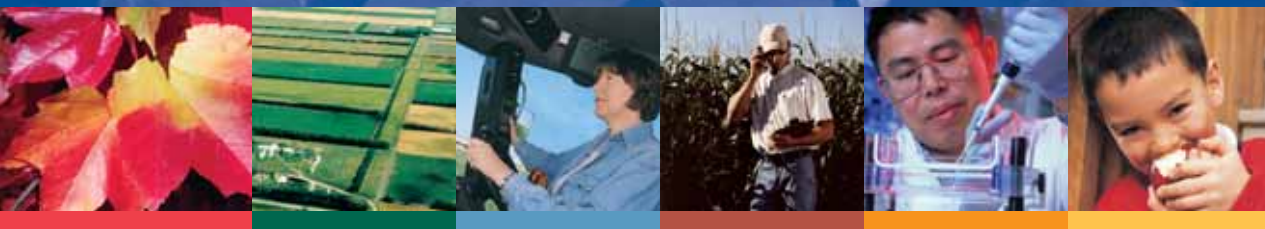


Agriculture and
Agri-Food Canada

2003
2004

Departmental
Performance
Report



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

Canada

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Minister's Message

PART I

It is my pleasure to present to Parliament and to Canadians my department's Performance Report for the fiscal year 2003-2004.

The agriculture and agri-food sector is one of Canada's key economic and social engines, accounting for over eight percent of our gross domestic product (GDP) and contributing almost \$4 billion to our trade balance in 2003-2004, while helping develop and sustain communities.

Canada already enjoys a solid reputation throughout the world for safe, high-quality, innovative agriculture and food products. In fact, in 2003, consumers in more than 180 countries purchased more than \$24 billion of Canadian agriculture and food products. In the first half of 2004, agri-food exports increased by more than 12 percent compared with the first half of 2003.

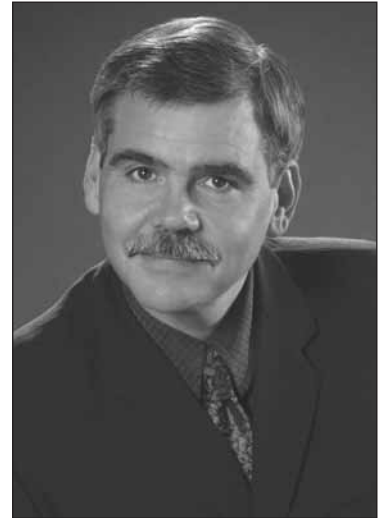
The year was not without challenges however. Two confirmed cases of BSE in North America in May and December of 2003 threatened the economic survival of livestock producers. As well, with drought on the Prairies and low commodity prices in some sectors, Canadian farm income levels fell to some of the lowest levels ever. Then, early in 2004, the Canadian poultry sector was hit by an outbreak of avian influenza in British Columbia.

Federal and provincial governments responded to the income drop in 2003 with substantial payments totalling close to \$5 billion. As well, in March 2004, the Government of Canada announced another \$995 million in BSE and transition assistance for Canadian producers.

Our BSE experience has proven the value of the world-class food safety and animal health system that we have in place. This system helped us respond promptly and effectively to the challenge, reinforcing the importance of all players in the sector to collaborate and to reach out to international partners.

The Beef Industry Value Chain Roundtable, which brings together senior government officials and key players from across the beef sector, is a classic example of our ability to collaborate on key issues. This Roundtable has emerged as an important forum for managing Canada's BSE response and served as a model for effective government-industry cooperation.

My department has helped establish industry-led value chain roundtables for pork, oilseeds, cereal grains, special crops, seafood and horticulture. Work is under way to initiate roundtables for dairy and poultry.



The Honourable
Andy Mitchell

The Government of Canada is committed to helping Canadian farmers and their families navigate through circumstances that often are beyond their control. To help build this capacity, the Government of Canada has, over the past four years, worked with the provinces, territories and industry to develop and implement the Agricultural Policy Framework (APF), the first long-term, fully integrated national strategy for the sector. All provinces and two territories have now signed the APF and finalized their respective implementation agreements.

With secure federal funding in place, 2003-2004 was a year of implementation and progress for the APF. Canadian farmers are poised to benefit from programs across the APF action areas of:

- building a new **business risk management** framework;
- strengthening traceability through **food safety and quality** systems;
- improving **international** market access;
- implementing **environmental** farm planning and improved agricultural land management, while enhancing and protecting the water supply; and
- harnessing **innovation** for sustainable crop and livestock production systems as well as knowledge-based production systems, and rolling out **renewal** programming to give producers the tools to manage the growth and competitiveness of their businesses.

We will continue to work with all levels of government and industry through our national agricultural policy, to help the sector meet both short-term and longer-term challenges, capitalize on its competitive strengths, and capture new opportunities in the global marketplace.



The Honourable Andy Mitchell,
Minister of Agriculture and Agri-Food
and Minister Co-ordinating Rural Affairs

Management Representation Statement

I submit, for tabling in Parliament, the 2003-2004 Departmental Performance Report (DPR) for Agriculture and Agri-Food Canada.

This report has been prepared based on the reporting principles and other requirements in the *2003-2004 Departmental Performance Reports Preparation Guide* and represents, to the best of my knowledge, a comprehensive, balanced and transparent picture of the organization's performance for fiscal year 2003-2004.



Leonard J. Edwards
Deputy Minister
Agriculture and Agri-Food Canada




Leonard J. Edwards

Year in Review **PART II**

Introduction

Agriculture and agri-food as an economic driver

The agriculture and agri-food sector continues to be a key component of Canada's economy, contributing one in eight jobs and accounting for 8.2 percent of total gross domestic product (GDP). While primary agriculture is the industry's foundation, the sector is much more than just agricultural production. Processing and distribution are integral parts of the sector. In total, Canadian food and beverage processing employs 300,000 Canadians, making it the country's second-largest manufacturing industry. Indeed, in six of the ten provinces, it is the largest manufacturing industry.

In our continuing effort to provide Canadians with on-line access to information and services, we are including web links to more information and highlights. These links are indicated by .

Farm income declines

Even in an industry in which facing significant risks is part of the normal course of business, fiscal year 2003-2004 was one of the most challenging in recent decades. As a result of shocks from new and traditional pressures, farm incomes declined. Figures released by Statistics Canada in May 2004 confirmed just how tough a year it was. Net cash income dropped 43.3 percent in 2003 to \$4.2 billion — its lowest level since 1977. Of greater importance, however, is that behind these numbers are real people with families to support and communities to sustain and grow.

AAFC responds

Agriculture and Agri-Food Canada (AAFC) responded to pressures in 2003-2004 using existing mechanisms, as well as new resources. The immediate measures implemented were largely premised on the Department's long-term vision and national strategy for the sector laid out in the Agricultural Policy Framework (APF), Canada's first integrated agricultural policy. In fact, AAFC was well positioned to respond to the downswing in 2003-2004 because the APF was already in place.

Operating Environment

The factors behind a difficult year

Low commodity prices, continued drought on the Prairies, and the appreciation of the Canadian dollar all contributed to what was a very difficult year for the agriculture and agri-food sector. The discovery of Bovine Spongiform Encephalopathy (BSE) in a cow in northern Alberta in May 2003 and the resulting closure of key export markets to Canadian beef also played an immense role in the income decline.

The poultry industry, valued at more than \$200 million in exports, also faced new pressures in 2003-2004. In late February 2004, avian influenza was confirmed in the Fraser Valley area of British Columbia. Two weeks later, a more severe form of the disease was verified. More than 40 countries imposed partial or full bans on various poultry commodities. British Columbia farmers, farm workers and processors, as well as their families and communities, felt the economic impact.

Our Strategic Response

Response to immediate pressures

Following the discovery of BSE in Canada in May 2003, the Government of Canada took swift action to safeguard human and animal health; to negotiate renewed access to export markets for live ruminants and ruminant products; and to address specific industry pressures resulting from the loss of export market access.

