



2019-20 Annual Report

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Introduction

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, 1996](#), 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 \$47.7 billion¹ in gross domestic product and creates 837,000 jobs, more than 11 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 risk.

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 2019-20, the programs delivered by Agricorp provided \$5 billion in coverage and \$420 million in program payments to Ontario farmers.

Our vision

Agricorp's vision is to be a versatile, customer-focused organization that works with partners to innovatively deliver programs and services that enhance the vitality of Ontario agriculture.

¹ Ontario Ministry of Agriculture, Food and Rural Affairs [Economic Indicators website](#) – Ontario Gross Domestic Product (GDP) for Agri-Food Sector, 2008-2018(\$ million), July 8, 2019

² Ontario Ministry of Agriculture, Food and Rural Affairs [Economic Indicators website](#) – Employment in Agri-food Sector, Ontario, 2008-2018, July 8, 2019

Our mission

We connect producers with programs.

We partner to deliver risk management programs that are responsive to the changing needs of agriculture.

Delivery is our strength.

We focus on efficient and effective delivery of programs with quality, integrity and transparency.

Customers are our priority.

We want to deliver consistently professional services and programs that provide security today while helping our customers manage their risks in the future.

Our people are the foundation of our success.

Collaboration and continuous improvement harness our many strengths for a common focus.

We are publicly accountable.

Through the prudent expenditure of public funds, we deliver programs on behalf of our agricultural and government partners with consistency, openness and dependability.

Chair's message

Focused on Ontario agriculture

Ontario's agriculture and agri-food sector accounts for one in nine jobs and brings \$47.7 billion to our provincial economy. Farmers are the backbone of this sector, producing the food that feeds our people and the economy.

As a farmer myself, I know farmers love what they do, but producing food is not without significant risks. Governments provide and support agricultural risk management programs to ensure the sector is viable and sustainable today and into the future. In Ontario, governments and farmers rely on Agricorp to deliver these programs efficiently and effectively. At Agricorp, we are ready to deliver.

After my first year as Chair of Agricorp's Board of Directors, I have a much greater understanding of what it takes to deliver these programs and the accountability mechanisms in place to oversee the administration.

The programs we deliver help farmers manage the risks they face every day. Risks like weather (from frost to drought to excessive rainfall), plant disease, insect infestation and fluctuating commodity prices. Having a reliable and stable income, even in times of loss, enables farmers to stay in business, make investments to improve their operations, and effectively respond to changes in their business environment.

As farmers adjust their farm businesses, Agricorp and the programs we deliver must also evolve to remain relevant for farmers and aligned with government priorities. I have seen this first hand as Agricorp's Chair. The agency has proven to be a responsive and flexible organization that can quickly and effectively adapt to change while increasing the value of programs over time. Over the last decade, the value of coverage in the Production Insurance program has almost doubled while the cost of premiums (as a percentage of liability) has decreased for farmers and governments.

Making it easier for customers to do business with us is one of our strategic goals. It aligns with the Ontario government's priorities of reducing red tape and putting digital first. Over the last year, we completed our initiative to modernize the delivery of Production Insurance and began work to modernize the delivery of the Farm Business Registration program. In 2020-21, customers will begin to see changes in how these programs are delivered. In the future, there will be fewer paper mailings, improved digital options, and more flexible and adaptive crop plan designs.

My work as Chair is a rewarding experience. I am pleased to have the opportunity to work with inspiring and dedicated people in government, industry and at Agricorp. I wish to thank Minister Hardeman for his dedication and support of agriculture, for meeting with Agricorp's Board to discuss his expectations of the agency, and for meeting with Agricorp employees to thank them for their tremendous effort in supporting farmers as they harvested and marketed corn with high levels of mycotoxins.

Many thanks to the board of directors for their expertise, wisdom and support during my first year as Chair. I would also like to thank Agricorp's senior management team, CEO Doug LaRose, and all Agricorp employees for their ongoing effort and dedication. The board has defined a sound strategic direction and the entire Agricorp team is working hard to implement it. I look forward to working with all of you over the coming year as we continue to focus our efforts on supporting a strong and dynamic agriculture and agri-food industry.

Original signed by,

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, 1996](#) 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 a viable and sustainable agricultural industry and in the shared federal-provincial responsibility. 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 Agricorp and OMAFRA 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 highest 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. Every year, 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 both 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 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 2019-20, Agricorp met the obligations and timelines under the AAD and completed attestation with a few exceptions noted that have action plans. 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.

Other acts and directives we are subject to include the [*Public Service of Ontario Act, 2006*](#), the [*French Language Services Act*](#), the [*Accessibility for Ontarians with Disabilities Act, 2005*](#), the [*Freedom of Information and Protection of Privacy Act*](#), and the Transfer Payment Accountability Directive.

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-law provides 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, meets with Ontario Internal Audit, and reviews audit reports and how management responds to audit recommendations (Ontario Internal Audit reports to the Finance and Audit Committee)
- Monitors how management assesses, 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 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 is composed of 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 three 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 and level of expertise, as outlined in the Agencies and Appointments Directive. In 2019-20, Agricorp's Board of Directors consisted of the following members:

Jason Verkaik, Chair

Chair (York Region)

Term: March 21, 2019 – March 20, 2022

2019-20 Remuneration: \$3,204.50

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.

Maria Van Bommel

Vice-chair (Middlesex)

Term: August 28, 2013 – June 27, 2020

2019-20 Remuneration: \$4,728.80

A former MPP for Lambton-Kent-Middlesex and municipal councillor for East Williams Township, Maria has also been a producer in the pork and poultry sectors. She served as parliamentary assistant to several Ontario ministers, including the Minister of Agriculture, Food and Rural Affairs. Active in the community, Maria has sat on a number of industry boards and legislative standing committees.

Josh Boersen

(Perth Country)

Term: April 11, 2019 – April 10, 2022

2019-20 Remuneration: \$1,344.00

A chicken and grains and oilseed producer, Josh is a third-generation farmer working with his father Brad, at the family's Bradi Farm, located north of Stratford. He is currently a director with Grain Farmers of Ontario and a director with the Perth County Soil and Crop Improvement Association. He earned an advanced diploma as a mechanical engineering technologist from Fanshawe College.

John Core

(Guelph)

Term: October 22, 2014 – October 21, 2020

2019-20 Remuneration: \$2,016.00

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, 2022

2019-20 Remuneration: \$1,545.60

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.

Sheryl King, CA, MBA, FICB

(Halton Region)

Term: July 17, 2013 – September 13, 2019

2019-20 Remuneration: \$1,105.44

A managing director with the Bank of Montreal, Sheryl has held a series of progressively senior roles with the bank. She is a respected finance professional with 20 years of international experience overseeing management and legal entity reporting, liquidity, funding and balance sheet management.

Patricia Lorenz, MBA, CA, CPA, DVM

(Toronto)

Term: August 7, 2013 – September 20, 2021

2019-20 Remuneration: \$2,093.28

Patricia is chief operating officer of Avertus Inc., a neuro-intelligence company. She 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, 2021

2019-20 Remuneration: Nil

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 Manager, Operations and Information Technology 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

2019-20 Remuneration: \$1,276.80

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 assortment of retired horses and rescue animals.

Robert Pasuta

(Regional Municipality of Hamilton-Wentworth)

Term: April 11, 2019 – April 10, 2022

2019-20 Remuneration: \$1,470.00

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, 2022

2019-20 Remuneration: \$2,982.00

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.

Dan Veldman

(Oxford County)

Term: January 31, 2019 – January 30, 2022

2019-20 Remuneration: \$588.00

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.

CEO's message

Supporting Ontario agriculture

Many Ontario farmers will remember 2019 as a difficult crop year. It had a winter with fluctuating temperatures and many freeze-thaw cycles and a spring with exceptionally cool, wet weather that lasted until mid-June. 2019 also saw a warm summer with variable rainfall amounts and a fall that started out warm and dry, but ended up cool and wet.

Whatever the risk, be it weather, disease, insect infestation or fluctuating market prices, farmers must be ready with a solid risk management plan for their farm. That is where Agricorp can help. We deliver reliable and relevant risk management programs, on behalf of government, to help farmers deal with the challenges they face on a regular basis.

When a third of Ontario's winter wheat crop needed to be reseeded after a winter with repeated freezing and thawing, farmers relied on their Production Insurance coverage to provide the financial support they needed to establish a new crop.

When the abnormally cool and rainy spring weather prevented or delayed crop-planting, farmers again relied on Agricorp and the Production Insurance program to respond. Because we extended Production Insurance planting deadlines for 23 crops, many farmers were able to get their crop planted, maintain coverage for the growing season, and achieve a good, marketable yield. For farmers who were unable to plant, an unseeded acreage claim provided financial support to cover a portion of their fixed costs.

For forage producers, the rainy spring delayed harvest and reduced forage quality. The excess rainfall option under the Production Insurance plan for forage rainfall provided the support they needed. The Production Insurance program has provided valuable and reliable coverage for more than 50 years and Agricorp continues to be ready to deliver.

Throughout the year, Agricorp worked hard to support customers. When the wet, cool spring foreshadowed that 2019 would be a challenging year, the enrolment date for AgriStability was extended for two months, giving farmers additional time to consider their risk management options. When a 95 per cent coverage level was added to the Risk Management Program, we encouraged customers to connect with us. They could report acres, select coverage and review their risk management options in one easy phone call.

We reached out to customers regularly using a mix of digital, print and in-person communication channels to remind them of their options and how we could help. Farmers visited our web news in record numbers and read our additional print advertisements to get information they needed. Commodity groups also helped us get information to farmers through their member publications. We sent timely and targeted emails with program-specific information and met with customers face-to-face at 160 meetings, events and shows.

None of this would have been possible without the professional, knowledgeable and proactive employees at Agricorp. Our customers regularly give praise to our employees, commenting on how excellent they are to speak with and gain information about their program coverage, and how grateful they are for their support and help. These dedicated employees make Agricorp easy to do business with.

As we deliver the programs that farmers need today, we are also looking ahead to improve program efficiency and effectiveness. In 2019-20, we worked towards modernizing delivery of Production Insurance and Farm Business Registration. The benefits of this work will be evident over the next two years as we implement changes that will make it easier for farmers to do business with us.

All of this work is accomplished through strong governance and solid management. This year we welcomed seven new members to our Board of Directors. They have each been a valuable addition, providing agricultural, business and financial expertise. I would also like to thank our Chair, Jason Verkaik, for his strategic leadership and sound advice. Thanks also to our colleagues at OMAFRA for their continued hard work and commitment to support a strong and dynamic agri-food industry.

