



2020-21 Annual Report

Table of contents

Introduction	1
Chair's message	5
Governance	6
CEO's message	12
Core programs	14
Other programs.....	25
Services	28
Management discussion and analysis.....	30
2020-21 Performance measures and results.....	43
Management's responsibility for financial reporting	45
Independent auditor's report	46
Financial statements	48
Notes to the financial statements	51

Introduction

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

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

Delivering programs to strengthen farm businesses

The agriculture and agri-food industry is a major economic driver in Ontario. It generates \$47.3 billion¹ in gross domestic product and creates 861,000 jobs, more than 11 per cent of all jobs in the province.² Ontario's agricultural industry continues to adapt and grow. Average farm yields increased by 10 to 20 per cent over the past 10 years. Farmers continue to become more efficient and reach more markets while continuing to manage their individual risk.

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

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

Each year, Agricorp delivers programs in ways that are cost effective, with an emphasis on efficiency, continuous improvement and quality customer service. In 2020-21, the programs delivered by Agricorp provided \$6 billion in coverage and \$320 million in program payments to Ontario farmers.

¹ Ontario Ministry of Agriculture, Food and Rural Affairs [Economic Indicators website](#) – Ontario Gross Domestic Product (GDP) for Agri-Food Sector, 2009-2019 (\$ million), June 4, 2020

² Ontario Ministry of Agriculture, Food and Rural Affairs [Economic Indicators website](#) – Employment in Agri-food Sector, Ontario, 2009-2019, June 5, 2020

Our vision

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

Our mission

We connect producers with programs.

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

Delivery is our strength.

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

Customers are our priority.

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

Our people are the foundation of our success.

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

We are publicly accountable.

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

Our mandate

In October 2019, the Minister of Agriculture, Food and Rural Affairs sent a mandate letter to Agricorp's Board Chair, setting out the Minister's expectations of Agricorp. The expectations for 2020-21 are addressed in Agricorp's annual business plan and reported on below.

Minister's expectations	Agricorp's results
Continue to prioritize providing a high level of front-line services that are in line with national comparators, as applicable, in the programs the agency delivers.	We continue to provide a high level of customer service, achieving a 91 per cent satisfaction score from Ontario farmers in our customer satisfaction survey.
Meet the requirements of the Agencies and Appointments Directive and other applicable directives.	We met obligations and timelines under the Agencies and Appointments Directive, and other applicable directives, demonstrating our commitment to transparency, accountability and fiscal responsibility. For details, see Government directives .
Manage the Agricorp administration budget in line with ministry direction, seeking to find further efficiencies where possible.	We have managed our budget in line with ministry direction, and we are continually seeking efficiencies and cost reductions where possible. For example, creating digital capabilities for Farm Business Registration and reducing our office space.
Support the ministry's efforts as requested in program policy and design, including any changes resulting from federal-provincial-territorial decisions affecting business risk management programs.	We supported the ministry's work on program policy and design for business risk management programs. For example, we implemented a cash reference margin pilot and an interim payment rate of 75 per cent for AgriStability. For details, see Efficient and effective operations .

Minister's expectations	Agricorp's results
<p>Work closely with industry to ensure Production Insurance plans continue to meet their needs, and with the ministry to ensure any Production Insurance plan enhancements are properly prioritized and aligned with government objectives.</p>	<p>We work closely with industry to ensure Production Insurance plans meet their needs, and that the plans are prioritized and aligned with government objectives. For example, a peril for on-farm labour disruption caused by COVID-19 was added, and new coverage levels above 80 per cent were added to fruit plans. For details, see Ready to deliver.</p>
<p>Transition to implementing the new Production Insurance IT system (AIM) as early as possible in 2020-21, support the government's Open for Business objective of reducing burdens for farmers by leveraging government's investment in AIM, and work with the ministry on digital-first initiatives as requested.</p>	<p>We began implementing the new Production Insurance IT system starting with our fall policy in November 2020, and will complete implementation of spring policies in 2021.</p> <p>We continued to support the government's Open for Business objective with initiatives like refreshing Agricorp's Contract of Insurance so it is easier and faster for customers to use. We also implemented a new digital registration service to make it easier for farmers to register their farm business. For details, see Easy to do business with.</p>
<p>In concert with the ministry, work to ensure that any changes to the 2021 Risk Management Program (including transitory changes for the 2020 program) are implemented and delivered to producers effectively.</p>	<p>We worked closely with the ministry to implement changes following the Minister's announcement of increased funding for the Risk Management Program. The changes were implemented efficiently with no additional actions required by farmers. For details, see Easy to do business with.</p>

Chair's message

Here for Ontario farmers

This year brought significant challenges to the agricultural industry. Farmers had to face traditional risks, like uncertain weather and market conditions, but they were also challenged with new risks brought on by COVID-19. As a farmer myself, I know how much we love what we do and how committed we are to producing food for the people of Ontario.

Ontario's agriculture and agri-food sector is a significant contributor to Ontario's economy. It is responsible for one in nine jobs and brings \$47.3 billion to our provincial economy. Farmers are the backbone of this sector, producing the food that fuels our economy and feeds us all.

However, producing food is not without significant risks. Governments understand this and provide support through agricultural risk management programs to ensure the sector is viable and sustainable today and into the future. In Ontario, government and farmers rely on Agricorp to deliver these programs efficiently and effectively. At Agricorp, we are ready to deliver.

As Chair of Agricorp's Board of Directors, I understand what it takes to deliver these programs and the accountability mechanisms in place to oversee their administration.

The programs we deliver help farmers manage the risks they face every day, such as weather, plant disease, insect infestation and fluctuating commodity prices. Having a reliable and stable income enables farmers to stay in business, make investments to improve their operations, and effectively respond to changes in their business environment.

Agricorp is aligned with government priorities, and the programs we deliver are relevant for farmers. I witnessed this first hand this year when Agricorp quickly pivoted their operations to working remotely, all while ensuring they continued to provide efficient and effective service. Overall customer satisfaction, as measured in the customer satisfaction survey, was 91 per cent this year. Two new programs for hog and cattle farmers impacted by processing plant shutdowns were also quickly launched, ensuring farmers received support quickly when they needed it most.

Making it easier for customers to do business with us is one of our strategic goals. It aligns with the Ontario government's priorities of reducing red tape and putting digital first. Over the last year, we completed our initiative to modernize the delivery of Production Insurance and launched our new online system enabling farmers to register their farm businesses online. We are providing improved digital options, fewer mailings, and flexible and adaptive risk management programs.

My work as Chair is a rewarding experience. I am pleased to have the opportunity to work with inspiring and dedicated people in government, in industry and at Agricorp. I wish to thank Minister Hardeman for his dedication and support of agriculture. I also wish to thank the Board of Directors, the Senior Management Team and all the staff at Agricorp for their hard work and dedication during this trying year. I look forward to working with all of you over the coming year as we continue to focus our efforts on supporting a strong and dynamic agriculture and agri-food industry.

Jason Verkaik

Chair

Governance

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

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

Why an agency?

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

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

Reporting structure

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

Memorandum of understanding

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

Ethical standards

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

Code of Ethics, Oath of Office and Oath of Allegiance

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

Government directives

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

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

In 2020-21, Agricorp met the obligations and timelines under the AAD and completed attestation, with a few exceptions noted and each have action plans. We published our memorandum of understanding and quarterly expenses for the Board and Senior Management Team on our website, demonstrating our commitment to transparency and accountability.

Board responsibilities

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

Board committees

Two Board committees provide oversight and advice to the Board.

The Finance and Audit Committee:

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

The Governance and Human Resources Committee:

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

Board of Directors

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

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

Appointees receive per diem remuneration, based on their role, as outlined in the Agencies and Appointments Directive. In 2020-21, Agricorp's Board of Directors consisted of the following members:

Jason Verkaik, Chair

(York Region)

Term: March 21, 2019 – March 20, 2022

2020-21 Remuneration: \$Nil

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

Dan Veldman, Vice-chair

(Oxford County)

Term: January 31, 2019 – July 15, 2023

2020-21 Remuneration: \$1,512.00

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

Josh Boersen

(Perth County)

Term: April 11, 2019 – February 25, 2021

2020-21 Remuneration: \$1,596.00

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

John Core

(Guelph)

Term: October 22, 2014 – October 21, 2023

2020-21 Remuneration: \$1,092.00

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

John Kikkert

(Niagara Region)

Term: February 28, 2019 – February 27, 2022

2020-21 Remuneration: \$Nil

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

Patricia Lorenz, MBA, CA, CPA, DVM

(Toronto)

Term: August 7, 2013 – September 20, 2021

2020-21 Remuneration: \$2,044.56

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

Derek Mendez

(Perth County)

Term: December 31, 2018 – December 30, 2021

2020-21 Remuneration: \$Nil

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

Dominic Morrissey

(Uxbridge)

Term: July 31, 2019 – July 10, 2022

2020-21 Remuneration: \$369.60

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

Robert Pasuta

(Regional Municipality of Hamilton-Wentworth)

Term: April 11, 2019 – April 10, 2022

2020-21 Remuneration: \$Nil

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

Greg Vanden Bosch

(Dundas County)

Term: March 22, 2017 – March 21, 2022

2020-21 Remuneration: \$378.00

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

Joanne Vanderheyden

(Strathroy-Caradoc)

Term: April 9, 2020 – April 8, 2022

2020-21 Remuneration: \$701.40

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

CEO's message

Supporting Ontario farmers in a challenging year

Many Ontario farmers will remember 2020 as an exceptionally challenging year. It was an unprecedented time that included the closure of the Canada-USA border for the first time ever and considerable fluctuations in commodity prices that ranged from extreme lows in the spring to highs in the fall.

