



2019-22 Business Plan

Table of contents

Executive summary.....	i
Mandate.....	1
Governance	3
Enterprise risk management	5
Overview of programs.....	6
Environmental scan	8
Strategic direction	14
Performance measures.....	19
Planning assumptions.....	21
Required resources.....	23
Communication of the business plan.....	29
Appendix A: Programs and services	30

Executive summary

As an agency of the Government of Ontario, Agricorp's mandate is to deliver programs and services that support Ontario's agri-food industry. 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." This three-year business plan outlines the agency's focus on keeping its commitments under federal and provincial agreements and on delivering programs efficiently, with attention to quality and customer service.

Agency highlights

Agricorp's core business is delivering programs to Ontario's agri-food producers on behalf of the provincial government. The agency also delivers services to support the industry on behalf of producer organizations. In doing so, Agricorp's ongoing challenge is to carefully balance the delivery of programs in a manner that both meets and manages producer expectations while maintaining effective and efficient operations that are aligned with government priorities.

To deliver on its mandate, Agricorp has:

- A comprehensive suite of programs and services designed to meet the needs of Ontario producers
- The expertise, capabilities and in-depth knowledge to deliver programs and services effectively and responsibly
- The skills, competence and confidence to respond efficiently to industry and program change
- A culture of continuous improvement and collaboration with governments and stakeholders
- A governance model that enables effective stewardship of resources, including risk assessment that informs strategy, robust audit plans and rigorous controls for compliance with legislation and directives
- Transparent reporting practices that ensure performance is monitored and measured, targeted results are achieved and risks are identified and managed.

What we have been working on

Agricorp has been implementing a strategy focused on improvements to customer service and delivery efficiency. Operating in an environment of fiscal constraint, the organization has been transforming its delivery through measured steps over time.

The agency has realized efficiencies through the creation of streamlined processes and use of technology while implementing cost reduction strategies, without compromising customer service or quality. The focus on making improvements to customer service is evident in the results of the annual customer satisfaction survey, which has shown very high customer satisfaction scores for the past nine years.

By standardizing processes and aligning our organizational structure, the agency strengthened the foundation from which to improve its information technology systems. Federal and provincial investment from 2012 to 2014 allowed Agricorp to implement its Information Technology Renewal Plan. This enabled Agricorp to fully support government priorities such as implementing debt recovery practices and improving online services for Ontario producers. Since 2014, Agricorp has continued to make incremental improvements to business processes and IT capabilities, such as improving the interface between program administration and

financial systems and developing shorter, simpler application forms, making it easier for producers to participate in programs.

With investment from the Ontario and federal governments, Agricorp is configuring and integrating a modern insurance-based system for the Production Insurance program. Configuration is in progress and implementation will begin in 2020-21. The new system replaces an obsolete mainframe computer and supports new processes to enhance the delivery of Production Insurance for customers and staff.

Working closely with the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and industry ensures Agricorp keeps programs relevant for Ontario producers. In recent years, new Production Insurance plans have been developed for ginseng, bees, flax, and fruit trees and vines. Production Insurance plans have also been enhanced for crops such as forage, oats, barley, adzuki beans, plums, nectarines, strawberries and cucumbers.

Agricorp is ready to deliver programs on behalf of the provincial government. In 2018, the agency delivered the Edible Horticulture Support Program and the Provincial Premises Registry was transferred to Agricorp from another service provider. In 2019, Agricorp began delivery of the Farm Property Class Tax Rate Program and the Beef Cattle Financial Protection Program.

Our operating environment

Risk management programs

April 1, 2018 marked the launch of the *Canadian Agricultural Partnership*, a \$3-billion investment by federal, provincial and territorial governments to strengthen the agri-food industry. The *Partnership*, replaced the *Growing Forward 2* policy framework and committed governments to a suite of programs that help producers manage risk.

Based on the *Partnership*, Agricorp has implemented program changes and communicated the changes to producers. Governments are continuing their review of business risk management programs to assess program effectiveness and their impact on growth and innovation.

Fiscal constraint

Governments regularly face the challenge of improving public services while containing or reducing expenditures. The Ontario government has committed to a balanced budget by 2023-24 while implementing change to improve public service delivery and to cut red tape for businesses and people who access government services. These changes, along with rapid changes in technology and increased accountability and transparency for agencies will have operational impacts on Agricorp.

Operating in a constrained fiscal environment is not new for Agricorp. Recognizing the fiscal climate and current and future business needs and priorities, Agricorp reduced the size of its workforce in 2014 and 2016. The agency simultaneously took steps to redesign processes to reduce work and improve efficiency while maintaining quality and internal controls. This approach enabled Agricorp to operate efficiently and maintain service levels with no budget increases.

With fiscal constraint a priority for the Ontario government, Agricorp will reduce program administrative costs to help the government achieve its cost reduction goals. This will require careful and prudent management of all expenses including employee costs.

Reduced staffing levels will further limit Agricorp's ability to respond to urgent or unanticipated government and industry needs. To effectively respond to urgent and unanticipated government

and industry needs, Agricorp will require lead time to adjust operations in order to limit negative impacts on the delivery of programs and on customer services levels. The agency will strive to maintain the current level of customer service, including both time commitments and quality. However, there is some risk that the level of customer service will decrease as program administrative funding is reduced.

Plan highlights – the next three years

Agricorp is continuing its strategy of maintaining current service levels and leveraging its expertise and infrastructure to support government priorities.

The agency's three strategic goals continue to be:

- Making it easier to do business with Agricorp by improving processes, structures and systems
- Having efficient and effective operations that continue to provide value for money
- Being ready to deliver additional programs and services that meet the needs of producers and government.

This business plan identifies initiatives and their expected outcomes, and outlines performance measures and targets to track progress on implementing the strategy.

Making it easier to do business with Agricorp means enhancements and change for both Agricorp customers and employees. The agency is focused on improving processes, practices and systems to make it simpler for customers to do business with Agricorp. The goal is to deliver quality customer service through simplified interactions that improve the overall customer experience, reduce the touch-points required to complete transactions and meet customer needs. This will be achieved by:

- Improving internal structures, processes and capabilities to enhance Agricorp's ability to respond to changing and new program requirements
- Promoting and enhancing self-service options for customers
- Making it easier for customers to get the program information they need

Having efficient and effective operations means delivering programs and services to the agri-food industry, on behalf of government, that provide value for money. Agricorp is focused on balancing the needs of customers and government through the prudent use of public funds while supporting the broader government initiative of improving efficiencies in public service delivery to achieve better value for money. The goal is to be an efficient provider of programs and services while continuing to receive consistently high customer service ratings. This will be achieved by:

- Improving and streamlining internal business processes and customer facing processes
- Enhancing the IT systems that support processes
- Implementing the Agricorp Insurance Modernization initiative

Being ready to deliver additional programs and services means being flexible and adaptive to the program and service delivery needs of government and industry. Agricorp is focused on leveraging its expertise and infrastructure to support innovation and growth in the agri-food industry through effective program delivery. The goal is to be the delivery partner of choice for agri-food programs and services. This will be achieved by:

- Being publicly accountable
- Having an engaged and adaptive workforce that implements effective business processes and reliable infrastructure

- Building awareness of Agricorp’s capabilities for government and industry

In closing

Agricorp continues to streamline and expand its delivery of programs and services to Ontario’s agri-food industry. In an environment of fiscal constraint, and with recent changes to program design and public accountability and transparency, Agricorp has maintained its reputation as the delivery partner of choice. The 2019-22 business plan builds on this solid foundation.

Mandate

Ontario agencies are diverse and are established for a variety of reasons. Operating within a complex environment with many stakeholders, agencies exist in areas where there is 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 government by providing advice on agricultural policy and programs, and ensures public confidence through impartial and autonomous decisions within the programs it delivers.

Agricorp was established in 1997 under the *AgriCorp Act, 1996*. The agency's mandate, as outlined in the *AgriCorp Act, 1996* is to:

- Administer crop insurance plans under the *Agricultural Products Insurance Act, 1996*, and perform duties conferred on it by that Act;
- Perform other duties conferred by any other Ontario statute, by order of the Lieutenant Governor in Council, or by agreement.

As an agency of the Ontario government, Agricorp delivers programs and services to Ontario's agricultural industry on behalf of the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). Agricorp is 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.

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.

Agricorp's customer-focused vision supports the Ontario government in building a strong and growing economy, and aligns with OMAFRA's vision of achieving a thriving agri-food industry in Ontario.

The two largest programs Agricorp delivers, AgriStability and Production Insurance, are cost shared by the federal and provincial governments. Agricorp also delivers the Risk Management Program on behalf of the province. These programs help Ontario producers manage risks associated with operating a farm business, such as adverse weather and fluctuating costs and market prices.

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.

Core qualities

Agricorp promotes five core qualities to guide employees' daily activities and help them achieve the organization's vision and mission. Agricorp wants its employees to be:

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

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

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

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

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

Agricorp's employee recognition program, High Five, formally and informally recognizes employees who demonstrate one or more of the five core qualities in the workplace. It promotes a culture of recognition at Agricorp by emphasizing the importance of acknowledging the efforts and accomplishments of all employees.

Governance

Agricorp is governed by legislation and directives, and a Board of Directors that reports to the Ontario Minister of Agriculture, Food and Rural Affairs. By rigorously adhering to regulatory requirements and best management practices, Agricorp ensures sound and consistent governance throughout the organization. Agricorp's collaborative relationship with OMAFRA and the agency's management team enable and support the governance process.

Legislation and directives

Agricorp is an Ontario government agency created in 1997 under the authority of the *AgriCorp Act, 1996* and is classified as a board-governed operational enterprise agency. The *AgriCorp Act, 1996* sets out Agricorp's purpose, powers, mandate, and structure and authorizes Agricorp's Board of Directors to create bylaws detailing the Board's operating policies.

As a board-governed agency, Agricorp has the financial and operating authority to carry on business and conduct operations in support of its mandate. Agricorp's Board is accountable to the Minister for achieving Agricorp's mandate. Agricorp follows leading governance practices. The agency is responsible for the judicious use of public resources and is guided by the highest standards of conduct.