Finally, I would like to express my appreciation to the farmers of Ontario. We value their work and commitment to food production. Looking ahead, we will continue to leverage technology, streamline processes, and improve services so we can focus on what we do best: deliver risk management programs that support Ontario agriculture.

Original signed by,

Doug LaRose

Chief Executive Officer

Core 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 three core programs: 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 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 business.

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

Different programs cover different risks

Each program covers different risks, from weather events to rising production costs and market volatility. Participation in all three core 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"> • 10,566 • \$2.0 billion in reference margin 	\$46.0 million in 2019-20 (for multiple program years)	Unexpected large income declines <ul style="list-style-type: none"> • Protects eligible farm income as a whole instead of one commodity at a time • Affordable (\$315 for every \$100,000 of reference margin)
Production Insurance	<ul style="list-style-type: none"> • 14,058 • \$3.6 billion in liability 	\$272.9 million in 2019-20 (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 plans and coverage levels for more than 100 commodities
Risk Management Program	<ul style="list-style-type: none"> • Grains and Oilseeds – 5,561 • Livestock – 1,747 • SDRM – 1,832 	\$101.0 million in 2019-20 (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 covers large declines in income caused by adverse market conditions, production losses or increased production costs. If a farmer's margin falls below 70 per cent of their recent average, AgriStability helps to offset the difference. AgriStability is funded by 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 2019-20 fiscal year, Agricorp is mainly processing AgriStability files for the 2018 program year and a small number of interim payments for the 2019 program year.

AgriStability highlights

In order to help more farmers manage the impact of market disruptions and production challenges, the government extended the deadline to enrol in 2019 AgriStability from April 30 to July 2, 2020, allowing farmers more time to access risk management options. An additional 174 farmers took advantage of the extended enrolment deadline. Farmers who experienced financial distress could apply for interim payments following completion of six months of their fiscal year. Interim payments represent 50 per cent of a farmer's final payment and, for the 2019 program year, 30 farmers applied for interim payments and \$3.1 million in payments were advanced.

Processing of 2018 AgriStability files continued throughout 2019-20. To ensure farmers received payments when they needed them, Agricorp optimized resources and prioritized payments by processing payment files prior to non-payment files.

Beef and feeder cattle producers experienced income declines due to lower market returns, triggering \$13.2 million in AgriStability payments. This was the largest share of AgriStability payments for 2018.

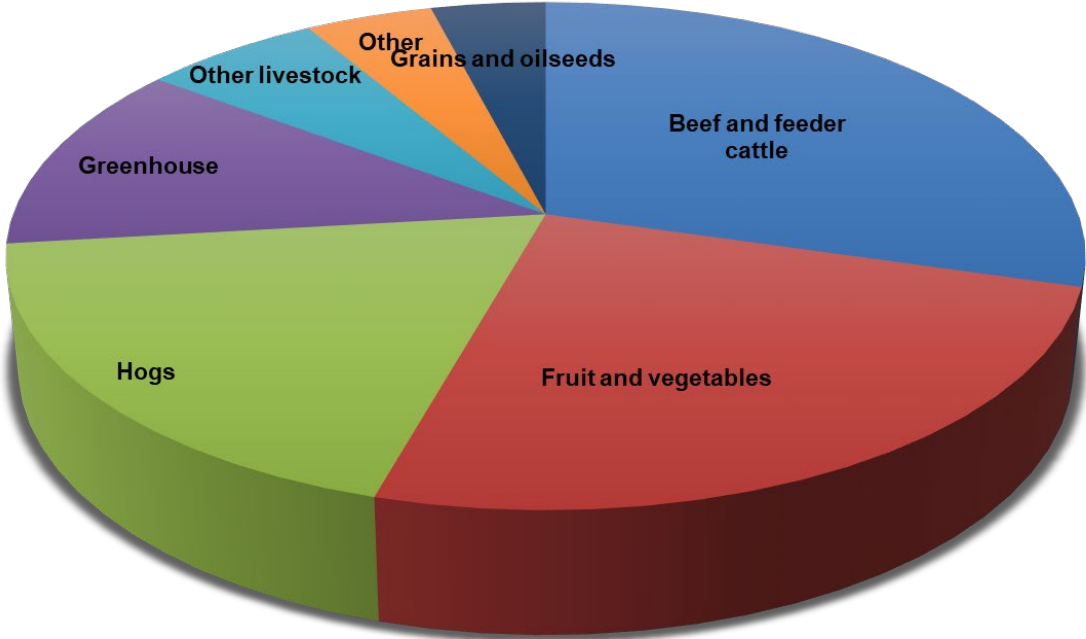
AgriStability by the numbers

- **10,566** participants in the 2018 program year
- **\$2.0 billion** in reference margin (farming income less expenses)
- **\$44.7 million** in 2018 program payments
- **\$3.1 million** in 2019 interim payments for farmers in financial distress
- **71 per cent** of customers are satisfied or very satisfied with the delivery of AgriStability
- **68 per cent** of customers agree that it stabilizes farm income

2018 AgriStability payments by sector

Sector	Payments
Beef and feeder cattle	\$13.2 million
Fruit and vegetables	\$11.1 million
Hogs	\$8.4 million
Greenhouse	\$5.4 million
Other livestock	\$2.8 million
Other	\$2.0 million
Grains and oilseeds	\$1.8 million
Total	\$44.7 million

2018 Payments by sector



Production Insurance

Production Insurance covers yield reductions and production losses caused by adverse weather, disease, wildlife and insect infestations. Plans are available for more than 100 commodities. For most plans, farmers receive a payment after harvest if an insured peril causes their yield to fall below their guaranteed production. Production Insurance is funded by premiums paid by the federal and provincial governments, and by farmers.

Production Insurance highlights

The 2019 crop season was challenging for many farmers in Ontario. A cool, wet spring resulted in difficult planting conditions. Planting deadlines were extended for 23 crops to help deal with delayed planting. Even with the planting deadline extensions, some farmers could not plant all their acreage. This resulted in unseeded acreage claims, which helped to cover some of the farmers fixed costs.

Winter wheat did not overwinter well and in the spring, many farmers had significant damage to their winter wheat. With the support of a reseed claim, they planted their winter wheat acreage to a new crop. For some farmers, the wet spring made it impossible to reseed damaged winter wheat, and farmers had to let these stands go to harvest. There were production claims for winter wheat as reseeding of poorly overwintered stands was restricted by the wet spring.

The wet spring was followed by drier summer months, which allowed crops to grow and mature well into the fall. However, the late start in the spring shortened the growing window and some crops did not reach their full yield potential, resulting in production claims. Compounding the shorter growing season was a wetter than normal fall which delayed harvest, causing further yield losses for some crops.

The 2019 Production Insurance program year paid out the highest claim amount in the history of the program, reaching \$276.4 million against a liability of \$3.6 billion. The claim rate of 7.6 per cent was significantly higher than the average claim rate of 5.5 per cent, and it was also the first year since 2003 that claim payments exceeded premium income.

The wet spring and poor overwintering of winter wheat resulted in the highest amount of unseeded acreage and reseed claims in the history of the program, at \$67.3 million and \$31.1 million. Claims for the excess rainfall option of the forage plan were the highest ever, at \$3.8 million, due to a wet May and June.

Ensuring the sustainability of the Production Insurance program

Production Insurance compensates insured customers 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. The strategy includes premium rate setting that is actuarially sound, solid underwriting methodologies and claim processes, a risk-based reinsurance strategy, and fund sustainability targets that are periodically certified by actuaries and that comply with federal and provincial regulations and guidelines for Production Insurance.

This provides customers with reliable coverage and stable premiums, while ensuring an adequate reserve of funds for long-term program sustainability. The fund is comprised of premiums from customers and the federal and Ontario governments, and investment earnings.

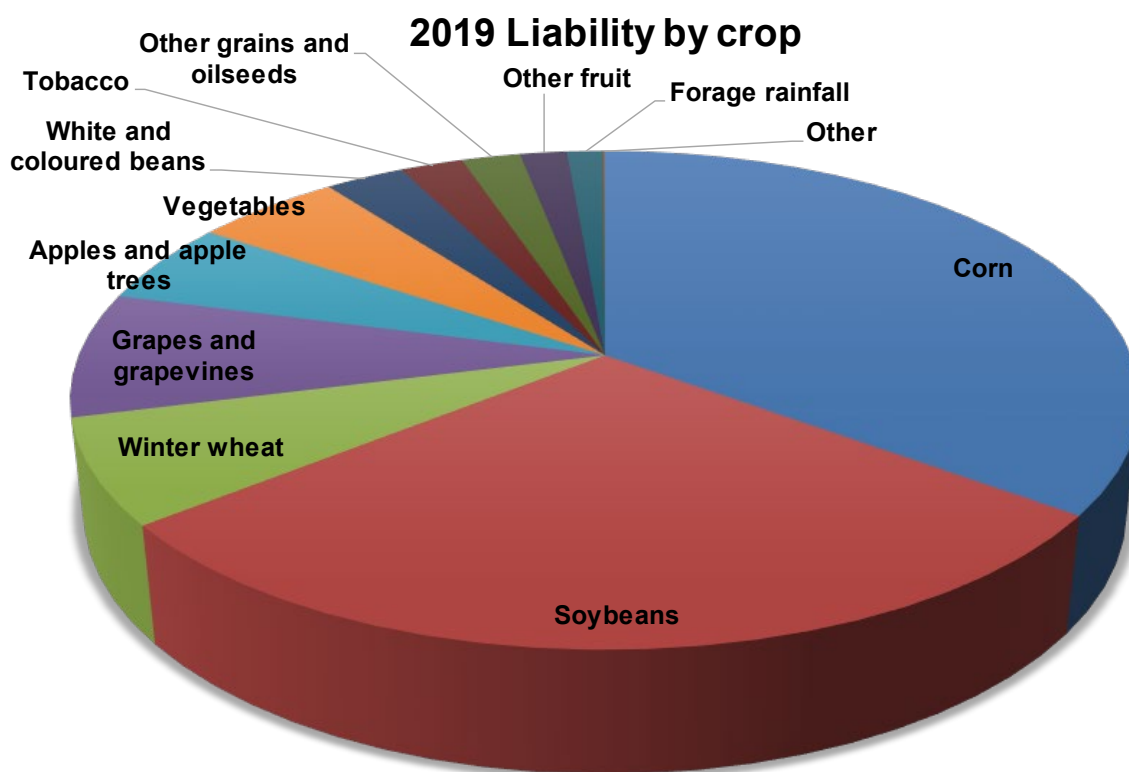
On March 31, 2019, the Production Insurance Fund balance was \$932.8 million. This fund balance plus reinsurance and premiums paid in 2019 covered liability of \$3.6 billion. Agricorp targets a fund balance of 14 per cent of liability. Since the fund balance exceeded our target reserve, customers and governments received the added benefit of a 19.2 per cent reduction in their premiums for 2019.

