RMP: Grains and Oilseeds payments are made if the average market price for a commodity falls below its support level. The self-directed risk management (SDRM) plan for edible horticulture allows participants to deposit a percentage of their allowable net sales into an SDRM account and the provincial government contributes to the account. Farmers can withdraw funds from the account to offset financial losses.

RMP is funded solely by the Ontario government. In 2020, funding for the program increased from \$100 million to \$150 million. Funding covers both program payments and administrative costs. Agricorp works hard to keep administrative costs down so more funds are available for payments to farmers.

Up to and including the 2020 program year, RMP premiums paid by farmers for grains and oilseeds and livestock coverage were transferred to the Farmer's Risk Management Premium Fund, which was overseen by commodity organizations. The fund was used to provide additional financial support when needed.

In June 2021, the Minister announced that a new RMP Fund held by Agricorp would hold farmer premiums and government funding. Government and farmer funds will be used to pay RMP: Grains and Oilseeds and RMP for livestock claims.

RMP highlights

In 2021, market prices continued to be volatile, with most commodities seeing record high prices resulting in few RMP: Grains and Oilseeds payments. Low commodity prices for spring wheat, barley and canola triggered pre-harvest payments for grain and oilseed farmers. No post-harvest payments will be issued in the spring of 2022.

RMP by the numbers

- **9,790** endorsements in 2021
- **\$145.8 million** in program payments paid in 2020-21 under all 6 plans (covers multiple program years):
 - **\$99.1 million** in livestock payments
 - **\$19.6 million** in grains and oilseeds payments
 - **\$27.1 million** in government funds deposited into SDRM accounts
- **84%** of customers are satisfied or very satisfied with the delivery of RMP
- **77%** of customers agree that RMP stabilizes farm income

Appeals processes

Agricorp takes great care to ensure we are accurate and thorough in underwriting coverage, processing claims and managing customer files. On occasion, when a customer disagrees with a decision, we make every effort to resolve the issue using clear, consistent processes.

AgriStability and RMP

Customers who disagree with a decision made by Agricorp about their AgriStability or RMP file can contact us to request an internal review. We conduct an internal review to confirm that the file was adjudicated in accordance with program rules and consistently with other files. If the customer is not satisfied with the results of that internal review, they can request a review by the Business Risk Management Review Committee (BRMRC), an advisory agency of the provincial government that is separate from Agricorp, with members appointed by the Minister. The BRMRC hears requests for review and makes non-binding recommendations to Agricorp. As the program administrator, Agricorp is accountable for applying all program rules consistently and for making all decisions related to these programs. As such, Agricorp may accept the BRMRC's non-binding recommendations in full or in part, or may decline.

Agricorp processes close to 20,000 AgriStability and RMP files each year. In 2021-22, Agricorp did not receive any customer requests for a BRMRC review.

Production Insurance

Customers who disagree with a decision made by Agricorp about their Production Insurance claim or about their eligibility for Production Insurance coverage can contact us to request an internal review. If the results of that review are unsatisfactory, customers can appeal to the Agriculture, Food & Rural Affairs Appeal Tribunal, which is an adjudicative tribunal of the provincial government. This independent body makes final, binding decisions on disputes between Agricorp and Production Insurance customers.

For the 2021-22 crop year, Agricorp underwrote 14,375 customers, processed more than 4,800 claims, and received 2 customer requests for an internal review.

Farm Business Registration

Under the Farm Business Registration (FBR) program, Ontario farmers who gross \$7,000 or more in farm income annually are required to register their farm businesses. By registering, farm businesses are eligible for other government programs, such as the Farm Property Class Tax Rate Program and the Ontario Wildlife Damage Compensation Program. Registered farm businesses can also obtain membership in 1 of 3 accredited farm organizations (AFOs): the Christian Farmers Federation of Ontario, the National Farmers Union – Ontario, or the Ontario Federation of Agriculture. The AFO's fund Agricorp's administrative costs for the program.

In 2021, 44,700 farm businesses registered.

Farm Property Class Tax Rate Program

Under the Farm Property Class Tax Rate Program, Agricorp, the Municipal Property Assessment Corporation (MPAC) and municipalities work together to administer the program. MPAC assesses properties as farmland and determines the value. Agricorp processes applications and confirms each property is eligible farmland. Municipalities apply their farm property class tax rate to eligible properties and collect their taxes. The Ontario government funds Agricorp's administrative costs for the program.

Agricorp started delivering the Farm Property Class Tax Rate Program in February 2019. The eligibility of farmland properties is determined on an annual basis. For the 2022 tax year, 170,000 properties were eligible for the program.

Provincial Premises Registry

The Provincial Premises Registry (PPR) allows Ontario farmers to register parcels of land that are associated with agri-food activities, such as crop and livestock production and food processing. The registry supports traceability, enabling governments and industry to respond swiftly to incidents that could affect the agri-food sector, such as weather disasters, animal or plant disease outbreaks, or contaminated food. It also supports emergency preparedness and rapid identification of agri-food locations. Agricorp delivers PPR on behalf of OMAFRA. The Ontario government funds the registry.

As of March 31, 2022, there were 55,000 registrations.

Grain Financial Protection Program

The Grain Financial Protection Program covers financial losses if licensed dealers and elevators do not meet their payment or storage obligations to farmers or owners of grain corn, soybeans, canola and wheat. Farmers or owners may submit a claim to the Grain Financial Protection Board to cover a portion of their losses. Agricorp is responsible for the licensing and inspection components of the Grain Financial Protection Program. Administrative program costs are paid by farmers through their checkoff fees and by dealers and elevator operators through their licensing fees. The Grain Financial Protection Board manages the 4 insurance funds and determines if a claim should be paid.

In 2021-22, Agricorp licensed 263 dealers and 373 elevator operators in Ontario. The program covered \$4.0 billion in grain sales.

Beef Cattle Financial Protection Program

The Beef Cattle Financial Protection Program covers financial losses if licensed dealers do not meet their payment obligations to Ontario beef cattle sellers. Cattle sellers may submit a claim to the Livestock Financial Protection Board (LFPB) to cover a portion of their losses. Agricorp supports OMAFRA in licensing dealers and collects the remittance fees. OMAFRA manages program policy, licensing decisions, investigations and enforcement. The LFPB manages the Fund for Livestock Producers and determines if a claim should be paid. Program administrative expenses are paid through checkoff fees from cattle sellers and through licensing fees from dealers.

The delivery of the licensing services and remittance of fees transitioned from Beef Inc. to Agricorp in January 2019. In 2021-22, there were 140 licences issued.

Vintners Quality Alliance Wine Support Program

The Vintners Quality Alliance (VQA) Wine Support program supports Ontario wineries in increasing their competitiveness and innovation while growing the sale of Ontario VQA wines at the Liquor Control Board of Ontario. The Program provides grants to help wineries invest in growing their VQA wine businesses, including export and tourism development activities. The program is funded by the Ontario government.

In 2021-22, Agricorp issued program payments of \$7.5 million to 91 Ontario wineries.

Small Cidery Program

The Small Cidery Program provides eligible Ontario cideries with financial support to help grow their operations. Payments are based on sales of alcoholic cider. The program is funded by the Ontario government.

In 2021-22, Agricorp issued program payments of \$1.8 million to 70 cideries.

Small Distillery Program

The Small Distillery Program provides eligible Ontario distilleries with financial support to help grow their operations. Payments are based on sales of spirits. The program is funded by the Ontario government.

In 2021-22, Agricorp issued program payments of \$2.0 million to 34 distilleries.

One-time programs

In addition to the programs listed above, Agricorp may be asked by the federal and provincial governments to deliver one-off programs. Usually, these programs are initiated in response to specific circumstances, and the duration of these programs is often short in nature.

Canada-Ontario COVID-19 2020 Hog Maintenance Feed Initiative

This program helped eligible farmers in 2020 and 2021 cover the increased cost of feeding market-ready hogs that were held back due to COVID-19 processing delays. The initiative was an AgriRecovery program that was funded by the federal and provincial governments.

Agricorp issued program payments of \$1.2 million, and the program is now closed.

Canada-Ontario COVID-19 AgriRecovery Beef Emergency Feed Maintenance Initiative

This program helped eligible farmers in 2020 and 2021 cover the increased cost of feeding and setting aside market-ready cattle due to COVID-19 processing delays. The initiative was an AgriRecovery program that was funded by the federal and provincial governments.

Agricorp issued program payments of \$3.1 million, and the program is now closed.