Agricorp must comply with provincial government directives that guide agencies in the delivery of services to the public. The Agencies and Appointments Directive provides the accountability framework within which Agricorp operates.

Board of Directors

Members of Agricorp's Board are leaders in agriculture, business and the community. Members are appointed by the Lieutenant Governor in Council through an Order-in-Council on the recommendation of the Minister. Members are appointed for terms of up to three years, are eligible for reappointment and are responsible for the overall performance of Agricorp. The Board and its committees typically meet quarterly, or as required by business demands, and have an annual planning session.

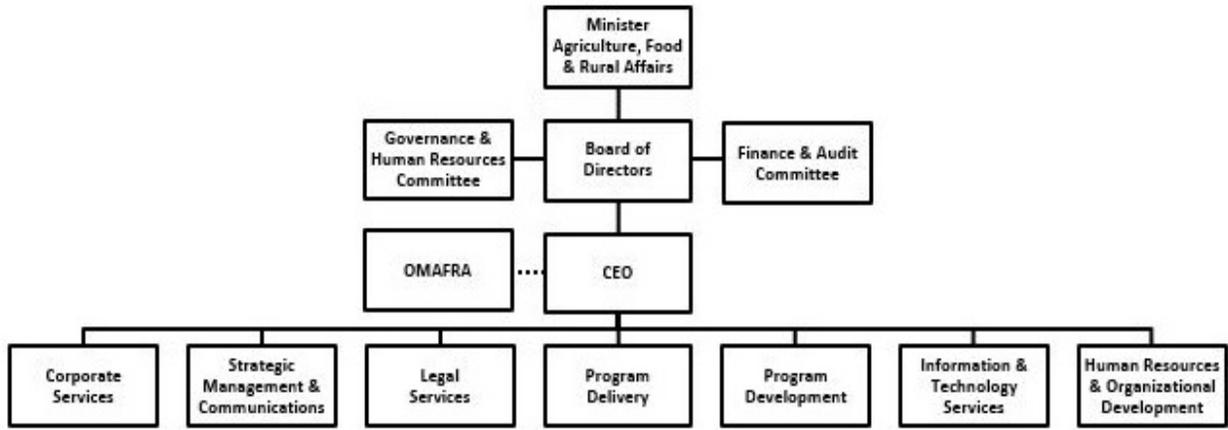
The Board is accountable to the Minister through the Board's Chair, for setting goals, objectives and the strategic direction for Agricorp, within its mandate. The Board oversees Agricorp's operations through several accountability mechanisms, including:

- Board and committee meetings
- Memorandum of understanding
- Program agreements
- Business plan
- Annual report
- Audits
- Financial and performance reporting
- Annual compliance attestation
- Relationship with OMAFRA

A memorandum of understanding that is based on the framework set out in Agencies and Appointments Directive is signed by the Minister and Board Chair and submitted to Treasury Board Secretariat. The memorandum clarifies expectations and covers financial, staffing and administrative matters, and reporting requirements. It also defines the relationship between

OMAFRA and Agricorp, including the roles and responsibilities of the Minister, the Deputy Minister, the Board Chair, the Board and the Chief Executive Officer of Agricorp.

Agricorp's governance structure



Enterprise risk management

Agricorp takes an integrated approach to risk management, which promotes a continuous, proactive and systematic process to understand, manage and communicate risk from an organization-wide perspective, in a cohesive and consistent manner. Guided by generally accepted risk management frameworks, this approach supports strategic decision-making that contributes to the achievement of objectives and provides the foundation for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.

Agricorp's risk management process includes systematic procedures to identify, assess, respond to, communicate and monitor organizational risks. Results from this process are aggregated at the corporate level and communicated through an established governance structure. In addition to strategic and operational risks, Agricorp identifies and assesses emerging risks.

Strategic risk is the risk of loss resulting from the inability to adequately plan or implement an appropriate business strategy, or an inability to adapt to change in the external business, political or regulatory environment.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems failures, human performance failures or external events.

Emerging risk is new risk or familiar risk that becomes more apparent in new or unfamiliar conditions. Emerging risk can be strategic or operational.

Emerging risk processes facilitate the ongoing identification, assessment and monitoring of risk. They include ongoing discussion and evaluation of potential emerging risks with senior business and functional management (i.e., Enterprise Risk Assessment Committee). The Enterprise Risk Assessment Committee is responsible for monitoring emerging risks, creating and executing responses to each emerging risk based on prioritization, and reporting on emerging risks to senior management and the Board of Directors on a regular basis.

The Board oversees Agricorp's culture of integrity and ethics, strategic planning, risk management and corporate governance. The Board's Finance and Audit Committee is responsible for assessing whether risk acceptance and control decisions made throughout the organization are appropriate. They also review and approve the agency's risk management plan and audit plans, receive and review audit reports, and review how management responds to and acts on audit recommendations.

Management is responsible for managing risk and has established risk management strategies and monitoring practices. The approach to risk management includes a "three lines of defence" governance model that segregates duties between risk taking activities, risk monitoring and risk oversight. The governance model establishes appropriate accountability for those who assume risk versus those who oversee risk.

To ensure stakeholder involvement in Agricorp's risk management process, Agricorp engages with OMAFRA as part of an annual corporate risk assessment process. This process is an integral part of the accountability mechanisms that are in place between Agricorp and OMAFRA. Throughout the year, Agricorp monitors and reports on these risks to OMAFRA.

Overview of programs

Overview

Agricorp's primary focus is to deliver programs and services to help Ontario's farm businesses manage risks, innovate and stay competitive. Agricorp delivers business risk management programs and business support programs and provides services for government and industry groups.

Agricorp delivers three main programs: AgriStability, Production Insurance and the Risk Management Program (RMP). AgriStability and Production Insurance are part of the suite of programs under the *Canadian Agricultural Partnership*, a federal-provincial-territorial agreement which is in place through to March 2023. Program costs are funded by the federal and Ontario governments on a 60:40 basis. RMP is funded by the Ontario government.

Agricorp is responsible to the Ontario government for administering these programs while maintaining high standards for fiscal responsibility, transparency, accountability, risk management and customer service. An operational agreement signed by the Deputy Minister and Agricorp's CEO, sets out the general operational conditions, expectations, roles and responsibilities of OMAFRA and Agricorp. The operational agreement sets the foundation for program agreements that define specific terms of delivery for each program, such as funding, deliverables, performance measures, data sharing, and reporting.

In 2018-19, Agricorp delivered programs and services to more than 44,000 Ontario farm businesses.

Main programs

AgriStability

AgriStability is a business risk management program that provides support when producers have large margin declines caused by adverse market conditions, production loss or increased costs of production. If a producer's program year margin falls below 70 per cent of their average historical reference margin, AgriStability helps to offset the difference.

For the 2017 program year, 11,500 producers participated in the program. To date, Agricorp has processed \$23.0 million in claim payments for 820 customers who incurred losses. For the 2018 AgriStability program year, Agricorp has underwritten 10,600 producers and has delivered \$0.7 million in interim payments.

Production Insurance

Production Insurance is a business risk management program that compensates Ontario producers for yield reductions and production losses caused by adverse weather and other insured perils, such as disease, wildlife and insect infestations. Production Insurance provides effective coverage for 100 commercially grown crops in Ontario. Producers may choose from a variety of plans and coverage is available on a total-yield, dollar-value or acreage-loss basis. Payments are triggered when an insured peril causes the harvested yield to fall below guaranteed production levels or predetermined thresholds.

For the 2018 crop year, Agricorp insured 14,000 producers, representing 5.1 million acres and \$3.4 billion in liability. There were 8,550 claim payments totalling \$116.6 million.

Risk Management Program

RMP is designed to help Ontario producers offset financial losses caused by low commodity prices and rising production costs. The program offers six plans for producers of grains and oilseeds, livestock (cattle, hog, sheep and veal) and edible horticulture. For most plans, RMP works like insurance as producer premiums are based on a choice of coverage levels and options. Payments are triggered if the commodity's average market price falls below the average cost to produce the commodity, within the chosen coverage level. For the edible horticulture plan, the producer deposits funds into a self-directed risk management account based on their allowable net sales. Government contributions are deposited into the account and may equal up to 100 per cent of the producer's deposit. The producer may withdraw funds from the account to offset financial losses.

To ensure the equitable distribution of funding across all plans throughout the year, interim payment rates are used until final claim amounts are known. For the 2017 program year, Agricorp underwrote more than 9,000 producers who were enrolled in one or more of the six RMP plans. Payments totalled \$94 million.

Other government programs

Agricorp delivers other government programs that support Ontario's agriculture and food producers in growing their businesses, creating jobs and innovating.

For program descriptions, see Appendix A.

Services that support the agricultural industry

Agricorp provides services to industry and government to support and enable a competitive, productive and sustainable agri-food sector. These services include:

- Data management for the Ontario Apple Growers
- Mapping services for the Ontario Ginseng Growers Association
- Financial analysis for the Dairy Farmers of Ontario
- Secretariat services for the Grain Financial Protection Board
- Financial services for the Farmer's Risk Management Premium Fund

For service descriptions, see Appendix A.

Environmental scan

This environmental scan describes the environment in which Agricorp operates. It identifies trends, events and issues that can present risks and opportunities for the agency. This allows Agricorp to proactively assess and respond to changes in its internal and external environment.

As an agency of the Ontario government, the priorities and policies of government have a direct effect on Agricorp. Changes and trends in agriculture affect Agricorp's delivery of programs and services. This environmental scan highlights these influences and effects.

External environment

Ontario agriculture

The province of Ontario has millions of acres of productive farmland, a rich diversity in foods produced, and an agri-food industry that is a major player in Ontario's economy. It currently generates \$39.5 billion a year in gross domestic product and sustains 820,000 jobs – about one in every nine jobs in the province. In 2017, Ontario agri-food exports rose to \$14.9 billion, up 2.3 per cent from the previous year.

2016 Census of Agriculture

In May 2016, Statistics Canada completed a Census of Population and a Census of Agriculture. Every five years, the Census of Agriculture provides a statistical portrait of Canada's agricultural industry and its farm operators and families. Although the census is national, a portion of the data is available at a provincial level.