Farmers are no strangers to risk. Normally these risks include challenging weather, disease, insect infestation and fluctuating market prices. Farmers know they must be ready with a solid risk management plan for their farm operation. This year presented unique challenges that included all of the traditional risks plus the new risks related to COVID-19. Agricorp's role is to deliver reliable and relevant risk management programs on behalf of provincial and federal governments that help farmers deal with the challenges they face. We were ready to deliver during this unique and challenging year.

When the horticultural industry faced the realization that temporary workers may not be available to assist with planting and harvesting, Agricorp worked with our government partners to add enhancements to the Production Insurance program, including a peril for labour disruption.

Adjustments were also made to the AgriStability program, increasing interim payments from 50 per cent to 75 per cent of the estimated final payment. This increase in interim payments meant customers had in-year access to funds when they needed support.

Throughout the pandemic, Agricorp continued to work with farmers. We implemented our contingency plan quickly to ensure our staff could remain safe while working remotely. We ensured our call centre remained operational and payment processing continued seamlessly.

We extended the deadlines or time periods for every program we deliver. These extensions meant farmers had the time to assess their program coverage needs and make sound business decisions. We also communicated regularly with our customers by phone, email, website updates, and print communication.

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

As we deliver the programs that farmers need today, we are also looking ahead to improve program efficiency and effectiveness. In 2020-21, we implemented our new Production Insurance system and launched a new online registration system for Farm Business Registration. The benefits of this work will be evident over the coming years as we continue to implement changes that will make it easier for farmers to do business with us.

All of this work is accomplished through strong governance and solid management. I would like to thank our Chair, Jason Verkaik, for his strategic leadership and sound advice. Thanks also to our colleagues at OMAFRA for their continued partnership and commitment to support a strong and dynamic agri-food industry.

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

Doug LaRose

Chief Executive Officer

Core programs

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

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

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

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

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

Different programs cover different risks

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

Program summary at a glance

Program	Participation	Payments	Risks covered and benefits
AgriStability	<ul style="list-style-type: none"> • 10,000 • \$2.0 billion in reference margin 	\$66.9 million in 2020-21 (for multiple program years)	Unexpected large income declines <ul style="list-style-type: none"> • Protects eligible farm income as a whole instead of one commodity at a time • Affordable (\$315 for every \$100,000 of reference margin)
Production Insurance	<ul style="list-style-type: none"> • 14,100 • \$3.9 billion in liability 	\$129.4 million in 2020-21 (for multiple program years)	Low yields and production loss caused by insured perils <ul style="list-style-type: none"> • Coverage based on a guaranteed level of production • Choice of coverages for more than 100 commodities
Risk Management Program	<ul style="list-style-type: none"> • Grains and Oilseeds – 6,000 • Livestock – 1,800 • SDRM – 1,800 	\$145 million in 2020-21 (for multiple program years)	Fluctuating commodity prices and general farm losses or expenses <ul style="list-style-type: none"> • Covers losses caused by fluctuating commodity prices and production costs • Includes sector-specific plans for cattle, hogs, sheep, veal, grains and oilseeds, and edible horticulture

AgriStability

AgriStability covers large declines in income caused by adverse market conditions, production losses or increased production costs. If a farmer's margin falls below 70 per cent of their recent average, AgriStability helps to offset the difference. AgriStability is funded by federal and provincial governments and by producer fees. AgriStability claims are typically processed in the following calendar year after the tax year ends. In the 2020-21 fiscal year, Agricorp mainly processed AgriStability files for the 2019 program year and interim payments for the 2020 program year.

AgriStability highlights

2020 was an unprecedented year, and to help farmers manage the impact of market disruptions and production challenges, the government extended the deadline to enrol in 2020 AgriStability from April 30 to July 3, 2020. An additional 350 farmers took advantage of the extended enrolment deadline. Farmers who experienced financial distress could apply for interim payments following completion of six months of their fiscal year. For the 2020 program year, the interim payment rate was increased from 50 per cent to 75 per cent of a farmer's final payment. Close to 100 farmers applied for interim payments, and \$18.3 million in payments were advanced.

To ensure farmers received 2019 AgriStability payments when they needed them, Agricorp optimized resources and prioritized payments by processing payment files before nonpayment files.

Fruit and vegetable growers, greenhouse growers and livestock producers experienced declines due to lower market returns. Fruit and vegetable growers triggered \$13.3 million in AgriStability payments. This was the largest share of AgriStability payments for 2019.

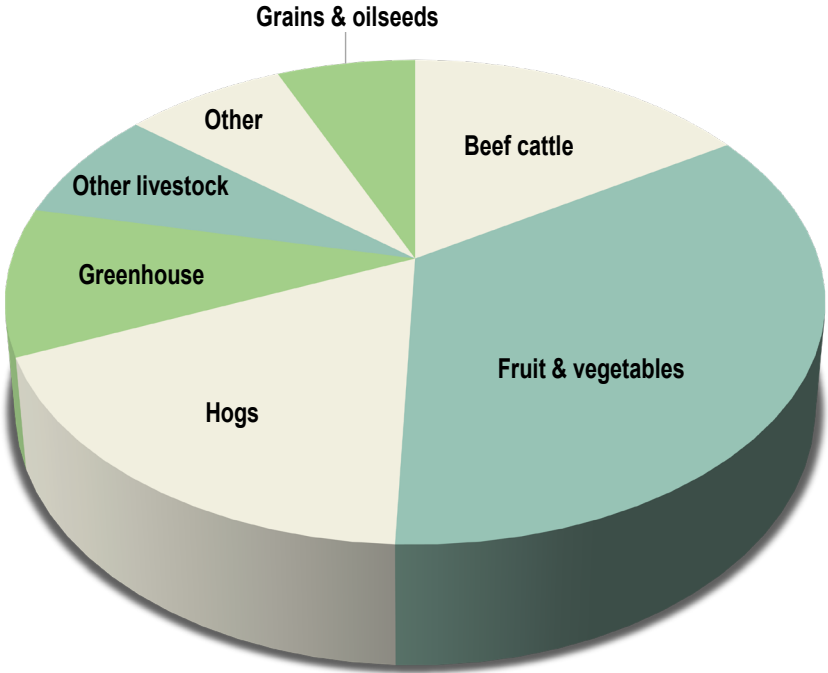
AgriStability by the numbers

- **10,000** participants in the 2019 program year
- **\$2.0 billion** in reference margin (farming income less expenses)
- **\$38.5 million** in 2019 program payments
- **\$18.3 million** in 2020 interim payments for farmers in financial distress
- **75 per cent** of customers are satisfied or very satisfied with the delivery of AgriStability
- **66 per cent** of customers agree that AgriStability stabilizes farm income

2019 AgriStability payments by sector

Sector	Payments (millions)
Fruit & vegetables	\$13.3
Hogs	\$6.9
Beef cattle	\$6.2
Greenhouse	\$3.8
Other livestock	\$2.9
Other	\$2.9
Grains & oilseeds	\$2.5
Total	\$38.5

2019 AgriStability Payments by Sector



Production Insurance

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

Production Insurance highlights

The 2020 crop year was generally a good year, with farmers getting the majority of their crops planted in favourable conditions. While there were some areas that needed to reseed their crops, in comparison to 2019, this year followed a more normal pattern. The majority of reseed claims were for soybeans (\$6.9 million), winter wheat (\$5.3 million) and corn (\$2.6 million). We paid \$16.7 million in reseed claims and \$0.6 million in unseeded acreage benefits this year. This is significantly less than in 2019, which saw \$31.1 million in reseed claims and \$67.3 million in unseeded acreage benefits paid.

The number of acres insured this year was higher, at 5.3 million. This is an increase over 2019, where 5 million acres were insured, and an increase over the previous five-year average of 5.1 million.

Winter wheat yields were slightly above average, except in parts of eastern Ontario, which had dry conditions early in the summer, and in northern Ontario, which had wet conditions during harvest. Corn and soybean yields were average this year. However, parts of eastern Ontario, Niagara Region and Haldimand, Norfolk and Brant counties had lower yields due to a lack of rainfall.

A lack of rainfall in the summer negatively affected the forage crop and resulted in payments of \$6.6 million to customers enrolled in the insufficient rainfall option of the Forage Rainfall plan. Most crops were able to rebound from the lack of rain seen earlier in the year.