Winery Agri-Tourism COVID-19 Initiative

This program provided financial support to wineries and cideries whose on-site sales were impacted by safety measures to stop the spread of COVID-19. This 2021 initiative was funded by the provincial government and is now complete.

In 2021-22, Agricorp issued program payments of \$9.1 million.

Northwestern Livestock Emergency Assistance Initiative

This program provided financial support to livestock farmers in northwestern Ontario who incurred extraordinary costs to source water or to install temporary fencing due to drought conditions. The initiative was announced in July 2021 and was funded by the federal and provincial governments. The program is now complete.

In 2021-22, Agricorp issued program payments of \$0.6 million.

Canada-Ontario Transported Feed AgriRecovery Initiative

This program provided financial support to livestock farmers in northwestern Ontario who incurred extraordinary costs to source feed or transport livestock to feed due to drought conditions in 2021. The initiative was an AgriRecovery program that was funded by the federal and provincial governments. The program is now complete.

In 2021-22, Agricorp issued program payments of \$3 million.

Northwestern Ontario Drought Assistance Initiative

This program provided financial support to livestock farmers in northwestern Ontario to source water for livestock to help mitigate current and future drought conditions. The initiative was announced in September 2021 and was funded by the provincial government. The program is now complete.

In 2021-22, Agricorp issued program payments of \$0.3 million.

Eurasian Wild Boar Transition Assistance Initiative

This program provides financial support to help farmers transition out of the production of Eurasian wild boar to other forms of production, such as heritage breeds of swine, other livestock or crop production. The initiative was announced in November 2021, and is funded by the federal and provincial governments.

In 2021-22, farmers enrolled in the program and payments will be issued in 2022-23.

Services

Leveraging our people, systems, data and infrastructure, Agricorn provides a number of services to industry and commodity groups to support and enable an innovative, competitive and sustainable agri-food sector.

Data management services

In partnership with the Grape Growers of Ontario, Ontario Fresh Grape Growers, Ontario Apple Growers and Ontario Tender Fruit Growers, Agricorn uses web-based data management services (DMS) and GPS technology to accurately measure and map vineyards and orchards. DMS captures agronomic information for grapes, apples and tender fruit, including plant inventory, variety, age, yield and quality. Agricorn uses this information to support the delivery of programs to the fruit industry. Industry leverages this information to effectively implement their own initiatives, including research, marketing, food safety, and production management.

Financial, secretariat and communication services

Agricorn provides a variety of services and support to the Farmer's Risk Management Premium Fund, Grain Financial Protection Board, Livestock Financial Protection Board, Dairy Farmers of Ontario and OMAFRA.

Farmer's Risk Management Premium Fund

Agricorn provides payment management, customer service, communications and reporting services to the Farmer's Risk Management Premium Fund. Farmers who participate in RMP: Grains and Oilseeds and RMP for livestock pay premiums, which are transferred to this industry-managed fund. The fund provides additional risk management support to farmers in years of greater need. The following commodity groups manage the fund and decide when payments are made: Grain Farmers of Ontario, Beef Farmers of Ontario, Ontario Pork, Ontario Sheep Marketing Agency and Veal Farmers of Ontario.

In 2021-22, Agricorn processed 7,025 payments, totalling \$28.8 million for the 2020 program year.

Grain Financial Protection Board

Agricorn provides governance, secretariat and financial services to the Grain Financial Protection Board, a board-governed agency that administers 4 grain funds established under the *Farm Products Payments Act*. Their mandate is to administer funds, investigate claims, grant or refuse claim payments, and recover any money they are entitled to. Agricorn supports claim adjudication and manages checkoff fees through reporting, investment and annual audit support. To support the Board in their administration of the grain funds, we coordinate and support board meetings; facilitate board appointments; develop process, policy and issues documents; and develop and coordinate all board governance materials.

Livestock Financial Protection Board

We provide governance, secretariat and financial services to the Livestock Financial Protection Board, a board-governed agency that manages the fund for livestock producers under the *Farm Products Payments Act*. Their mandate is to administer the fund, investigate claims, grant or refuse claim payments, and recover any money they are entitled to. Agricorp supports claim adjudication and processes checkoff fees received through reporting, investment and annual audit support. To support the Livestock Financial Protection Board in their administration of the fund, we coordinate and support board meetings; facilitate board appointments; develop process, policy and issues documents; and develop and coordinate all board governance materials.

Dairy Farmers of Ontario

Under contract with the Dairy Farmers of Ontario (DFO), Agricorp helps protect the financial interests of milk farmers either by analyzing quarterly and annual financial statements, or by reviewing and updating DFO's required security from the 58 dairy processors that own 78 processing plants in Ontario. Dairy processors purchase \$2.5 billion worth of milk from Ontario farmers annually.

OMAFRA

Under contract with OMAFRA, Agricorp provides a telephony infrastructure platform for OMAFRA's Agriculture Information Contact Center.

Mapping and verification services

Agricorp provides a variety of mapping, measurement and verification services to commodity groups in support of industry-led initiatives.

Ontario Ginseng Growers' Association

Agricorp measures, maps and provides acreage information for newly planted ginseng gardens. This information is used by the Ontario Ginseng Growers' Association to support research, understanding and innovation.

In 2021-22, we mapped 1,722 acres for 225 ginseng gardens.

Berry Growers of Ontario

We measure, map and provide acreage information for strawberries, blueberries and raspberries. This information is used by the Berry Growers of Ontario to collect fees, gain market intelligence, develop strategic marketing plans, and identify research and development opportunities.

In 2021-22, we mapped 195 acres for 24 farmers.

Management discussion and analysis

As agriculture entered the second year of the pandemic, farmers continued to deal with numerous issues related to COVID-19. The pandemic continued to affect staffing and agriculture was not immune to the challenges of shut downs and increased isolation periods for staff exposed to COVID-19. Farmers once again faced challenges with travel restrictions for seasonal staff. The delays at meat packing plants resulted in farmers having to feed livestock longer than originally planned.

In addition to staffing issues, the agricultural community faced challenging weather conditions and market volatility. In northwestern Ontario, dry conditions not only reduced crop growth, it also resulted in low water levels, making it difficult to source water for livestock. Farmers experienced unprecedented volatility for both input and commodity prices.

Throughout all of these challenges, farmers continued to produce a steady supply of food for Ontarians. In addition, Agricorp was ready to deliver when farmers needed our assistance the most. This year, we rose to the challenge and delivered 7 one-time programs that addressed the needs of farmers when they needed it the most. We continue to provide excellence in service by prioritizing payments and adjusting resources to ensure farmers have access to payments during difficult times.

2021 marked Agricorp's 25th anniversary. This milestone provided the optimal timing to refresh our vision and mission statement. Our new vision "Excellence in delivery to help grow Ontario agriculture" was introduced this year. We also refreshed our mission statement "We provide financial and risk management programs for the farmers of Ontario and empower employees to deliver a trusted customer experience." Both the vision and mission statements ensure that we continue to provide farmers with the trusted service they have come to expect from Agricorp. As an agency we have accomplished a lot over the past 25 years, and we know the next 25 years will be just as exciting.

Strong business planning

Strong agricultural support requires strong business planning to ensure we are ready to provide customers with the service they need to grow their farm businesses.

We start with a robust business plan supported by timely, transparent reporting. The Board of Directors and Senior Management Team develop the plan in collaboration with our government partners, and we publish it on our website to ensure full transparency. Our planning process draws on our understanding of the current agricultural industry, a detailed risk assessment, government expectations and our customers' needs.

The business plan articulates our strategic direction and priorities for a three-year period. It includes clear performance metrics for our daily operations that align with nationally established performance standards. The plan is updated annually and submitted for approval to the Minister of Agriculture, Food and Rural Affairs before being published on our website. We report on our progress to OMAFRA and industry stakeholders throughout the year. The Board also submits an annual report to the Minister. Once the Minister approves the report, it is tabled in the Ontario Legislature and then published on agricorp.com. Timely and transparent planning and reporting ensure all stakeholders are well informed about how we are delivering on our commitments.

Our work includes contingency plans that enable us to effectively deliver programs and services when unusual circumstances arise. This year, Agricorp reassigned staff to help deliver 7 one-time programs. We continued to ensure payment files for AgriStability were prioritized and that farmers had access to funds when they needed them. Throughout the year, our continuity plan ensured that staff were available to support the agri-food industry.

Financial analysis for 2021-22

The following table shows our administrative expenses by program and the variances between our budget and actual spending. Budget and actual costs are presented on a cash basis.