One-quarter of all Canadian farms are in Ontario. The 2016 census counted 49,600 farms in Ontario. This is a drop of 4.5 per cent since 2011. The total area that Ontario farmers have stewardship over (e.g., cropland, pasture, woodlands, wetlands, and farm buildings) decreased by 2.5 per cent to 12.3 million acres. Cropland increased by 1.0 per cent to 9.0 million acres since 2011 as less productive land (e.g., pasture) was converted to cropland. The average farm size grew from 244 acres in 2011 to 249 acres in 2016. These trends are similar to previous censuses where the number of farms decreased, but farms grew in size and income.

Ontario has the highest number of soybeans (2.8 million) and grain corn (2.2 million) acres in Canada. However, corn and soybean acres planted in western Canada have seen significant expansion in the last five years. The three largest Ontario field crops, soybeans, corn and winter wheat account for 6.0 million acres.

Greenhouse acreage grew by 17.7 per cent since 2011 to 3,500 acres in 2016. Ontario has two-thirds of the greenhouse vegetable area in Canada. Ontario also has 50.1 per cent of Canada's field vegetable production with 135,500 acres. Ontario's acreage grew by 4.5 per cent despite a decrease in tomato acres, which was driven by a decrease in tomato processing capacity. Total area for fruit, berries and nuts decreased by 2.9 per cent to 51,000 acres in 2016, driven mainly by a decline in peach acres due to a lack of processing facilities.

Cropland in hay fell from 23.3 per cent in 2011, to 19.1 per cent in 2016. This aligns with an 8.1 and 1.9 per cent decline in the number of beef cattle and dairy cows. Although the number for dairy cows decreased, milk production increased 9.9 per cent as production per cow improved. Ontario has the second largest number of pigs in Canada at 3.5 million, up from 3.1 million in 2011. The sheep herd declined 8.8 per cent. The poultry flock increased 6.0 per cent.

The proportion of Ontario farm operators 55 years and older increased from 49 to 55 per cent from 2011 to 2016, while the proportion of operators under 35 years increased from 8.2 to 9.4 per cent. These trends are similar to the national farm operator age group trends.

The value of Ontario farmland has been increasing since 1988. The average value of Ontario farmland increased 4.4 per cent in 2016, following gains of 6.6, 12.4, 15.9 and 30.1 per cent from 2012 to 2015.

Younger farmers are more likely than older farmers are to use technology such as computers, smartphones and automation on the farm. Also, large farms with sales of more than \$1.0 million per year, tend to invest more in technology than smaller farms do. Greenhouse and livestock sectors are investing in automation while grain and oilseed farms are investing in data and mapping technology. Farmers are also marketing more of their production directly to consumers. In Ontario, 15.1 per cent of farms sell products direct to consumers.

The business structure of farms is changing. From 2011 to 2016, the percentage of incorporated farm businesses in Ontario rose from 16.8 to 22.0. Nationally, the percentage of incorporated farm businesses is 25.1. In 1971, only 2.2 per cent of farms were incorporated.

Trade

Ontario and Canadian farmers depend on healthy and stable global markets as many agricultural products are export dependant. Over the last 30 years, Canadian agriculture and food exports have experienced growth. Canada is the fifth largest exporter of agricultural commodities and the eleventh largest exporter of food products.

Trade tensions in recent years have affected agricultural markets. For example, tariffs levied by China on soybeans from the United States significantly decreased prices Canadian producers received.

Overall, price volatility creates uncertainty and suppresses Canadian exports, as many exporters and foreign buyers wait to see if prices will stabilize. The recent implementation of the following agreements may help to stabilize commodity process: Comprehensive Economic Trade Agreement, Comprehensive and Progressive Agreement for Trans-Pacific Partnership, and agreement in principle on the Canada-United States-Mexico Agreement.

There have been several periods of price volatility in agricultural commodity markets in the last 30 years. Once volatility subsided and prices returned to levels more in line with averages, growth in Canadian exports continued to flourish.

Medium term outlook for Canadian agriculture

Continued growth in the Canadian agricultural sector is expected over the next decade, although at a more modest pace than in the previous decade because of a relatively low Canadian dollar, economic growth in developing economies, and population growth in Canada and the rest of the world. World population is expected to grow by one per cent each year, adding 900 million people over the next decade.

For crops, especially oilseeds, production and exports are expected to increase. Production gains are expected through yield increases, as marginal growth is forecast in acreage. Grain price increases are expected to be modest, based on factors such as a levelling off of biofuel production and slow growth in livestock feed requirements.

After declining from their peak in 2014, cattle and hog prices are projected to see more stable ranges over the next decade as herds expand, by holding animals back for breeding stock. Supply-managed sectors (i.e., dairy, poultry and eggs) are projected to grow modestly based on increases in population and per-capita consumption.

Environment

Ontario farmers are investing in renewable energy. In 2015, 10.4 per cent of Ontario farms had renewable energy-producing systems compared to 5.3 per cent nationally. Of the 5,180 farms in Ontario with renewable energy-producing systems, 85.5 per cent have solar panels and 0.6 per cent have biodigesters.

In 2015, new regulatory requirements for neonicotinoid-treated seeds used in Ontario came into effect. This supports the goal of reducing acres planted with neonicotinoid-treated corn and soybean seed by 80 per cent and decreasing pollinator exposure to this insecticide. The rules are to help ensure neonicotinoid-treated seeds are used only when there is a demonstrated pest problem. Prior to planting, farmers are required to conduct a pest assessment.

Soil and water health are important to farmers, government and consumers. To monitor, maintain and improve soil and water health, farmers and government are investing in programs such as:

- The Canada-Ontario Environmental Farm Plan
- The 4R Nutrient Stewardship program (the right fertilizer at the right rate, the right time and in the right place)
- The Great Lakes Agricultural Stewardship Initiative (improve soil health and reduce run-off into Great Lakes)
- Updates to Ontario's soil maps

Farmers in Ontario regularly face challenging weather that can lead to difficult planting, growing and harvesting conditions that can cause yield or quality losses in their crops and livestock. Government-funded business risk management programs can provide financial compensation to producers after a loss has occurred.

To prevent or limit the adverse effects weather can have on their crops and livestock, farmers are developing risk mitigation plans and investing in tools and technology. Investment in tools and technology is meant to prevent losses from occurring, not to compensate for a loss after it occurs. Many producers are investing in tools and technology to reduce the impact of adverse weather, especially for high-value crops.

Ontario government

Through OMAFRA, the provincial government supports the province's agri-food industry, enforces and improves food safety, and strengthens Ontario's rural communities. Providing business supports to farmers and agri-food businesses and ensuring the sustainability of agriculture, supports the government's priority of job creation and growth.

Fiscal challenge

The province of Ontario faces financial challenges including a significant annual deficit and a high level of debt. A priority of the Ontario government is to balance the annual budget while pursuing a debt reduction strategy, and strengthening fiscal transparency and accountability measures.

In September 2018, Ernst & Young completed a line-by-line review of Ontario government expenditures from 2002-03 to 2017-18. Their recommendations, which the Ontario government is working to implement, included the need to focus on improving the efficiency, productivity, and outcomes of the broader public service and transfer payment partners, while at the same time delivering the most efficient public service possible. The recommendations also focussed on improving the framework for public expenditure management based on evidence-based decision-making. Agricorp will work with the Ontario government to implement these recommendations.

Open for business

The Ontario government is committed to creating the right conditions to make Ontario open for business. It is working towards establishing a business environment that will help grow the economy while creating and protecting jobs. Actions to achieve this include improving economic competitiveness, advancing Ontario's economic interests at home and abroad, and reducing the regulatory burden on businesses.

Open Government initiative

Ontario's Open Government initiative is about cultivating more open and transparent government. Open government means sharing government data and information so everyone can help solve problems and better understand how government works. The Open Government Initiative provides opportunities for Ontarians to weigh-in on government decision-making to help improve programs and services and to better connect the provincial government with the people it serves.

Red Tape Challenge

Ontario's Red Tape Challenge, launched in 2016, is part of the Business Growth Initiative and focuses on creating a more transparent, accessible and collaborative government. The provincial government and Ontario's business community are working in six sectors, to gather and analyze ideas, and prioritize changes that that will save businesses time and money. In 2016, consultations were held with the food processing industry. In 2019, consultation will be held with the forestry industry.

Federal government

Mandate letter

In November 2015, the Prime Minister provided each Minister with a mandate letter outlining their priorities. The overarching goal of the Minister of Agriculture and Agri-Food is to support the agricultural sector in being more innovative, safer, stronger, and a leader in job creation through policy and financial tools. Priorities include helping the sector with water management, research and innovation, food safety, and getting agricultural products to market.

Federal-provincial-territorial agreements

Canadian Agricultural Partnership

In July 2017, federal, provincial and territorial ministers of agriculture agreed on the *Canadian Agricultural Partnership*, which is in place from April 2018 to March 2023. The *Partnership* is a five-year, \$3-billion investment by federal, provincial and territorial governments to strengthen the agriculture and agri-food sector. It focuses on six priority areas:

- Science, research and innovation
- Markets and trade
- Environmental sustainability and climate change
- Value-added agriculture and agri-food processing
- Public trust
- Risk management

Under the *Partnership*, business risk management programs will continue to help producers manage significant risks that threaten the viability of their farms and are beyond their capacity to manage. Based on the agreement, there were some changes to the AgriStability and AgrilInvest programs, that began in the 2018 program year.

In 2018, governments and industry also completed a review of business risk management programs to assess program effectiveness. The review assessed program impact on growth

and innovation, and the ability of programs to respond to market risk, with a specific focus on AgriStability. Findings of the review were presented to ministers in July 2018. Ministers have directed officials to move forward with additional work on the review's recommendations and to report back to Ministers in 2019.

Internal environment

Managing change

As a government-funded agency, changes based on government policy and industry needs are often required. Agricorp's challenge is to manage the uncertainty of the degree of change. Agricorp has been able to manage change over the years, as priorities, policy and industry needs evolved. The year 2019 and beyond will be no different.