Production Insurance by the numbers

- **14,058** participants in the 2019 program
- **5.0 million** acres and **\$3.6 billion** in liability
- **\$276.4 million** in total claims for the 2019 program year, including:
 - **\$162.4 million** for production claims
 - **\$67.3 million** for unseeded acreage claims
 - **\$31.1 million** for reseed claims
 - **\$15.6 million** for other claims
- **92 per cent** of customers are satisfied or very satisfied with the delivery of Production Insurance
- **88 per cent** of customers agree that it stabilizes farm income

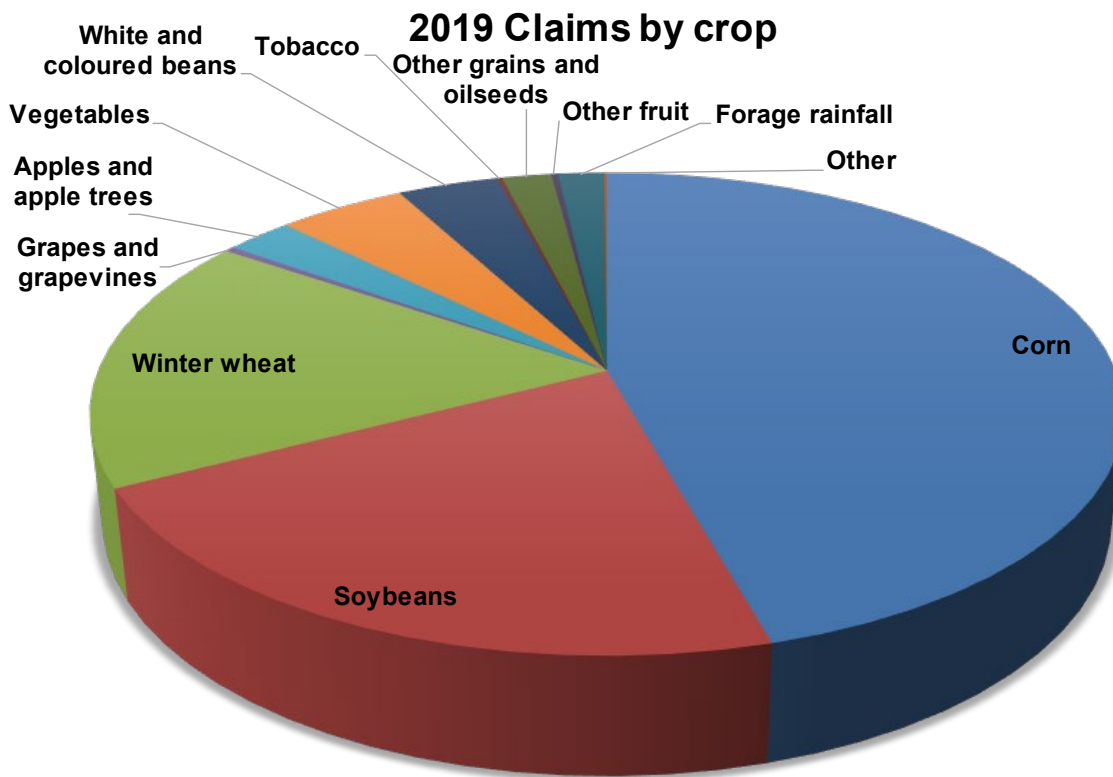
2019 Production Insurance liability by crop

Crop	Liability
Corn	\$1,252.9 million
Soybeans	\$1,038.1 million
Winter wheat	\$242.9 million
Grapes and grapevines	\$288.9 million
Apples and apple trees	\$190.9 million
Vegetables	\$187.4 million
White and coloured beans	\$101.7 million
Tobacco	\$80.6 million
Other grains and oilseeds	\$75.1 million
Other fruit	\$60.2 million
Forage rainfall	\$60.2 million
Other	\$1.8 million
Total	\$3.6 billion



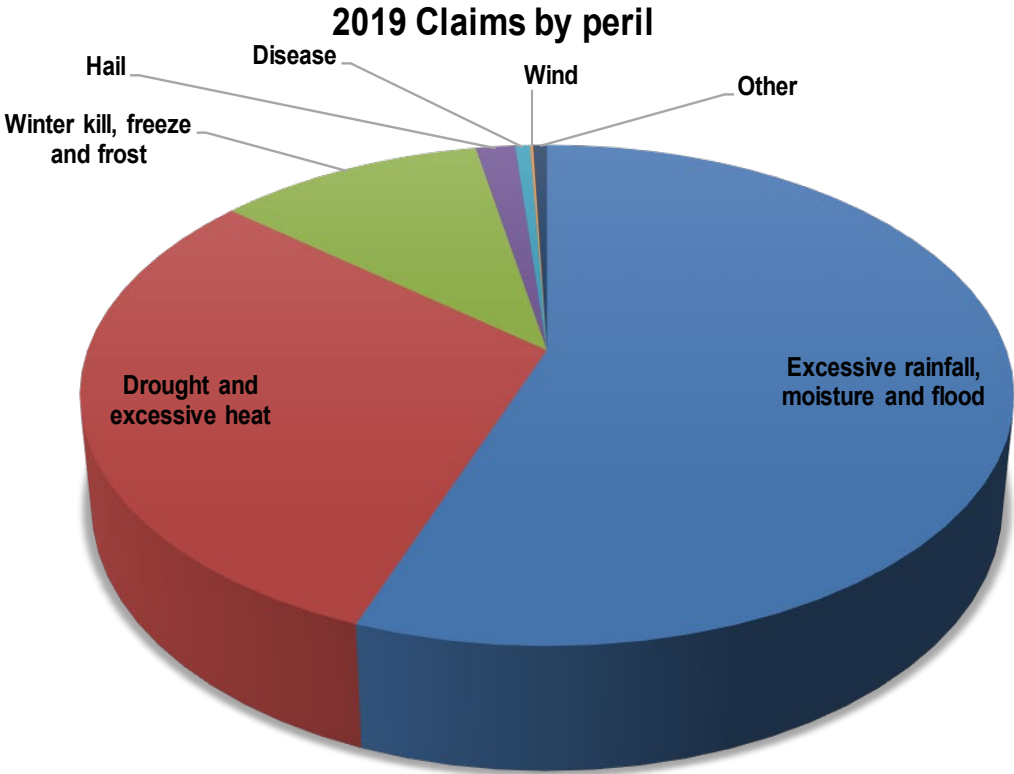
2019 Production Insurance claims by crop

Crop	Claim amount
Corn	\$126.3 million
Soybeans	\$59.9 million
Winter wheat	\$47.6 million
Grapes and grapevines	\$1.0 million
Apples and apple trees	\$6.9 million
Vegetables	\$13.2 million
White and coloured beans	\$10.4 million
Tobacco	\$0.5 million
Other grains and oilseeds	\$5.1 million
Other fruit	\$0.7 million
Forage rainfall	\$4.8 million
Other	\$0.3 million
Total	\$276.4 million



2019 Production Insurance claims by peril

Peril	Claim amount
Excessive rainfall, moisture, flood	\$153.7 million
Drought, excessive heat	\$84.3 million
Winter kill, freeze, frost	\$30.3 million
Hail	\$4.5 million
Disease	\$1.7 million
Wind	\$0.3 million
Other	\$1.6 million
Total	\$276.4 million



Risk Management Program

The Risk Management Program (RMP) offsets financial losses caused by low commodity prices and rising production costs. The program is available to Ontario farmers of grains and oilseeds, livestock, and edible horticulture. For RMP: Grains and Oilseeds and RMP for livestock, premiums are based on a choice of coverage levels and options. Payments are made if the average market price for a commodity falls below the average cost to produce the commodity, within the chosen coverage level. For the 2019 program year, farmers could choose coverage levels of 80, 90, 95 or 100 per cent. For the self-directed risk management (SDRM) plan for edible horticulture, farmers can deposit a percentage of their allowable net sales into an SDRM account, and the provincial government contributes to the account. The farmer may withdraw funds from the account to offset financial losses.

RMP is funded solely by the Ontario government. 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. All RMP premiums paid by farmers are sent to OMAFRA and then transferred to the Farmer's Risk Management Premium Fund, which is overseen by the commodity organizations. This fund is used to provide additional financial support when needed. For more information, see the [Farmer's Risk Management Premium Fund](#) section.

RMP highlights

In 2019, market prices for many commodities continued to trend downward, resulting in RMP payments for the cattle, hog, sheep and veal sectors. Low commodity prices for grain and oilseed crops triggered pre-harvest payments for grain and oilseed farmers. Post-harvest payments are also expected and will be issued in the spring of 2020.

RMP by the numbers

- **9,154** endorsements in 2019
- **\$101.0 million** in program payments paid in 2019-20 under all six plans (covers multiple program years):
 - **\$45.6 million** in livestock payments
 - **\$34.5 million** in grains and oilseeds payments
 - **\$20.9 million** in government funds deposited into SDRM accounts

Appeals processes

We take great care to ensure we are accurate and thorough in processing claims and managing customer files. On occasions when a customer disagrees with a decision we have made, 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 claim can contact us to request an internal review. We conduct an internal review to confirm 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 non-binding recommendations in full or in part, or we may decline.

Agricorp processes 18,000 AgriStability and RMP files each year. In 2019-20, Agricorp received one customer request 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 2019-20, crop year Agricorp processed more than 8,000 claims and one was appealed.

Other programs

In addition to the three core risk management programs – AgriStability, Production Insurance and RMP – Agricorp delivers other programs and services that support the agricultural industry.

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 one of three accredited farm organizations (AFOs): the Christian Farmers Federation of Ontario, the National Farmers Union – Ontario, or the Ontario Federation of Agriculture. Agricorp delivers FBR on behalf of OMAFRA. The Ontario government and AFOs fund the program.

In 2019, 44,100 farm businesses registered.

Farm Property Class Tax Rate Program

The Farm Property Class Tax Rate Program is one way the Ontario government supports agriculture. 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. In 2019, 170,000 properties were eligible for the program and 11,000 were ineligible.

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 operates the PPR on behalf of OMAFRA. The registry is funded by the Ontario government.