Actual spending versus budget - variance table

Administrative expenses by program (in thousands of dollars)	Actual	Budget	Variance under (over)
AgriStability	9,597	10,415	818
Production Insurance	19,367	20,500	1,133
Risk Management Program	5,109	5,161	52
Other recurring programs and services	3,580	3,663	83
Other non recurring	1,934	2,541	607
Total Expenses	\$ 39,587	\$ 42,280	\$ 2,693
Administrative expenses funding			
Federal funding	17,545	18,759	1,214
Ontario funding	20,346	21,979	1,633
Other fee revenue	1,696	1,542	(154)
Total Funding	\$ 39,587	\$ 42,280	\$ 2,693
Funding surplus (deficit)	\$ -	\$ -	\$ -

As shown, our overall administrative expenses were under budget by \$2.7 million. Actual expenses for delivering AgriStability were under budget by \$0.8 million. For delivering Production Insurance, expenses were under budget by \$1.1 million due to savings in the year.

Other non-recurring program expenses were under budget by \$0.6 million in the fiscal year. This variance mostly relates to one project where effort was less in the early stages than expected.

2021-24 Business plan

Agricorp's 2021-24 business plan focuses on three goals:

- Agricorp is easy to do business with
- Agricorp has efficient and effective operations
- Agricorp is ready to deliver

In 2021-22, Agricorp made steady progress on all three goals through work on strategic initiatives, including the following:

- Implemented the new IT system for the Farm Business Registration program
- Completed implementation of new Production Insurance business processes and Guidewire, the new IT system.
- Worked with OMAFRA to implement changes to the Risk Management Program, including enhancements to livestock classifications, and to implement a fund for RMP.
- Implemented Production Insurance coverage enhancements for coloured beans and new coverage for pedigreed seed.
- Refreshed our vision and mission statement.
- Worked closely with both federal and provincial governments on multiple enhancements to the AgriStability program.
- Launched improved online acreage reporting and streamlined yield reporting.
- Launched and delivered 7 new one-time one-off programs over the past 18 months.

The following pages show how Agricorp has made progress on its three strategic goals.

Efficient and effective operations

Agricorp takes pride in its ability to operate efficiently and effectively. Continuous improvements have always been a cornerstone for us. We make it part of our regular review of work to actively look for ways to improve and streamline processes and reduce costs. Responding to customer needs with responsive, high-quality service, helpful information and timely program payments are our most important objectives.

Responding to customers in need

One of our goals is to provide customers with timely, quality service. To do this, we are ready to support our customers when it means the most.

Farmers in northwestern Ontario and ginseng farmers faced increased challenges with weather and market conditions this year. The interim payment rate for the 2021 AgriStability program was increased to 75% from 50% of the estimated final payments. This provided farmers with access to more funds during the crop year, when they needed it most.

In March 2021, the federal and provincial governments announced the removal of the reference margin limit for AgriStability for the 2020 program year, and Agricorp worked quickly to implement changes required to accommodate this change. Customers had seamless access to these funds. Files for the 2020 program year that had already been processed were adjusted. Customers received quick access to funds without having to reapply. In July, the provincial government announced it was increasing the provincial portion of the AgriStability payment to 80% from 70%. Agricorp is working to implement this change.

Ensuring excellence in customer service is a priority for Agricorp, and we continued to prioritize the processing of payment files in all programs to ensure that farmers had quick access to funds.

Highlights: 2021-22

36 AgriStability interim applications received \$7.7 million in benefits for the 2021 program year.

We continued to focus on processing payments for customers this year, and \$106 million in Production Insurance claims were sent to farmers.

We exceeded our performance target of paying 95% of RMP claims within 60 days.

COVID-19 continues to change the way we work

At the start of the pandemic in 2020, Agricorp implemented our business continuity plan and employees started working remotely. As time passed, we needed to pivot and adjust to accommodate both the changing environment and employees. Some staff returned to the office while others continued to work remotely. Throughout 2021-22, Agricorp continued to support employees giving them the choice of in-office, remote or hybrid work environments.

Throughout 2021-22, there were several periods where the province entered a lockdown stage and employers were encouraged to have employees work remotely. Our ability to be flexible with workplace arrangements allowed us to continue our operations seamlessly despite the lockdowns.

We continued to emphasise our mission of excellence in delivery and encouraged our customers to use online channels where possible. These online channels enabled customers to conduct business with us when it was most convenient for them. We also leveraged our ability to both receive and process payments electronically in order to minimize disruptions to customers and ensure they had quick access to funds when they needed it the most.

Highlights: 2021-22

Agricorp met the majority of its performance measures during the pandemic, while providing risk management programs for Ontario farmers.

We continue to increase the use of electronic payment methods to customers, with close to 60% of funds paid electronically this year.

New Production Insurance business processes and IT system

After several years of planning, development and rigorous testing, Agricorp implemented a new Production Insurance IT system, Guidewire. This year all policies were underwritten and all claims were paid using new business processes and the Guidewire IT system.

The implementation of new business processes improved our customer's experience, including the consolidation of documents, improved online reporting options and less paperwork for customers to complete.

Highlights: 2021-22

The self-declared yield kits were made completely digital instead of being mailed as large amounts of paper to each customer.

The new IT system provides more flexibility to support Production Insurance enhancements. This year coverage for pedigreed seed was made available for soybean and spring wheat.

We continue to optimize resources

Agricorp consistently demonstrates prudent fiscal management, providing effective program delivery within fixed budgets. Finding efficiencies in our day-to-day operations is an effective way to optimize our resources and save employees' time for the important work of supporting farmers. Our largest initiatives, such as Production Insurance delivery enhancements and online services for farm business registration, incorporate not only innovative solutions but also automation and efficiencies to help scale our resources to provide support in many different ways.

Agricorp has reduced program administrative costs and improved online self-service options without reducing customer service levels. To identify further efficiencies, Agricorp is examining infrastructure costs and continues work to improve business processes and IT systems.

Highlights: 2021-22

In collaboration with OMAFRA, we are completing an efficiency review of the Farm Property Class Tax Rate Program to see if there are more efficient ways to deliver the program.

We are in the process of transitioning RMP: Grains and Oilseeds off the mainframe computer system and onto Guidewire. Decommissioning the mainframe will save costs by having one IT system for Production Insurance and RMP: Grains and Oilseeds.

We keep customer data secure

Keeping our data secure is a priority for Agricorp. Over the past year, we have proactively reviewed and mitigated security threats raised by an industry-renowned automated and reporting software product.

Cyber-attack methods are continually evolving, and Agricorp has evaluated advanced security products and implemented new tools. The aging Security Incident Enterprise management tool was replaced by a modern product. The new product includes behaviour-based risk management and machine learning.

Agricorp staff also perform regular manual threat hunting exercises. Agricorp also proactively applies security software patches, as recommended by software providers.

Highlights: 2021-22

We moved our anti-spam product to the cloud, giving us the ability to assess suspicious emails in an isolated separate environment before they reach the end user.

Phishing tests were conducted during the year resulting in additional email security training and education for staff as well as a dedicated security page on Agricorp's intranet.

The annual IT system intrusion test exercised on all of Agricorp's internet-facing infrastructure and related components and applications was completed and revealed fewer risks than in the previous year.

Easy to do business with

As a customer-focused organization, making it easy for farmers to do business with us is important. This means offering a choice of service channels. This year customers connected with us by phone, email, and through virtual farm shows and meetings. We focused on effective communications and customer outreach to make sure customers understood how programs work and what the best options were for their operations.

Reducing the burden for customers

This year, we continued to make it easier for customers to conduct business with us. We updated our online acreage-reporting tool for Production Insurance customers. This improvement is in line with our mandate to reduce the burden on customers and provide better service with fewer redundancies.

New customers can submit electronic applications online. Existing customers can sign up for programs, such as the Risk Management Program, Farm Business Registration, and Provincial Premise Registry, as well access direct deposit information by signing into our website. Once enrolled, customers can unlock additional ways to interact with us online. For a number of programs, customers can now also indicate they prefer email as a method of communication. We continue to be committed to providing customers with many options to receive material from us.

Highlights: 2021-22

More customers continue to prefer email communication from Agricorp. Email communications increased by 37% over last year.

Customers are embracing online reporting with 44% more customers reporting their fall-seeded acres online this year over the previous year.

This year, visits to the Farm Business Registration section of agricorp.com increased by 145% over the previous year.

Enhancements to RMP

In July 2021, it was announced that a new fund held by Agricorp would hold both government funds and producer premiums. The new fund will be used to pay RMP claims. Agricorp worked closely with OMAFRA to implement the RMP Fund.