Fruit crops saw some frost damage in the spring, and later dry weather resulted in smaller fruit. Tobacco crops also saw frost damage in September. The majority of grain and oilseed crops were mature and frost had minimal impact. Weather conditions continued to be favourable throughout the fall, and the majority of farmers were able to complete their harvest by December.

For 2020, claims were significantly lower than our exceptional year of 2019 and were in line with premiums collected.

Ensuring the sustainability of the Production Insurance program

Production Insurance compensates insured customers for production losses through claim payments from the Production Insurance Fund. Agricorp has a comprehensive risk management strategy to manage the fund and the financial risk of the Production Insurance program. This strategy includes an actuarially certified premium rate setting methodology that is approved by Agriculture and Agri-Food Canada, solid underwriting methodologies and claim processes, and a risk-based reinsurance strategy.

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

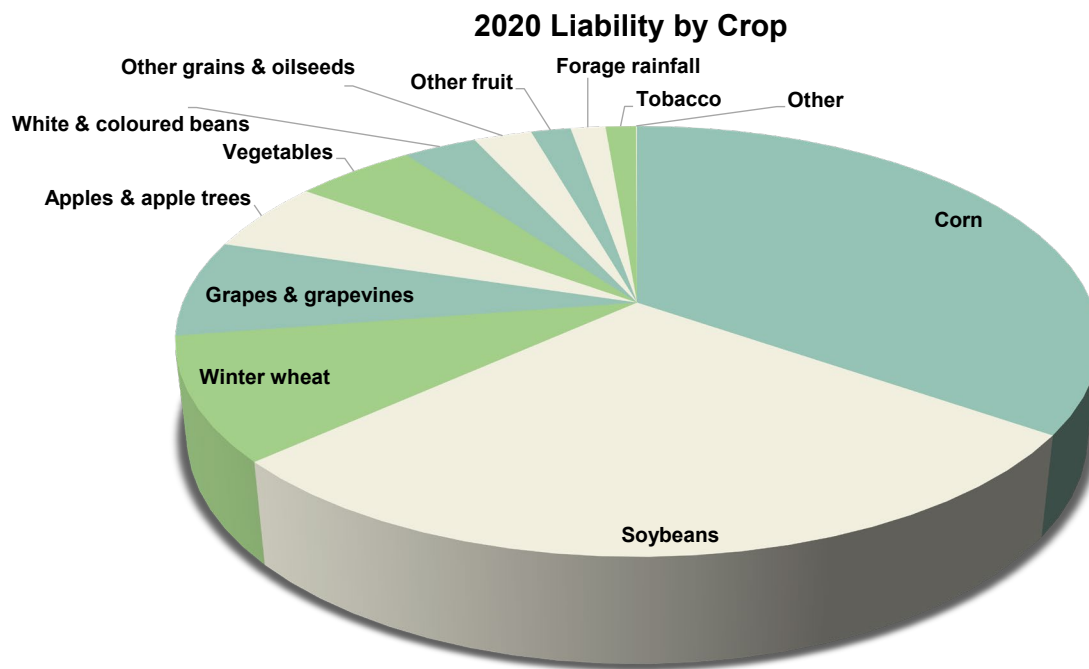
We started with \$809.9 million in the Production Insurance Fund on March 31, 2020. The fund balance plus reinsurance and premiums paid in 2020 covered liability of \$3.9 billion. On March 31, 2021, the Production Insurance Fund was \$831.5 million. Agricorp targets a fund balance of 14 per cent of liability. Since the fund balance exceeded our target reserve, customers and governments received the added benefit of a 21.5 per cent reduction in premiums for 2020.

Production Insurance by the numbers

- **14,100** participants in the 2020 program
- **5.3 million** acres and **\$3.9 billion** in liability
- **\$118.5 million** in total claims for the 2020 program year, including:
 - **\$86.4 million** for production claims
 - **\$0.6 million** for unseeded acreage claims
 - **\$16.7 million** for reseed claims
 - **\$14.8 million** for other claims
- **94 per cent** of customers are satisfied or very satisfied with the delivery of Production Insurance
- **89 per cent** of customers agree that Production Insurance stabilizes farm income

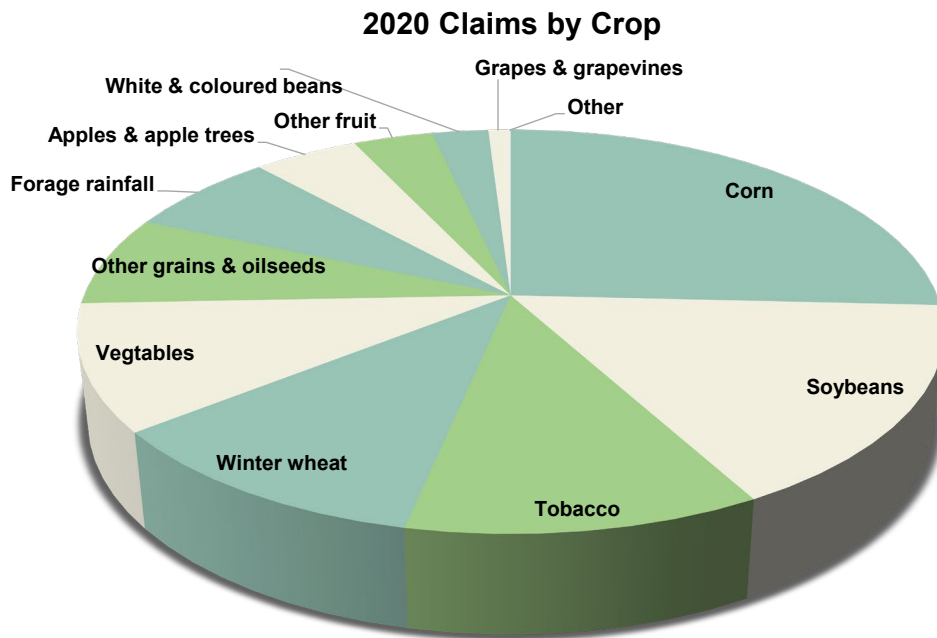
2020 Production Insurance liability by crop

Crop	Liability (million)
Corn	\$1,359.9
Soybeans	\$1,120.1
Winter wheat	\$363.3
Grapes & grapevines	\$285.5
Apples & apple trees	\$208.1
Vegetables	\$197.2
White & coloured beans	\$119.9
Other grains & oilseeds	\$94.9
Other fruit	\$65.0
Forage rainfall	\$56.8
Tobacco	\$49.7
Other	\$1.7
Total	\$3,922.1



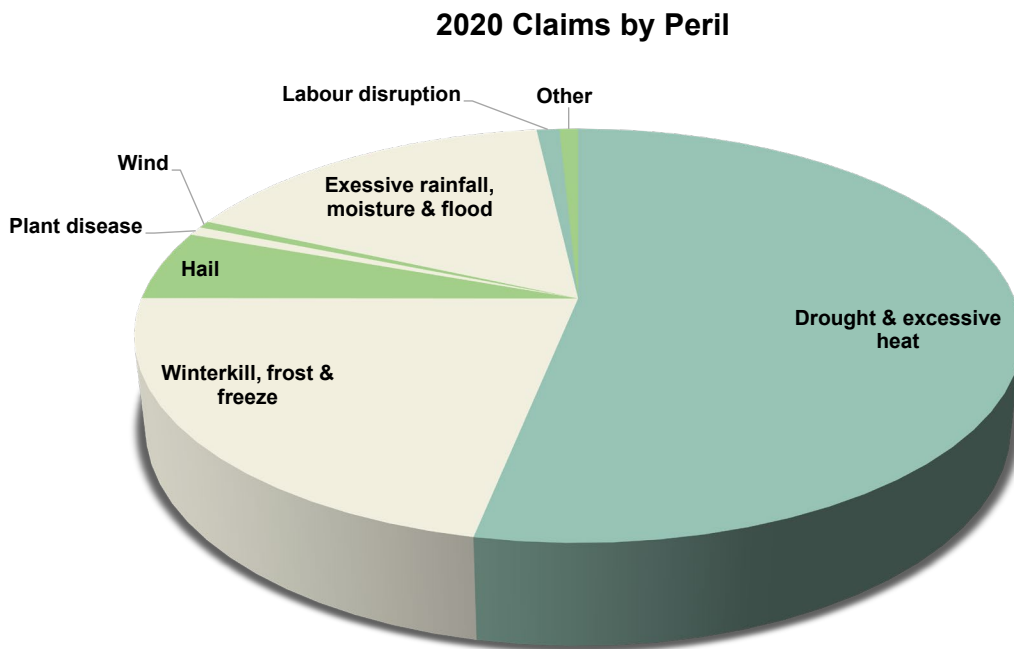
2020 Production Insurance claims by crop

Crop	Claim amount (million)
Corn	\$30.5
Soybeans	\$19.3
Tobacco	\$13.3
Winter wheat	\$13.0
Vegetables	\$11.9
Other grains & oilseeds	\$8.6
Forage rainfall	\$8.0
Apples & apple trees	\$5.5
Other fruit	\$4.2
White & coloured beans	\$3.0
Grapes & grapevines	\$1.1
Other	\$0.1
Total	\$118.5



2020 Production Insurance claims by peril

Peril	Claim amount (million)
Drought, excessive heat	\$63.0
Winterkill, frost & freeze	\$25.9
Excessive rainfall, moisture, flood	\$19.5
Hail	\$6.5
Labour disruption	\$1.2
Other	\$1.0
Plant disease	\$0.8
Wind	\$0.6
Total	\$118.5



Risk Management Program

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

RMP is funded solely by the Ontario government. In 2020, funding for the program increased from \$100 million to \$150 million. Funding covers both program payments and administrative costs. Agricorp works hard to keep administrative costs down so more funds are available for payments to farmers. RMP premiums paid by farmers for grains and oilseeds and livestock coverage are sent to OMAFRA and then transferred to the Farmer's Risk Management Premium Fund, which is overseen by the commodity organizations. This fund is used to provide additional financial support when needed. For more information, see the [Farmer's Risk Management Premium Fund](#) section.