As of March 31, 2020, there were 50,000 registrations.

Grain Financial Protection Program

The Grain Financial Protection Program (GFPP) 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 GFPP. The GFPP manages the compensation fund and determines if a claim should be paid. The licensing and inspection administrative costs are funded by the Ontario government, by farmers through their checkoff fees, and by dealers and elevator operators through their licensing fees.

In 2019-20, Agricorp licensed 267 dealers and 372 elevator operators in Ontario. The program covered \$2.9 billion in grain sales.

Beef Cattle Financial Protection Program

Ontario's 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 compensation fund and determines if a claim should be paid. The licensing and administrative costs are funded by the Ontario government, by cattle sellers through their remittance fees and by dealers through their licensing fees.

The delivery of the licensing services and remittance of fees transitioned from Beef Inc. to Agricorp in January 2019. In 2019-20, there were 165 licences issued.

Marketing and Vineyard Improvement Program

The Marketing and Vineyard Improvement Program (MVIP) supports Ontario's wine grape growers by providing cost-shared funding for eligible vineyard improvements. It helps growers adapt to ongoing and emerging vineyard challenges and allows them to produce quality grapes for Ontario's vintners. The program is funded under the *Canadian Agricultural Partnership* by the federal and Ontario governments. Payments are based on improvement expenses.

In 2018, the program supported 59 improvement projects, totalling \$1.1 million. There was no program in 2019. Funding for the 2020 program has been set at \$7.5 million.

Vintners Quality Alliance Wine Support Program

The Vintners Quality Alliance (VQA) Wine Support Program provides Ontario wineries with financial support to increase competitiveness, innovation and promotion of Ontario VQA wines. Payments are based on sales of VQA table wine. The VQA Wine Support Program is funded by the Ontario government and runs for six years, from 2015-16 to 2020-21.

In 2019-20, the program's fifth year, Agricorp issued program payments of \$7.5 million to 97 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 and runs for four years, from 2017-18 to 2020-21.

In 2019-20, Agricorp issued program payments of \$1.7 million to 58 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 and runs for four years, from 2017-18 to 2020-21.

In 2019-20, Agricorp issued program payments of \$0.8 million to 30 distilleries.

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 Apple Growers and the 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 other services

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

Farmer's Risk Management Premium Fund

We provide 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 2019-20, Agricorn processed 6,446 payments totaling \$24.1 million from the premium fund.

Grain Financial Protection Board

We provide financial and secretariat services to the Grain Financial Protection Board (GFPB), a board-governed agency that administers four 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 GFPB 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 (LFPB), a board-governed agency that manages the compensation fund for livestock sellers under the *Farm Products Payments Act*. Their mandate is to administer the funds, 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 LFPB in their administration of the funds, 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, Agricorp helps protect the financial interests of milk farmers by analyzing the quarterly and annual financial statements of 55 dairy processors that own 72 processing plants in Ontario. Dairy processors purchase \$2.4 billion worth of milk from Ontario farmers annually.

Verification and mapping services

Agricorp provides a variety of mapping, measurement and verification services to commodity groups, industry, and non-profit organizations to support agricultural and conservation initiatives.

We provide mapping and verification services to ALUS Canada for the Ontario Alternative Land Use Services program, which compensates farmers for removing environmentally sensitive land from agricultural production. In 2019-20, we validated 51 projects.

We also measure, map and provide acreage information for various commodities, such as ginseng, to support agricultural research, understanding and innovation. In 2018, we extended our verification services to the Berry Growers of Ontario (BGO). Under this agreement, we will verify an estimated 3,000 acres of strawberries, blueberries and raspberries for about 200 growers over a three-year period. In 2019-20, our second year of the agreement, we verified 586 acres for 42 growers. This information will be used by the BGO to collect fees, gain market intelligence to develop strategic marketing plans, and identify research and development opportunities.

Management discussion and analysis

The year brought many challenges to farmers and Agricorp. The crop year started and ended with very wet and challenging conditions. On top of weather concerns, producers faced market uncertainties and volatile trade conditions as trade agreements were being renewed with the United States and China. Both the livestock and grain sectors felt the impact of changing trade agreements.

Agricorp continued to be available and ready to assist farmers. We worked closely with provincial and federal governments and commodity groups to assess the need of farmers. Production Insurance planting deadlines for many crops were extended, resources were shifted to assist with increased customer calls, and file processing was reprioritized to ensure claim payment files were processed first. All of these measures were aimed at ensuring farmers received prompt customer service and payments when they needed it most.

In addition to providing our customers with the service they needed, we continued to work on initiatives to improve business processes and IT systems. Significant progress was made towards implementing a new Production Insurance IT system, which will make it easier for us to administer the Production Insurance program. Work to enhance delivery of the Farm Business Registration program was initiated this year. Enhancements will be implemented next year, making it easier for farmers to complete their registration online.

2019-20 ended with us implementing our business continuity plan to respond to COVID-19. Good planning allowed us to effectively have our employees work remotely while continuing to provide quality customer service to farmers.

2019 Growing season and harvest

2019 was a difficult year for many farmers. A number of freeze-thaw cycles over the winter resulted in winter wheat fields being covered in ice. In the spring, many fields had uneven emergence and large bare spots. Farmers were left with the difficult decision of deciding whether to replant their winter wheat or take it to harvest. The wet spring made it difficult for many farmers to get into fields to replant. As a result, some poor stands that would typically have been replanted, were grown to harvest.

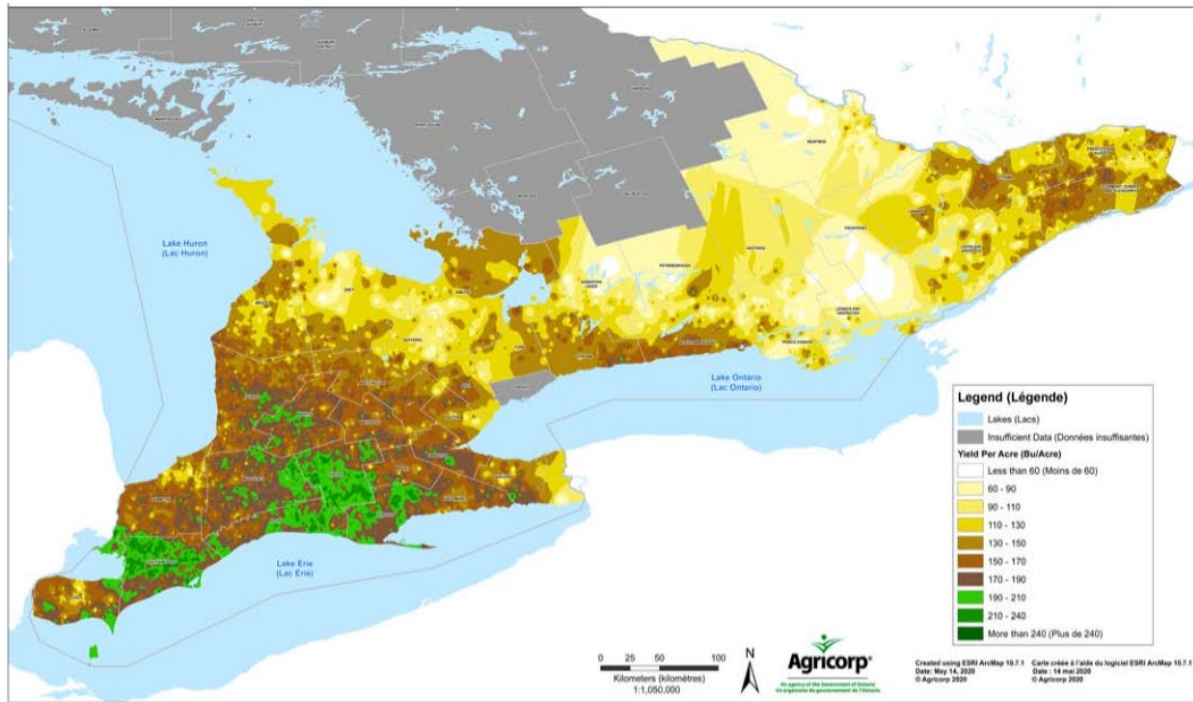
The unusually wet spring also created challenges for spring-seeded crops as wet field conditions delayed planting. Agricorp worked with federal and provincial governments and commodity groups to extend Production Insurance planting deadlines when it was feasible for crops to reach maturity. In total, 23 planting deadlines were extended. By late June, the majority of crops had been planted. While Agricorp worked closely with farmers to ensure many crops could be planted, 2019 was a record year for reseed and unseeded acreage claims, with \$31.1 million and \$67.3 million being paid to farmers, respectively.

A wet spring gave way to a warmer and dryer summer. With a later than normal fall frost, many of the later planted crops reached maturity. Good growing conditions in the summer resulted in many crops fairing far better than originally anticipated in the spring. Unfortunately, wet weather returned again in October and November delaying harvest.

- October rainfall was 85 to 150 per cent of the average province-wide.
- November rainfall was 115 to 150 per cent of the average province-wide, and was as high as 150 to 200 per cent of the average in Essex, Chatham-Kent and South Lambton.