In response to the discovery of BSE, more than forty countries, including the United States, closed their borders to exports of live ruminants and ruminant products from Canada. In response, governments, working closely with industry, committed more than \$1.7 billion in targeted measures to help maintain the current industry infrastructure until broader access to export markets is restored. These programs included the BSE Recovery Program, the Cull Animal Program and the Transitional Industry Support Program. In addition, the Canadian Agricultural Income Stabilization Program (CAIS) was amended and improved to be more responsive to producers' needs.

The Government of Canada, working with provincial and industry partners, also acted decisively to both mitigate the short-term impacts of the avian influenza and to ensure the long-term viability of chicken farmers and processors. The Government took the tough decision to depopulate poultry flocks within the Greater Fraser Valley until the outbreak was brought under control. The Government compensated owners of flocks destroyed for the market value of their birds. Workers who were laid off had access to federal job share programs, while "fast track" supplementary import authorization was secured in co-operation with provinces and industry to address the shortage of poultry commodities when alternative domestic supplies were not available.

Overall, as a result of these support measures, AAFC's actual spending in 2003-2004 for the strategic outcome "Security of the Food System" was double the department's planned spending under that outcome. The required funding was authorized and spent under existing AAFC programs as well as new activities to help the industry transition to new business risk management programming while dealing with serious cash flow challenges for producers.

Keeping on track with the long-term vision — The Agricultural Policy Framework

While responding to immediate pressures presented by BSE and avian influenza, AAFC continued with its vision and strategy for a vibrant, competitive sector through implementation of the Agricultural Policy Framework (APF).

The APF, the first ever long-term, fully-integrated national strategy for the agriculture and agri-food sector, is a \$5.2 billion federal-provincial-territorial initiative that helps farmers build the capacity and flexibility needed for the knowledge-based economy. Now in its second year of implementation, the APF, with five years of secure funding, targets five key priorities: business risk management, food safety and quality, environment, innovation and renewal, and international issues.

These pillars of the APF mirror the Department's five priorities (Business Risk Management, Food Safety and Quality, Environment, Innovation and Renewal, and International Issues) and the corresponding programs and initiatives for delivering results for Canadians. In turn, through its five priorities, the Department continues to work toward its three Strategic Outcomes: Security of the Food System, Health of the Environment and Innovation for Growth.

Food producers and processors face an ever more informed and demanding consumer who expects safety, quality, variety and nutrition to an unprecedented degree. Today's consumer also has a greater interest in how agricultural products are produced, especially the impact of farming practices on the environment. Since many countries can produce commodities at a far lower cost, our farmers and processors must be leaders in food safety, quality, innovation and environmental performance in order to brand Canada's agricultural and food products as the best and, in turn, consolidate our position in existing markets and access new ones. Increased commodity production was the key in the past; value-added production and processing in an environmentally responsible manner are the keys for the future. The APF is the Department's comprehensive response to challenges for the agriculture and agri-food sector in the long run.

Accordingly, it was critical for AAFC to maintain a continued focus on the APF amid new pressures the sector faced in 2003-2004. By the end of the fiscal year, all ten provinces and two territories had signed the APF Implementation Agreements. The agreements outline how programs will work, allot funding from both levels of government, and also provide a foundation for coordinated intergovernmental co-operation for years to come in an area of joint jurisdiction. Through its Strategic Outcomes, AAFC continues to deliver on the objectives and priorities of the APF.

On the following page, the Department's Strategic Framework graphically represents the integrated, one-department approach and logic model that AAFC uses to deliver on the Department's Vision and Strategic Outcomes.

Through its Strategic Outcomes, AAFC continues to deliver on the objectives and priorities of the APF.

AAFC's Strategic Framework

BEST QUALITY OF LIFE FOR ALL CANADIANS

Mandate

Agriculture and Agri-Food Canada provides information, research and technology, and policies and programs to achieve security of the food system, health of the environment and innovation for growth.

Vision

An innovative and competitive Canadian agriculture and agri-food sector, whose partners work in unison to be the world leader in the production and marketing of food and other agricultural products and services that meet global consumer needs in a way that respects the environment and contributes to the best quality of life for all Canadians.

AAFC Strategic Outcomes

Security of the Food System

Making Canada the world leader in producing, processing and distributing safe and reliable food to meet the needs and preferences of consumers.

Health of the Environment

Making Canada the world leader in using environmental resources in a manner that ensures their quality and availability for present and future generations.

Innovation for Growth

Making Canada the world leader in innovation to develop food and other related agricultural products and services that capture opportunities in diversified domestic and global markets.

Departmental Priorities

Business Risk Management

Enhancing the producer's capacity to manage risk, and increasing the sector's viability and profitability.

Food Safety and Quality

Minimizing the risk and impact of food-borne hazards on human health, increasing consumer confidence and improving the sector's ability to meet or exceed market requirements for food products.

Environment

Achieving environmental sustainability of the sector and progress in the areas of soil, water, air and biodiversity.

Innovation and Renewal

Equipping the sector with new business and management skills, bioproducts, knowledge-based production systems and strategies to capture opportunities and manage change.

International Issues

Expanding international opportunities for the Canadian agriculture and agri-food sector.

The three tables below summarize AAFC's performance results against commitments made in the Department's 2003-2004 Report on Plans and Priorities. Further details on the priorities pursued under each Strategic Outcome can be found in Part III. (Links to Part III are provided in each table.)

| Security of the Food System — <i>Making Canada the world leader in producing, processing and distributing safe and reliable food to meet the needs and preferences of consumers</i> | |
|---|--|
| Commitments identified in the Report on Plans and Priorities 2003-2004 | Performance Results |
| <ul style="list-style-type: none"> Build a new program framework for Business Risk Management [Link to Part III, page 25] | <p>Commitment met (and work in progress)</p> <ul style="list-style-type: none"> Developed the Canadian Agricultural Income Stabilization program Developed Production Insurance program that will cover an expanded range of agricultural commodities Developed and launched the Private Sector Risk Management Partnership In an effort to continuously improve BRM programming, there are ongoing discussions with provinces and industry to make programs more responsive to producer needs. In particular, improvements to the new CAIS program are being designed to address issues such as: enhanced coverage level, affordability of producers' deposits, timeliness of payments |
| <ul style="list-style-type: none"> Improve food safety systems and quality recognition [Link to Part III, page 27] | <p>Commitment met (and work in progress)</p> <ul style="list-style-type: none"> Implemented a \$62 million program to augment food safety, quality and traceability programs Committed \$80-million under Canadian Food Safety and Quality Program (CFSQP) to help farmers implement food safety systems on their own farms |
| <ul style="list-style-type: none"> Help industry develop and implement Hazard Analysis and Critical Control Point (HACCP) or HACCP-based on-farm and post-farm food safety systems | <p>Commitment met (and work in progress)</p> <ul style="list-style-type: none"> Committed \$92-million over five years toward enhancing measures for identification, tracking and tracing, and increased BSE surveillance |
| <ul style="list-style-type: none"> Gain recognition of a Canadian agriculture and food sector brand [Link to Part III, page 29] | <p>Commitment met (and work in progress)</p> <ul style="list-style-type: none"> Established Branding Team and undertook extensive behaviour-based surveys of both buyers and consumers in key markets Established seven industry-led Value Chain Roundtables to bring together key leaders from across industry – producers, processors and others – to build a common understanding of competitive position and create consensus on how they can work together to improve it Provided cost-shared funding under the Canadian Agriculture and Food International (CAFI) Program to industry groups to help improve market access |
| <ul style="list-style-type: none"> Improve market access [Link to Part III, page 30] | <p>Commitment met (and work in progress)</p> <ul style="list-style-type: none"> In close consultation with Canadian agri-food stakeholders and provinces, actively advanced Canadian objectives in the WTO agriculture negotiations, through ongoing WTO agricultural negotiating sessions and Ministerial meetings Participated in negotiating round of the Free Trade Agreement with four Central American countries and Free Trade Area of the Americas Successfully built international support for Canada's trade policy objectives |