RMP highlights

In 2020, market prices continued to be volatile, resulting in RMP payments for some commodities. Low commodity prices for grain and oilseed crops triggered pre-harvest payments for grain and oilseed farmers. Any post-harvest payments will be issued in the spring of 2021.

RMP by the numbers

- **9,600** endorsements in 2020
- **\$145.0 million** in program payments paid in 2020-21 under all six plans (covers multiple program years):
 - **\$57.3 million** in livestock payments
 - **\$57.4 million** in grains and oilseeds payments
 - **\$30.3 million** in government funds deposited into SDRM accounts
- **84 per cent** of customers are satisfied or very satisfied with the delivery of RMP
- **77 per cent** of customers agree that RMP stabilizes farm income

Appeals processes

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

AgriStability and RMP

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

Agricorp processes close to 20,000 AgriStability and RMP files each year. In 2020-21, Agricorp received 3 customer requests for a BRMRC review.

Production Insurance

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

For the 2020-21 crop year, Agricorp underwrote 14,100 customers, processed more than 8,000 claims, and had 1 appeal.

Other programs

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

Farm Business Registration

Under the Farm Business Registration (FBR) program, Ontario farmers who gross \$7,000 or more in farm income annually are required to register their farm businesses. By registering, farm businesses are eligible for other government programs, such as the Farm Property Class Tax Rate Program and the Ontario Wildlife Damage Compensation Program. Registered farm businesses can also obtain membership in one of three accredited farm organizations (AFOs): the Christian Farmers Federation of Ontario, the National Farmers Union – Ontario, or the Ontario Federation of Agriculture. Agricorp delivers FBR on behalf of OMAFRA. The AFOs took over funding the program in January 2020.

In 2020, 44,200 farm businesses registered.

Farm Property Class Tax Rate Program

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

Agricorp started delivering the Farm Property Class Tax Rate Program in February 2019. The eligibility of farmland properties is determined on an annual basis. For the 2021 tax year, 169,000 properties were eligible for the program.

Provincial Premises Registry

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

As of March 31, 2021, there were 53,000 registrations.

Grain Financial Protection Program

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

In 2020-21, Agricorp licensed 243 dealers and 359 elevator operators in Ontario. The program covered \$3.0 billion in grain sales.

Beef Cattle Financial Protection Program

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

The delivery of the licensing services and remittance of fees transitioned from Beef Inc. to Agricorp in January 2019. In 2020-21, there were 136 licences issued.

Marketing and Vineyard Improvement Program

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

In 2020, the program supported 67 improvement projects, totalling \$800,000.

Vintners Quality Alliance Wine Support Program

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

In 2020-21, Agricorp issued program payments of \$7.5 million to 71 Ontario wineries.

Small Cidery Program

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

In 2020-21, Agricorp issued program payments of \$1.8 million to 69 cideries.

Small Distillery Program

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

In 2020-21, Agricorp issued program payments of \$800,000 to 37 distilleries.

Canada-Ontario COVID-19 2020 Hog Maintenance Feed Initiative

The Canada-Ontario COVID-19 2020 Hog Maintenance Feed Initiative helps eligible farmers cover the increased cost of feeding market-ready hogs that were held back due to a reduction in processing capacity at an affected processor. The initiative is an AgriRecovery program that is funded by the federal and provincial governments.

In 2020-21, Agricorp issued program payments of \$1.2 million.

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

The Canada-Ontario COVID-19 AgriRecovery Beef Emergency Feed Maintenance Initiative helps eligible farmers cover the increased cost of feeding and setting aside market-ready cattle due to COVID-19 processing delays. The initiative is an AgriRecovery program that is funded by the federal and provincial governments.

In 2020-21, Agricorp issued program payments of \$1.4 million.

Services

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

Data management services

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

Financial, secretariat and other services

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

Farmer's Risk Management Premium Fund

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

In 2020-21, Agricorn processed 6,500 payments, totaling \$26.1 million for the 2019 program year. At the request of hog producers, 450 interim payments totaling \$5.3 million were advanced for the 2020 program year.

Grain Financial Protection Board

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

Livestock Financial Protection Board

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

Dairy Farmers of Ontario

Under contract with the Dairy Farmers of Ontario, Agricorp helps protect the financial interests of milk farmers by analyzing the quarterly and annual financial statements of 55 dairy processors that own 75 processing plants in Ontario. Dairy processors purchase \$2.4 billion worth of milk from Ontario farmers annually.

Verification and mapping services

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

We provide mapping and verification services to ALUS Canada for the Ontario Alternative Land Use Services program, which compensates farmers for removing environmentally sensitive land from agricultural production. In 2020-21, we validated 39 projects.

We also measure, map and provide acreage information for newly planted first year ginseng gardens. The mapping helps support agricultural research, understanding and innovation. In 2020-21, we mapped 308 gardens with 2,400 acres.

In 2018, we extended our verification services to the Berry Growers of Ontario (BGO). Under this agreement, we verify strawberries, blueberries and raspberries acres. This information is used by the BGO to collect fees, gain market intelligence to develop strategic marketing plans, and identify research and development opportunities. In 2020-21, we verified 260 acres for 21 growers.

Management discussion and analysis

Agriculture was not immune to the sudden disruption of COVID-19. Overnight, businesses were suddenly challenged with operating in a new environment. While many businesses were forced to be shuttered, the daily work of the agricultural community continued. Crops needed to be planted and animals needed to be looked after despite the disruptions of COVID-19, and farmers rose to the challenges presented.

The agricultural community faced many challenges, from sudden disruptions in their work force due to travel restrictions, border closures and the need for seasonal workers to self-isolate upon arrival to Canada, to shifts in demands for the products they produce. Closed restaurants led to a decreased demand for eggs and milk, and the greenhouse sector suddenly found themselves with no market for horticulture flower crops, as people stayed home in the early days of the pandemic.

Consumers felt a sense of urgency and rushed to grocery stores, leaving shelves temporarily empty. However, the agricultural community kept doing what it does best – producing high-quality food – and within a short time period, shelves were fully stocked again. Some meat packing plants were forced to close due to illness in their workforce, and farmers had to keep livestock longer than planned. However, farmers continued to produce a steady supply of food for Ontarians.

Through these challenges, Agricorp continued to be available and ready to support farmers, delivering programs and services that assisted the agri-food industry. We worked closely with provincial and federal governments to support the needs of farmers. Program deadlines were extended, new programs were launched, resources were shifted to assist with increased customer calls, and file processing was reprioritized to ensure timely issuing of payments. All of these measures were aimed at ensuring that farmers received prompt customer service and support when they needed it most.

2020-21 was a year where we implemented our business continuity plan. Good planning allowed us to have our employees work effectively remotely, while continuing to provide quality customer service to the farmers of Ontario.

Strong business planning

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

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

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

Our planning includes contingency plans that enable us to effectively deliver programs and services when unusual circumstances arise. This year, Agricorp reassigned staff to help process AgriStability interim applications and to launch two new programs. We continued to ensure resources were in place to manage high call volumes for when customers called to discuss their coverage options for business risk management programs. Our business continuity plan was implemented in March 2020, and staff began working remotely. Throughout the year, our continuity plan ensured that staff were available to support the agri-food industry.

Financial analysis for 2020-21

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

As shown, our overall administrative expenses were under budget by \$3.6 million. Actual expenses for delivering AgriStability were under budget by \$1.2 million, as a result of operational changes to respond to COVID-19 and to allow us to focus on other government priorities. One project that was budgeted for the year was deferred to a future period as new non-recurring programs and operational priorities took precedence, resulting in “other non-recurring programs” ending under budget by \$2.0 million in the fiscal year.