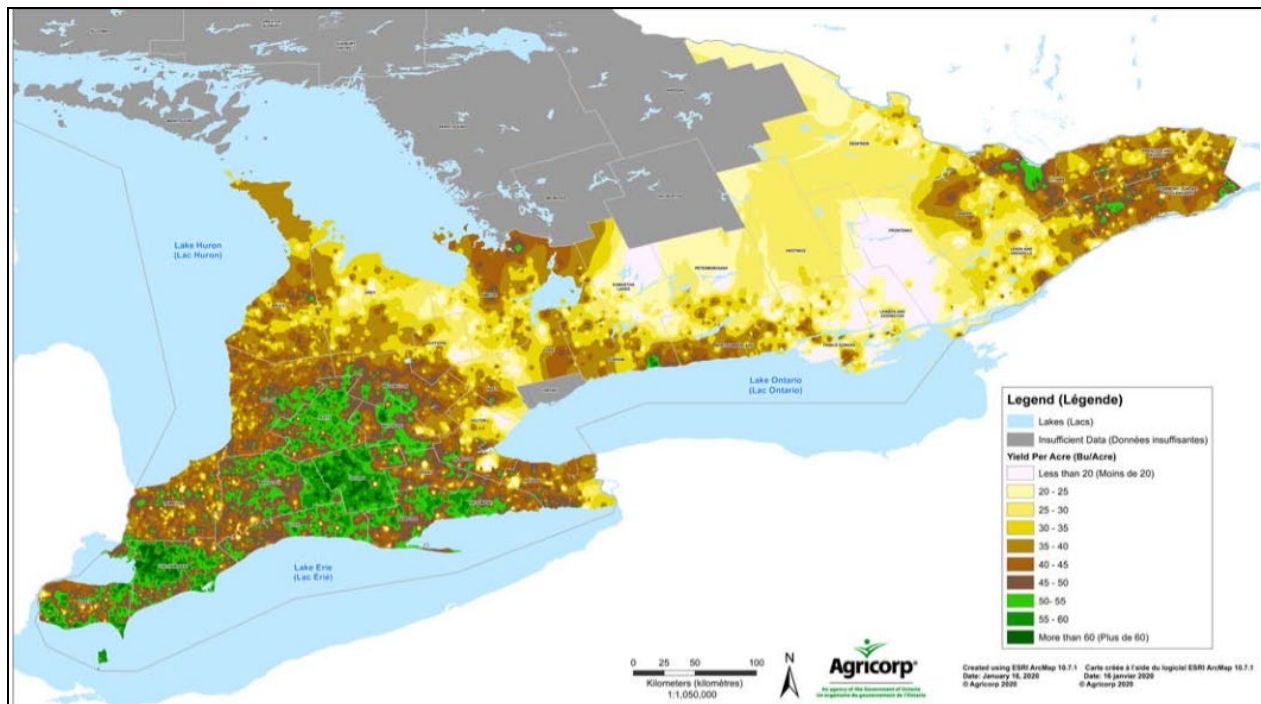
Fields with clay soils were affected the most by the wet weather, and both soybean and corn farmers received Production Insurance claims. Some corn farmers left their crop in the field over winter and resumed harvest once fields dried up in the spring of 2020.

2019 Corn yields



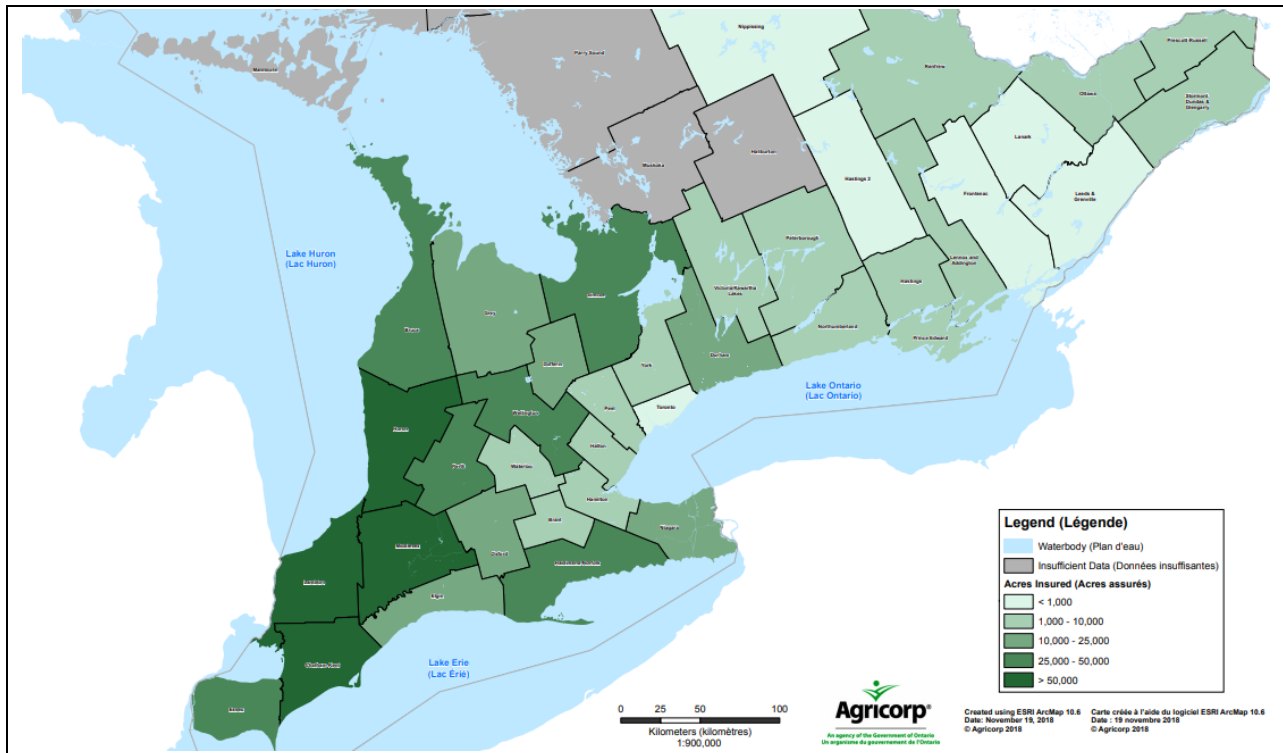
2019 corn yields averaged 165 bushels per acre. The 10-year historical average yield is 176 bushels per acre.

2019 Soybean yields



2019 soybean yields averaged 44 bushels per acre. The 10-year historical average yield is 47 bushels per acre.

2019 Winter wheat yields



2019 winter wheat yields averaged 77 bushels per acre. The 10-year historical average yield is 85 bushels per acre.

Strong business planning

Strong agriculture requires strong business planning to ensure we are ready to provide customers with the service and support 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 planning includes contingency plans that enable us to effectively deliver programs and services when unusual circumstances arise. This year Agricorp reassigned staff to assist with processing a record number of Production Insurance reseed and unseeded acreage claims, to ensure farmers received timely payments. We also shifted resources to answer high call volumes when customers called to discuss their coverage options for RMP. In response to COVID-19, our business continuity plan was implemented in March 2020 and staff began working remotely.

As part of our business plan, we must operate within a fixed budget, based on funding from the provincial and federal governments. Business planning is based on careful fiscal planning and management.

Financial analysis for 2019-20

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.

As shown, our overall administrative expenses were under budget by \$2.1 million. Our actual expenses for delivering AgriStability were under budget as there was lower participation, claim severity and volume. Production Insurance administrative expenses were over budget, including additional efforts in response to high production, and reseed claims.

Actual spending versus budget – variance table			
(in thousands of dollars cash basis)			
Administrative expenses by program	Actual	Budget	Variance under (over)
AgriStability	9,088	10,237	1,149
Production Insurance	21,908	20,479	-1,429
Risk Management Program	4,749	5,300	551
Other recurring programs and services	3,487	3,697	210
Other non-recurring programs	320	1,940	1,620
Total expenses	\$39,552	\$41,653	\$2,101
Administrative expenses funding			
Federal base funding	18,598	18,430	-168
Ontario base funding	12,398	12,286	-112
Ontario – Risk Management Program	4,749	5,300	551
Ontario – other recurring programs and services	3,409	3,603	194
Ontario – other non-recurring programs	320	1,940	1,620
Other fee revenue	78	94	16
Total funding	\$39,552	\$41,653	\$2,101
Funding surplus (deficit)	0	0	0
Strategic Investments			
Agricorp Insurance Modernization	3,518	3,614	96

2019-22 Business plan

Agricorp's 2019-22 business plan focuses on three goals:

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

Agricorp has made steady progress on all three goals and completed many initiatives in 2019-20, including the following:

- Completed work to configure and integrate policy and underwriting business capabilities and the supporting IT system.
- Configured and integrated claims business capabilities and the supporting IT system.
- Revised the Production Insurance *Contract of Insurance* to make it more customer friendly and to align it with new business processes.
- Redesigned Production Insurance forms.
- Defined a data analytics roadmap and related governance structure by combining technology and business expertise to enhance data analytics and business intelligence.
- Implemented delivery of the Farm Property Class Tax Rate Program.
- Implemented delivery of the Beef Cattle Financial Protection Program.
- Provided secretariat, financial and governance services to the Livestock Financial Protection Board.
- Continued to implement recommendations from the value-for-money audit of farm support programs.
- Continued to implement cost savings throughout the organization.

The following pages show our progress against our three strategic goals.

Efficient and effective operations

Agricorp takes pride in our ability to operate efficiently and effectively. Continuous improvement has always been a cornerstone for us. We regularly find ways to improve and streamline processes and reduce costs. Responding to customer needs with fast, high-quality service, helpful information and timely program payments is one of our most important objectives.

Providing timely quality service

Our primary goal is to provide customers with timely quality service when they need us. To do this, we need to be ready to support our customers when they need it most.

A new coverage level was added this year for RMP: Grains and Oilseeds and RMP for livestock. This allowed farmers to consider the appropriate coverage level they required and to contact Agricorp to provide their selected coverage level to complete the renewal process. To make things easier, Agricorp initiated a "one call does it all" strategy, where grain and oilseed farmers could select their coverage level in the same call they used to report their planted acres. Livestock farmers had the option to select their coverage level when they submitted their quarterly sales reports.

The deadline to sign up for the 2019 AgriStability program year was extended. We updated our website communications and worked with industry groups to ensure printed ads highlighted the deadline extension. Overall, 174 additional farmers signed up for AgriStability, which provided the coverage they needed for a challenging growing season. Changes were also made to the way AgriStability files were prioritized for processing, ensuring interim files and files with a payment were processed first. This helped get funds to farmers quickly.

We streamlined services for farmers by taking over delivery of the Farm Property Class Tax Rate Program from OMAFRA. The Farm Business Registration program and the Farm Property Class Tax Rate Program compliment each other. Farmers now only need to make one call to discuss both programs.

The addition of new programs, as well as changes to deadlines and coverage levels, resulted in more customer interactions than in previous year. We continued to monitor our service levels to ensure we met customer needs.

Highlights: 2019-20

We met the majority of our file processing targets by planning and shifting resources to respond to high claim and call volumes.

94 per cent of all Production Insurance claims processed within 30 days.

98 per cent of RMP claims processed within 60 days.

26,000 inbound calls were handled in June and July, a 75 per cent increase over the previous year.

Responding to customers affected by cool, wet weather

The 2019 growing season presented many challenges for farmers. Excessive rain in the spring resulted in late planting for many customers. Although most acres were planted, 320,000 acres covered by Production Insurance were left unseeded. For other customers, the rain caused poor seed germination and emergence. This led to 280,000 reseeded acres. The 10-year average for unseeded acres is 25,000 and 107,000 for reseeded acres.

Agricorp worked closely with governments and commodity groups to assess the impact of the wet cool spring on planting deadlines. After careful analysis, planting deadlines were extended for 23 crops. We optimized our resources to ensure that customers had the information they needed to make business decisions. We also made sure that we delivered program payments when customers needed them the most.