Continued from page 13

| <ul style="list-style-type: none"> Overcome technical barriers [Link to Part III, page 31] | <p>Commitment met</p> <ul style="list-style-type: none"> Succeeded in delaying the decision on ratification of Biosafety Protocol (BSP) until after first Meeting of Parties (MOP 1) in order to obtain clarity on a number of concerns raised by the sector: Actively undertook a broad range of multilateral and bilateral consultations with key trade partners in preparation of MOP 1 and actively participated at MOP 1 meeting Developed a trilateral arrangement between Canada-US-Mexico for living modified organisms (LMOs) commodity shipments to facilitate unimpeded access to Mexican market Actively engaged in work of key standard-setting organizations, and various WTO and technical related committees | | | | | | | | | | | | |
|---|--|------------------------------------|-----------------------|--------------------------|--|------------|-----------------------|------------|-----------------------|---------|-------|----------------------|-------|
| Benefits for Canadians | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> Farmers better able to manage risks inherent to their business Improved food safety and quality systems New and/or expanded markets | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th colspan="2">Planned Spending 2003-2004 (Gross)</th> <th colspan="2">Actual 2003-2004 (Gross)</th> </tr> <tr> <th>\$Millions</th> <th>Full-time Equivalents</th> <th>\$Millions</th> <th>Full-time Equivalents</th> </tr> </thead> <tbody> <tr> <td>2,016.6</td> <td>1,335</td> <td>4,088.0¹</td> <td>1,482</td> </tr> </tbody> </table> | | Planned Spending 2003-2004 (Gross) | | Actual 2003-2004 (Gross) | | \$Millions | Full-time Equivalents | \$Millions | Full-time Equivalents | 2,016.6 | 1,335 | 4,088.0 ¹ | 1,482 |
| Planned Spending 2003-2004 (Gross) | | Actual 2003-2004 (Gross) | | | | | | | | | | | |
| \$Millions | Full-time Equivalents | \$Millions | Full-time Equivalents | | | | | | | | | | |
| 2,016.6 | 1,335 | 4,088.0 ¹ | 1,482 | | | | | | | | | | |
| <p>¹ Actual spending for 2003-2004 under the Strategic Outcome "Security of the Food System" was \$2 billion above estimates contained in the 2003-2004 Report on Plans and Priorities due to unforeseen impacts (such as BSE). The additional funding was authorized and spent under programs such as the Transitional Industry Support Program (TISP) – \$928 million; BSE – \$403 million; Canadian Farm Income Program (CFIP) – \$65 million; and additional demands under CAIS – approximately \$770 million.</p> | | | | | | | | | | | | | |

**Health of the Environment –
*Making Canada the world leader in using environmental resources in a manner that ensures their quality and availability for present and future generations***

| Commitments identified in the Report on Plans and Priorities 2003-2004 | Performance Results |
|---|---|
| <ul style="list-style-type: none"> Promote a comprehensive approach to environmental management through Environmental Farm Planning. [Link to Part III, page 33] | <p>Commitment met</p> <ul style="list-style-type: none"> Environmental Farm Plans (EFPs) included in APF Implementation Agreements for implementation across Canada Committed \$293 million to the development of on-farm environmental planning and implementation of beneficial management practices on farm |
| <ul style="list-style-type: none"> Encourage better agricultural land management [Link to Part III, page 34] | <p>Commitment met</p> <ul style="list-style-type: none"> Launched five-year, \$100-million Greencover Canada program as incentive for better management of marginal lands |
| <ul style="list-style-type: none"> Enhance and protect our water supply [Link to Part III, page 35] | <p>Commitment met</p> <ul style="list-style-type: none"> Developed or improved systems and techniques in the health of the water and soil ecosystems through reduced pesticide input into the environment |

Continued from page 14

| | | | |
|--|---|--------------------------|-----------------------|
| <ul style="list-style-type: none"> Gain a better understanding of agricultural impacts on the environment [Link to Part III, page 36] | <p>Commitment met</p> <ul style="list-style-type: none"> Put forward our environmental commitments through the tabling of the Sustainable Development Strategy (SDS) III in Parliament Maintained and continued availability of an existing set of long-term research sites to address the impact of agriculture on the environment, of selected agricultural practices on sustainable production, and of climate change on soil and production systems | | |
| <ul style="list-style-type: none"> Continue the development of improved pest management strategies for producers through work with the Pest Management Regulatory Agency (PMRA) [Link to Part III, page 37] | <p>Commitment met</p> <ul style="list-style-type: none"> Established, through consultation, framework for commodity-specific risk reduction, and drafted national strategies for potatoes, apples and dry beans Conducted long-term research into Integrated Pest Management (IPM), including research into biological control strategies for control of insect and diseases, pests and weeds in IPM systems Conducted 450 field trials to develop data to support submissions to Pest Management Regulatory Agency (PMRA) for registration of minor use pest management tools, and provided PMRA with first submission packages for their review | | |
| Benefits for Canadians | | | |
| <ul style="list-style-type: none"> Environmentally sound production methods Marketplace recognition for environmentally responsible food production A healthier environment for all Canadians | | | |
| Planned Spending 2003-2004 (Gross) | | Actual 2003-2004 (Gross) | |
| \$Millions | Full-time Equivalents | \$Millions | Full-time Equivalents |
| 286.9 | 1,525 | 217.8 | 1,780 |

Innovation for Growth —
Making Canada the world leader in innovation to develop food and other related agricultural products and services that capture opportunities in diversified domestic and global markets

| | |
|---|--|
| Commitments identified in the Report on Plans and Priorities 2003-2004 | Performance Results |
| <ul style="list-style-type: none"> Adoption of innovations and maximizing value-chain returns on research investment [Link to Part III, page 39] | <p>Commitment met</p> <ul style="list-style-type: none"> AAFC scientists reported 487 new inventions in 2003 (AAFC holds 250 patents, has 385 pending and holds more than 380 Canadian and foreign licences, such as a dandelion bioherbicide with Scotts, that bring AAFC science to the marketplace) |
| <ul style="list-style-type: none"> Capture value-added opportunities in bio-based products and processes [Link to Part III, page 41] | <p>Commitment met</p> <ul style="list-style-type: none"> Developed tobacco plants that produce human interleukin-10 and interleukin-4 as well as spider silk Canadian Crop Genomics Initiative identifies the structure and function of key crop genes City buses and farm tractors run cleaner with biodiesel |

Continued from page 15

| | |
|---|---|
| <ul style="list-style-type: none"> Respond to increased consumer demand for environmental sustainability, food safety and quality, and animal welfare through the adoption of sustainable production systems [Link to Part III, page 42] | <p>Commitment met</p> <ul style="list-style-type: none"> Developed the Acurum™ visual particle analysis system Established artificial wetland to capture and recycle field run-off Developed technique to assess crop canopy cover that reduces herbicide input in canola Orchards being replanted with new apple variety 'Aurora Golden Gala'™ Commercialized bifido bacteria that improve the health and productivity of poultry and reduce Salmonella in poultry Developed infrared thermography technique that identifies sick calves up to a week before conventional diagnostic methods Raspberry cultivar 'Tulameen' deemed by horticulture experts the best released in the past 35 years |
| <ul style="list-style-type: none"> Help producers develop the knowledge and skills to manage change and capture opportunities [Link to Part III, page 44] | <p>Commitment met</p> <ul style="list-style-type: none"> Made initial consultation for Farm Business Assessment and Specialized Business Planning Services available to eligible farmers under the Canadian Farm Business Advisory Services (CFBAS) in most of the provinces; services projected to start in other provinces in 2004-2005 Provided farmers with financial assistance under the Planning and Assessment for Value-Added Enterprises (PAVE) Program to undertake professional feasibility assessments and develop business plans for specific, value-added enterprises, facilitating informed decision-making by producers |
| <ul style="list-style-type: none"> Gain recognition in key markets for the quality of Canadian agriculture and food products [Link to Part III, page 47] | <p>Commitment met (and work in progress)</p> <ul style="list-style-type: none"> Secured and sustained Canada's competitive advantage through the use of strategic market development activities (priority and emerging markets) Increased in-market assistance to assist industry to build Canada brand image and maximize trade, investment and technology opportunities in foreign markets Provided cost-shared funding under the Canadian Agriculture and Food International (CAFI) Program to industry groups to help strengthen sector's capacity to market abroad |
| <ul style="list-style-type: none"> Enhancing International Development [Link to Part III, page 48] | <p>Commitment met</p> <ul style="list-style-type: none"> Shared expertise and experience with developing countries Began first year implementation of a five-year CIDA-funded project in China aimed at assisting China's agricultural sector to adapt to changes in the marketplace Hosted workshop with Egyptian officials to share multilateral agricultural trade policy experiences and techniques Undertook mission to Iran to identify areas of technical cooperation to support government's modernization of the agriculture system |
| <p>Benefits for Canadians</p> | |
| <ul style="list-style-type: none"> Increased profitability without compromising the environment or food quality Development of new uses for traditional agricultural products and market expansion Increased competitiveness, exports and wealth through the garnering of new knowledge and the acceleration of advances in science and technology Increased jobs and investment and income opportunities for farm families, rural communities and Canadians as a whole | |
| <p>Planned Spending 2003-2004 (Gross)</p> | |
| <p>\$Millions</p> | <p>Full-time Equivalents</p> |
| <p>431.0</p> | <p>2,772</p> |
| <p>Actual 2003-2004 (Gross)</p> | |
| <p>\$Millions</p> | <p>Full-time Equivalents</p> |
| <p>425.1</p> | <p>2,908</p> |