Administrative funding

In alignment with the provincial government's fiscal constraints, Agricorp remains committed to prudent fiscal management while providing trusted and transparent delivery of programs and services. With no growth in administrative funding for government programs, a key objective of Agricorp is efficient and effective operations. Through a continuous review process, Agricorp has identified and implemented efficiencies for program and service delivery. For eight years, since 2011-12, Agricorp has achieved cost savings to offset inflationary cost increases.

Workforce

Agricorp's skilled and knowledgeable workforce allows the agency to respond to the changing needs of the agricultural industry and governments while maintaining quality customer service. At the same time, program changes and the need to find better, smarter and faster ways to manage work continue to challenge Agricorp's employees.

Based on the most recent employee engagement survey from October 2018, Agricorp employees continue to have a high level of overall engagement. Satisfaction with working conditions and resources, and their manager remain high. Satisfaction with communications increased considerably. Performance management is an area where employees identified a need for more clarity and understanding with regards to performance management processes and linkages to compensation.

Agricorp aligns its compensation policy with the expectations of and direction from the provincial government. Agricorp completes an annual compensation review to remain competitive in the market place and aligned with provincial government direction.

Business processes and information technology systems

Agricorp is continuing to improve its business processes and IT systems. While maintaining existing IT systems, the agency built systems and improved processes to centralize customer data collection, data storage and financial transactions across programs. Agricorp is now replacing outdated Production Insurance business processes and administrative systems. This work removes the risk of failure of obsolete IT systems and avoids escalating system maintenance costs.

Agricorp developed a business case and implementation plan for modernizing Production Insurance delivery. Following a third-party review of the plan, OMAFRA and Agriculture and Agri-Food Canada (AAFC) are investing in the Agricorp Insurance Modernization initiative,

which will provide Agricorp with an insurance-based administrative system built on insurance industry best practices. Once system configuration and integration are complete by 2020, Agricorp will transition the delivery of Production Insurance by 2021. Business process and system renewal will enable continued efficiency, accuracy and integrity in program delivery.

Ready to deliver programs and services

As an agency of the provincial government, Agricorp is ready to deliver programs and services on behalf of government and industry groups by leveraging existing infrastructure, business processes and systems, and expertise.

In 2017, Agricorp began delivery of two new programs, the Small Cidery Program and the Small Distillery Program. In 2018, delivery of the Edible Horticulture Support Program commenced and delivery of the Provincial Premises Registry was transitioned to Agricorp. The Farm Property Class Tax Rate Program and the Beef Cattle Financial Protection Program will transition to Agricorp in 2019.

In the fall of 2018, Agricorp began providing acreage measurement and verification services for the Berry Growers of Ontario. This is similar to services currently provided to the Ontario Ginseng Growers. Beginning in 2019, Agricorp will provide governance, financial and secretariat services for the Livestock Financial Protection Board. These services are similar to the services Agricorp provides to the Grain Financial Protection Board.

Office of the Auditor General of Ontario – Annual Report 2017

Value-for-Money Audit – Farm Support Programs

In 2017, the Office of the Auditor General of Ontario conducted a value-for-money audit of farm support programs in Ontario that provide direct assistance to farmers. For the audit, the Office of the Auditor General of Ontario analyzed information from Agricorp, OMAFRA, AAFC and the Ontario Soil and Crop Improvement Association. They also completed a survey of Ontario farmers and had discussions with industry stakeholders.

The value-for-money audit report included fourteen recommendations, six of which relate directly to Agricorp. The audit provided good recommendations for improvement. Many of the audit recommendations relate to work that was either planned or in progress at Agricorp. By 2019, Agricorp will have implemented the audit recommendations.

Toward Better Accountability

Each year, in its annual report, the Office of the Auditor General of Ontario addresses issues of accountability in government and the broader public sector. In 2017, they examined the quality of public reporting of activities by provincial agencies and broader public sector organizations. For the audit, the Office of the Auditor General of Ontario examined the 2015-16 annual reports from 30 provincial agencies and broader public sector organizations, including Agricorp. Of the 30 provincial entities, 28 issued annual reports. Agricorp was one of only two entities that met all of the criteria for annual reports.

Strategic direction

As an agency of the provincial government, Agricorp's mandate is to administer crop insurance plans under the *Agricultural Products Insurance Act, 1996* and to perform other duties conferred on it by the Ontario government. The agency's strategic direction is focused on successfully performing these duties while supporting the government's efforts to promote a competitive and productive agri-food industry, resulting in sustainable growth and opportunities for Ontario.

The *Canadian Agricultural Partnership*, a five year, \$3-billion investment by federal, provincial and territorial governments supports innovation, competitiveness, sustainability and market development and includes a suite of business risk management programs. Federal, provincial and territorial funded programs such as Production Insurance and AgriStability, combined with Ontario specific programs like the Risk Management Program, provide Ontario farmers with a comprehensive set of programs that help manage risks to their farm business. Agricorp's delivery of these and other programs provides a level of financial security and a measure of predictability for Ontario farmers to allow for and promote industry growth.

Governments face challenges to improve public services while containing expenditure growth. After completing program delivery reviews, Agricorp reduced program administrative costs and improved online self-service options without reducing customer service levels. To identify further efficiencies, Agricorp is examining infrastructure costs and improving business processes and IT systems.

Agricorp understands the need to improve and standardize business processes that are supported by robust IT systems. With foundational accounting and customer data systems and processes in place, the agency is now modernizing the delivery of Production Insurance. By 2021, Agricorp will replace obsolete systems with a new IT system that can support the required business capabilities to modernize Production Insurance delivery.

The strategic direction of Agricorp is similar to previous years but has been adjusted to reflect environmental change and the needs of government and industry. The agency will continue to focus on operational efficiency and effectiveness and strive to make it easier for customers and employees to complete their program responsibilities. It will also be ready to deliver programs and services on behalf of the provincial government.

For a pictorial view of Agricorp's Strategic Framework, see page 18.

Agricorp is easy to do business with

Making it easy to do business with Agricorp is important for Agricorp's customers and employees. Customers rely on technology to remain productive and competitive. They want and expect Agricorp to provide them with convenient, easy-to-use, self-service channels. To accomplish this, Agricorp employees need the knowledge, capabilities, business processes and structure to provide a simple, easy and efficient customer experience.

Easier for customers

Agricorp has laid the foundation for easy-to-use customer service channels. Customers now have online access to their program information and can conduct business with Agricorp through secure online services. The agency is streamlining processes across programs and is encouraging customers to use less expensive online service channels. This aligns with the provincial government's Digital First strategy and will result in a more efficient self-service experience for customers.

Ontario's agriculture and food businesses are diverse in size, products produced, management practices, and growing and marketing conditions. Agricorp recognizes this diversity and is taking a tiered approach to customer service to accommodate the range of customer needs. While easy-to-use, self-service channels will become the first point of contact for most customers, other service channels such as telephony and face-to-face meetings will be available. Where specific support is needed, Agricorp's call centre or other front-line staff will assist customers.

For producers to make effective risk management decisions, they must understand what business risk management programs have to offer and the outcomes they can expect from participating in them. Agricorp will continue to work with governments and industry to build awareness and inform producers of the programs and services available to them.

Easier for employees

Since its inception in 1997, Agricorp has experienced significant program and organizational growth. In recent years, the agency has made changes to its business practices and improved management of the business. While Agricorp has a good record of accomplishment in managing change, improvements can be made in how the agency coordinates its efforts and expertise across the organization. Agricorp's goal is to ensure that the appropriate structure, capabilities, processes and systems are in place to make it easier for employees to efficiently deliver programs and services, while being responsive to government and industry needs.

Knowledge of the business of farming, associated risks, and how Agricorp delivers programs is foundational for Agricorp employees to effectively deliver programs. Agricorp is building on current employee knowledge and their understanding of program design to make it is easier for employees to deliver a quality customer experience.

Expected outcomes

- Customers interact with knowledgeable and skilled staff that understand their businesses, their risks and how programs help manage these risks.
- Producers make informed business risk management decisions.
- Easy-to-use self-service channels are the preferred point of contact for customers to do business with Agricorp.
- The customer experience for customers and business partners is aligned with Agricorp's customer service direction, government expectations and the fiscal environment.

Key Initiatives

- Streamline Production Insurance yield reporting for customers.
 - Timeline: through 2020-21
- Enhance Agricorp's online presence to make it easier for customers to complete transactions and to find the information they need.
 - Timeline: through 2021-22

Agricorp has efficient and effective operations

Agricorp is responsible for the development and implementation of all processes, systems and tools needed for the effective and responsible delivery of programs and services. The majority of the agency's resources are engaged in day-to-day program delivery. The remainder are focused on implementing new programs and industry-requested or government-mandated program changes, as well as continuing to advance Agricorp's efficient and effective operations.

The agency regularly reviews its program delivery model to remain aligned with the size, scope and complexity of the programs it delivers.

Technology plays a critical role in enabling and driving service delivery productivity. Agricorp's IT Renewal Plan took a fiscally responsible approach by dividing the strategy into phases. Agricorp has made significant progress on renewal by stabilizing program delivery systems, implementing a customer relationship management tool, developing a common system to manage accounting functions, and offering online services to customers.

Phase one of the IT Renewal Plan, Common Foundations, was completed in 2014, on time and on budget. The next step for renewal, Agricorp Insurance Modernization, is replacing the business processes and systems used to deliver Production Insurance. An insurance-based administrative system built on insurance best practices will reduce time to market for Production Insurance plan enhancements and new crop plans. It will be more flexible and adaptive, enabling more innovative plan designs. Standard workflows will improve the customer experience, enabling Agricorp to shift from being product-focused to being more customer-focused

Design changes to AgriStability have reduced the number and size of payments, and program participation has steadily decreased over the past decade. A review of business processes enabled Agricorp to adjust its delivery model to correspond more effectively to the redesigned program. Recommendations from a similar review of Production Insurance are being implemented as part of the Agricorp Insurance Modernization initiative. This will support further opportunities to implement a multi-program service delivery model of service delivery to better serve Ontario's agri-food industry.