Actual spending versus budget – variance table			
(in thousands of dollars cash basis)			
Administrative expenses by program	Actual	Budget	Variance under (over)
AgriStability	8,819	10,036	1,217
Production Insurance	21,807	21,607	-200
Risk Management Program	4,334	4,900	566
Other recurring programs and services	3,585	3,618	33
Other non-recurring programs	1,006	2,982	1,976
Total expenses	\$39,551	\$43,143	\$3,592
Administrative expenses funding			
Federal funding	18,376	18,985	609
Ontario funding	19,657	22,658	3,001
Other fee revenue	1,518	1,500	(18)
Total funding	\$39,551	\$43,143	\$3,592
Funding surplus (deficit)	0	0	0

2020-23 Business plan

Agricorp's 2020-23 business plan focuses on three goals:

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

In 2020-21, Agricorp made steady progress on all three goals through work on strategic initiatives, including the following:

- Completed configuration of a commercial off-the-shelf IT system for Production Insurance
- Implemented new Production Insurance business processes
- Completed work to make the Farm Business Registration program easier for farmers to register and pay and more cost effective to administer
- Streamlined Production Insurance reporting for customers
- Enhanced our online presence to make it easier for customers to complete transactions and find the information they need
- Implemented product enhancements to meet farmers' changing need for risk management programs
- Launched and delivered two initiatives under the AgriRecovery program for hog and cattle farmers

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

Efficient and effective operations

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

Responding to customers in need

One of our goals is to provide customers with timely, quality service when they need it. To do this, we need to be ready to support our customers when they need it most.

This year the interim payment rate for the 2020 AgriStability program year was increased from 50 per cent to 75 per cent of the estimated final payment. This allowed farmers to access payments when they needed it most, rather than having to wait until their year end was completed.

We continued to prioritize the processing of payment files in all programs to ensure that farmers had quick access to funds when they needed it most.

Highlights: 2020-21

This year, over 540 new applications were received for the 2020 AgriStability program year.

We saw a significant increase in the number of interim application submissions, with 93 interim AgriStability applications that generated \$18.3 million in payments. The previous year we received 30 applications that generated \$3.1 million in interim payments.

We continued to focus on processing payments for customers this year, and \$119 million in Production Insurance claims were issued.

We exceeded our performance target of paying 90 per cent of Production Insurance claims within 60 days.

COVID-19 changes the way we work

In March 2020, Ontario declared a state of emergency and we implemented our business continuity plan by transitioning employees to work remotely. We continued to provide seamless service to our customers, answering calls remotely.

We continued to leverage our business continuity plan, encouraging customers to use electronic channels where possible to contact us and to make and receive payments from us. A strong and flexible workforce allowed us to continue operations.

Highlights: 2020-21

Our call centre continued to operate during the transition to working remotely. Close to 120,000 calls were taken by staff this year.

Email communication with our customers increased significantly this year. We received over 43,000 emails. This represented an 86 per cent increase in the number of emails received this year.

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

Enhancing delivery of Production Insurance

We continually look for operational improvements by streamlining or automating processes, reducing paperwork, and enhancing our systems. After several years of planning, development and rigorous testing, Agricorp implemented a new system, training, customer documents, and a refreshed Contract of Insurance to modernize Production Insurance delivery.

Fall policy renewals for the 2021 program year marked the introduction of internal process improvements, an underwriting and claims system, and enhanced customer documents, all designed to generate internal efficiencies and improvements for our customers. Fruit policy renewals and finally spring policy renewals for the 2021 program year completed our transition to this industry-leading platform. The new system provides additional business capabilities and flexibility to enhance Production Insurance going forward. This initiative aligns with our strategic goal to have efficient and effective operations, and farmers will see many improvements designed to make it easier to do business with us.

Highlights: 2020-21

The renewal notice was refreshed to make it easier for farmers to find the important information they need to renew their coverage, requiring less paper (on average 10 pages shorter) and less mail (policies were bundled by fall, fruit and spring commodities).

2021 program year renewals were all generated from the new Production Insurance system.

We refreshed the Contract of Insurance using plain language – it's 45 pages shorter, easier to read, and made available digitally on our website. The terms and conditions of the coverages have not changed.

Starting November 2020, employees supported customers using a new Production Insurance system and customer documents and the refreshed Contract of Insurance for 2021 policies.

Everything farmers need to know about their policy is on agricorp.com.

The new system is faster and provides more flexibility to support future Production Insurance enhancements.

We continue to optimize resources

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

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

Highlights: 2020-21

Delivering closely related programs like Farm Business Registration, the Provincial Premises Registry and the Farm Property Class Tax Rate Program will enable effective and efficient delivery by using common business processes and the same technology platform.

Agricorp is implementing Guidewire, an insurance-based administrative IT system built on insurance best practices. Time to market for Production Insurance coverage enhancements and coverage for new commodities will be reduced. Standard workflows will improve the customer experience.

This year we committed to reducing our footprint for our physical offices, reducing our overall lease costs.

We moved to an online system for employees to submit expense claims, and the majority of our expenses are now processed electronically.

Improving from recommendations

Agricorp engages with external parties to review and recommend improvements for business processes and practices across the organization.

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

Engaged employees

Highly engaged employees are linked directly to improved customer satisfaction, employee productivity and low employee turnover. Throughout this unprecedented year, it was evident how engaged and resilient Agricorp employees are. Employees managed through significant change to quickly transition to working remotely. Strong customer service results and momentum on large-scale improvement initiatives continued as employees adjusted to new working norms. Agricorp conducted an employee engagement survey in January 2021 and the results clearly demonstrated a highly engaged team. The following represents a snapshot of the results from this employee survey:

Highlights: 2020-21

86 per cent of Agricorp employees participated in the engagement survey in January 2021, the highest response rate in seven years.

83 per cent of employees are highly engaged and have a positive perception of the organization.

92 per cent had a very positive reaction to the communications and actions taken by Agricorp in response to the pandemic.

83 per cent expressed they are receiving the coaching and training they need to do their job effectively.

Easy to do business with

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

New online services to register farm businesses

Agricorp worked closely with OMAFRA and accredited farm organizations to make it easier for farmers to register their farm businesses. The online registration process was redesigned and launched in January 2021. When farmers register their farm businesses online, they can easily select an accredited farm organization, pay their registration with a credit card, receive proof of registration and update their farm information online.

Highlights: 2020-21

21,000 customers received emails about the launch from Agricorp.

45,000 customers received mailed or emailed invoices and program information.

Our first-year goal of 7,500 customers registered through our new online service was achieved.

No additional steps required to access additional funding

In July 2020, the Ontario government increased the available funding for the RMP program from \$100 million to \$150 million, to assist farmers facing financial challenges due to COVID-19. Agricorp adapted its processes and payments so that no additional actions were required for farmers to access this additional funding.

Highlights: 2020-21

This year, an additional 820 farmers enrolled in RMP for the 2020 program year.

Over \$31.5 million in pre-harvest payments were issued to grains and oilseeds farmers in 2020.

Over \$57.3 million in payments were issued to livestock farmers.

When surveyed, over 84 per cent of customers responded that they were either satisfied or very satisfied with the delivery of the RMP program.

Convenient customer service options

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

It's important that our customers get the information they need, when they need it, but not everyone wants their information the same way.

Highlights: 2020-21

For the 2020 crop year, 30 per cent of customers submitted their acreage reporting online, with the remainder contacting our call centre by email or phone.

72 per cent of AgriStability forms were received online, and the remainder by paper.

Three times more customers than the previous year signed up for direct deposit, but the cheque option continues to be available to all customers.

The majority of customers pay fees and premiums through their financial institutions, but there are many options available to customers, including paying by cheque.

Program information is shared in many ways, including mail, email and the agricorp.com website.

Keeping in touch with our customers

We continued to stay connected with both our industry partners and our farmers; however, how we did this changed based on the unusual year we had. Virtual meetings replaced face-to-face meetings with customers on the farm or with industry partners in boardrooms. Agricorp continued to leverage our website (agricorp.com) and online reporting tools for communication with customers. We posted the latest news on programs and enrolment details on agricorp.com under the banner “Updates on Agricorp’s response to COVID-19.” Program coverage and program changes were communicated directly to customers via email messaging, news stories and updated program content on our website. We also used our regular monthly ad in the Ontario Farmer to reach customers.

Highlights: 2020-21

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

40 news items were posted on agricorp.com.

We attended 120 virtual stakeholder meetings.

Ready to deliver

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

Ready to support hog and cattle farmers

Agricorp is a trusted agency delivering agricultural programs. Delivering similar and related programs allows us to leverage administrative efficiencies. This year, both hog and cattle farmers faced challenges when processing plants shut down due to COVID-19 outbreaks. The temporary reduction in processing capacity meant farmers would continue to feed market-ready livestock on the farm for an additional period of time, increasing their costs. To help, two new AgriRecovery initiatives were launched. In November, the Canada-Ontario COVID-19 2020 Hog Maintenance Feed Initiative was introduced to assist hog farmers. In December, beef farmers could apply for access to funding through the Canada-Ontario COVID-19 AgriRecovery Beef Emergency Feed Maintenance Initiative.