Business Risk Management — *Building a new program framework*

Business Risk Management (BRM), one of the key pillars of the APF, provides producers with an integrated, comprehensive set of risk management options. The BRM priority consists of two core programs, Canadian Agricultural Income Stabilization (CAIS) and Production Insurance, which are complemented by the Financial Guarantee programs, province-specific programs, and the Private Sector Risk Management Partnership (PSRMP) initiative. Together, BRM programs encourage proactive business risk management and help mitigate business risks, leading to greater profitability and decreased demands for ad hoc funding.

Integrated stabilization and disaster protection

One important component of risk management programming under the APF is the Canadian Agricultural Income Stabilization (CAIS) Program, which was launched in December 2003. The CAIS Program replaces the Net Income Stabilization Account (NISA) and the Canadian Farm Income Program (CFIP) and integrates into a single program their stabilization and disaster protection components.

Food Safety and Quality — *Improving food safety and quality systems*

Enhancing safety, quality and traceability systems

AAFC, in collaboration with its partners, supports the development of national, integrated food safety, traceability and food quality systems to enhance and strengthen Canada's food continuum. Strengthening these systems will support and advance Canada as the world leader in producing, processing and distributing safe, high-quality agriculture and agri-food products. As evidence of our commitment, the Government of Canada in 2003-2004 announced activities (Memoranda of Understanding with other government departments and agencies — Health Canada, Canadian Food Inspection Agency and the Canadian Grain Commission) and programs (Canadian Food Safety and Quality Program) that augment the nation's food safety, quality and traceability systems.

Solidifying consumer confidence — Risk mitigation

To raise confidence in Canadian beef products, the Government of Canada announced in January 2004 enhanced measures for identification, tracking and tracing, and increased BSE surveillance and testing — investments totaling \$92.1 million over five years.

Together, BRM programs encourage proactive business risk management and help mitigate business risks, leading to greater profitability and decreased demands for ad hoc funding.

International Issues — *Gaining recognition and improving market access for our products*


Seeking a level playing field and defending Canadian interests

Canada has a fundamental interest in strengthening the international rules governing agricultural trade, eliminating trade-distorting subsidies and improving market access opportunities. These initiatives are important because exports represent half of all the products farmers grow and harvest, making Canada the world's fourth largest exporter of agricultural products.

AAFC is collaborating with Foreign Affairs Canada and International Trade Canada (FAC and ITCan) to enhance and secure market access and level the playing field in international markets for Canadian agriculture and agri-food products.

Environmentally Sound Production — *Concerted action through Environmental Farm Planning*

Positioning Canada as the world leader in environmentally sound production is instrumental to expanding market prospects. This is on top of the inherent benefits of improving air, water and soil quality and conserving biodiversity. In the long term, environmental stewardship is critical to sustaining the industry and safeguarding profitability.

In the agriculture and agri-food sector, sustainability of the industry means a way of producing and processing agricultural products that can be carried out over the long term and in a manner that supports or enhances the high quality of life we enjoy in Canada today. With its third sustainable development strategy, tabled in Parliament in February 2004, AAFC is taking a new approach .

The APF, with its integrated environmental, economic and social components, is the Department's sustainable development strategy. Under the environmental priority of the APF, the Government of Canada and provincial and territorial governments are providing financial and technical assistance to producers over four years for implementing Environmental Farm Plans (EFPs) across Canada.


Protecting Environmentally Sensitive Land Through Better Agricultural Land Management

Greencover Canada

For some lower quality annual crop lands, the best environmental option is conversion to perennial cover. The Greencover Canada Program provides eligible applicants with technical advice and financial incentives for converting environmentally sensitive land to permanent cover.

The APF, with its integrated environmental, economic and social components, is the Department's sustainable development strategy.

Capturing Value-added Opportunities

Every year, a growing number of Canadian farmers consider launching or expanding a value-added enterprise. Whatever the business venture — agri-manufacturing, food processing or something entirely new — many farmers lack the resources to get past the stage of just thinking about it. The Planning and Assessment for Value-Added Enterprises (PAVE) Program  is providing farmers with financial assistance to retain the services of business planning professionals to undertake professional feasibility assessments and develop business plans for specific, value-added enterprises. PAVE was introduced in most provinces in 2003-2004 and will eventually be available across the country.

Moving Forward in Science — *National science programs*

New technologies cover every aspect of food and non-food production systems, changing the way Canadians grow, process, preserve, transport, distribute and even shop for food. More and more opportunities to use agricultural products in ways that are helpful to society will appear — such as nutraceuticals, bioproducts and pharmaceuticals. In a world of rapid change, knowledge is the key to keeping ahead. At AAFC, innovative research underpins all our efforts to implement the APF by helping Canadian producers and processors address changing consumer preferences, demands and expectations.

Knowledge and Skills to Manage Change — *Helping farmers obtain sound business advice*

While innovation plays its role in developing food and other agricultural products and services with market potential, producers must contend with evolving management challenges and capture shifting opportunities. This is where the APF's Renewal element comes in to furnish producers with tools to manage the growth and competitiveness of their businesses. For example, through the Canadian Farm Business Advisory Services (CFBAS), eligible farmers can obtain an initial consultation, a farm business assessment and an action plan. CFBAS also helps pay for the preparation of comprehensive and specialized farm business plans through its Specialized Business Planning Services component.

At AAFC, innovative research underpins all our efforts to implement the APF by helping Canadian producers and processors address changing consumer preferences, demands and expectations.

Our Management Framework — Taking Action for Results

Evolving governance system — Modern Comptrollership

Through integrated planning, enhancing access to financial and non-financial information, modernizing human resources, and implementing integrated risk management, AAFC continued to advance the principles of Modern Comptrollership in 2003-2004.

An effective governance system is essential to deliver results. Over the past few years, AAFC's governance system has evolved and modernized in accordance with the Government of Canada's emphasis on Modern Comptrollership and results-based management. These changes continued in 2003-2004. AAFC now has a team-based organization with special emphasis on horizontal collaboration to achieve the priorities of the APF. A results chain links the Department's three strategic outcomes to APF priorities, which are in turn aligned with departmental resources — people, money, assets. In this way, all resources and activities are linked to expected results, with performance indicators to track progress. The governance system is therefore aligned with the achievement of AAFC strategic outcomes and APF priorities. Through integrated planning, enhancing access to financial and non-financial information, modernizing human resources, and implementing integrated risk management, AAFC continued to advance the principles of Modern Comptrollership in 2003-2004.

Improving the management of resources through integrated planning

AAFC has an integrated planning process in which all parts of the Department examine their work and priorities for the coming year. For 2003-2004, all work of the Department was categorized into projects and each project was assigned to a team with specific results and outcomes to be achieved. The Department's executive committee then approved the planning through an annual priority-setting and budget allocation exercise. A parallel reporting process is currently being implemented within each team and the Department as a whole to enhance reporting of results that will ultimately feed into future Departmental Performance Reports.