Agricorp worked closely with industry and OMAFRA to implement changes to improve coverage. Starting in 2021, lambs kept for breeding are now eligible for RMP for livestock coverage. Improvements were made to the veal plan, and, beginning in 2022, the plan will have only one category, aligning with industry practices.

In addition to extending deadlines for enrolment and reporting, premiums in 2021 remained unchanged from the previous year, further assisting farmers in managing expenses.

Highlights: 2021-22

Over \$99.1 million in payments were issued to livestock farmers.

The addition of lambs for breeding stock resulted in coverage for an additional 8,800 head.

When surveyed, over 84% of customers stated that they were satisfied or very satisfied with the delivery of RMP.

Continuing convenient customer service options

This year more than ever, farmers needed to review the risks of their operations. Our call centre staff were readily available to work with and support customers, answering questions and communicating with them through a number of challenges, such as email and phone. We worked with customers to sign them up for direct deposit before payments were issued. The online acreage reporting tool was improved to include even more commodities, to be accessible using mobile devices, and to be compatible with most rural internet speeds.

Agricorp continued to leverage agricorp.com and online reporting tools for communications with customers. Program coverage and program changes were communicated directly to customers via email messaging, news stories and updated program content on agricorp.com. In 2021, there was a 20% increase in traffic to agricorp.com and its news section, and the proportion of customers who reported their fall-seeded acreage online increased by almost 45%.

Highlights: 2021-22

For the 2021 crop year, the number of customers who reported their fall-seeded acreage online increased by almost 45%.

73% of AgriStability forms were received online, and the remainder by mail.

72% of Farm Business Registration customers use electronic methods to make their payments.

Making information more accessible

We continued to stay connected with both our industry partners and our farmers; however, the pandemic has caused us to re-evaluate the best ways to reach our customers.

For part of the year, virtual meetings replaced face-to-face meetings with customers on the farm or with industry partners in boardrooms. Agricorp continued to leverage our website (agricorp.com) and online reporting tools for communication with customers.

The latest news is posted on agricorp.com. Program coverage and program changes are communicated directly to customers via email, news stories and updated program content on our website. We also used our regular monthly ad in farm media to reach customers.

This year we began using digital advertising to enhance our online presence and as another way to support customers finding the information they need. Digital advertising helps to cast a wider geographic net. One click brings the customer directly to our website.

Highlights: 2021-22

We supported customers by keeping them up to date on changes and information they needed to run their businesses.

We attended 121 virtual stakeholder meetings.

When compared to industry benchmarks, we experience close to twice the level of interest in our digital ads.

Ready to deliver

Agricorp receives regular requests from government and industry to deliver new programs and services and to update existing ones. As agriculture evolves, programs must also evolve to keep pace with changing industry practices and needs. Agricorp works hard to ensure that when change is needed, we are ready to deliver programs that remain relevant and responsive.

Ready to support customers in need

Agricorp is a trusted agency delivering agricultural support programs. Delivering similar and related programs allows us to leverage administrative efficiencies. This year Agricorp delivered 7 one-time programs at the request of the federal and provincial governments.

Two programs were introduced in late 2020 to assist cattle and beef farmers with the shutdown of processing plants. This year Agricorp concluded administering these programs.

Dry conditions in northwestern Ontario meant many livestock producers were short of feed and water. This year, 3 separate programs were introduced to assist farmers in northwestern Ontario dealing with drought conditions.

We also delivered a program to assist wineries and cideries whose on-site sales were impacted by safety measures to stop the spread of COVID-19, and a program to assist farmers transition out of Eurasian wild boar production. We are striving to be the delivery agent of choice for agricultural programs and this year we achieved that goal with the rollout of many new programs to a variety of agricultural sectors.

Highlights: 2021-22

The 3 programs for farmers in northern Ontario delivered close to \$4.0 million in payments.

The Winery Agri-Tourism COVID-19 Relief program provided \$9.1 million to wineries and cideries.

Within two weeks of the provincial government's announcement, we implemented 3 one-time programs.

Working with industry on Production Insurance enhancements

Agricorp continued to work with the federal and provincial governments on the extension of Production Insurance coverage for production losses caused by on-farm labour disruptions due to COVID-19. This helps to support the industry as they continue to navigate the challenges that COVID-19 has caused.

We work with OMAFRA and industry to ensure the Production Insurance program meets the needs of farmers. Regular reviews of the program occur with OMAFRA and industry groups and adjustments and enhancements are made regularly.

Farmers who grow pedigreed seed face unique risks and Agricorp worked closely with industry to introduce coverage for the 2022 program year for pedigreed soybeans and spring wheat. Coverage for winter wheat will be available in 2023. This new coverage assists farmers with managing pedigreed seed risks.

Highlights: 2021-22

\$1.8 million in claims were paid for on-farm labour disruptions due to COVID-19.

Coverage for new forage plantings was enhanced with the addition of new species including rye, barley and fescues.

An 85% coverage level was added for coloured beans.

Both insurable values and abandonment thresholds for root vegetables were updated.

Maintaining strong government relations

Agricorp works with both the federal and provincial governments to deliver risk management programs. This year provided more unique challenges for farmers, and we leveraged our strong relations with our government partners to ensure operations continued to function effectively and efficiently. Regular meetings were held with OMAFRA to review our contingency plans and to review how we were evolving our operations to continue to meet the changing challenges presented to farmers this year.

Supporting our staff

Supporting a high level of employee engagement in an environment of continual change is a key priority for Agricorp. We work diligently to support the health, well-being and ongoing development of employees with learning and development opportunities.

Regular communications with our staff keep them up to date. Staff were provided with information on changes to programs enabling them to provide excellent service to our customers.

Over the past year, we maintained our wellness campaign that provided staff with helpful information, tips and resources while they worked remotely.

Highlights:

When surveyed, 97% of staff felt they were able to be productive and support the needs of customers while working remotely.

We continued to optimize employee health, safety and wellness in the workplace during the transition back to the office and with remote work place assignments.

We support staff with their career progression. Last year 54 vacancies were filled with internal hires.

What our customers think

Overall satisfaction with Agricorp remains exceptionally high. Our call centre's strongest attributes of being friendly and helpful continue to be acknowledged in the feedback we receive from our customers.

"I just wanted to let you know that Agricorp provides the best customer service and I wanted to thank everyone for all doing such a great job."

"I am happy to have received the reduced land tax for my farm. I was worried how I would be able to continue working my farm and I wanted to thank you for all of your hard and quick work in helping me out. I couldn't be happier."

Looking ahead

Agricorp's performance has been strong, reliable and consistent. Looking ahead, we will continue to focus on improving efficiency and quality, ensuring customers have the support they need when they need it.

We recognize the value of the agricultural sector, and we fully support the Ontarians who work in this industry. Our commitment to our customers and to a thriving agricultural sector means we will always work hard to help strengthen Ontario agriculture.

2021-22 Performance measures and results

Targets	Results
Achieve a consistently high overall customer service rating that is equal to or greater than the previous three-year average of 93%.	In the 2021 customer satisfaction survey, Agricorp's overall customer service performance rating was 91%. Agricorp will continue to provide quality customer service in line with national comparators and in alignment with government expectations. Agricorp will continue to leverage a variety of service delivery approaches and tools to ensure service delivery in all situations.
Achieve a customer satisfaction rating for the delivery of Production Insurance that is equal to or greater than the previous three-year average of 93%.	In the 2021 customer satisfaction survey, Agricorp's rating for the delivery of Production Insurance was 94%.
Achieve a customer satisfaction rating for the delivery of AgriStability that is equal to or greater than the previous 3-year average of 74%.	In the 2021 customer satisfaction survey, Agricorp's rating for the delivery of AgriStability was 75%.
Achieve a customer satisfaction rating for the delivery of Risk Management Program (RMP) that is equal to or greater than the previous 3-year average of 81%.	In the 2021 customer satisfaction survey, Agricorp's rating for the delivery of RMP was 84%.
Process 95% of the 2020 AgriStability files by December 15, 2021.	Agricorp processed 66% of the 2020 AgriStability files by December 15, 2021. In 2021-22, Agricorp shifted resources to implement changes to AgriStability, Production Insurance and RMP and to deliver 7 one-time programs to support the agri-food industry dealing with drought and COVID-19. This shift slowed AgriStability file processing. AgriStability resources were focused on processing payment files over nonpayment files. This enabled Agricorp to continue to deliver timely payments to farmers in need.
Process 90% of Production Insurance claims within 30 calendar days of receipt of all required information.	Agricorp processed 96% of Production Insurance claims within 30 calendar days.
Process 95% of RMP payments within 60 days of receipt of all required information.	Agricorp processed 99% of RMP payments within 60 days.