Highlights: 2020-21

We collaborated with OMAFRA and commodity groups to develop and implement two AgriRecovery initiatives, which provide financial support to beef and hog farmers.

A quick launch provided assurance that support was available during this unique time.

Over 80 applications were received from hog farmers, with \$1.2 million in payments issued.

Applications were processed for 125 cattle farmers, with \$1.4 million in payments issued.

Supporting Canadian Agricultural Partnership changes

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

Agricorp supported the governments of Canada and Ontario to introduce a number of enhancements to benefit farmers under both the Production Insurance and AgriStability programs, which are covered by *Canadian Agricultural Partnership*.

Changes were also made to include the Marketing and Vineyard Improvement Program under the *Canadian Agricultural Partnership*. Agricorp worked closely with the provincial and federal governments to implement changes to the program, and to support the joint funding by provincial and federal governments. Changes were managed in time to deliver the 2020 program.

Highlights: 2020-21

Several Production Insurance changes were implemented, including new production loss coverage for on-farm labour disruptions due to COVID 19, new coverage levels, waiving of premium deposits, and deadline extensions.

A cash reference margin pilot for the AgriStability program attracted 33 participants. The goal of the pilot was to reduce the amount of information farmers need to provide by aligning their reference margin with their tax filing method.

Ministers approved AgriStability program changes to increase the potential for AgriStability payments. Private insurance indemnity payments were excluded from calculating a participant's program year margin.

In March 2021, Ministers agreed to remove the reference margin limit for AgriStability. Removal of the reference margin limit, effective for the 2020 program year, increases the level of support for farms with lower allowable expenses.

The 2020 Marketing and Vineyard Improvement Program saw 67 eligible projects and over \$800,000 in payments made.

Working with government to support industry enhancements

Agricorp collaborated with OMAFRA and AAFC to support farmers through these challenging times by extending deadlines to enrol in Production Insurance and pay premiums. The additional flexibility ensured that farmers would continue to have coverage in place while allowing them additional time to make business decisions and assess their program coverage needs.

This year, a new peril was added for most of the commodities covered by the Production Insurance program, to cover on-farm labour disruptions due to COVID-19. Customers were automatically eligible for the coverage without having to sign up.

Premium deposits for fruit Production Insurance customers were also waived for the 2021 program year, and additional coverage levels were added. This allowed growers more time to make informed decisions on insurance coverage.

Highlights: 2020-21

Over 50 damage reports and \$1.2 million in claims were paid for the on-farm labour disruption peril, assisting farmers who were dealing with the impacts of disruption to their labour force as a result of COVID-19.

Agricorp worked with our government partners and with industry to increase the coverage levels above 80 per cent for fruit crops, starting in the 2021 production year.

We collaborated with OMAFRA and AAFC to extend the enrolment deadlines for the 2020 and 2021 Production Insurance program years to give farmers more time and flexibility to make business decisions and assess their program coverage needs during challenging times.

When surveyed this year, 94 per cent of customers said they were either satisfied or very satisfied with the delivery of Production Insurance.

Maintaining strong government relationships

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

Supporting our staff

This year we transitioned, within weeks, 290 people to fully work remotely, continuing their employment and enabling productivity to support Ontario farmers.

Along with providing technical support to staff, we continued to provide regular communications that kept our staff up to date on the ever-changing situation. Staff were provided with updates on changes to programs so they could continue to provide excellent service to our customers. A wellness campaign was launched that provided staff with helpful information, tips and resources while they worked remotely.

Highlights:

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

We also continued to optimize employee health, safety and wellness in the workplace during the transition to working remotely.

When surveyed, 94 per cent of staff felt Agricorp considered accommodations for health, well-being and safety during the COVID-19 pandemic.

83 per cent of staff felt their manager or leader demonstrated a commitment to and support of diversity.

What our customers think

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

"I'm not a computer person, but found that using your Online Services and reporting acres was the easiest online program to use and I'm grateful you have a user-friendly program."

"Agricorp staff are so helpful in everything I do and I find Agricorp to be one of the best government services out there. I have had nothing but amazing results when dealing with Agricorp and really appreciate all that they do for me."

Highlights: 2020-21

This year, 91 per cent of customers said they were satisfied or very satisfied with the level of service they received from Agricorp.

Once again, our customer care centre received a 99 per cent customer satisfaction score in our most recent customer satisfaction survey.

Our field staff continued to receive high satisfaction ratings, with 98 per cent of customers saying they were either satisfied or very satisfied with our field staff.

Looking ahead

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

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

2020-21 Performance measures and results

Targets	Results
Achieve a consistently high overall customer service rating, equal to or greater than the previous three-year average of 93 per cent.	<p>In the 2021 customer satisfaction survey, Agricorp's overall customer service performance rating was 91 per cent.</p> <p>Agricorp will continue to provide quality customer service in line with national comparators and in alignment with government expectations.</p> <p>Agricorp will continue to leverage a variety of service delivery approaches and tools to ensure service delivery in all situations.</p>
Achieve a customer satisfaction rating for the delivery of Production Insurance that is equal to or greater than the previous three-year average of 93 per cent.	In the 2021 customer satisfaction survey, Agricorp's rating for the delivery of Production Insurance was 94 per cent.
Achieve a customer satisfaction rating for the delivery of AgriStability that is equal to or greater than the previous three-year average of 74 per cent.	In the 2021 customer satisfaction survey, Agricorp's rating for the delivery of AgriStability was 75 per cent.
Achieve a customer satisfaction rating for the delivery of Risk Management Program (RMP) that is equal to or greater than the previous three-year average of 81 per cent.	In the 2021 customer satisfaction survey, Agricorp's rating for the delivery of RMP was 84 per cent.
Process 95 per cent of the 2019 AgriStability files by December 15, 2020.	<p>Agricorp processed 95 per cent of the 2019 AgriStability files by March 26, 2021.</p> <p>In 2020-21, Agricorp shifted resources to accommodate changes to three programs: AgriStability, Production Insurance and RMP. This shift slowed AgriStability file processing.</p> <p>AgriStability resources were focused on processing payment files over nonpayment files. This enabled Agricorp to continue to deliver timely payments to farmers in need.</p>
Process 90 per cent of Production Insurance claims within 30 calendar days of receipt of all required information.	Agricorp processed 94 per cent of Production Insurance claims within 30 calendar days.

Targets	Results
Process 95 per cent of RMP payments within 60 days of receipt of all required information.	Agricorp processed 99 per cent of RMP payments within 60 days.
Complete the annual Chair and CEO Agency Attestation, as required, for compliance with applicable legislation, directives and policies.	Agricorp completed the Chair and CEO Agency Attestation for 2020-21 by March 24, 2021, as required by the Ontario government and in compliance with the Agencies and Appointments Directive.
Submit a three-year business plan, which includes a budget and risk management plan, to the Minister by March 1, 2020.	Agricorp's 2021-24 business plan was submitted to the Minister on February 26, 2021.
Provide sound and balanced operational performance and financial reports to OMAFRA quarterly.	Operational and financial reports were provided to OMAFRA on a monthly and quarterly basis.
Submit an annual report to the Minister within 90 days of receipt of audited financial statements from the Auditor General.	Agricorp's 2019-20 annual report was submitted to the Minister on September 3, 2020, 78 days after receiving audited financial statements from the Auditor General.
Ensure that a comprehensive audit control framework is monitored annually by Agricorp's Board of Directors.	The annual audit control framework was developed, implemented and monitored.



An agency of the Government of Ontario

Management's responsibility for financial reporting

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

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

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

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

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

Original signed by

Doug LaRose
Chief Executive Officer

Original signed by

Becky Philpott
Chief Financial Officer

June 16, 2021



Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

INDEPENDENT AUDITOR'S REPORT

To Agricorp

Opinion

I have audited the financial statements of the Agricorp, which comprise the statement of financial position as at March 31, 2021, and the statements of operations and fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Agricorp as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and my auditor's report thereon, in Agricorp's 2021 Annual Report.