Enhancing decision support

Throughout 2003-2004, AAFC continued to improve its decision support mechanisms. Decision support is about improving access to information to assist management decision-making at all levels. To improve access to information, AAFC is establishing a fully integrated information management system for Decision Support. Decision Support at AAFC involves the alignment and coordination of key elements in the Department to deliver on the APF so as to generate integrated data and information on resources and results. With this enhanced information processing, all levels of management will be able to plan, monitor, adjust, report and make decisions with the support of timely and relevant information. In the end, there will be greater transparency in the Department's work and necessary costs.

In 2003-2004, the Department made progress in updating existing data, as well as corporate business processes that generate data, to ensure accuracy of information. A number of actions were taken to obtain a comprehensive understanding of managers' information requirements, address data integrity issues and deliver data in a practical way. As a result of these enhancements, AAFC is more capable of integrating information for decision-making, and for monitoring and reporting work at the project level.

Modernizing human resources — *The People Framework*

All AAFC work depends on people. AAFC's human resources strategy builds on the strengths of the Department's collaborative, team-based organization. Launched in 2003-2004, The People Framework brought together a number of initiatives in a systematic and integrated approach to leverage the collective efforts and talents of everyone at AAFC to achieve departmental goals. The framework defines the tools, mechanisms, policies and processes required by AAFC to make the most of employees' abilities and to meet objectives.

Integrated risk management

Integrated risk management is a continuous, proactive and systemic process to understand, manage and communicate risk from an organization-wide perspective. Following an extensive review of risk management practices and principles, AAFC implemented in 2003-2004 a new four-step Integrated Risk Management process. This process is understood and used throughout the Department to identify, assess, treat and monitor risk. Integrated with existing operational procedures and built into the AAFC's planning cycle, it enables the Department to capture risks at three horizontal levels spanning all AAFC activities and then manage those risks at the right level.

Management Accountability Framework

In 2003, the Management Accountability Framework (MAF) was released by the Treasury Board Secretariat (TBS). This framework brings together the principal elements of modern management initiatives such as Modern Comptrollership, Human Resources Modernization, Service Improvement and Government On-Line (GOL) into a set of ten management expectations for deputy heads and all Public Service managers. The ten MAF expectations are: public service values; governance and strategic direction; policy and programs; people; citizen-focussed service; risk management; stewardship; accountability; results and performance; and learning, innovation and change management.

As a result of its modernized results-based management framework, AAFC continues to perform well under the MAF expectations. Departmental officials are engaged in ongoing dialogue with TBS officials, as the MAF continues to evolve as a tool for measuring management performance in the Public Service.

Reports by Parliamentary Committees and the Auditor General [\[Link to Annex III, page 103\]](#)

A number of recommendations relating to the work of AAFC in 2003-2004 have been made by Parliamentary Committees and the Office of the Auditor General. A summary of these recommendations and responses by the Government are contained in Annex III. The Annex also includes links to internal evaluations and reviews conducted by the Department relating to fiscal year 2003-2004.

Conclusion

The year 2003-2004 presented serious challenges for Canada's farmers and farm families. Farm incomes declined due to pressures such as BSE and avian influenza. The Government of Canada responded. Through a variety of programs, the Government, through the work of AAFC, implemented measures to assist the sector in managing serious cash-flow problems. AAFC continues to work with industry to make sure those programs respond to the needs of the sector.

While responding to these immediate pressures, AAFC continued to work in 2003-2004 toward the long-term goals of the APF, through its three strategic outcomes. The APF continues to be the national agricultural policy for Canada — the foundation for long-term sustainable growth of the sector.

Performance Accomplishments

PART III

Introduction

Agriculture and Agri-Food: A Pillar of Canada's Economy and Society

The agriculture and agri-food sector makes a significant contribution to the Canadian economy and society, and to the quality and way of life of all Canadians. The sector builds and sustains local economies and communities. It bonds us as citizens, making us confident and proud of its high standards for safe, high-quality products. Canada's reputation and profile in the world are enhanced by our sharing of expertise with the developing world and playing a role in efforts to alleviate hunger.

Through good times and bad, the family farm has remained the backbone of our agriculture and agri-food sector. In fact, the vast majority of the estimated 250,000 farms in Canada are family-based. But in an era of increased concentration of our agri-food system, globalized markets, rapidly advancing technologies and growing competition for a share of the consumer's dollar, our farmers' ability to adapt successfully to change is being challenged as never before.

Unwavering Government Commitment to the Sector

In the February 2004 *Speech From the Throne*, the Government of Canada rededicated itself to strengthening the farm economy. Given the scope and magnitude of challenges to the sector, this resolve was both timely and reassuring. Specifically, the Government committed to:

- taking the steps necessary to safeguard access to international markets;
- ensuring that farmers are not left alone in bearing the consequences of circumstances beyond their control; and
- fostering a technologically advanced agriculture sector to make the competitiveness of Canadian farmers and the safety of Canadian food second to none.

Making Canada the world leader in producing, processing and distributing safe and reliable food to meet the needs and preferences of consumers

These commitments supplemented the ongoing initiatives of the Department to make the sector more vibrant, competitive, profitable, sustainable and respectable both as a way of life and a means to earn a living. AAFC's efforts in 2003-2004, highlighted below, focussed on its three key Strategic Outcomes:

- Security of the Food System,
- Health of the Environment, and
- Innovation for Growth.

Security of the Food System

Introduction: A Year of Significant Challenges and Continued Progress

Fiscal year 2003-2004 presented a series of challenges for the Canadian agriculture and agri-food sector. Erratic weather, low commodity prices, competition in domestic and international markets and technical barriers to global markets, continued to test the sector's renowned ability to bounce back from adversity. While responding to these immediate pressures, AAFC continued to advance the long-term vision for the sector through the Agricultural Policy Framework (APF).

Responding to Immediate Challenges to Security of the Food System

Bovine Spongiform Encephalopathy (BSE)

Following the discovery of BSE in Canada in May 2003, the Government of Canada took immediate action to protect human and animal health. The CFIA immediately launched an epidemiological investigation to locate the source of infection and to determine the risk posed to consumers of Canadian beef. Nearly 2,700 animals connected to the infected animal were located and euthanized, and nearly 2,000 of these animals were tested for BSE — all tested negative.

A team of international BSE experts was invited to assess the initial investigation, and commended the Government of Canada for its thoroughness and transparency. In addition, the team made several recommendations for further action to safeguard human and animal health.

In July 2003, Canada acted on the first of the team's recommendations, namely the prohibition of specified risk materials (SRM), the tissues in infected animals that can contain the BSE prion, from the human food supply; this is widely recognized as the single most effective means of preventing

human exposure to BSE. Canada has subsequently announced plans to implement the team's other three key recommendations: increased BSE surveillance testing, enhanced cattle identification systems, and removal of SRM from all animal feeds.

Canada's commitment to protecting human and animal health has been key in maintaining domestic consumer confidence. Domestic beef consumption rose by five percent in 2003, standing in stark contrast to the experience in other countries where consumer confidence was irreparably damaged following the confirmation of a first case of BSE.

Avian influenza

BSE was not the only new major challenge for the agriculture and agri-food sector in 2003-2004. In February 2004, the Canadian Food Inspection Agency (CFIA) confirmed the presence of avian influenza in the Fraser Valley area of British Columbia. In March 2004, the Agency verified the presence of a highly pathogenic form of the disease. As a result, all premises — 42 commercial and 11 backyard premises — on which the highly pathogenic avian influenza was found and those in the surrounding three kilometres were depopulated. The Government of Canada provided compensation to the farmers whose birds were ordered destroyed. Laid-off workers had access to federal job share programs. Meanwhile, the Government, working with provinces and industry, secured access to supplementary imports via a "fast track" authorization to meet B.C. processors' and market needs.