Targets	Results
Complete the annual Chair and CEO Agency Attestation, as required, for compliance with applicable legislation, directives and policies.	Agricorp completed the Chair and CEO Agency Attestation for 2021-22 by March 23, 2022, as required by the Ontario government and in compliance with the Agencies and Appointments Directive.
Submit a 3-year business plan to the Minister by March 1, 2022.	Agricorp's 2022-25 business plan was submitted to the Minister on February 28, 2022.
Provide sound and balanced operational performance and financial reports to OMAFRA quarterly.	Operational and financial reports were provided to OMAFRA on a monthly and quarterly basis.
Submit an annual report to the Minister within 90 days of receipt of audited financial statements from the Auditor General.	Agricorp's 2020-21 annual report was submitted to the Minister on July 27, 2021, 41 days after receiving audited financial statements from the Auditor General.
Ensure that a comprehensive audit control framework is monitored annually by Agricorp's Board of Directors.	The annual audit control framework was developed, implemented and monitored.



An agency of the Government of Ontario

Management's responsibility for financial reporting

The accompanying financial statements have been prepared by management. The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards. Management is responsible for the accuracy, integrity and objectivity of the information contained in the financial statements.

The financial statements include some amounts, such as provisions for claims that are necessarily based on management's best estimates and which have been made using careful judgment.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. The systems include formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control. The Board meets regularly to oversee the financial activities of Agricorp and annually reviews the financial statements.

These financial statements have been audited by the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian Public Sector Accounting Standards. The Independent Auditor's Report, which appears on the following page, outlines the scope of the Auditor General's examination and opinion.

Original signed by

Doug LaRose
Chief Executive Officer

Original signed by

Becky Philpott
Chief Financial Officer

June 22, 2022



INDEPENDENT AUDITOR'S REPORT

To Agricorp

Opinion

I have audited the financial statements of the Agricorp, which comprise the statement of financial position as at March 31, 2022, and the statements of operations and fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Agricorp as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Agricorp in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and my auditor's report thereon, in Agricorp's 2022 Annual Report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing Agricorp's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Agricorp either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Agricorp's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Agricorp's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Agricorp's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Agricorp to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Toronto, Ontario
June 22, 2022



Susan Klein, CPA, CA, LPA
Assistant Auditor General

Agricorp
Statement of financial position
As at March 31, 2022

(In thousands of dollars)	General Fund	Production Insurance Fund	Risk Management Program Fund	2022	2021
Current assets					
Cash	\$ 4,872	\$ 127,691	\$ 118,795	\$ 251,358	\$ 55,992
Short term investments (note 6)	1,072	297,595	-	298,667	768,672
Accounts receivable (note 5)	3,117	17,804	850	21,771	8,181
Funds under administration (note 3)	20,617	-	-	20,617	48,873
Prepaid expenses	1,096	-	-	1,096	1,147
Total current assets	30,774	443,090	119,645	593,509	882,865
Long term investments (note 6)	-	492,039	-	492,039	35,966
Accrued pension asset (note 12)	-	-	-	-	11,228
Capital assets (note 7)	9,045	-	-	9,045	11,378
Total assets	\$ 39,819	\$ 935,129	\$ 119,645	\$ 1,094,593	\$ 941,437
Current liabilities					
Accounts payable and accrued liabilities	4,749	5,164	9	9,922	5,791
Funds under administration (note 3)	20,617	-	-	20,617	48,873
Unearned premiums	-	33,301	-	33,301	25,338
Deferred contributions (note 10)	1,113	-	-	1,113	1,165
Provision for claims	-	3,300	55,264	58,564	1,500
Total current liabilities	26,479	41,765	55,273	123,517	82,667
Deferred contributions - capital assets (note 10)	9,045	-	-	9,045	11,378
Total liabilities	35,524	41,765	55,273	132,562	94,045
Fund balances					
Unrestricted funds	4,295	-	-	4,295	15,912
Restricted funds	-	893,364	64,372	957,736	831,480
Total fund balances	4,295	893,364	64,372	962,031	847,392
Total liabilities and fund balances	\$ 39,819	\$ 935,129	\$ 119,645	\$ 1,094,593	\$ 941,437

Commitments and contingencies (note 13)
See accompanying notes to financial statements

Approved on behalf of the Board
 Original signed by

Original signed by

 Jason Verkaik
 Board Chair

 Dominic Morrissey
 Finance and Audit Committee Chair

Agricorp

Statement of operations and fund balances

Year ended March 31, 2022

(In thousands of dollars)	General Fund	Production Insurance Fund	Risk Management Program Fund	2022	2021
Revenue					
Funding – provincial government (notes 9 and 14)	\$ 21,329	\$ 41,311	\$ 110,403	\$ 173,043	\$ 53,742
Funding – federal government (note 9)	18,652	61,967	-	80,619	69,601
Premiums from producers	-	70,501	30,402	100,903	57,760
Consulting and other services	1,683	-	-	1,683	1,470
Investment income	59	13,808	75	13,942	19,496
Total revenue	41,723	187,587	140,880	370,190	202,069
Expenses					
Claims	-	109,709	76,508	186,217	129,445
Reinsurance (note 11)	-	15,993	-	15,993	11,309
Administration (notes 12 and 16)	40,140	-	-	40,140	41,170
Bad debts	-	1	-	1	27
Total expenses	40,140	125,703	76,508	242,351	181,951
Excess (shortfall) of revenue over expenses before loss on curtailment/settlement of pension plan	1,583	61,884	64,372	127,839	20,118
Loss on curtailment/settlement of pension plan (note 12)	13,200	-	-	13,200	-
Excess (shortfall) of revenue over expenses	(11,617)	61,884	64,372	114,639	20,118
Fund balances, beginning of year	15,912	831,480	-	847,392	827,274
Fund balances, end of year	\$ 4,295	\$ 893,364	\$ 64,372	\$ 962,031	\$ 847,392

See accompanying notes to financial statements

Agricorp

Statement of cash flows

Year ended March 31, 2022

(In thousands of dollars)	General Fund	Production Insurance Fund	Risk Management Program Fund	2022	2021
Operating activities					
Excess (shortfall) of revenue over expenses	\$ (11 617)	\$ 61 884	\$ 64 372	\$ 114 639	\$ 20 118
Items not requiring an outlay of cash					
(Increase) decrease in accrued interest	(10)	6 659	-	6 649	157
Amortization of capital assets	2 724	-	-	2 724	1 495
Amortization of deferred contributions - capital assets	(2 724)	-	-	(2 724)	(1 495)
Defined benefit pension expense (note 12)	12 031	-	-	12 031	2 401
Changes in non-cash working capital					
Accounts receivable	(1 988)	(10 752)	(850)	(13 590)	(3 074)
Prepaid expenses	51	-	-	51	(419)
Accounts payable and accrued liabilities	476	3 646	9	4 131	(164)
Unearned premiums	-	7 963	-	7 963	2 806
Deferred contributions	(52)	-	-	(52)	419
Provision for claims	-	1 800	55 264	57 064	(9 300)
Contributions to employer defined benefit plans (note 12)	(803)	-	-	(803)	(2 480)
Cash provided by operating activities	(1 912)	71 200	118 795	188 083	10 464
Financing activities					
Increase in deferred contributions - capital assets	391	-	-	391	777
Cash provided by financing activities	391	-	-	391	777
Investing activities					
Purchases of investments	-	(595 000)	-	(595 000)	(477 000)
Proceeds of investments	-	602 283	-	602 283	461 447
Cash provided by (used for) investing activities	-	7 283	-	7 283	(15 553)
Capital activities					
Purchase of capital assets	(391)	-	-	(391)	(777)
Cash used in capital activities	(391)	-	-	(391)	(777)
Total increase (decrease) in cash	(1 912)	78 483	118 795	195 366	(5 089)
Cash, beginning of year	6 784	49 208	-	55 992	61 081
Cash, end of year	\$ 4 872	\$ 127 691	\$ 118 795	\$ 251 358	\$ 55 992

See accompanying notes to financial statements

Agricorp

Notes to the financial statements

Year ended March 31, 2022

1. Nature of operations

The AgriCorp Act, 1996 established Agricorp as a provincial Crown corporation without share capital on January 1, 1997. As an agency of the Ontario government, Agricorp's mandate is to deliver government business risk management programs to Ontario's agriculture industry on behalf of the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). These programs are as follows:

Production Insurance Fund

Production Insurance was established in 1966 and currently operates pursuant to the *Agricultural Products Insurance Act (Ontario, 1996)*. For over 100 commercially grown crops in Ontario, Production Insurance provides insured producers with financial protection against yield reduction caused by insured perils.