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

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

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Box 105, 15th Floor
20 Dundas Street West
Toronto, Ontario
M5G 2C2
416-327-2381
fax 416-326-3812

B.P. 105, 15^e étage
20, rue Dundas ouest
Toronto (Ontario)
M5G 2C2
416-327-2381
télécopieur 416-326-3812

www.auditor.on.ca

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Toronto, Ontario
June 16, 2021



Susan Klein, CPA, CA, LPA
Assistant Auditor General

Agricorp

Statement of financial position

As at March 31, 2021

(In thousands of dollars)	General Fund	Production Insurance Fund	2021	2020
Current assets				
Cash	\$ 6,784	\$ 49,208	\$ 55,992	\$ 61,081
Short term investments (note 6)	1,062	767,610	768,672	479,954
Accounts receivable (note 5)	1,129	7,052	8,181	5,107
Funds under administration (note 3)	48,873	-	48,873	35,025
Prepaid expenses	1,147	-	1,147	728
Total current assets	58,995	823,870	882,865	581,895
Long term investments (note 6)	-	35,966	35,966	309,288
Accrued pension asset (note 12)	11,228	-	11,228	11,149
Capital assets (note 7)	11,378	-	11,378	12,096
Total assets	\$ 81,601	\$ 859,836	\$ 941,437	\$ 914,428
Current liabilities				
Accounts payable and accrued liabilities	4,273	1,518	5,791	5,955
Unearned premiums and deferred contributions (note 10)	1,165	25,338	26,503	23,278
Provision for claims	-	1,500	1,500	10,800
Funds under administration (note 3)	48,873	-	48,873	35,025
Total current liabilities	54,311	28,356	82,667	75,058
Deferred contributions - capital assets (note 10)	11,378	-	11,378	12,096
Total liabilities	65,689	28,356	94,045	87,154
Fund balances				
Unrestricted funds	15,912	-	15,912	17,340
Restricted funds	-	831,480	831,480	809,934
Total fund balances	15,912	831,480	847,392	827,274
Total liabilities and fund balances	\$ 81,601	\$ 859,836	\$ 941,437	\$ 914,428
Commitments and contingencies (note 13)				

See accompanying notes to financial statements

Approved on behalf of the Board

Original signed by

Jason Verkaik
Board Chair

Original signed by

Patricia Lorenz
Finance and Audit Committee Chair

Agricorp

Statement of operations and fund balances

Year ended March 31, 2021

(In thousands of dollars)	General Fund	Production Insurance Fund	2021	2020
Revenue				
Funding – provincial government (note 9)	\$ 19,688	\$ 34,054	\$ 53,742	\$ 53,884
Funding – federal government (note 9)	18,517	51,084	69,601	64,140
Premiums from producers	-	57,760	57,760	51,901
Consulting and other services	1,470	-	1,470	1,260
Investment income	67	19,429	19,496	26,813
Total revenue	39,742	162,327	202,069	197,998
Expenses				
Claims	-	129,445	129,445	272,853
Reinsurance (note 11)	-	11,309	11,309	5,269
Administration (note 16)	41,170	-	41,170	37,476
Bad debts	-	27	27	1,078
Total expenses	41,170	140,781	181,951	316,676
Excess (shortfall) of revenue over expenses	(1,428)	21,546	20,118	(118,678)
Fund balances, beginning of year	17,340	809,934	827,274	945,952
Fund balances, end of year	\$ 15,912	\$ 831,480	\$ 847,392	\$ 827,274

See accompanying notes to financial statements

Agricorp

Statement of cash flows

Year ended March 31, 2021

(In thousands of dollars)	General	Production	2021	2020
	Fund	Insurance		
	Fund	Fund		
Operating activities				
Excess (shortfall) of revenue over expenses	\$ (1,428)	\$ 21,546	\$ 20,118	\$ (118,678)
Items not requiring an outlay of cash				
(Increase) decrease in accrued interest	(10)	167	157	(6,883)
Amortization of capital assets	1,495	-	1,495	387
Total items not requiring outlay of cash	57	21,713	21,770	(125,174)
Changes in non-cash working capital				
Accounts receivable	1,212	(4,286)	(3,074)	8,316
Prepaid expenses	(419)	-	(419)	(30)
Accrued pension asset	(79)	-	(79)	(976)
Accounts payable and accrued liabilities	(446)	282	(164)	(120)
Unearned premiums and deferred contributions	419	2,806	3,225	(1,884)
Provision for claims	-	(9,300)	(9,300)	800
Deferred contributions - capital assets	(718)	-	(718)	4,590
Total changes in non-working capital	(31)	(10,498)	(10,529)	10,696
Investing activities				
Purchases of investments	-	(477,000)	(477,000)	(206,900)
Proceeds of investments	-	461,447	461,447	349,396
Net (purchase) proceeds of investments	-	(15,553)	(15,553)	142,496
Capital activities				
Purchase of capital assets	(777)	-	(777)	(4,977)
Cash used in capital activities	(777)	-	(777)	(4,977)
Total (decrease) increase in cash	(751)	(4,338)	(5,089)	23,041
Cash, beginning of year	7,535	53,546	61,081	38,040
Cash, end of year	\$ 6,784	\$ 49,208	\$ 55,992	\$ 61,081

See accompanying notes to financial statements

Agricorp

Notes to the financial statements

Year ended March 31, 2021

1. Nature of operations

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

Government – Production Insurance

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

Government – Other Business Risk Management

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

Other

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

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

2. Significant accounting policies

a) Basis of accounting

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

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

Agricorp uses fund accounting whereby the activities in each program are accounted for in separate funds. The General Fund is used to account for all administrative revenues and expenses, as well as for all unsegregated activities. The Production Insurance Fund is used to account for activities specific to the Production Insurance program.

Agricorp

Notes to the financial statements

Year ended March 31, 2021

b) Capital assets

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

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

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

c) Employee future benefits

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

i) Pension plan

Agricorp sponsors a contributory defined benefit registered pension plan for all full-time and eligible part-time employees as well as a supplemental defined benefit pension plan for eligible employees. Unless otherwise noted, information on Agricorp's post-employment benefit programs is presented on a consolidated basis.

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

ii) Accumulated sick leave

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

d) Revenue recognition

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

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

Agricorp

Notes to the financial statements

Year ended March 31, 2021

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

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

e) Financial instruments

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

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

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

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

Level 1 – unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 – observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

f) Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amounts of accounts receivable, capital assets, accounts payable and accrued liabilities, unearned premiums and deferred contributions, provision for claims and accrued pension asset. Actual results could differ from those estimates.

g) Provision for claims

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

3. Funds under administration

Agricorp processes and disburses payments to producers enrolled in agricultural business risk management and other programs. These programs are generally administered on behalf of OMAFRA for producers in the

Agricorp

Notes to the financial statements

Year ended March 31, 2021

province and cover joint federal-provincial, federal-only and provincial-only programs. Individual program delivery agreements are in place for each program.

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

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

a) AgriStability

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

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

b) Risk Management Program (RMP)

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

RMP: Grains and Oilseeds (RMP-GO)

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

RMP for livestock (RMP-LS)

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

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

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

c) General Top-Up Program (GTUP)

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

Agricorp

Notes to the financial statements

Year ended March 31, 2021

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

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

e) Other programs

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

Farm Business Registration (FBR)

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

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

(In thousands of dollars)	Opening balance	Funding, federal government	Funding, provincial government	Other	Payments	Closing balance
	2021	2021	2021			2021
AgriStability	\$ 6,957	\$ 46,143	\$ 23,199	\$ 1,105	\$ (66,917)	\$ 10,487
RMP-GO	98	-	57,584	(57)	(57,402)	223
RMP-LS	22,250	-	60,311	(36)	(57,249)	25,276
RMP-SDRM	5,540	-	32,754	1,437	(30,345)	9,386
GTUP	1	-	-	-	-	1
VQA-WSP	-	-	7,500	-	(7,500)	-
Other programs	179	-	7,829	73	(4,581)	3,500
Total	\$ 35,025	\$ 46,143	\$ 189,177	\$ 2,522	\$ (223,994)	\$ 48,873

(In thousands of dollars)	Opening balance	Funding, federal government	Funding, provincial government	Other	Payments	Closing balance
	2020	2020	2020			2020
AgriStability	\$ 6,166	\$ 33,143	\$ 14,212	\$ (576)	\$ (45,988)	\$ 6,957
RMP-GO	46	-	34,534	46	(34,528)	98
RMP-LS	13,601	-	39,883	(5,363)	(25,871)	22,250
RMP-SDRM	8,178	-	20,333	(2,093)	(20,878)	5,540
GTUP	2,512	(6)	-	(2,512)	7	1
VQA-WSP	-	-	7,500	-	(7,500)	-
Other programs	1,238	(4)	1,933	(201)	(2,787)	179
Total	\$ 31,741	\$ 33,133	\$ 118,395	\$ (10,699)	\$ (137,545)	\$ 35,025

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

Agricorp

Notes to the financial statements

Year ended March 31, 2021

4. Additional programs

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

Provincial Premises Registry (PPR)

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

Farm Property Class Tax Rate Program (FPCTRP)

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

5. Accounts receivable

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

(In thousands of dollars)	2021	2020
Funding – federal government	\$ 3,378	\$ 2,293
Funding – provincial government	2,817	2,563
Other	3,044	1,329
Sub total	9,239	6,185
Less allowance for doubtful accounts	(1,058)	(1,078)
Total	\$ 8,181	\$ 5,107

6. Investments

a) Portfolio profile

(In thousands of dollars)	2021	2020
Short-term		
Financial institutions – cash and equivalents	\$ 155,721	\$ 120,982
Financial institutions – guaranteed investment certificates	612,951	358,972
Total short-term	768,672	479,954
Long-term		
Financial institutions – guaranteed investment certificates	35,966	309,288
Total long-term	35,966	309,288
Total investments	\$ 804,638	\$ 789,242