Advancing the Long-Term APF Vision

Business Risk Management (BRM)

Building a new program framework

The key to sustaining and growing any business, including farming, is finding ways to achieve better performance. Indeed, profitability, expressed as stable and rising income, provides one of the indicators of how viable a farming business really is.


BRM, as one of the key pillars of the APF, gives producers more comprehensive options for active risk management, leading to greater profitability and competitiveness and moving away from short-term crisis management to long-term stability. The BRM priority provides comprehensive risk management coverage and encourages producers to take proactive steps to mitigate business risks.

Given the business realities of farming, BRM programs are responding to income declines to cushion the impacts and assist farmers in recovering from these periodic challenges. In 2003-2004, the Government of Canada contributed nearly \$4 billion in assistance to producers, under various programs,

The key achievement remains the implementation of the Canadian Agricultural Income Stabilization (CAIS) program, which replaces the Net Income Stabilization Account (NISA) and the Canadian Farm Income Program (CFIP).

including the transition and BSE assistance. In addition, the Government provided advances and loans guarantees, securing producers' access to more than \$1.7 billion in loans.

The year 2003-2004 marked the transition from previous agricultural safety nets to the new Business Risk Management programs. The key achievement remains the implementation of the Canadian Agricultural Income Stabilization (CAIS) program, which replaces the Net Income Stabilization Account (NISA) and the Canadian Farm Income Program (CFIP). The CAIS program is a whole-farm program available to all eligible farms regardless of the commodities they produce. CAIS integrates stabilization and disaster protection into a single program, thereby providing producers with protection from both small and large drops in their farming income. This support results in increased farm income stability and helps producers to better manage agricultural risks.

During 2003-2004, Canada's longest running BRM program, Crop Insurance, began a shift to a broader Production Insurance Program . Program enhancement will result in a wider range of program options available to Canadian farmers, including the extension of the program to the livestock sector.

Because of the transition period and of the exceptional BSE circumstances that affected producers, additional assistance was provided to aid producers — mostly cattle producers — through a particularly difficult year. Special measures created to assist the industry in response to BSE include the BSE Recovery Program and the Cull Animal Program (CAP).

In addition, in March 2004, the Government of Canada announced \$995 million in funding under the Transitional Industry Support Program, targeted to maximize help when it was most needed:

- \$680 million for cattle producers who had faced a prolonged closure of the U.S. border;
- \$250 million delivered as direct payment to producers of all eligible commodities, including the cattle industry, all over Canada, based on their past income information to help bridge the transition from the Net Income Stabilization Account (NISA) that was redesigned into the Canadian Agricultural Income Stabilization (CAIS) Program; and
- \$65 million to cover the shortfall for the 2002 claim year from the Canadian Farm Income Program (CFIP) where, largely because of drought conditions in western Canada, claims to the programs exceeded the amount available.

More dependable programming — CAIS

Risk management under the APF moves away from a crisis-by-crisis-based approach to more integrated, predictable and dependable programs. This policy direction forms the basis of CAIS, which was officially launched on December 11, 2003.

A key component of the APF's BRM priority, CAIS is a federal-provincial initiative. It integrates stabilization and disaster protection, formerly covered under NISA and CFIP, into a single program that helps producers protect their farming operations from both small and large drops in income. CAIS is available to all eligible farmers regardless of the commodities they produce. CAIS payments for stabilization year 2003 are forecast at more than \$1 billion; most of the payments will be made in 2004-2005 when producers will have submitted their annual financial statements. To the end of the 2003-2004 fiscal year, 944 payments totalling \$15 million were made since the launch of the program.

Food Safety and Quality

Enhancing food safety and quality

The single case of BSE in Canada in May 2003 brought into sharp focus the integrated issues and some of the major factors now influencing the agriculture and agri-food sector. The drivers shaping the sector include: the paramount importance of food safety and quality; the integrated nature of the industry, both domestically and globally; and the need for vigilance at all levels of the production and supply chain. All these elements must be successfully managed if the goal of making Canada the world leader in producing, processing and distributing safe food is to be achieved.

Under the APF, federal, provincial and territorial governments agreed to support industry-led development and implementation of food safety, quality and traceability systems. The food safety and quality priority of the APF strives to protect human health by reducing food-borne hazards; increase consumer confidence in the food safety and quality system; and enhance the sector's capacity to meet or exceed market requirements that are key to branding Canada.

Strengthening infrastructures at Canadian veterinary colleges

Canada's four veterinary colleges play an integral role in safeguarding the nation's food supply, animal health and public health. Recognizing their critical importance in maintaining Canada's response capacity in national emergencies, the Government of Canada invested \$113 million in March 2003 to strengthen the colleges' infrastructures. Fiscal year 2003-2004 was the first full year of a five-year funding agreement between AAFC and the four veterinary colleges.

Animal genetic resources

Animal genetic diversity is of significant importance to Canada's food security and agricultural development. By conserving our animal genetic resources, we protect our capacity to respond to both animal and health challenges, domestically and globally. Recognizing this need for response capacity, AAFC embarked on a new initiative in February 2004 for the conservation

The food safety and quality priority of the APF strives to protect human health by reducing food-borne hazards; increase consumer confidence in the food safety and quality system; and enhance the sector's capacity to meet or exceed market requirements that are key to branding Canada.

and sustainable utilization of animal and genetic resources. The hub-and-spoke approach of this new initiative will allow interested stakeholders across Canada to participate and contribute. The business plan of the new initiative embraced the model of strategic partnership, building on the strength of government, industry and academia and non-governmental organizations. This approach represents an inclusive, efficient and synergistic way to move agriculture forward.

The Canadian Food Safety and Quality Program (CFSQP)

The Canadian Food Safety and Quality Program (CFSQP) is designed to help industry develop national food safety, food quality and traceability systems. The CFSQP builds on the former Canadian On-Farm Food Safety Program (COFFSP) and the Canadian Food Safety Adaptation Program (CFSAP) by broadening its scope to include food quality and traceability systems development. These measures will improve the sector's ability to identify and respond to food safety issues and concerns, hence increasing consumer confidence as well as improving market access and opportunities for the sector. These systems are essentially processes that ensure consistent food safety and quality practices are in place from field to fork. Quite simply, the more assurance you can offer consumers, the better.

BSE-related activities

In December 2003, AAFC announced the first component under the CFSQP. The \$62 million investment provides industry support to develop and enhance national food safety, food quality and traceability systems.

With the discovery of BSE, specific measures were taken in 2003-2004 for identification, tracking and tracing, increased BSE surveillance and testing, and sustaining consumer confidence in the safety of Canadian beef. On January 9, 2004, a total of \$92.1 million over five years was invested in three new measures:

- enhanced enforcement activities associated with the existing cattle ID system and an increase in BSE testing level, with at least 8,000 animals tested in the first year, rising to testing levels of 30,000 animals a year or more;
- accelerated development over the next two years of a more comprehensive cattle ID program that uses new technologies and integrates approaches with trading partners and existing programs; and
- an increase in Health Canada's capacity to respond to BSE.

International Issues

Increasing Canadian visibility and influence, and defending Canadian interests

Canada is a trading nation, and the agriculture and food sector accounts for a substantial portion of our export activities. In fact, agriculture and food in 2003-2004 contributed \$3.72 billion to our trade balance which represented 8.5 percent of Canada's trade surplus in that fiscal year.

These are impressive numbers. However, the world market for agricultural products is both fiercely competitive and highly volatile, making international issues an important dynamic in the Canadian agriculture and food sector.

In order to retain and expand a niche in the international market for agriculture and food products, Canada needs to continually increase its role, visibility and influence in shaping the process and rules governing world trade in agriculture and food products while continually innovating to beat its competitors in meeting market demands. To this end, AAFC's efforts in 2003-2004 focussed on four key themes, namely: *Gaining Recognition and Building Markets*, *Improving Market Access* and *Overcoming Technical Barriers*, discussed immediately below, and *Enhancing International Development*, discussed later under the Innovation for Growth Outcome with other key elements of *Gaining Recognition and Building Markets*.