Risk Management Program Fund

The Risk Management Program Fund was established in 2021 for Cattle, Grains and Oilseeds, Hogs, Sheep and Veal components. Ontario's Risk Management Program (RMP) helps producers manage risks beyond their control, like fluctuating costs and market prices using an insurance-like model.

Additional Programs

a) Business Risk Management Programs

These programs, as detailed under note 3, are administered by Agricorp on behalf of OMAFRA and the Government of Canada ("federal government"). The rules regarding payments to customers are determined by the programs and in formal agreements with Agricorp. The funds paid out under these programs flow from either the Government of Ontario ("provincial government") or federal government or both, through Agricorp to qualified applicants, and are held in segregated accounts in funds under administration.

b) Other

Agricorp is responsible for the delivery of Farm Business Registration, the Provincial Premises Registry and the Farm Property Class Tax Rate Program. These programs, as detailed under note 3 and note 4, are administered on behalf of OMAFRA in accordance with their respective program delivery agreements.

As an agency of the Ontario provincial government, Agricorp is exempt from income taxes.

2. Significant accounting policies

a) Basis of accounting

The financial statements of Agricorp have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada (CPA Canada). Agricorp has also elected to apply the section 4200 standards for Government Not-For-Profit Organizations.

Agricorp follows the accrual method of accounting for revenues and expenses. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services.

Agricorp uses fund accounting whereby the activities in each program are accounted for in separate funds. The General Fund is used to account for all administrative revenues and expenses, as well as for all unsegregated activities. The Production Insurance Fund is used to account for activities specific to the Production Insurance program. The Risk Management Program Fund is used to account for activities specific to the Cattle, Grains and Oilseeds, Hogs, Sheep and Veal components.

Agricorp

Notes to the financial statements

Year ended March 31, 2022

b) Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided for using the straight-line method over the estimated useful life of the assets, with a half-year amortization taken in the year of acquisition and disposition. The estimated useful lives of the assets are as follows:

Furniture and fixtures	4 years
Computer hardware	3 years
Computer software	2 years
Customized software	5 years
Leasehold improvements	5 years

Software under development is recorded at cost, which includes amounts directly related to the acquisition, development, customization and installation, as well as directly attributable labour. Software under development is not amortized until it is available for use; when available for use, software under development is recorded as an addition to customized software.

c) Employee future benefits

Agricorp provides defined retirement benefits and other future benefits for substantially all retirees and employees. These future benefits include pension plan and accumulated sick leave.

i) Pension plan

Up to April 30, 2021, Agricorp sponsored a mandatory contributory defined benefit registered pension plan for all full-time and eligible part-time employees as well as a supplemental defined benefit pension plan for eligible employees (the “Plan”). Unless otherwise noted, information regarding the Plan is presented on an aggregate basis.

Agricorp contributed to the Plan based on employee contributions and a factor determined by the Plan’s independent actuary. The cost of pension benefits for the Plan was determined by an independent actuary using the projected benefit method pro-rated on service and management’s best estimates of expected investment performance, salary escalation and retirement ages of employees. The Plan’s assets were valued using current fair values and any actuarial adjustments were amortized on a straight-line basis over the expected average remaining service life of the employee group.

Effective May 1, 2021, eligible employees are members of the Public Service Pension Plan (“PSPP”). The PSPP is a multi-employer defined benefit pension plan.

The Province of Ontario, who is the sole sponsor of the PSPP, determines Agricorp’s annual payments to the plan and is responsible for ensuring that the pension fund is financially viable. Any surplus or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of Agricorp. Therefore, Agricorp’s contributions are accounted for as if the PSPP was a defined contribution plan with contributions being expensed in the period they come due.

ii) Accumulated sick leave

Agricorp provides a non-vested sick leave benefit to all full-time and part-time employees. Employees are granted five days of sick leave per year. Unused sick leave days are eligible to accumulate up to 47 days, which can only be used to supplement the short term disability benefit. Employees are not paid for unused sick leave.

Agricorp

Notes to the financial statements

Year ended March 31, 2022

d) Revenue recognition

Within the General Fund, Agricorp accounts for government operating funding under the deferral method of accounting. Government funding used for the purchase of capital assets is deferred and amortized into revenue on the same basis and at rates corresponding to those of the related capital assets. All remaining government funding is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Consulting and other services revenue is recognized as services are performed, collection of the relevant receivable is reasonably assured and persuasive evidence of an arrangement exists.

Within the Production Insurance Fund, government funding and producer premiums are recognized as revenue in the year in which the related agricultural products are harvested. Premiums received for future years are classified as unearned premiums on the statement of financial position.

Within the Risk Management Program Fund, government funding and producer premiums are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as earned; amounts not yet received are included in the carrying value of investments.

e) Financial instruments

Agricorp's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities.

All financial instruments are recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record investments at fair value. Investments include cash equivalents, Guaranteed Investment Certificates (GICs), term deposits and bonds. Cash equivalents, GICs and term deposits are recorded at cost plus accrued interest, which approximates fair value.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and fund balances. Any unrealized gain or loss on investments is adjusted through the statement of remeasurement gains and losses. When an asset is sold, unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations and fund balances. A statement of remeasurement gains and losses has not been presented as there is nothing to report therein.

Agricorp is required to classify fair value measurements using a fair value hierarchy, which indicates three levels of information that may be used to measure fair value:

- Level 1 – unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities;
and
- Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

f) Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and

Agricorp

Notes to the financial statements

Year ended March 31, 2022

liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amounts of accounts receivable, capital assets, accounts payable and accrued liabilities, unearned premiums and deferred contributions, provision for claims and accrued pension asset. Actual results could differ from those estimates.

g) Provision for claims

The provision for claims liability represents management's estimate of the total cost of Production Insurance claims and RMP Fund benefit claims outstanding at year-end. Measurement of this provision is uncertain as not all of the necessary information for reported claims is always available as of the year-end date and therefore estimates are made as to the value of these claims.

3. Funds under administration

Agricorp processes and disburses payments to producers enrolled in agricultural business risk management and other programs. These programs are generally administered on behalf of OMAFRA for producers in the province and cover joint federal-provincial, federal-only and provincial-only programs. Individual program delivery agreements are in place for each program.

Program payments are calculated according to program requirements and the program delivery agreements. Funding is provided by the federal and/or provincial governments and all funds are segregated in accounts under administration by program until payments are processed for the producers.

Funds for these programs are held in accounts with Canadian banks, bankers' acceptance or bank discount notes and all are highly liquid. As Agricorp only administers these programs, no recognition is made for program revenue, expense, receivables or payables.

a) AgriStability

The AgriStability program was established to provide agricultural producers with financial protection against large declines in farm margin. To participate, producers must enroll in the program and pay administration and enrollment fees based on their reference margin for specified prior years. Producers are also required to submit an application that includes production data and farming income (or loss) reported for income tax purposes. The program has existed under several federal, provincial and territorial frameworks and is currently under the *Canadian Agricultural Partnership*, which came into effect April 2018.

AgriStability is cost shared by the federal and provincial governments at a basis of 60% and 40% respectively.

b) Risk Management Program (RMP)

RMP helps producers offset losses caused by low commodity prices and fluctuating production costs. RMP is fully funded by the provincial government and is an advance against Ontario's share of the AgriStability program thereby reducing the provincial share of AgriStability payments.

The Risk Management Program Fund (the "RMP Fund") for Cattle, Grains and Oilseeds, Hogs, Sheep and Veal components was established pursuant to a Minister's Order to continue the Risk Management Program starting with program year 2021 with both Ontario Premiums and Producer Premiums deposited into the RMP Fund. Funds related to pre-2021 program years for Livestock and Grains and Oilseeds continue to be presented as Funds Under Administration until fully disbursed in accordance with the program delivery guidelines for those years. There are no changes to the Self-Directed Risk Management: Edible Horticulture for program year 2021.

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Year ended March 31, 2022

RMP includes the following plans:

RMP: Grains and Oilseeds (RMP-GO)

The plan provides Ontario grain and oilseed producers with commodity-specific price support based on the cost of production. To participate, producers must pay premiums, provide a premises identification number and participate in Production Insurance, if available for their crop.