This year, delayed planting led to a shorter growing window and, inevitably, a late harvest for many crops. These conditions left farmers with concerns for below-average yields, low test weights of corn and increased harvesting costs. Excessive rainfall in late fall further delayed farmers' ability to get crops off fields. Some farmers were not able to harvest corn until the spring.

We also worked closely with farmers to explain how the coverage offered by the corn salvage benefit would assist farmers with the additional costs of harvesting damaged corn.

Highlights:

We quickly mobilized resources to ensure customers got the service they needed when they needed it, and we monitored the situation daily.

We worked with producers individually to understand their situation and explain their coverage options, and we responded to damage reports within days.

We worked closely with industry and government to understand any changes in the market and crop conditions and to understand the best way to keep customers informed.

To keep customers and stakeholders informed about the changing situation, we published eight articles on our website, from June to July, that keep customers updated about ongoing planting extensions, unseeded acreage details, reporting tips and other valuable program information.

We informed our customers about Production Insurance and, in particular, how the corn salvage benefit could work for them. This benefit allowed customers to access market opportunities that developed later in the season by offsetting the additional costs of drying, testing, storing and transporting the corn.

We received positive feedback from the Minister and from farmers who appreciated our collaborative approach with industry stakeholders, our commitment to work one-on-one with customers, and our efforts to provide regular information in a timely manner. As of year-end, some customers still had corn to harvest. As these customers may be eligible for a claim, some claims remain outstanding as we continue to guide customers through their options and the claim process.

Modernizing program delivery

We continually look for operational improvements by streamlining or automating processes, reducing paperwork and enhancing our systems. In 2019-20, we continued the business process and IT system development work that will enable us to modernize Production Insurance delivery. The new system, scheduled for production in 2020, will enable us to provide more automation and enhanced business capabilities and will reduce customer mailings through smaller page counts and more paperless transactions.

This year we also looked at ways to improve the efficiency of the Farm Business Registration program. We reviewed different delivery opportunities that make it easier and save time for farmers when they register or renew their farm business number. The new delivery plan focuses on providing a better online experience for renewals, payment of fees and collection of farm information. The new delivery plan will be implemented in 2021.

Highlights:

We reduced the number of Production Insurance renewal templates from 14 to three, meaning fewer versions to maintain and update. Customers will receive only the documents that apply to them, reducing the page count and making customer communications more relevant.

More Production Insurance forms will be available online, reducing print and mailing costs.

The new online Farm Business Registration process will be mobile friendly, making it easier for farmers to register their farm business.

Optimizing 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 employee's time for the important work of supporting producers. We have implemented strategies to operate within a reduced budget, including more streamlined processes, better use of technology and other cost-saving measures.

In 2019-20, we closely managed spending in compliance with government direction around fiscal restraint. By optimizing resources and finding efficiencies, we were able to meet most of our customer service levels and processing targets.

In addition, we regularly assess and enhance our IT security measures to ensure our systems and data are safe, secure and operational with no disruptions. All employees complete annual IT security training to safeguard our IT systems, equipment and customer information.

We continued to review operational costs and implement strategies to reduce them.

Highlights:

For 2019-20, we moved to a biennial customer satisfaction and employee engagement survey.

Work has been completed to identify and procure a more proactive and powerful antivirus product. The new product will be implemented in the upcoming year.

We implemented new cheque printing software, allowing us to print standardized cheques for all programs. Customers no longer receive different payment statements, cheques and envelopes for different programs. This has allowed us to eliminate manual processes, enhance our customer service and improve efficiency.

Through our human resources information system, we simplified and improved access to e-learning.

Making progress on audit recommendations

Agricorp has completed most of the work to address the Office of the Auditor General of Ontario (AGO) recommendations from the 2017 value-for-money audit of farm support programs. Many of the audit recommendations were aligned with initiatives and changes Agricorp had already been working on. We will continue to review our processes and implement outstanding audit recommendations with a clear focus on continuous improvement.

Highlights:

In terms of program delivery, we have refined our desk-level procedures with an increased focus on identifying high-risk applications and enhanced handling of risk-based claims.

We clarified RMP eligibility rules in our communications to customers.

We improved our risk management reporting to the Board, ensuring that reports to the Finance and Audit Committee (FAC) contain comprehensive information about risk issues, trends and themes identified through the program audit process.

Our reports to FAC now include risk-based planning around technology renewal to assist with strategic decision-making and risk mitigation for the organization.

Easy to do business with

As a customer-focused organization, making it easy for farmers to do business with us is of high importance to Agricorp. This means offering a choice of service channels, online services and other convenient options. Customers can connect with us by phone, by email or face to face at meetings, farm shows and on their farms. We focus on effective communications and customer outreach to make sure customers understand how programs work and what the best options are for their operations.

Convenient service options

In 2019, we continued to promote the benefits of online services, direct deposit of program payments and email notification. Direct deposit uptake has increased over the past four years, from 23 per cent of payments issued by direct deposit to 31 per cent annually. This means customers are getting their program payments up to seven days faster.

Customers continue to take advantage of our secure online services to submit AgriStability forms, livestock sales reports and planted acreage reports at their convenience. We make it easy for customers to pay their program premiums and fees through their financial institution, online, over the phone or at their bank branch.

Highlights:

74 per cent of customers submitted their AgriStability year-end report and claim forms online.

48 per cent of customers submitted their RMP for livestock quarterly sales reports online.

22 per cent of customers reported their Production Insurance acres online.

Effective customer outreach

Reaching out to customers through a variety of communication channels has been a mainstay for Agricorp. The wet spring, which affected planting, highlighted the importance of effective customer outreach to keep customers informed about how their program coverage works and how we could help. Planting deadline extensions were communicated through our website and with direct email communication. Staff were also available to meet with customers at their farms to review how programs could help during this difficult time.

More and more, customers are using our website to find the latest program information and updates. We published over 40 online articles to help farmers understand their program options and coverage, especially for unseeded acreage, reseeds and the enhanced corn salvage benefit. With 41,000 website visits to the informational articles, farmers found them informative.

Work to redesign Production Insurance documents was completed and will result in better information being provided to customers in fewer mailings.

Highlights:

Over 28,000 email notifications were sent out to customers in June, which is an 87 per cent increase over previous years. This provided customers with programs information when they needed it most.

We attended farm shows, including the Hastings Plowing Match, Canada's Outdoor Farm Show and the London Farm Show.

Producers were able to meet with Agricorp representatives face to face to ask questions and learn how business risk management programs could help their operations. Our booths featured interactive tools where producers could compare rainfall and yields by county and determine their Production Insurance guarantee for corn, soybeans and wheat.

We attended 147 industry meetings to help us understand and address industry needs and concerns. This included 24 national committee meetings and conference calls.

Ready to deliver

Agricorp receives regular requests from government and industry to deliver new programs and services and to make changes to 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.

Delivering the Farm Property Class Tax Rate Program

In February 2019, Agricorp became the administrator for the Farm Property Class Tax Rate Program. There was significant work required to begin delivering the program, and some of this work went beyond the work outlined in the delivery plan developed by Agricorp and OMAFRA. To complete the work, we leveraged our infrastructure, program delivery expertise and strong customer service. This ensured that MPAC received correct and timely information and customers had a positive customer experience.

Highlights:

181,000 properties were reviewed to determine program eligibility.

15,000 calls from farm property owners were answered.

Delivering the Beef Cattle Financial Protection Program

In January 2019, Agricorp started delivering the Beef Cattle Financial Protection Program. The transition of delivery from OMAFRA to Agricorp is being staged over three years. In 2019-20, Agricorp supported OMAFRA with the licensing of cattle dealers. OMAFRA continued to manage program policy, licence renewals, investigations and enforcement. We also supported the Livestock Financial Protection Board (LFPB) in their role of collecting remittance fees, managing the insurance fund and determining if claimants were eligible for a payment.

In 2020-21, Agricorp will work with OMAFRA and LFPB to transition additional program delivery activities to Agricorp, including licensing, program communications and enforcement.

Highlights:

Agricorp collaborated with OMAFRA and LFPB to ensure a smooth transition for stakeholders, including cattle sellers and licensed dealers.

165 licences were issued.

Coverage options for ginseng

At the request of the Minister, we reviewed the Production Insurance plan for ginseng. In completing our review, we collaborated with the Ontario Ginseng Growers Association and identified the need for over-seeding coverage for ginseng farmers. We worked with the provincial and federal governments to obtain approvals to implement this additional coverage within the existing Production Insurance plan for ginseng. The new coverage was available to customers for the 2020 program year.

Highlights:

Over-seeding coverage adds another tool in the risk management toolbox for Ontario's ginseng farmers.

Program changes under the Canadian Agricultural Partnership

Federal, provincial and territorial Ministers of Agriculture identified a number of key proposals to improve support to Canadian producers. The risks facing producers have changed, in particular with respect to climate and international trade, and programs need to evolve to meet these changes.

A number of changes have been announced for the AgriStability program for the 2020 program year. Agricorp has reviewed the requirements and impacts of these changes and is working towards implementing them.

Changes were made to the Marketing and Vineyard Improvement Program to include it under the *Canadian Agricultural Partnership*. Agricorp worked closely with the provincial and federal government to implement changes and ensure the program was ready for delivery in 2020.

Highlights:

Agricorp has requested to be part of a pilot initiative for the 2020 AgriStability program year. The pilot initiative will enable some producers to submit their AgriStability information on a cash basis, the same as their tax filing method. This will simplify the AgriStability application process.

For the 2020 AgriStability program year, private insurance indemnities will no longer be considered income, increasing AgriStability benefits for customers who have private insurance.

The Marketing and Vineyard Improvement Program was launched in February 2020, and producers started submitting applications in March.

What our customers think

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

Highlights:

Feedback from our customers included:

Agricorp does a great job for the agricultural sector and I don't know what the farmers would do without Agricorp.

Agricorp is very kind and always nice to deal with us.

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.