Expected outcomes:

- A modern, reusable, insurance-based administration system built on insurance industry best practices for Production Insurance will allow Agricorp to conduct business with its customers, with increased efficiency and sustained quality customer service.
- Use of a risk-based approach provides cost effective, timely and accurate file processing and delivery.
- Streamlined and clarified quality control processes support effective and efficient program and service delivery.
- Systems and processes have a multi-program customer orientation to support customer, government and industry needs.

Key initiatives

- Complete the Agricorp Insurance Modernization initiative.
 - Timeline: implementation in 2020-21
- Continue to examine operational expenses and implement cost savings.
 - Timeline: through 2021-22
- Develop and implement a plan to increase the use of direct deposit for program payments to customers.
 - Timeline: through 2021-22

Agricorp is ready to deliver

The agency will contribute to the provincial government's efforts to advance Ontario's economic interests by providing streamlined programs and services that enable a competitive, sustainable and productive agriculture, agri-food and agri-products sector. Being ready to deliver means that Agricorp is flexible and adaptive to the program and service delivery needs of the provincial government and industry groups. It means Agricorp collaborates effectively with government and industry to efficiently implement new or make changes to existing programs and services, by leveraging existing expertise, infrastructure, business processes, and IT systems

From 2015 to 2018, at the request of OMAFRA, Agricorp began delivery of five new programs that support the agricultural industry. In all cases, Agricorp provided timely program delivery, meeting the needs of government and industry.

Consolidating the delivery of similar programs helps customers better connect with a range of programs and services and reduces delivery costs. The transition of the Provincial Premises Registry to Agricorp in 2018 and the Farm Property Class Tax Rate Program in 2019 will enable Agricorp to align the delivery of these similar programs with the Farm Business Registration program, providing one window access for agricultural businesses.

Agricorp has effectively implemented design changes for many programs. Over the next three years, Agricorp will continue to focus on high priority enhancements with the goal of ensuring that the programs and services delivered today - and in the future - are relevant to the needs of the agriculture industry.

Expected outcomes:

- Programs and services remain relevant to the needs of a competitive, sustainable and productive agricultural industry.
- A flexible and adaptive program delivery approach meets customer and government needs into the future.
- Agricorp is the organization of choice to deliver agri-food programs and services on behalf of the Ontario government.
- Efficiencies are realized through consolidated program and service delivery.

Key Initiatives

- Implement delivery of the Beef Cattle Financial Protection Program.
 - Timeline: through 2019-20
- In collaboration with OMAFRA and accredited farm organizations, make the Farm Business Registration program easier for farmers and more cost effective.
 - Timeline: through 2020-21
- Identify and assess opportunities for delivery of government programs and services, in collaboration with OMAFRA.
 - Timeline: through 2021-22

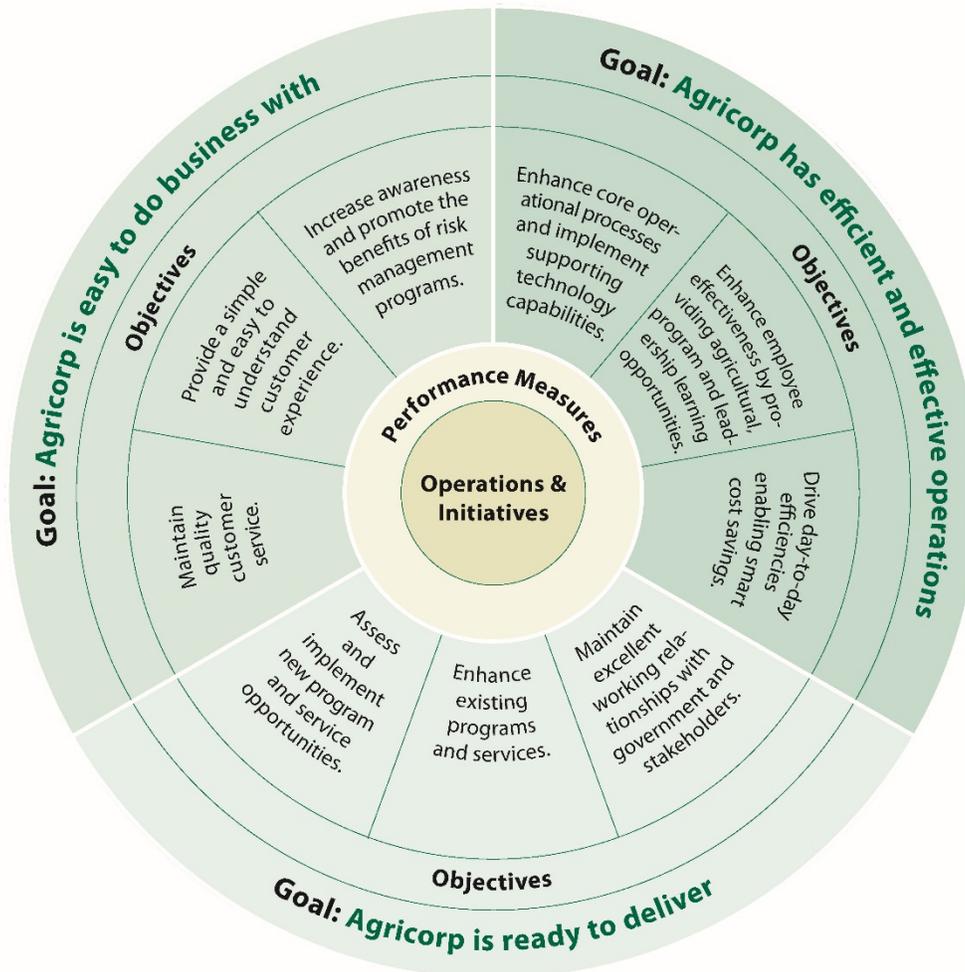


Agricorp's Strategic Framework

An Illustrative Overview

<p>Mandate: As outlined in the <i>AgriCorp Act, 1996</i>, to administer Production Insurance under the <i>Agricultural Products Insurance Act, 1996</i>, and to perform the duties conferred on it by that Act, any other Act of Ontario, or the Ontario government.</p>	<p>Vision: To be a versatile, customer-focused organization that works with partners to innovatively deliver programs and services that enhance the vitality of Ontario agriculture.</p>	<p>Mission: We connect producers with programs. Delivery is our strength. Customers are our priority. Our people are the foundation of our success. We are publicly accountable.</p>
---	---	---

Core Qualities



Performance measures

Performance measures have been identified for the purpose of demonstrating Agricorp's operational effectiveness and accountability to government. These measures demonstrate the agency's effectiveness, efficiency, and level of customer satisfaction. The agency uses a more comprehensive set of measures internally and these detailed measures are reported quarterly to Agricorp's Board of Directors.

For fiscal 2019-20, Agricorp will strive to further achieve administrative efficiencies to reduce provincially funded program administrative costs. In doing so, Agricorp will balance the need to find cost savings with the ability to maintain the current level of customer service. There is some risk that the level of customer service will decrease as program administrative funding is reduced.

Performance measure	Target	Past performance
Customer satisfaction with quality of service, as measured annually by a customer satisfaction survey.	Achieve a consistently high overall customer service-rating equal to the previous three-year average.	2018-19 survey – 92% 2017-18 survey – 93% 2016-17 survey – 93%
Program processing timeline targets are met.	95% of AgriStability files processed by December 15, 2019.	2018-19 – 95% by December 14 2017-18 – 95% by December 14 2016-17 – 95% by December 7
	90% of Production Insurance claims paid within 30 calendar days of receipt of all required information.	2018-19 – 93% 2017-18 – 98% 2016-17 – 98%
	95% of Risk Management Program payments made within 60 days of receipt of all required information.	2018 RMP: G&O – 99% 2018 RMP for livestock – 99% 2018 SDRM – 98% 2017 RMP: G&O – 99% 2017 RMP for livestock – 99% 2017 SDRM – 99% 2016 RMP: G&O – 99% 2016 RMP for livestock – 99% 2016 SDRM – 95%
Customer satisfaction with program delivery as measured annually by a customer satisfaction survey.	Production Insurance – Achieve a rating equal to the previous three-year average.	2018-19 survey – 92% 2017-18 survey – 92% 2016-17 survey – 94%
	AgriStability – Achieve a rating equal to the previous three-year average.	2018-19 survey – 71% 2017-18 survey – 78% 2016-17 survey – 72%
	Risk Management Program – Achieve a rating equal to the previous three-year average.	2018-19 survey – 84% 2017-18 survey – 81% 2016-17 survey – 78%

Performance measure	Target	Past performance
Public accountability and good governance, as demonstrated through regular reporting and effective financial stewardship and control.	Annual Chair and CEO attestation, as required, of compliance with applicable legislation, directives and policies.	2018-19 – March 5, 2019 2017-18 – March 29, 2018 2016-17 – March 29, 2017
	Three-year business plan submitted to the Minister one month prior to the start of the fiscal year.	2018-21 – March 1, 2018 2017-20 – February 27, 2017 2016-19 – February 29, 2016
	Sound and balanced operational performance and financial reports provided to ministry quarterly.	2018-19 – financial reports provided by April 15, July 15, October 15 and January 15. 2018-19 – monthly operational and quarterly performance reports provided regularly.
	Annual report is submitted to the Minister within 90 days of receipt of audited financial statements from the Auditor General.	2017-18 report – 34 days 2016-17 report – 35 days 2015-16 report – 32 days
	Comprehensive audit control framework in place and monitored by the Agricorp board.	2018-19 – completed 2017-18 – completed 2016-17 – completed

Planning assumptions

This business plan is developed based on the direction provided to Agricorp from the Ontario and federal governments. It is based on known and projected administrative funding amounts from the Ontario and federal governments and from producer organizations. If planning assumptions change during the implementation of Agricorp's 2019-22 business plan, the plan will be adjusted accordingly.

Financial

Fiscal constraint is a priority for the Ontario government. Agricorp will reduce program administrative costs to help the Ontario government achieve its cost reduction goals.

Agricorp will strive to achieve cost savings in each of 2019-20, 2020-21 and 2021-22, on the provincial portion of its program administrative budget. This will trigger additional cost saving on the federal portion of program administrative costs.

For 2019-20, there will be no administrative funding for inflationary cost increases. Agricorp will continue to investigate options for efficiency and implement cost savings to offset cost increases.