RMP for livestock (RMP-LS)

RMP for livestock includes individual plans for cattle, hogs, sheep and veal. The plans provide producers with commodity-specific price support based on the cost of production. To participate, producers must pay premiums and provide a premises identification number.

RMP - Self-Directed Risk Management: Edible Horticulture (RMP-SDRM)

Under the terms of the plan, producers of edible horticulture deposit a percentage of their allowable net sales into an account, and a contribution is made into the account by the provincial government. Funds can be withdrawn to cover risks to the farm business, such as a reduction in income or other farm-related expenses or losses. To participate, producers must make a deposit into their SDRM account and provide a premises identification number.

c) Vintners Quality Alliance Wine Support Program (VQA-WSP)

The VQA-WSP provides grants to help wineries invest in growing their VQA wine business, including export and tourism development activities. Agricorp administers this program on behalf of OMAFRA. This program is fully funded by the provincial government.

d) Winery Agri-Tourism COVID-19 Relief Initiative (Winery Agri-Tourism)

The Winery Agri-Tourism COVID-19 Relief Initiative provides financial support to eligible wineries and cideries whose on-site sales were impacted while provincial measures were in place to stop the spread of COVID-19. Agricorp administers this program on behalf of OMAFRA. This program is fully funded by the provincial government.

e) Other programs

Agricorp administers other programs on behalf of OMAFRA, the federal government and industry groups, some of which are in the process of being wound down. These programs are funded in accordance with their program delivery agreements. Other programs include:

Farm Business Registration (FBR)

In accordance with the *Farm Registration and Organizations Funding Act, 1993*, farm businesses in Ontario whose gross farm income is equal to or greater than \$7,000 are required to register their farm business. In return for the registration, the farm business pays a reduced property tax rate on agricultural land and is granted membership in an accredited farm organization of their choice. Agricorp collects these fees and remits them, less an administrative charge, to the chosen accredited farm organization.

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Notes to the financial statements

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The following summarizes the transactions related to the funds under administration:

(In thousands of dollars)	Opening balance 2022	Funding, federal government	Funding, provincial government	Other	Payments	Closing balance 2022
AgriStability	\$ 10,487	\$ 45,375	\$ 22,324	\$ (267)	\$ (69,478)	\$ 8,441
RMP-GO	223	-	19,400	20	(19,408)	235
RMP-LS	25,276	-	1	(623)	(22,764)	1,890
RMP-SDRM	9,386	-	28,481	(1,430)	(27,089)	9,348
Winery Agri-Tourism	-	-	9,083	-	(9,053)	30
Other programs	3,501	2,147	13,422	(130)	(18,267)	673
Total	\$ 48,873	\$ 47,522	\$ 92,711	\$ (2,430)	\$ (166,059)	\$ 20,617

(In thousands of dollars)	Opening balance 2021	Funding, federal government	Funding, provincial government	Other	Payments	Closing balance 2021
AgriStability	\$ 6,957	\$ 46,143	\$ 23,199	\$ 1,105	\$ (66,917)	\$ 10,487
RMP-GO	98	-	57,584	(57)	(57,402)	223
RMP-LS	22,250	-	60,311	(36)	(57,249)	25,276
RMP-SDRM	5,540	-	32,754	1,437	(30,345)	9,386
VQA-WSP	-	-	7,500	-	(7,500)	-
Other programs	180	-	7,829	73	(4,581)	3,501
Total	\$ 35,025	\$ 46,143	\$ 189,177	\$ 2,522	\$ (223,994)	\$ 48,873

The Other column in the tables above includes items such as producer fees and premiums, and changes in program receivables and payables.

4. Additional programs

Included in Administration expenses (see Note 16) are costs associated with the delivery of several other programs in accordance with individual program delivery agreements. Additional programs include:

Provincial Premises Registry (PPR)

Established in 2008, the PPR registers unique parcels of land in Ontario associated with agri-food activities. The PPR collects information, such as agri-food business locations and activities and emergency contacts, and maintains a current database for access by the Ministry for emergency response and preparedness. As part of the National Agri-Food Traceability System, all provinces are responsible for having a premises registration system in place to enable the swift response to incidents and emergencies that could harm agri-food businesses and consumers. This program is administered on behalf of OMAFRA.

Farm Property Class Tax Rate Program (FPCTRP)

Under FPCTRP, eligible farm properties pay a reduced property tax rate for their acreage. Agricorp delivers the program, completes eligibility assessments for all valued and assessed farm properties, and reports the properties that meet all the requirements to the Municipal Property Assessment Corporation (MPAC) on behalf of OMAFRA. MPAC in turn forwards this information to the local municipalities. The municipality will then tax the properties that meet the requirements at the farm rate.

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Notes to the financial statements

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5. Accounts receivable

Accounts receivable are comprised primarily of amounts due from the federal and provincial governments and from producers.

(In thousands of dollars)	2022	2021
Funding – federal government	\$ 7,675	\$ 3,378
Funding – provincial government	5,639	2,817
Other	8,457	3,044
Sub total	21,771	9,239
Less allowance for doubtful accounts	-	(1,058)
Total	\$ 21,771	\$ 8,181

6. Investments

a) Portfolio profile

(In thousands of dollars)	2022	2021
Short-term		
Financial institutions – cash and equivalents	\$ 102,082	\$ 155,721
Financial institutions – guaranteed investment certificates	196,585	612,951
Total short-term	298,667	768,672
Long-term		
Financial institutions – guaranteed investment certificates	492,039	35,966
Total long-term	492,039	35,966
Total investments	\$ 790,706	\$ 804,638

All long-term investments mature within 1-3 years.

b) Fair value hierarchy

(In thousands of dollars)	Level	2022	2021
Cash and equivalents	1	\$ 102,082	\$ 155,721
Guaranteed investment certificates	2	688,624	648,917
Total investments		\$ 790,706	\$ 804,638

There were no transfers of investments between Level 1 and Level 2.

7. Capital assets

(In thousands of dollars)	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Furniture and fixtures	\$ 882	\$ 882	\$ -	\$ -
Computer hardware	4,091	3,625	466	298
Leasehold improvements	952	945	7	9
Computer software	13,267	13,232	35	95
Customized software	12,196	3,659	8,537	10,976
Total	\$ 31,388	\$ 22,343	\$ 9,045	\$ 11,378

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Notes to the financial statements

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8. Financial instruments risk management

a) Market risk

Market risk is the risk that changes in market prices will affect the fair value of reported assets and liabilities. Market factors include three types of risk: interest rate risk, currency risk and equity risk. Agricorp is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments.

Agricorp operates within investment guidelines constraints set out by legislation that restricts Agricorp's investments to highly liquid, high-grade investments, such as federal and provincial bonds, deposit notes issued by domestic financial institutions and other securities approved by the Minister of Finance.

b) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on Agricorp's financial position, operations and cash flow.

The average return on investments is 1.76% (2021 – 2.49%). Fluctuations in interest rates could have a significant impact on the fair value of the fixed income securities profile. Although investments are generally held to maturity, realized gains or losses could result if actual Production Insurance claim levels differ significantly from expected claims, and liquidation of long-term investments is required to meet obligations. There have been no significant changes from the previous year in the exposure to risk or to the policies, procedures and methods used to measure the risk.

c) Credit risk

General

Credit risk is the risk that other parties fail to perform as contracted. Agricorp's exposure to credit risk is principally through balances receivable from the federal and provincial governments and producers as well as through its investment securities.

Reinsurance

Agricorp is exposed to credit risk on the reinsurance contracts that are placed with reinsurers. In order to minimize this risk, Agricorp places reinsurance with a number of different reinsurers and evaluates the financial condition of each of these reinsurers in order to minimize exposure to a significant loss from any one reinsurer in the event of insolvency.

Collectability

Credit risk on balances receivable arises from the possibility that the entities that owe funds to Agricorp may not fulfill their obligation. Collectability is reviewed regularly and an allowance for doubtful accounts is established to recognize the impairment risks identified.

Investments

Credit risk on investment securities arises from Agricorp's positions in term deposits, corporate debt securities and government bonds. Legislation restricts the types of investments Agricorp may hold to high-grade Canadian debt instruments and investments approved by the Minister of Finance, which significantly reduces credit risk.

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9. Funding – provincial and federal

a) General Fund

Agricorp provides administration services on a cost recovery basis to process and disburse payments to producers enrolled in agricultural business risk management and other programs. The provincial and federal governments have agreed to share the costs of administering Production Insurance, and AgriStability at the ratio of 60% and 40% respectively. The costs to administer RMP-GO, RMP-LS, RMP-SDRM, VQA-WSP, Winery Agri-Tourism, PPR and FPCTRP are funded by the provincial government.

b) Production Insurance Fund

Premiums from producers represent 40% of the total funding of the Production Insurance program. The federal and provincial governments fund the remaining premiums at a basis of 60% and 40% respectively.

c) Risk Management Program Fund

The provincial government funds the Risk Management Program in addition to premiums received by producers.