2019-20 Performance measures and results

Targets	Results
<p>Achieve a consistently high overall customer service rating, equal to or greater than the previous three-year average of 93 per cent.</p>	<p>To reduce program administrative costs in 2019-20, Agricorp did not undertake a customer satisfaction survey. A survey is planned for 2020-21.</p> <p>From the 2018-19 customer satisfaction survey, Agricorp's overall performance rating was 92 per cent, equal to the previous three-year average of 92 percent.</p>
<p>Achieve a customer satisfaction rating for the delivery of Production Insurance, equal to or greater than the previous three-year average of 93 per cent.</p>	<p>To reduce program administrative costs in 2019-20, Agricorp did not undertake a customer satisfaction survey. A survey is planned for 2020-21.</p> <p>From the 2018-19 customer satisfaction survey, the rating for delivery of Production Insurance was 92 per cent, equal to the previous three-year average of 92 per cent.</p>
<p>Achieve a customer satisfaction rating for the delivery of AgriStability, equal to or greater than the previous three-year average of 74 per cent.</p>	<p>To reduce program administrative costs in 2019-20, Agricorp did not undertake a customer satisfaction survey. A survey is planned for 2020-21.</p> <p>From the 2018-19 customer satisfaction survey, the rating for delivery of AgriStability was 71 per cent, below the previous three-year average of 74 per cent.</p> <p>Agricorp will continue to provide effective program communications and quality customer service while supporting provincial and federal governments as they review business risk management programs.</p> <p>Agricorp has taken steps to improve customer understanding of AgriStability by producing AgriStability information sheets. These documents highlight program benefits, recent program changes, and tips to help customers complete their forms.</p>
<p>Achieve a customer satisfaction rating for the delivery of RMP that is equal to or greater than the previous three-year average of 81 per cent.</p>	<p>To reduce program administrative costs in 2019-20, Agricorp did not undertake a customer satisfaction survey. A survey is planned for 2020-21.</p> <p>From the 2018-19 customer satisfaction survey, the rating for delivery of RMP was 84 per cent, above the previous three-year average of 81 per cent.</p>

Targets	Results
<p>Process 95 per cent of the 2018 AgriStability files by December 15, 2019.</p>	<p>Agricorp processed 95 per cent of the 2018 AgriStability files by March 6, 2020.</p> <p>In 2019-20, Agricorp shifted resources from AgriStability file processing to delivery of Production Insurance and the Risk Management Program. This shift slowed AgriStability file processing.</p> <p>AgriStability resources were focused on processing payment files over non-payment files. This enabled Agricorp to continue to deliver timely payments to farmers in need.</p>
<p>Process 90 per cent of Production Insurance claims within 30 calendar days of receipt of all required information.</p>	<p>Agricorp processed 94 per cent of Production Insurance claims within 30 calendar days.</p>
<p>Process 95 per cent of Risk Management Program (RMP) payments within 60 days of receipt of all required information.</p>	<p>Agricorp processed 98 per cent of RMP payments within 60 days.</p>
<p>Complete the annual Chair and CEO attestation, as required, for compliance with applicable legislation, directives and policies.</p>	<p>Agricorp completed the Chair and CEO attestation for 2019-20 by April 16, 2020, as requested by the Ontario government and in compliance with the Agencies and Appointments Directive.</p>
<p>Submit a three-year business plan, which includes a budget and risk management plan, to the Minister by March 1, 2020.</p>	<p>Agricorp's 2020-23 business plan was submitted to the Minister on February 28, 2020.</p>
<p>Provide sound and balanced operational performance and financial reports to OMAFRA quarterly.</p>	<p>Operational and financial reports were provided to OMAFRA on a monthly and quarterly basis.</p>
<p>Submit an annual report to the Minister within 90 days of receipt of audited financial statements from the Auditor General.</p>	<p>Agricorp's 2019-20 annual report was submitted to the Minister on July 30, 2019, 42 days after receiving audited financial statements from the Auditor General.</p>
<p>Ensure a comprehensive audit control framework is monitored annually by Agricorp's Board of Directors.</p>	<p>The annual audit control framework was developed, implemented and monitored.</p>



An agency of the Government of Ontario

Management's responsibility for financial reporting

The accompanying financial statements and the financial information in the annual report 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. Financial information contained elsewhere in the annual report is consistent with that 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 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 17, 2020



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, 2020, and the statements of operations and fund balances, remeasurement gains and losses 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, 2020, and the results of its operations, its remeasurement gains and losses 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.

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 17, 2020



Susan Klein, CPA, CA, LPA
Assistant Auditor General

Statement of financial position

As at March 31, 2020

(In thousands of dollars)	General Fund	Production Insurance Fund	2020	2019
Current assets				
Cash	\$ 7,535	\$ 53,546	\$ 61,081	\$ 38,040
Short term investments (note 6)	1,052	478,902	479,954	395,834
Accounts receivable (note 5)	2,341	2,766	5,107	13,422
Funds under administration (note 3)	35,025	-	35,025	31,741
Prepaid expenses	728	-	728	698
Total current assets	46,681	535,214	581,895	479,735
Long term investments (note 6)	-	309,288	309,288	529,022
Accrued pension asset (note 12)	11,149	-	11,149	10,173
Capital assets (note 7)	12,096	-	12,096	7,506
Total assets	69,926	844,502	914,428	1,026,436
Current liabilities				
Accounts payable and accrued liabilities	4,719	1,236	5,955	6,075
Unearned premiums and deferred contributions (note 10)	746	22,532	23,278	25,162
Provision for claims	-	10,800	10,800	10,000
Funds under administration (note 3)	35,025	-	35,025	31,741
Total current liabilities	40,490	34,568	75,058	72,978
Deferred contributions - capital assets (note 10)	12,096	-	12,096	7,506
Total liabilities	52,586	34,568	87,154	80,484
Fund balances				
Unrestricted funds	17,340	-	17,340	13,200
Restricted funds	-	809,934	809,934	932,752
Total fund balances	17,340	809,934	827,274	945,952
Liabilities and fund balances	\$ 69,926	\$ 844,502	\$ 914,428	\$1,026,436

Commitments and contingencies (note 13)

See accompanying notes to financial statements

Approved on behalf of the Board

Original signed by

Jason Verkaik
Board Chair

Original signed by

Patricia Lorenz
Finance and Audit Committee Chair

Statement of operations and fund balances

Year ended March 31, 2020

(In thousands of dollars)	General Fund	Production Insurance Fund	2020	2019
Revenue				
Funding – provincial government (note 9)	\$ 23,169	\$ 30,715	\$ 53,884	\$ 51,252
Funding – federal government (note 9)	18,064	46,076	64,140	68,843
Premiums from producers	-	51,901	51,901	51,424
Consulting and other services	1,260	-	1,260	938
Investment income	181	26,632	26,813	22,972
Total revenue	42,674	155,324	197,998	195,429
Expenses				
Claims	-	272,853	272,853	116,692
Reinsurance (note 11)	-	5,269	5,269	4,696
Administration (note 16)	37,476	-	37,476	39,672
Bad debts	1,058	20	1,078	366
Total expenses	38,534	278,142	316,676	161,426
Excess (shortfall) of revenue over expenses	4,140	(122,818)	(118,678)	34,003
Fund balances, beginning of year	13,200	932,752	945,952	911,949
Fund balances, end of year	\$ 17,340	\$ 809,934	\$ 827,274	\$ 945,952

See accompanying notes to financial statements

Statement of remeasurement gains and losses

Year ended March 31, 2020

<u>(In thousands of dollars)</u>	<u>2020</u>	<u>2019</u>
Accumulated remeasurement gains, beginning of year	\$ -	\$ 292
Unrealized (losses) on investments	-	-
Realized (gains) reclassified to the statement of operations and fund balances	-	(292)
Net change for the year	-	(292)
Accumulated remeasurement gains, end of year	\$ -	\$ -

See accompanying notes to financial statements

Statement of cash flows

Year ended March 31, 2020

(In thousands of dollars)	General Fund	Production Insurance Fund	2020	2019
Cash provided by operating activities				
Excess (shortfall) of revenue over expenses	\$ 4,140	\$ (122,818)	\$ (118,678)	\$ 34,003
Items not requiring an outlay of cash				
Realized (gains) on investments	-	-	-	(292)
(Increase) decrease in accrued interest	(53)	(6,830)	(6,883)	(8,705)
Amortization of capital assets	387	-	387	505
Total items not requiring outlay of cash	4,474	(129,648)	(125,174)	25,511
Changes in non-cash working capital				
Accounts receivable	2,940	5,376	8,316	(1,057)
Prepaid expenses	(30)	-	(30)	(101)
Accrued pension asset	(976)	-	(976)	(895)
Accounts payable and accrued liabilities	71	(191)	(120)	701
Unearned premiums and deferred contributions	(2,470)	586	(1,884)	4,357
Provision for claims	-	800	800	5,400
Deferred contributions - capital assets	4,590	-	4,590	4,784
Total changes in non-cash working capital	4,125	6,571	10,696	13,189
Investing activity				
Purchases	(5,500)	(201,400)	(206,900)	(1,046,695)
Proceeds	4,500	344,896	349,396	1,014,593
Net (purchase) proceeds of investments	(1,000)	143,496	142,496	(32,102)
Capital activity				
Purchase of capital assets	(4,977)	-	(4,977)	(5,289)
Total Increase in cash	2,622	20,419	23,041	1,309
Cash, beginning of year	4,913	33,127	38,040	36,731
Cash, end of year	\$ 7,535	\$ 53,546	\$ 61,081	\$ 38,040

See accompanying notes to financial statements

Notes to the financial statements

Year ended March 31, 2020

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:

Government – Production Insurance

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 natural perils.

Government – Other Business Risk Management

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.

Other

AgriCorp is responsible for the delivery of Farm Business Registration, Provincial Premises Registry and 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 Ontario Crown agency, 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 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.

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
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.

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

Agricorp sponsors a 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. Unless otherwise noted, information on Agricorp's post-employment benefit programs is presented on a consolidated basis.

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

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.

d) Revenue recognition

Within the General Fund, Agricorp accounts for government 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.

Production Insurance 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 and revenue on the statement of financial position.

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.

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 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 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, currently, 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 AgriStability program costs and reduces its share of AgriStability payments. Effective January 2015, AgriStability participation is no longer an eligibility requirement of RMP. 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 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 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 into their account a percentage of their eligible net sales 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) General Top-Up Program (GTUP)

GTUP was established under the Federal-Provincial Implementation Agreement and expired on March 31, 2008. Under the terms of the agreement, producers that participated in AgriStability and received a payment under that program were eligible for a top-up payment based on a fixed percentage of their 2003 and 2004 AgriStability government benefits.

d) Marketing and Vineyard Improvement Program (MVIP)

The MVIP initiative provides grape growers with funds to help with the cost of improvements related to production of wine grapes. Agricorp administers this program on behalf of OMAFRA. MVIP is fully funded by the provincial government.

e) Edible Horticulture Support Program (EHSP)

The EHSP is a support program announced by the provincial government in the 2017 fall economic statement. The program, which is fully funded by the provincial government, supported Ontario’s fruit and vegetable farmers and other horticultural producers by helping them adapt to evolving cost pressures facing the sector and adapt to a new small business climate.

f) 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.

g) Other programs

Agricorp administers other programs on behalf of OMAFRA and the federal government, some of which are in the process of being wound down. These programs continue to be funded by OMAFRA and the federal government 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.