Gaining Recognition and Building Markets

One key objective of the APF is to position Canada as the supplier of choice for agriculture and food products, recognized for their safety, high quality, innovation, and for having been produced in an environmentally responsible way. However, it is not enough for Canadians to know the value of Canadian agriculture and food products – buyers and consumers in key global markets must also be made aware.

Building a Canadian agriculture and food sector brand will help create this recognition, and progress is being made in this area. The Department has established a Branding Team which is undertaking extensive behaviour-based surveys of both buyers and consumers in key markets. Research and analysis has been completed for Japan, Mexico and the United States, with studies in other key markets planned for 2004-2005. This research is the foundation for the development of both global and country-specific branding strategies and tools. The Branding Team has also begun consultation with industry and provincial partners on preliminary research results and the branding strategy, and is looking to industry leaders to provide input into the development of a brand promise, the creation of new communications and marketing tools, and the establishment of a brand governance structure.

Under the theme *Improving Market Access*, AAFC's focus in 2003-2004 was multilateral and regional agricultural trade negotiations with the express aim of levelling the playing field for Canadian producers and processors, and improving market access.

Using this brand as leverage to build new markets will be the business of business and the Department has helped establish industry-led Value Chain Roundtables to bring together key leaders from across industry — producers, processors and others — to build a common understanding of competitive position and create consensus on how they can work together to improve it. Roundtables have been established for the beef, pork, oilseeds, cereal grains, special crops, seafood and horticulture sectors and work is under way to establish roundtables for dairy and poultry. The Department facilitates the roundtable process, provides support for roundtable action plans and is helping ensure roundtable priorities on policy and programs are addressed.

Making the improvements needed to back-up a Canada brand and ensure it can be leveraged for gains in international markets will require the collective will of the entire value chain. The roundtables are ideal forums for building this will and for crafting value chain-wide strategies and action plans that result in market gains.

The Department is also supporting branding efforts by funding individual projects through the Canadian Agriculture and Food International (CAFI) Program (formerly the Agri-Food Trade Program — the name of this program was changed to reflect the inclusion of seafood after AAFC undertook responsibility for seafood market development in October 2002). This program (also discussed further under Innovation for Growth) is the main vehicle to help industry improve access to global markets for Canadian agriculture and food products.

Improving Market Access

Under the theme *Improving Market Access*, AAFC's focus in 2003-2004 was multilateral and regional agricultural trade negotiations with the express aim of levelling the playing field for Canadian producers and processors, and improving market access. Multilateral activities in this area included active participation in World Trade Organization (WTO) negotiations and extensive ongoing consultations with the provinces and Canadian industry stakeholders throughout the negotiations.

Regionally, Canada participated in the ninth and tenth negotiating rounds on free trade with four Central American countries, known as CA4. Canada's market access objectives for agriculture during these negotiations are to seek balanced overall results that will benefit the Canadian agri-food sector. Canada also took part in the eighth Free Trade Area of the Americas (FTAA) Ministerial Meeting, which marked the halfway point of the negotiations. Canada regards the FTAA mainly as a market access negotiation, with the primary goal being to achieve access for Canadian agri-food products to FTAA markets on terms more favourable than is most likely possible in the WTO.

Overcoming technical barriers

In order to overcome technical barriers, other multilateral activities included participation in the WTO negotiations related to trade-related intellectual property rights and active participation in the world of key WTO committees for the agriculture and food sector (i.e. Committee on Sanitary and Phytosanitary Measures, Committee on Technical Barriers to Trade and Committee on Trade and Environment). Canada also participated in the first meeting of the Parties of the Biosafety Protocol under the Convention on Biodiversity.

Conclusion

Agriculture and agri-food is an important sector in the Canadian economy and society. In 2003-2004, the Government of Canada rededicated itself to ensuring the viability of the sector over the long term while responding decisively to immediate and traditional challenges for the sector. AAFC sustained its focus and continued to advance the vision of a competitive sector through implementing the Agricultural Policy Framework.

Health of the Environment

Introduction: Making the connections

According to the Listening to Canadians Communications Survey of fall 2002, 81 percent of Canadians rated the environment as a high priority for the federal government to address over the next five years. This finding placed the environment in the top five priorities on the public's issues agenda. Contributing to this level of concern is the public's greater recognition of the relationship between environmental quality and the long-term quality of life and health. For the agriculture and agri-food sector, the implications of this higher degree of environmental awareness are clear. Not only do consumers both in Canada and abroad increasingly expect agricultural practices and products that promote environmental quality, but also factor the industry's environmental friendliness into their buying decisions.

Taking responsibility and setting goals

Recognizing the high priority Canadians give to the environment, the Government of Canada, in the *Speech From the Throne* of February 2, 2004, identified safeguarding the environment as "one of the great responsibilities of citizens and governments in the 21st century."

To contribute to this shared responsibility, AAFC has as one of its long-term goals to make Canada the world leader in using environmental resources in ways that protect their quality and conserve their availability now and in the future. The APF, which integrates environmental, economic and social elements, is AAFC's plan to ensure that Canadians benefit from a healthier environment, higher quality of life and a more sustainable natural resource base. Through this integrated approach, the needs of the present are met without compromising the ability to address priorities in the years to come.

Environmental quality as a key to prosperity

While farmers have always been admirable stewards of the resources used in agriculture, maintaining and enhancing the productive capacity of the resource base is critical for future generations as well as our own. In fact, the long-term prosperity of the agriculture and agri-food sector and its ability to operate in the natural environment in a responsible, sustainable way are now understood to be inextricably linked. Not only will Canada's air, water, soil and biodiversity gain as a result of this recognition, but our industry will be able to capitalize on its environmental leadership position in capturing new market opportunities.

Making Canada the world leader in using environmental resources in a manner that ensures their quality and availability for present and future generations.

Farmers already apply many sound environmental practices that improve their operations' bottom lines and enhance the environment. But in an era when public confidence must constantly be earned, more can be done to ensure that agricultural practices better manage the crucial natural resource base. To achieve environmentally responsible production and reap the benefits, farmers need to: adopt practices that protect air, water and soil quality; promote the conservation of living things; ensure a safe and high-quality supply of agricultural products; and safeguard the livelihood and well-being of agricultural and agri-food businesses, workers and their families. The environment element of the APF sets out areas where governments can provide help, including: better information and research on the links between agriculture and the environment; the development of beneficial management practices; and stepped-up action on environmental priorities on farms through environmental farm plans.

Improving performance on the farm: Environmental Farm Plans (EFPs)

Any comprehensive effort to consolidate or advance environmental stewardship must start at the farm level. It is on the farm that the most direct interaction with the environment occurs through management decisions and production practices. So it is vital that farmers have the information and practical tools to identify and address emerging environmental issues on their operations.

With this capacity need in mind, the Government of Canada, through the APF, committed \$293 million over five years to help the agriculture sector develop and put in place environmental farm planning across Canada. All provinces have now committed to this initiative.

Environmental Farm Plans (EFPs) promote the assessment of on-farm environmental risks and mitigation activities, as well as environmental awareness among farmers. Producers who volunteer to participate in the EFP program attend an introductory workshop, followed by an information-sharing workshop at which they perform an environmental risk assessment of their agricultural operation and develop a plan to address any identified risks.

The national principle is that the developed plan is independently reviewed. In practice, the review process varies among provinces. In some provinces, a peer review committee is used. In others, the planner helps producers review the plan, while in others a separate professional performs a technical review. Upon conclusion of the review, producers who have an approved EFP become eligible to apply for cost-shared incentives through the National Farm Stewardship Program to follow through on the actions identified in their plans.

Before the APF, environmental farm planning existed in only some provinces. But now, as a priority area under the APF's environment element, EFPs will be implemented right across the country. The EFP process varies from province to province while adhering to national standards and objectives. This results in a consistent approach across Canada in achieving measurable and practical environmental goals in the areas of water, air, soil and biodiversity.