10. Deferred contributions

Included in the General fund are deferred contributions related to funding received for operating expenses of a future period as well as for funding received for the purchase of capital assets. All contributions recognized in the year are included in Funding – provincial and federal in the Statement of operations and fund balances. The nature and amount of changes in these balances are as follows.

(In thousands of dollars)	Opening Balance 2022	Contributions	Recognized	Closing Balance 2022
Short-term				
Deferred contributions - operating expenses	\$ 1,165	\$ 1,924	\$ 1,976	\$ 1,113
Long-term				
Deferred contributions - capital assets	11,378	391	2,724	9,045
Total deferred contributions	\$ 12,543	\$ 2,315	\$ 4,700	\$ 10,158

(In thousands of dollars)	Opening Balance 2021	Contributions	Recognized	Closing Balance 2021
Short-term				
Deferred contributions - operating expenses	\$ 746	\$ 1,983	\$ 1,564	\$ 1,165
Long-term				
Deferred contributions - capital assets	12,096	777	1,495	11,378
Total deferred contributions	\$ 12,842	\$ 2,760	\$ 3,059	\$ 12,543

11. Reinsurance agreement

Agricorp uses reinsurance in the normal course of Production Insurance operations to manage its risk exposure. Coverage involving a number of reinsurance companies was purchased for the 2021 production year. Under the terms of the 2021 production year agreement, the reinsuring companies would assume losses between 16% and 27% on \$4.6 billion insured liability (2020 production year - 18% – 28% on \$3.9 billion). As actual claims were less than the minimum threshold of \$739 million (2020 production year - \$706 million), there was no reinsurance recovery for the 2021 production year (2020 - no recovery).

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12. Pension

Effective May 1, 2021, Agricorp's contributory defined benefit registered pension plan for all full-time and eligible part-time employees as well as a supplemental defined benefit pension plan for eligible employees (the "Plan") was merged with the Public Service Pension Plan ("PSPP"), (collectively, the "Merger").

As a result of the Merger, the Plan ceased member contributions and froze credited service as of April 30, 2021. The impact of this curtailment is the immediate recognition of previously unrecognized actuarial amounts. No additional contributions were required to affect the Merger. Agricorp received consent from the Financial Services Regulatory Authority of Ontario to transfer all defined benefits assets and liabilities to the PSPP on February 17, 2022.

The PSPP is a contributory defined benefit plan. The PSPP is funded by contributions from participating employers and members, and by the investment earnings from the Public Service Pension Fund. Contributions from members and employers are remitted to the Ontario Pension Board (OPB).

Administration expenses on the statement of operations and fund balances include pension expense except for the loss on curtailment/settlement of pension plan which is shown separately on the Statement of Operations and Fund Balances. Agricorp recorded \$12 million (2021 - \$2.4 million) expense for the year related to the Plan and \$1.8 million (2021 - \$nil) related to the PSPP; total pension costs for the year were \$13.8 million (2021 - \$2.4 million)

a) Agricorp pension plans (the Plan)

The changes for the defined benefit plans of Agricorp during the year are as follows:

(In thousands of dollars)	2022	2021
Accrued benefit obligation		
Balance, beginning of year	\$ 72,026	\$ 67,476
Current service cost	344	2,133
Interest cost	3,669	4,028
Employee contributions	289	1,893
Benefits paid	(1,726)	(2,441)
Actuarial loss (gain)	6,856	(1,063)
Settlement transfer to PSPP	(81,458)	-
Balance, end of year	-	72,026
Plan assets		
Fair value, beginning of year	90,053	71,448
Actual return on plan assets	419	16,674
Employer contributions	803	2,480
Employee contributions	289	1,892
Benefits paid	(1,726)	(2,441)
Settlement transfer to PSPP	(89,838)	-
Fair value, end of year	-	90,053
Funded status		
Plan surplus	-	18,027
Unamortized actuarial gain	-	(6,799)
Accrued pension asset	\$ -	\$ 11,228

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Agricorp recorded the following (gain) expense for the year related to the Plan:

(In thousands of dollars)	2022	2021
Current service cost	\$ 344	\$ 2,133
Interest cost	3,669	4,028
Expected return on plan assets	(4,602)	(4,272)
Amortization of unrecognized actuarial (gain) loss	(580)	512
Loss on curtailment/settlement of pension plan	13,200	-
Net benefit plan expense	\$ 12,031	\$ 2,401

The significant actuarial assumptions adopted in measuring the pension expense of Agricorp are:

	2022	2021
	(%)	(%)
Discount rate to determine accrued benefit obligation	5.60	5.60
Discount rate to determine benefit cost	5.60	5.60
Expected long-term rate of return on plan assets	5.60	5.60
Rate of compensation increase	2.00	2.00

An external investment advisor manages the investments held by the pension plan. The percentage of total fair value of plan assets by category is as follows:

Security type	2022	2021
	(%)	(%)
Real estate	-	9.9
Cash and cash equivalents	-	90.1
Total plan	-	100.0

b) PSPP

Contributions to the PSPP made during the year by Agricorp amounted to \$1.8 million (2021 - \$nil). Administration expenses on the statement of operations and fund balances include pension expense.

13. Commitments and contingencies

a) Commitments

Agricorp is committed to several leases for office space, weather data and sites, print services, mainframe support and operating leases for vehicles. The minimum aggregate costs for the remaining terms of these leases are:

(In thousands of dollars)	Head office location	Others	Total
2023	\$ 1,086	\$ 723	\$ 1,809
2024	1,092	686	1,778
2025	1,098	164	1,262
2026	1,105	-	1,105
Total	\$ 4,381	\$ 1,573	\$ 5,954

Agricorp signed an agreement in December 2021 committing to purchase reinsurance through a number of carriers for the 2022 production year. The estimated cost for this agreement is \$24.2 million (2021 - \$9.2 million).

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b) Contingencies

During the normal course of business, certain claims or program payments may be denied by Agricorp. As a result, various claims or proceedings have been, or may be, initiated against Agricorp. The disposition of the matters that are pending or asserted is not expected by management to have a material effect on the financial position of Agricorp or on its results of operations.

14. Related party transactions

Agricorp has entered into several agreements to acquire services from OMAFRA. The cost for administrative, legal and internal auditing services amounted to \$21,000 (2021 - \$49,000). In addition, Agricorp rents its head office location from the Ontario Infrastructure and Lands Corporation for a total cost for the year of \$1.1 million (2021 - \$1.1 million).

Agricorp earned revenue of \$41 million (2021 - \$34 million) from OMAFRA as their share of Production Insurance premium, \$21 million (2021 - \$ 20 million) for operating funding from OMAFRA and \$110 million (2021- nil) from OMAFRA as Ontario Premiums for the Risk Management Program Fund premiums.

15. Board remuneration and salary disclosure

Total remuneration to members of the Board of Directors was \$17,971 (2021 - \$8,000). *The Public Sector Salary Disclosure Act, 1996* requires Agricorp to disclose employees paid an annual salary in excess of \$100,000. Complete disclosure for Agricorp is included in the "Public Sector Salary Disclosure 2021: Crown Agencies" listing on the Government of Ontario website: <https://www.ontario.ca/public-sector-salary-disclosure/2021/all-sectors-and-seconded-employees/>

For the 2021 calendar year, actual amounts paid to the five employees with the highest annual salaries are:

Name	Position	Salary	Taxable benefits
LaRose, Doug	Chief Executive Officer	\$ 230,877	\$ 877
Vlcek, Mike	Senior Director, Program Development	175,099	679
Meneray, Debra	Senior Director, Program Delivery	175,099	679
Rose, Christopher	Chief Information Officer	173,611	668
Philpott, Becky	Chief Financial Officer	161,095	628

16. Administration

(In thousands of dollars)	2022	2021
Salaries and benefits	\$ 29,576	\$ 32,066
Equipment and maintenance	3,770	3,370
Facilities	1,264	1,732
Amortization	2,724	1,495
Consulting and professional	1,474	1,028
Telephone and postage	728	785
Office	307	356
Vehicle and travel	177	250
Other	120	88
Total	\$ 40,140	\$ 41,170

17. Comparative figures

Certain figures have been reclassified to conform to the current year's presentation.

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