Customer Service

Agricorp has received excellent customer service ratings since 2010. The agency will strive to maintain the current level of customer service, including both time commitments and quality.

In 2019-20, Agricorp will balance the need to find cost savings with the ability to maintain customer service levels. There is some risk that the level of customer service will decrease as program administrative funding is reduced.

Investments in Agricorp

Agricorp Insurance Modernization

Investment from the Ontario and federal governments for the Agricorp Insurance Modernization initiative began in fiscal 2017-18 and will continue through fiscal 2019-20.

Agricorp will begin implementation of new Production Insurance business processes and IT system in 2020-21 for the 2021 program year.

Farm Business Registration IT system modernization

In 2019-20, Agricorp will work with OMAFRA and accredited farm organizations to modernize delivery of the Farm Business Registration program. If system replacement is required, the Ontario government will provide investment.

Programs

In recent years, transactional volumes for AgriStability have decreased along with the amount of change capacity Agricorp allocates to the program. This has reduced annual administrative costs for AgriStability. Costs for AgriStability will continue to reflect transactional volumes.

Administrative costs for Production Insurance have increased in recent years. This trend is dependent on the recent crop year challenges and costs that increase with aged operational infrastructure. Implementation of the Agricorp Insurance Modernization initiative over the next two fiscal years is required to change this trend and drive costs lower.

Agricorp will continue to investigate and design enhancements to Production Insurance plans, but will limit enhancement implementation until the new Production Insurance business processes and system are implemented in 2020-21.

In 2019, delivery of the Farm Property Class Tax Rate Program and the Beef Cattle Financial Protection Program will transition to Agricorp. Agricorp will also provide secretariat and financial services to the Livestock Financial Protection Board in 2019.

Agricorp and OMAFRA will continue to assess opportunities to consolidate the delivery of programs. Agricorp has the ability to deliver additional programs and services, but has limited resources to implement them quickly. Depending on the lead time for delivering a new program, there may be impacts on the delivery of existing programs or strategic initiatives.

When Agricorp is asked to deliver new programs, additional administrative funding will be provided. When programs are discontinued, Agricorp's budget will be reduced, subject to adjustments for program wind-down costs.

Changes to AgriStability, based on the *Canadian Agriculture Partnership* agreement, will be implemented for the 2018 program year. The Business Risk Management program review, that is being completed by federal, provincial and territorial governments, may propose additional changes to programs that are part of the *Partnership* agreement.

All programs will have average claim payment frequency and severity with normal transactional volumes (i.e., claims, underwriting and incoming telephone calls) in 2019-20, 2020-21 and 2021-22.

Required resources

This section identifies the resources that will be required for Agricorp to meet its strategic goals and performance measures over the next three years. It also identifies key corporate risks and describes how the risks will be managed or mitigated.

Strategic risks

As an agency of the Ontario government, Agricorp's business plans are subject to risks and uncertainties over which the agency has limited or no control. These include, but are not limited to, changes in government priorities, programs and services, unforeseen changes in transfer payments from the Ontario and federal governments, and risks arising from government policy changes. To manage these risks, Agricorp has developed strong working relationships with the Ontario and federal governments. This enables the timely sharing of information and open discussions of risks, impacts and mitigation strategies.

Similar to other public sector organizations, Agricorp is exposed to reputational risk in how the organization is perceived by its customers, industry stakeholders, employees, governments, and the public. To manage this risk, Agricorp works proactively and collaboratively with government and industry stakeholders and regularly assesses customer and employee satisfaction and feedback.

Financial resources

Prudent fiscal management is one of Agricorp's key operating principles. The agency continues to implement efficiency improvements. Recognizing the current economic situation and the increased financial accountability and reporting requirements, Agricorp will continue to focus on achieving and demonstrating results.

The following financial tables are based on the known and expected programs and services Agricorp will deliver over the next three years. Funding amounts are based on information available and were developed based on discussions with OMAFRA.

Agricorp's fiscal plan

(\$ in million)	Budget 2018-19	Budget 2019-20	Estimate ² 2020-21	Estimate ² 2021-22
Revenue – programs and services	41.8	39.7	39.7	39.7
Expenses – programs and services	41.8	39.7	39.7	39.7
Surplus (Deficit)	-	-	-	-
Time-limited investment¹	4.6	5.8	1.7	1.7

¹ – Includes approved investment for Agricorp Insurance Modernization and unapproved estimates for Farm Business Registration transformation and Risk Management Program review.

² – For 2020-21 and 2021-22, discussions are underway with the Ontario government and these estimates are subject to those discussions.

(\$ in million)	Budget	Budget
Expenses – programs and services	2018-19	2019-20
Production Insurance	20.5	20.5
AgriStability	12.3	10.2
Risk Management Program	5.5	5.3
Other programs and services	3.4	3.6
Total expenses – programs and services	41.8	39.7

Capital plan

Costs for general capital expenditures are incorporated into the overall financial table and are not represented by a specific line item. Other than ongoing computer maintenance, there are minimal capital costs incurred by Agricorp.

Leased vehicle fleet

Each year, Agricorp replaces five to seven vehicles in its leased vehicle fleet of 36 vehicles.

Leasehold improvements

Agricorp has no major leasehold improvements planned.

Agricorp Insurance Modernization

Spread over the three fiscal years of 2017-18, 2018-19 and 2019-20, the Ontario and federal governments are investing \$10.4 million in Agricorp. The funds will enable Agricorp to configure and integrate an insurance-based administration system for the Production Insurance program and implement standard workflows that follow insurance best practices. A portion of this investment will be capitalized.

Financial risks

Constrained administrative funding

Agricorp's provincial base funding has not increased since 2011-12. In 2015-16, Agricorp's provincial base funding allocation decreased by three per cent, from \$14.2 million to \$13.8 million. This decrease affected the provincially funded programs, Grain Financial Protection Program and Farm Business Registration, and the federal-provincial programs, Production Insurance and AgriStability.

The agency has successfully operated since 2015-16 within the reduced fixed funding level and without additional funding to cover inflationary costs, by implementing strategies to mitigate risks associated with a constrained fiscal environment. These strategies include the creation of more streamlined processes, better use of technology, staff reductions, and ongoing cost avoidance and cost reduction tactics. Agricorp has significantly restricted its non-payroll related costs and will continue to carefully manage staff vacancies. Efficiencies and cost savings have allowed the agency to stay within its funding allocation while continuing to deliver programs and services that meet the needs of government and industry.

Reducing administrative expenses to match available funding in 2019-20 will require Agricorp to find additional program delivery efficiencies. The agency will continue to adjust its delivery model and resource allocation to make sure that program delivery remains aligned with the funding allocation and delivery needs of government and customers.

The risk remains, however, that continued constrained funding may impact Agricorp's operations, the delivery of programs and the customer service Agricorp provides. Additionally, reduced funding limits Agricorp's flexibility to respond to urgent or unanticipated government and industry needs. To effectively respond to urgent and unanticipated government and industry needs, Agricorp requires lead time to adjust operations in order to limit negative impacts on the delivery of programs and services.

Information technology resources

To deliver programs and services successfully, Agricorp needs to collect, store, process, and provide secure access to customer, financial, and program information. Therefore, Agricorp's IT resources and infrastructure must effectively support the business processes used to deliver programs.

Agricorp's IT infrastructure encompasses a wide range of hardware and software components, including eight program delivery systems ranging from a mainframe to client-server to web-based applications. There are also financial and human resource systems. The agency manages informational and transactional websites for both staff and customers and communication infrastructure (e.g., email, telephony) for the call centre and regular business use. A network of hardware and software infrastructure connects staff at three office locations and regionally located employees across the province.

Technology risks

Renewal of obsolete IT systems

Agricorp's IT systems must support and enable business processes for the effective delivery of programs. Continually maintaining, updating and renewing IT systems mitigates the risk of system failure and avoids escalating costs of deferred system maintenance.

Agricorp's IT Renewal Plan included the successful completion of Common Foundations from 2012 to 2014. This provided Agricorp with modern, foundational common customer and accounting systems. As well, customers now have online access to their program information and can conduct business with Agricorp through a secure website.

Agricorp Insurance Modernization is the next step in IT system renewal. With investment from OMAFRA and AAFC, Agricorp will configure and integrate a new insurance-based administration system and begin implementation in fiscal 2020-21. The new system will replace an obsolete mainframe computer and associated supporting systems. Extensive work was done to ensure that the most appropriate IT solution was selected and that the new business processes it supports enhance delivery of Production Insurance for customers and staff.

As Agricorp configures, integrates and implements a new system to support the delivery of Production Insurance, it will continue to maintain and update its other IT systems. Agricorp has an inventory of systems and risks associated with each aging IT system. This inventory is being used to inform current and future system renewal. The agency continues to engage and collaborate with the Ontario government on options for replacing obsolete IT systems. This will help to keep the programs and the program delivery model relevant to the industry that these programs support.

One of Agricorp's IT systems at greatest risk is the system that supports the Farm Business Registration program. Agricorp, OMAFRA and the accredited farm organizations are reviewing the regulations and delivery model for this program to make it simpler to register a farm business, reduce paperwork and save producers time and money. Once the review is complete, Agricorp will investigate options for replacing the Farm Business Registration IT system.

Agricorp Insurance Modernization

With the support of the Ontario and federal governments and their investment of \$10.4 million, Agricorp is replacing the business processes and IT system used to deliver the Production Insurance program. The insurance-based administrative system, licenced by Guidewire, is being configured and integrated, with implementation beginning in fiscal 2020-21.

To effectively manage the costs of the Agricorp Insurance Modernization initiative, Agricorp has a comprehensive governance, leadership, and project management model in place that includes regular reporting to Agricorp's Board of Directors, OMAFRA and AAFC. The implementation plan for the initiative was reviewed by an independent third party and found to be sound and complete. Prior to beginning the initiative, Agricorp completed a series of pre-requisite work streams including business and technical decisions and staffing plans. Guidewire resources are supporting and working with Agricorp.

As with the configuration and implementation of any new IT system and business processes, there exists the risk that the solution will fall short on delivering all anticipated results. This risk is being managed through the Agricorp Insurance Modernization Steering Committee. This committee provides project governance and ensures project objectives reflect the original business case and are being delivered as expected.