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

Agricorp

Notes to the financial statements

Year ended March 31, 2021

b) Fair value hierarchy

(In thousands of dollars)	Level	2021	2020
Cash and equivalents	1	\$ 155,721	\$ 120,982
Guaranteed investment certificates	2	648,917	668,260
Total investments		\$ 804,638	\$ 789,242

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

7. Capital assets

(In thousands of dollars)	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Furniture and fixtures	\$ 1,218	\$ 1,218	\$ -	\$ -
Computer hardware	4,219	3,921	298	276
Leasehold improvements	1,969	1,960	9	11
Computer software	13,447	13,352	95	6
Customized software	12,196	1,220	10,976	-
Software under development	-	-	-	11,803
Total	\$ 33,049	\$ 21,671	\$ 11,378	\$ 12,096

8. Financial instruments risk management

a) Market risk

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

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

b) Interest rate risk

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

The average return on investments is 2.49% (2020 – 3.11%). Fluctuations in interest rates could have a significant impact on the fair value of the fixed income securities profile. Although investments are generally held to maturity, realized gains or losses could result if actual Production Insurance claim levels differ significantly from expected claims, and liquidation of long-term investments is required to meet obligations. There have been no significant changes from the previous year in the exposure to risk or to the policies, procedures and methods used to measure the risk.

c) Credit risk

General

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

Agricorp

Notes to the financial statements

Year ended March 31, 2021

Reinsurance

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

Collectability

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

Investments

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

9. Funding – provincial and federal

a) Production Insurance Fund

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

b) General Fund

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

10. Unearned premiums and deferred contributions

a) Unearned premiums

The Production Insurance Fund presents unearned premiums of \$25.3 million (2020 - \$22.5 million) received by Agricorp in the current fiscal year, and are recognized as revenue in the year in which the related agricultural products are harvested.

b) Deferred contributions

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

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

Agricorp

Notes to the financial statements

Year ended March 31, 2021

(In thousands of dollars)	Opening Balance		2020 Contributions	Recognized	Closing Balance 2020
Short-term					
Deferred contributions - operating expenses	\$ 3,216	\$	1,040	\$ 3,510	\$ 746
Long-term					
Deferred contributions - capital assets	7,506		4,977	387	12,096
Total deferred contributions	\$ 10,722	\$	6,017	\$ 3,897	\$ 12,842

11. Reinsurance agreement

Agricorp uses reinsurance in the normal course of Production Insurance operations to manage its risk exposure. Coverage involving a number of reinsurance companies was purchased for the 2020 production year. Under the terms of the 2020 production year agreement, the reinsuring companies would assume losses between 18% and 28% on \$3.9 billion insured liability (2019 production year - 21% – 28% on \$3.6 billion). As actual claims were less than the minimum threshold of \$706 million (2019 production year - \$749 million), there was no reinsurance recovery for the 2020 production year (2019 – no recovery).

12. Pension

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

(In thousands of dollars)	2021	2020
Accrued benefit obligation		
Balance, beginning of year	\$ 67,476	\$ 62,926
Current service cost	2,133	2,122
Interest cost	4,028	3,737
Employee contributions	1,893	1,891
Benefits paid	(2,441)	(3,200)
Actuarial (gain) loss	(1,063)	-
Balance, end of year	72,026	67,476
Plan assets		
Fair value, beginning of year	71,448	73,292
Actual return on plan assets	16,674	(3,009)
Employer contributions	2,479	2,479
Employee contributions	1,893	1,891
Benefits paid	(2,441)	(3,205)
Fair value, end of year	90,053	71,448
Funded status		
Plan surplus	18,027	3,972
Unamortized actuarial loss (gain)	(6,799)	7,177
Accrued pension asset	\$ 11,228	\$ 11,149

Agricorp

Notes to the financial statements

Year ended March 31, 2021

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

	2021 (%)	2020 (%)
Discount rate to determine accrued benefit obligation	5.60	5.90
Discount rate to determine benefit cost	5.60	5.90
Expected long-term rate of return on plan assets	5.60	5.90
Rate of compensation increase	2.00	2.75

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

(In thousands of dollars)	2021	2020
Current service cost	\$ 2,133	\$ 2,122
Interest cost	4,028	3,737
Expected return on plan assets	(4,272)	(4,359)
Amortization of unrecognized loss (gain)	512	3
Net benefit plan expense	\$ 2,401	\$ 1,503

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

Security type	2021 (%)	2020 (%)
Canadian equities	-	29.6
Bonds	-	24.2
U.S. equities	-	18.4
International equities	-	10.6
Real estate	9.9	10.3
Cash and cash equivalents	90.1	6.9
Total plan	100.0	100.0

The most recent pension plan actuarial valuation is as of January 1, 2021. At that time, the plan had a going concern actuarial surplus of \$3.6 million and had a solvency and wind-up deficit of \$27.9 million. These estimates are determined under the provisions of the *Pension Benefits Act, 1990 (Ontario)*. Solvency special payments are required to be made over 5 years commencing January 1, 2022. The next actuarial valuation is required to be completed no later than as of January 1, 2022.

13. Commitments and contingencies

a) Commitments

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

Agricorp

Notes to the financial statements

Year ended March 31, 2021

(In thousands of dollars)	Head office location	Others	Total
2022	\$ 1,106	\$ 861	\$ 1,967
2023	931	706	1,637
2024	951	686	1,637
2025	957	164	1,121
2026	963	-	963
Thereafter	-	-	-
Total	\$ 4,908	\$ 2,417	\$ 7,325

Agricorp signed an agreement in December 2020 committing to purchase reinsurance through a number of carriers for the 2021 production year. The estimated cost for this agreement is \$9.2 million (2020 - \$9.6 million).

b) Contingencies

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

14. Related party transactions

Agricorp has entered into several agreements to acquire services from OMAFRA. The cost for administrative, legal and internal auditing services amounted to \$0.1 million (2020 - \$0.1 million). In addition, Agricorp rents its head office location from the Ontario Infrastructure and Lands Corporation for a total cost for the year of \$1.1 million (2020 - \$1.1 million). Agricorp earned revenue of \$54 million (2020 - \$54 million) from OMAFRA as their share of Production Insurance premium and operating funding.

15. Board remuneration and salary disclosure

Total remuneration to members of the Board of Directors was \$8,000 (2020 - \$23,000). *The Public Sector Salary Disclosure Act, 1996* requires Agricorp to disclose employees paid an annual salary in excess of \$100,000. Complete disclosure for Agricorp is included in the "Public Sector Salary Disclosure 2020: Crown Agencies" listing on the Government of Ontario website: <https://www.ontario.ca/page/public-sector-salary-disclosure-2020-all-sectors-and-seconded-employees>.

For the 2020 calendar year, actual amounts paid to the five employees with the highest annual salaries are:

Name	Position	Salary	Taxable benefits
LaRose, Doug	Chief Executive Officer	\$ 230,829	\$ 829
Sayer Greg	Senior Director, Legal Services	186,506	611
Vlcek, Mike	Senior Director, Program Development	175,062	642
Meneray, Debra	Senior Director, Program Delivery	175,062	642
Rose, Christopher	Chief Information Officer	172,731	631

Agricorp

Notes to the financial statements

Year ended March 31, 2021

16. Administration

(In thousands of dollars)	2021	2020
Salaries and benefits	\$ 32,066	\$ 30,058
Equipment and maintenance	3,370	2,815
Facilities	1,732	1,442
Amortization	1,495	387
Consulting and professional	1,028	880
Telephone and postage	785	860
Office	356	390
Vehicle and travel	250	508
Other	88	136
Total	\$ 41,170	\$ 37,476

17. Comparative figures

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

18. Subsequent events

Effective May 1, 2021, Agricorp's defined benefit pension plans (the "Plan") will be merged with the Public Service Pension Plan ("PSPP"), (collectively, the "Merger"). Approval is required by the Financial Services Regulatory Authority of Ontario ("FSRA"). Upon approval of the Merger and transfer of assets to the Ontario Pension Board ("OPB"), the Plan will be fully settled and therefore, cease to exist.

Contributions to the PSPP from Agricorp and Agricorp employees will be remitted to OPB beginning May 1, 2021. As a result of the Merger, the Plan will cease member contributions and freeze credited service as of April 30, 2021. The Plan will continue to pay pensioners and earn investment income until the assets are transferred to OPB. An agreement between Agricorp and OPB is expected later in 2021.

The PSPP is a defined benefit plan, sponsored solely by the government of Ontario; Agricorp will be a contributing organization. The PSPP is a multiemployer plan and will be accounted for as a defined contribution plan effective May 1, 2021. As a result, contributions will be expensed in the period they become due. These financial statements do not recognize the impact of the Merger.

Contact us

1-888-247-4999

Fax: 519-826-4118

TTY: 1-877-275-1380

Accessible formats available

agricorp.com

contact@agricorp.com

Version française disponible

Agricorp Annual Report 2020–21 – ISSN 1715-7587 (Agricorp. Online)

Agricorp Rapport annuel 2020–21 – ISSN 1715-7595 (Agricorp. En ligne)