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

(In thousands of dollars)	Opening balance 2020	Funding, federal government	Funding, provincial government	Other	Payments	Closing balance 2020
AgriStability	\$ 6,166	\$ 33,143	\$ 14,212	\$ (576)	\$ (45,988)	\$ 6,957
RMP-GO	46	-	34,534	46	(34,528)	98
RMP-LS	13,601	-	39,883	14,399	(45,633)	22,250
RMP-SDRM	8,178	-	20,333	(2,093)	(20,878)	5,540
GTUP	2,512	(6)	-	(2,512)	7	1
MVIP	693	-	(494)	(1)	(198)	-
VQA-WSP	-	-	7,500	-	(7,500)	-
EHSP	167	-	(166)	(1)	-	-
Other programs	378	(4)	2,593	(199)	(2,589)	179
Total	\$ 31,741	\$ 33,133	\$ 118,395	\$ 9,063	\$ (157,307)	\$ 35,025

(In thousands of dollars)	Opening balance 2019	Funding, federal government	Funding, provincial government	Other	Payments	Closing balance 2019
AgriStability	\$ 14,589	\$ 16,110	\$ 4,909	\$ (858)	\$ (28,584)	\$ 6,166
RMP-GO	1,525	-	31,734	-	(33,213)	46
RMP-LS	3,753	-	39,699	5,333	(35,184)	13,601
RMP-SDRM	9,154	-	19,343	1,176	(21,495)	8,178
GTUP	2,562	-	-	(50)	-	2,512
MVIP	875	-	890	(1)	(1,071)	693
VQA-WSP	-	-	7,500	-	(7,500)	-
EHSP	-	-	29,945	1	(29,779)	167
Other programs	528	-	2,592	(147)	(2,595)	378
Total	\$ 32,986	\$ 16,110	\$ 136,612	\$ 5,454	\$ (159,421)	\$ 31,741

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. These additional programs are administered on behalf of OMAFRA. 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 including agri-food business location, 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.

Farm Property Class Tax Rate Program (FPCTRP)

Under FPCTRP, eligible farm properties pay a reduced property tax rate for their acreage. Agricorp delivers the FPCTRP, completes eligibility assessments for all valued and assessed farm properties, and reports the properties that meet all the FPCTRP requirements to the Municipal Property Assessment Corporation (MPAC). 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. Agricorp's activities related to this program were transferred from OMAFRA in January 2019.

5. Accounts receivable

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

(In thousands of dollars)	2020	2019
Funding – federal government	\$ 2,293	\$ 8,687
Funding – provincial government	2,563	2,022
Other	1,329	2,725
Sub total	6,185	13,434
Less allowance for doubtful accounts	(1,078)	(12)
Total	\$ 5,107	\$ 13,422

6. Investments

a) Portfolio profile

(In thousands of dollars)	2020	2019
Short-term		
Financial institutions – cash and equivalents	\$ 120,982	\$ 77,903
Financial institutions – guaranteed investment certificates	358,972	317,931
Total short-term	479,954	395,834
Long-term		
Financial institutions – guaranteed investment certificates	309,288	529,022
Total long-term	309,288	529,022
Total investments	\$ 789,242	\$ 924,856

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

b) Fair value hierarchy

(In thousands of dollars)	Level	2020	2019
Cash and equivalents	1	\$ 120,982	\$ 77,903
Guaranteed investment certificates	2	668,260	846,953
Total		\$ 789,242	\$ 924,856

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

7. Capital assets

(In thousands of dollars)	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Furniture and fixtures	\$ 1,218	\$ 1,218	\$ -	\$ -
Computer hardware	3,960	3,684	276	502
Leasehold improvements	1,968	1,957	11	4
Computer software	13,323	13,317	6	45
Software under development	11,803	-	11,803	6,955
Total	\$ 32,272	\$ 20,176	\$ 12,096	\$ 7,506

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 3.11% (2019 - 2.61%). 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.

9. Funding – provincial and federal

a) 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.

b) 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, MVIP, EHSP, VQA-WSP, PPR and FPCTRP are funded by the provincial government.

10. Unearned premiums and deferred contributions

a) Unearned premiums

The Production Insurance Fund presents unearned premiums of \$22.5 million (2019 - \$21.9 million) received by Agricorp in the current fiscal year, and are recognized as revenue in the year in which the related agricultural products are harvested.

b) 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. The nature and amount of changes in these balances are as follows. All contributions recognized in the year are included in Funding – provincial and federal in the Statement of operations and fund balances.

(In thousands of dollars)	Opening Balance 2020	Contribution s Recognized	Closing Balance 2020
Short-term			
Deferred contributions - operating expenses	\$ 3,216	\$ 1,040	\$ 3,510
Long-term			
Deferred contributions - capital assets	7,506	4,977	387
Total deferred contributions	\$ 10,722	\$ 6,017	\$ 3,897

(In thousands of dollars)	Opening Balance 2019	Contribution s Recognized	Closing Balance 2019
Deferred contributions - operating expenses	\$ 3,115	\$ 1,031	\$ 930
Long-term			
Deferred contributions - capital assets	2,722	5,289	505
Total deferred contributions	\$ 5,837	\$ 6,320	\$ 1,435

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 2019 production year. Under the terms of the 2019 production year agreement, the reinsuring companies would assume losses between 21% and 28% on \$3.6 billion insured liability (2018 production year - 16% – 21% on \$3.4 billion on a 50% co-reinsurance basis). As actual claims were less than the minimum threshold of \$749 million (2018 production year - \$539 million), there was no reinsurance recovery for the 2019 production year (2018 – no recovery).

12. Pension

Agricorp has a mandatory contributory defined benefit plan for all full-time and eligible part-time employees as well as a supplemental defined benefit plan for eligible employees. The changes for the defined benefit plans of Agricorp during the year are as follows:

(In thousands of dollars)	2020	2019
Accrued benefit obligation		
Balance, beginning of year	\$ 62,926	\$ 54,774
Current service cost	2,122	2,210
Interest cost	3,737	3,356
Employee contributions	1,891	2,019
Benefits paid	(3,200)	(1,895)
Actuarial (gain) loss	-	2,462
Balance, end of year	67,476	62,926
Plan assets		
Fair value, beginning of year	73,292	66,620
Actual return on plan assets	(3,009)	4,297
Employer contributions	2,479	2,246
Employee contributions	1,891	2,019
Benefits paid	(3,205)	(1,890)
Fair value, end of year	71,448	73,292
Funded status		
Plan surplus	3,972	10,366
Unamortized actuarial loss (gain)	7,177	(193)
Accrued pension asset	\$ 11,149	\$ 10,173

The significant actuarial assumptions adopted in measuring the accrued benefit obligations of Agricornp are:

	2020	2019
	(%)	(%)
Discount rate to determine accrued benefit obligation	5.90	5.90
Discount rate to determine benefit cost	5.90	5.90
Expected long-term rate of return on plan assets	5.90	5.90
Rate of compensation increase	2.75	2.75

Administration expenses on the statement of operations and fund balances include pension expense. The net benefit pension plan expense is as follows:

(In thousands of dollars)	2020	2019
Current service cost	\$ 2,122	\$ 2,210
Interest cost	3,737	3,356
Expected return on plan assets	(4,359)	(4,068)
Amortization of unrecognized loss (gain)	3	(142)
Net benefit plan expense	\$ 1,503	\$ 1,356

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	2020 (%)	2019 (%)
Canadian equities	29.6	29.4
Bonds	24.2	23.4
U.S. equities	18.4	18.2
International equities	10.6	11.5
Real estate	10.3	10.5
Cash and cash equivalents	6.9	7.0
Total plan	100	100

For valuations with effective dates on or after December 31, 2017, the Government of Ontario implemented a new framework for defined benefit pension plans, including, but not limited to additional provision for adverse deviations in the going concern calculation, and requiring special payments to fund the plan up to 85% on a solvency basis, in the event that a plan's solvency ratio falls below 85%.

Agricorp elected to have a pension plan actuarial valuation performed as of January 1, 2018. At that time, the plan had a going concern actuarial surplus of \$6.0 million and had a solvency and wind-up deficit of \$9.9 million and solvency ratio of 87.3%, resulting in no requirement to make special payments. These estimates are determined under the provisions of Section 76 of the *Regulations to the Pension Benefits Act, 1990 (Ontario)*. The next actuarial valuation is required to be completed as of January 1, 2021.

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
2021	\$	1,088	\$ 1,034	\$ 2,122
2022		1,095	462	1,557
2023		1,101	135	1,236
2024		1,108	51	1,159
2025		1,115	-	1,115
Thereafter		1,122	-	1,122
Total	\$	6,629	\$ 1,682	\$ 8,311

Agricorp signed an agreement in January 2020 committing to purchase reinsurance through a number of carriers for the 2020 production year. The estimated cost for this agreement is \$9.6 million (2019 - \$5.3 million).

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 \$0.1 million (2019 - \$0.2 million). 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 (2019 - \$1.1 million). Agricorp earned revenue of \$54 million (2019 - \$51 million) from OMAFRA as their share of Production Insurance premium and operating funding.

15. Board remuneration and salary disclosure

Total remuneration to members of the Board of Directors was \$23,000 (2019 - \$32,000). *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 2019: Crown Agencies" listing on the Government of Ontario website: <https://www.ontario.ca/page/public-sector-salary-disclosure-2019-all-sectors-and-seconded-employees>.

For the 2019 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	\$ 230,658	\$ 658
Vlcek, Mike	Senior Director, Program Development	174,931	511
Meneray, Debra	Senior Director, Program Delivery	174,931	511
Rose, Christopher	Chief Information Officer	172,307	503
Sayer, Greg	Senior Director, Legal Services	166,571	487

16. Administration

(In thousands of dollars)	2020	2019
Salaries and benefits	\$ 30,058	\$ 31,094
Equipment and maintenance	2,815	2,622
Facilities	1,442	1,452
Consulting and professional	880	1,890
Telephone and postage	860	755
Office	390	618
Vehicle and travel	508	554
Amortization	387	505
Other	136	182
Total	\$ 37,476	\$ 39,672

17. Comparative figures

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

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