Human resources

Agricorp's success depends on having committed and high-performing employees. The agency continues to create and sustain an environment that attracts, retains, motivates and deploys talented employees who can respond quickly to evolving business needs. These efforts provide Agricorp with the following:

- A professional, knowledgeable and customer-focused workforce that allows Agricorp to respond to changing needs and business opportunities.
- Employees who are accountable for their work and who make timely and prudent decisions to improve operational effectiveness.
- A workforce that executes day-to-day and business objectives effectively, efficiently and with high quality.

Employee numbers

Agricorp is a performance-driven organization with an annual business plan, performance measures and individual performance plans that are reviewed annually with all employees. As of December 31, 2018, Agricorp employed 359 full-time equivalents (FTEs). These are made up of 317 permanent FTEs and 42 contract FTEs to support the cyclical trends of delivering programs. The agency tracks current and approved positions, contracts and seasonal FTEs against current business needs and funding amounts.

Human resource risks

Reduced number of employees

In Q4 of 2013-14 and Q4 of 2015-16, the agency reduced its number of employees to align staffing levels with program and service delivery needs, business priorities and the fiscal constraints of its funding allocation. Initially, the reduced number of employees allowed for savings that were leveraged to improve business processes. More efficient business processes enabled Agricorp to sustain program delivery with a reduced number of employees. To manage with the reduced number of employees, some work was eliminated through changes in work

processes and in how programs were administered. Agricorp also reorganized and streamlined some functions.

In each of the next three fiscal years, Agricorp will strive to achieve cost reductions for the provincial portion of its program administrative budget. This will require careful and prudent management of all expenses including employee costs.

Reduced staffing levels will further limit Agricorp's ability to respond to urgent or unanticipated government and industry needs without negatively impacting the delivery of existing programs and services. However, Agricorp will work to maintain existing customer service levels and processing targets.

Agricorp has a number of single incumbent and technical roles that are critical for operational continuity. The sudden loss of one or more of these roles could significantly impact Agricorp's ability to meet business objectives. To mitigate this risk, the agency has business continuity plans in place for critical roles. Agricorp also provides ongoing training to employees to ensure they have the necessary knowledge and skills for effective and efficient program and service delivery.

Employee compensation

Approximately 80 percent of Agricorp's operating expenses can be attributed to employee costs. Agricorp's compensation strategy is conservative, but it must stay competitive to attract, develop and retain talented people while reflecting the financial prudence appropriate for a public entity. Agricorp's compensation structure is intended to be fiscally prudent, fair and competitive and is anchored to the 50th percentile of the market. The agency's compensation structure is also compliant with the provincial government's expectations for public sector compensation. An annual compensation review combined with compensation adjustments as appropriate, reduces the risk of employee salaries being out of alignment with the 50th percentile.

For 2019-20, compensation for all Agricorp employees will remain at 2018-19 levels to assist with cost reduction objectives. In August 2018, a new *Compensation Framework Regulation* came into effect, suspending any changes to executive compensation while the Ontario government completes a full regulatory review of the program. Agricorp and its Board of Directors will continue to work with OMAFRA to remain in compliance with the requirements under Acts and regulations.

Employee engagement

Having dedicated and focused employees is critical for ensuring employee actions are in the best interest of the business. The overall results from the 2018 employee engagement survey are positive with employees providing high ratings in the areas of working conditions and resources, communications, and their manager. Overall employee satisfaction remains high.

In previous employee engagement surveys, employees gave performance management at Agricorp a low rating. In 2018, Agricorp implemented enhancements to the performance management and assessment process. Although the survey results are now more positive, employees seek continued improvement to performance management processes.

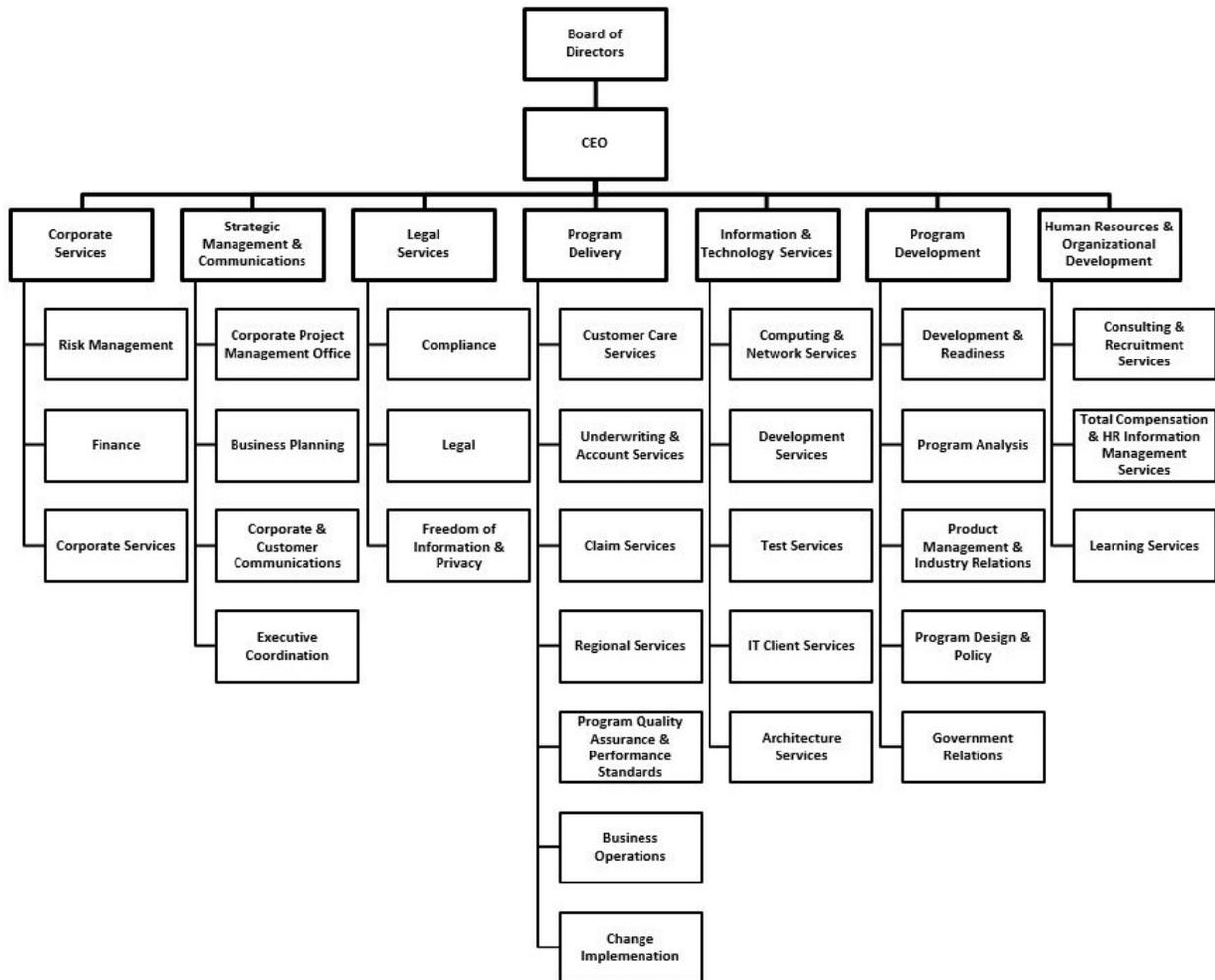
Change management

Agricorp employees have experienced change in the past, and will continue to experience change over the next three years. For example, Agricorp recently introduced new performance review and development processes and a new human resource information system. The agency also began delivering two new programs in 2018 and work is underway to deliver additional programs and services in 2019. The Agricorp Insurance Modernization initiative will bring new business processes and a new IT system to Agricorp.

Initially, for the Agricorp Insurance Modernization initiative, change will be experienced by the team working to configure and integrate new underwriting and claims workflows and capabilities. As implementation takes place in 2020-21, the change will be experienced organization-wide.

The Agricorp Insurance Modernization initiative includes a comprehensive change management component. The change management approach is anchored in readiness, acceptance management, communications, training, and change reinforcement and recognition. This approach will be used to support the Agricorp Insurance Modernization initiative and others, and to build change expertise, capability and readiness for Agricorp going forward.

Agricorp’s organizational structure



Communication of the business plan

Background

By identifying critical issues and priorities, and by establishing goals, performance measures and initiatives, the business plan sets the overall direction for the agency and maps out its future. Based on the business plan, Agricorp develops annual operational plans that segment the strategy into achievable activities and projects for the year. All of the agency's work must tie into the operational plan and, by association, the business plan.

This business plan is informed by the state of the industry, government priorities, relevant policy, the social and environmental context and Agricorp's own measures, such as the customer satisfaction survey and employee engagement survey. The 2019-22 business plan reflects Agricorp's continued focus on improving customer service and delivery efficiency. Operating in an environment of fiscal constraint, Agricorp is transforming program delivery through measured steps over time.

Objectives

- Make sure that Agricorp employees understand the 2019-22 business plan, why these priorities were identified, and how their work contributes to accomplishing the goals.
- Make sure that government and industry understand the 2019-22 business plan and how it aligns with and supports government and industry priorities.
- Demonstrate Agricorp's commitment to transparency and public accountability with government and industry by highlighting the importance of what we do and how we do it through Agricorp's strategic direction.
- Support the successful delivery of key initiatives contained in the 2019-22 business plan.

Key messaging

Agricorp's 2019-22 business plan:

- Sets the overall direction for the organization.
- Directs the priorities in Agricorp's one-year operational plans by segmenting the overarching strategy into achievable activities and projects for the next year.
- Aligns with and supports industry and government priorities for a competitive, productive and sustainable agri-business sector.
- Sets the performance measures and targets against which the Board of Directors evaluates Agricorp's work at the end of the year.

Tactics

- Through regular and ongoing discussions, inform government and industry of Agricorp's 2019-22 business plan and progress made towards realizing its strategic direction.
- Leverage existing internal communication strategies and channels to inform and educate Agricorp employees about the business plan.

Appendix A: Programs and services

Programs

Agricorp delivers programs on behalf of the Ontario government that help Ontario farm businesses manage risk. These programs support and enable an innovative, competitive, productive and sustainable agri-food industry.

Program name	Program description	Length of service	Funding source for claims	Funding source for admin. costs	Program information
Production Insurance	Production Insurance covers yield reductions and production losses caused by adverse weather, disease, wildlife and insect infestation. Plans are available for more than 100 commodities. For most plans, producers receive a payment when an insured peril causes their yield to fall below their guaranteed production.	1997 to present	Production Insurance fund is funded by premiums: <ul style="list-style-type: none"> • Producers pay 40% • Provincial government pays 24% • Federal government pays 36% 	<ul style="list-style-type: none"> • 40% funded by provincial government • 60% funded by federal government 	2018 program year: ¹ <ul style="list-style-type: none"> • 14,000 enrolled, with 5.1 million acres and \$3.4 billion in liability • 8,550 claim payments for \$116.6 million
AgriStability	AgriStability covers large margin declines caused by adverse market conditions, production losses or increased production costs. If a producer's margin falls below 70 per cent of their recent average, AgriStability helps to offset the difference.	2004 to present	<ul style="list-style-type: none"> • Producer fees • Provincial government pays 40% of balance • Federal government pays 60% of balance 	<ul style="list-style-type: none"> • Producer fees • Provincial government pays 40% of balance • Federal government pays 60% of balance 	2017 program year: ¹ <ul style="list-style-type: none"> • 11,500 enrolled • 820 producers received \$23.0 million in payments

¹ As of May 31, 2019

Program name	Program description	Length of service	Funding source for claims	Funding source for admin. costs	Program information
Risk Management Program	RMP: Grains and Oilseeds The grains and oilseeds plan helps producers of grains and oilseeds offset losses caused by low commodity prices and rising production costs. Producers pay premiums based on their insured production and chosen coverage level. Payments are made if the crop's market price falls below the support level.	2007 to present	<ul style="list-style-type: none"> Provincial government 	<ul style="list-style-type: none"> Provincial government 	2017 program year: <ul style="list-style-type: none"> 5,550 enrolled \$33.3 million in pre-harvest and post-harvest payments
	RMP for livestock The livestock plan helps producers of cattle, hogs, sheep and veal offset losses caused by low commodity prices and rising production costs. Producers pay premiums based on their insured production and chosen coverage level. Payments are made if market prices for livestock fall below the support level.	2011 to present	<ul style="list-style-type: none"> Provincial government 	<ul style="list-style-type: none"> Provincial government 	2017 program year: <ul style="list-style-type: none"> 1,800 enrolled \$39.2 million in payments
	SDRM: Edible Horticulture The self-directed risk management (SDRM) plan for edible horticulture covers general farm losses and expenses. Producers of edible horticulture crops can deposit a percentage of their allowable net sales into an SDRM account, and the provincial government contributes to the account.	2004 to 2008 and 2011 to present	<ul style="list-style-type: none"> Producer deposits Provincial government matching funds 	<ul style="list-style-type: none"> Provincial government 	2017 program year: <ul style="list-style-type: none"> 2,050 enrolled \$22.3 million in matching government funds

Program name	Program description	Length of service	Funding source for claims	Funding source for admin. costs	Program information
Farm Business Registration	The Farm Business Registration program requires Ontario producers who gross \$7,000 or more annually to register their farm businesses. By registering, producers may qualify to pay a reduced tax rate on their farmland (e.g., 25 per cent of the municipal residential rate) and are eligible for other government programs, such as the Ontario Wildlife Damage Compensation Program. Registered producers also obtain membership in one of three accredited farm organizations.	2000 to present	N/A	<ul style="list-style-type: none"> • Provincial government • Accredited Farm Organizations 	<ul style="list-style-type: none"> • 44,200 farm businesses registered
Provincial Premises Registry	The Provincial Premises Registry allows Ontario producers to register parcels of land that are associated with agri-food activities, such as crop and livestock production and food processing. The registry enables government 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.	2018 to present	N/A	<ul style="list-style-type: none"> • Provincial government 	<ul style="list-style-type: none"> • There are 50,000 premises registered in the Provincial Premises Registry.
Farm Property Class Tax Rate Program	The Farm Property Class Tax Rate Program allows Ontario farmland owners to apply for a property tax reduction for their farmland. Eligible applicants are taxed at the municipality's residential tax rate for their farm residence and one acre of surrounding land and at a reduced tax rate (e.g., 25 per cent of the residential tax rate) for the remainder of the property assessed as farmland.	Agricorp began delivery in February 2019	N/A	<ul style="list-style-type: none"> • Provincial government 	<ul style="list-style-type: none"> • There are 170,000 eligible farm properties in Ontario.

Program name	Program description	Length of service	Funding source for claims	Funding source for admin. costs	Program information
Grain Financial Protection Program	The Grain Financial Protection Program covers financial losses if licensed dealers and elevators do not meet their payment or storage obligations to Ontario producers of corn, soybeans, canola and wheat. Producers or owners may submit a claim to the Grain Financial Protection Board to cover a portion of their losses.	1997 to present	<ul style="list-style-type: none"> • Four trust funds funded by producer check-off fees 	<ul style="list-style-type: none"> • Elevator and dealer fees • Provincial government • Grain Financial Protection Board 	<ul style="list-style-type: none"> • 275 dealers and 373 elevator operators • \$3.1 billion in grain sales covered by the program.
Beef Cattle Financial Protection Program	The Beef Cattle Financial Protection Program covers financial losses if licensed dealers do not meet their payment obligations to Ontario beef cattle sellers. Cattle sellers may submit a claim to the Livestock Financial Protection Board (LFPB) to cover a portion of their losses. In 2019, this program will be delivered jointly by Agricorp, OMAFRA and LFPB.	Agricorp began delivery in January 2019	<ul style="list-style-type: none"> • Trust fund funded by beef cattle seller check-off fees 	<ul style="list-style-type: none"> • Dealer fees • Provincial government • Livestock Financial Protection Board 	<ul style="list-style-type: none"> • 160 licenced dealers.
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 will run for three years.	2017 to present	<ul style="list-style-type: none"> • Provincial government 	<ul style="list-style-type: none"> • Provincial government 	2018 program year: <ul style="list-style-type: none"> • 25 enrolled, with payments totaling \$0.8 million
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 will run for three years.	2017 to present	<ul style="list-style-type: none"> • Provincial government 	<ul style="list-style-type: none"> • Provincial government 	2018 program year: <ul style="list-style-type: none"> • 41 enrolled, with payments totaling \$1.7 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.	2015 to present	<ul style="list-style-type: none"> • Provincial government 	<ul style="list-style-type: none"> • Provincial government 	2018 program year: <ul style="list-style-type: none"> • 97 enrolled, with payments totaling \$7.5 million

Program name	Program description	Length of service	Funding source for claims	Funding source for admin. costs	Program information
Marketing and Vineyard Improvement Program	The Marketing and Vineyard Improvement Program provides Ontario grape growers with financial support to help with the cost of improvements for the production of wine grapes. Payments are based on improvement expenses.	2015 to present	<ul style="list-style-type: none"> • Provincial government 	<ul style="list-style-type: none"> • Provincial government 	2018 program year: <ul style="list-style-type: none"> • 58 improvement projects enrolled • Projects are eligible for up to \$1.2 million in payments
Edible Horticulture Support Program	The Edible Horticulture Support Program provides financial support to help Ontario producers of edible horticulture products adjust to new and challenging cost pressures in the small business environment. Payments are based on net sales of edible horticulture products.	2018	<ul style="list-style-type: none"> • Provincial government 	<ul style="list-style-type: none"> • Provincial government 	2018 program year: <ul style="list-style-type: none"> • 2,400 enrolled, with payments totalling \$29.5 million.

Services

Agricorp provides services to industry, commodity groups and government to support and enable an innovative, competitive, productive and sustainable agri-food sector. Many of these services support the successful delivery of programs and are of benefit to the industry group, Agricorp and the provincial government. For each service provided, Agricorp has an agreement in place that outlines the roles and responsibilities of both parties.

Service	Agricorp's role	Length of service	Administrative funding source
Data management services	Manage a web-based agricultural data system that supports the information needs of industry and the delivery of business risk management programs. The system captures detailed land and cropping information, such as location, variety, yield and quality from fruit and vegetable producers. Data is collected once and used by Agricorp, producers, and commodity groups that represent producers.	2005 to present	Grape Growers of Ontario Ontario Apple Growers Ontario Tender Fruit Growers
Financial Services and Communication Support	Provide payment management, customer service, communications and reporting services to the Farmer's Risk Management Premium Fund (FRMPF). Producers who participate in RMP plans for grains and oilseeds, and livestock pay premiums held in the FRMPF. The industry-managed fund holds the premiums and can supplement program payments in years when producers need it most.	2014 to present	Farmer's Risk Management Premium Fund
Financial analysis	Analyze the financial statements of Ontario's 51 dairy processing plants and collect data and risk scoring for the Dairy Farmers of Ontario.	2002 to present	Dairy Farmers of Ontario
Secretariat services	Provide governance, secretariat and financial services for the Grain Financial Protection Board.	1999 to present	Grain Financial Protection Board
	Provide governance, secretariat and financial services for the Livestock Financial Protection Board.	Beginning in 2019	Livestock Financial Protection Board
Verification and mapping services	Collect agronomic information, acreage verification, mapping services and compliance for the Alternative Land Use Services program, which compensates producers for removing environmentally sensitive land from agricultural production.	2009 to present	ALUS Canada
	Measure and map ginseng acres on behalf of Ontario Ginseng Growers Association.	2012 to present	Ontario Ginseng Growers Association
	Measure and verify strawberry, raspberry and blueberry acres on behalf of the Berry Growers of Ontario.	2018 to present	Berry Growers of Ontario

Service	Agricorp's role	Length of service	Administrative funding source
Telephony infrastructure services	Provide the use of Agricorp's telephony infrastructure platform to OMAFRA's Agricultural Information Contact Centre.	2019	Provincial government