Planting the seeds of a greener future: Greencover Canada

Healthy and productive soil is critical to the long-term prosperity of the agriculture industry. Agricultural activities not only can affect soil health on the farm but also that of the surrounding landscape. While Canada's total supply of farmland has remained fairly constant for several decades, important changes have occurred in how this land is being used. For example, although Canada's cultivated land area — land under crops and summer fallow — has expanded substantially, the supply of dependable agricultural land has actually declined. This suggests that agricultural production has come to rely more on marginal land, with possible effects on productivity, soil quality and wildlife habitat, as well as having other environmental implications.

The program provides technical advice and financial incentives for the conversion of marginal or environmentally sensitive land, the management of land near water, and the promotion and adoption of shelterbelts.

Marginal land is poor-quality land that is most likely to yield a low return. It is the last land to be brought into production and the first land to be abandoned. Greencover Canada responds to the industry's increased reliance on marginal farming lands.

Launched in July 2002, with operational details outlined in May 2003, Greencover Canada is a five-year, \$110-million national program under the APF. The program provides technical advice and financial incentives for the conversion of marginal or environmentally sensitive land, the management of land near water, and the promotion and adoption of shelterbelts. The intent is to help producers improve their grassland-management practices, protect water quality, reduce greenhouse gas (GHG) emissions, and enhance biodiversity and wildlife habitat.

Greencover Canada focusses on the following four programming components:

- land conversion — converting environmentally sensitive land to perennial cover;
- critical areas — managing agricultural land near water;
- technical assistance — helping producers adopt beneficial management practices; and
- shelterbelts — planting trees on agricultural land.

Upon approval of a Greencover Canada application, the producer receives two one-time payments:

- \$20 per acre for seeding or planting tame forage or trees, or \$75 per acre for seeding or planting native species; and
- \$25 per acre after the producer establishes perennial cover. Greencover Canada inspects it and the producer signs a 10-year land-use agreement (Greencover Canada will adjust this payment to account for any seeding overpayment).

To date, the Greencover Canada land conversion component has resulted in a total of 1,400 projects for 115,000 acres converted from annual cultivation to perennial cover. Several technical assistance projects have been initiated in Manitoba to support further adoption of beneficial management practices by agricultural producers.

Community Pastures Program

Through the Prairie Farm Rehabilitation Administration's (PFRA) Community Pastures Program (CPP), Agriculture and Agri-Food Canada manages 87 community pastures across the Prairies. The program helps producers strengthen their operations by providing approximately 900,000 hectares of primarily native rangeland for the summer grazing and breeding service for 220,000 head of livestock. A formula is used to allocate grazing space to producers. Fees are charged for all services provided on the pastures. Actual revenues in 2003-2004 totaled approximately \$15 million, recovering approximately 85 percent of the direct costs and 75 percent of the total program costs. The CPP is one of PFRA's largest and longest running contributions to environmental conservation.

Enhancing Informed Decision-Making: National Land and Water Information Service (NLWIS)

The world we live in is an intricately linked system, and our land and water resources are very important parts of this system. Fresh water is undoubtedly our most precious and essential natural resource, and the quality of this water can be greatly affected by activities that occur on the land. Because safe, high-quality water plays such an integral role in our daily lives, proper use and effective management of our land and water resources is of particular importance to Canadians. Indeed, Canadians today demand more accountability and security when it comes to our nation's water supply. They expect land-use decisions to be based on environmentally responsible practices that make use of the best current information.

Agricultural land-use decisions can potentially have an impact on the water used by 90 percent of Canadians — about 28 million people. Because Canadians rely on surface and groundwater for domestic purposes, proper use and management of farmland is critically important. To help land-use decision-makers make well-informed choices, the Government of Canada, through AAFC, is developing an Internet-based initiative that will provide them with one-stop access to current, local and relevant land and water data.


Known as the National Land and Water Information Service (NLWIS), the program will be a key information source to support planning and analysis by agricultural producers and by municipal, provincial and federal land planners in every region of Canada.

The National Land and Water Information Service (NLWIS) will be a key information source to support planning and analysis by agricultural producers and by municipal, provincial and federal land planners in every region of Canada.

NLWIS is currently in the detailed definition phase, with the implementation phase planned to start early in 2005. Until then, AAFC will continue building partnerships with other federal departments, provincial governments and industry groups — all of whom will contribute to providing land-use decision-makers with the information, tools and expertise needed to make responsible decisions. Approved as a Major Crown Project in 2003, NLWIS represents the Government of Canada's commitment to the well-being and quality of life of all Canadians and will help brand this country as the world leader in sustainable land and water management.

NLWIS activities in 2003-2004 included: holding consultations with provincial working groups, federal partners and other stakeholders to develop detailed business requirements; setting up a Senior Project Advisory Committee; conducting workshops to analyze gaps and develop strategies and preliminary plans; initializing a System Proof of Concept to validate the information technology approach; and establishing a Project Management Framework.

The National Water Supply Expansion Program


(NWSEP)  will provide federal assistance to the agriculture industry to help plan, develop and conserve water sources.

Water...agriculture's life blood: National Water Supply Expansion Program

The National Water Supply Expansion Program (NWSEP) will provide federal assistance to the agriculture industry to help plan, develop and conserve water sources. It will also encourage producers and agricultural groups to use sustainable practices in drought-affected agricultural areas of Canada. Through the program, AAFC will provide financial assistance to address national water supply issues considered a priority for the agriculture industry. Projects assisted include on-farm water infrastructure development, such as surface storage projects, pasture pipelines and wells, and multi-user water infrastructure, such as regional water pipelines and tank-loading facilities. The program will also support strategic work to help identify solutions for areas currently experiencing or anticipating water supply problems and contribute to finding long-term water supply solutions, which will be particularly beneficial during years of low precipitation.

NWSEP has been initiated through agreement signing in two provinces (Manitoba and Prince Edward Island) in 2003-2004. Financial assistance was restricted to Manitoba. In preparation for signing agreements with other provinces, technical assistance has been delivered to clients in British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Prince Edward Island.

Gaining a better understanding of the agriculture-environment relationship

Despite their reputation for protecting the natural environment, farmers face an ever-changing and more complex business environment. For instance, as the use of farm inputs increases and farming systems and practices evolve, there is a need to continue understanding the impacts of nutrients, pathogens and pesticides, especially on water, air, soil and biodiversity. With research efforts aligned with APF priorities, the Environmental Health National Program (EHNP)  is designed to address these research needs, contribute to

the development of the NLWIS and Agri-environmental Performance indicators, and support the development of better management practices. The ENHP will also work with Environment Canada on national standards, Health Canada on water quality and the Pest Management Regulatory Agency's (PMRA) Minor Use Program on alternative pest management strategies.

In 2003-2004, a new five-year, \$10 million Environmental Technology Assessment for Agriculture initiative was established to provide funds to the private and public sectors for the economic and environmental assessment and refinement of 12 innovative environmental technologies for use by producers and agri-business.

Another five-year, \$10 million initiative was established to provide AAFC researchers and their collaborators with funds to reduce the gaps in information on water and nutrients in order to reduce agricultural risks and develop new management practices, improve water quality, and enhance nutrient management and environmental benefits by the sector through new innovative research.

In 2003-2004, a national Beneficial Management Practices (BMPs) group developed criteria for BMPs selection and national BMPs principles and template list/descriptions. In addition, a process for national review of provincial BMPs was identified and is in place; and data requirements for monitoring, evaluating and BMPs adoption was identified. As a result of these efforts, all provinces agreed to adopt national principles and approaches for identifying and evaluating sectoral BMPs. A national BMPs list was identified via consultation and collaboration between provinces and industry and a national working group. Finally, a process was identified for amending and annually updating provincial BMPs lists.

Another initiative in 2003-2004 was CARD II's financial support to the Crop Nutrient Council to hold the founding conference of the Canadian Fertilizer Institute. The conference provided a forum for stakeholders to: identify and discuss existing research and Nutrient Management policy; develop a Web site and virtual library; and promote an improved understanding of beneficial management practices. An information network was set up to target industry and government and serve as a tool for public communication. Given the reality of increasing government and public scrutiny of crop nutrients, it was important to establish a vehicle for the industry to communicate beneficial practices to agricultural producers and to keep the government and public current on industry developments.

Research activities were carried out, including in the area of Integrated Pest Management (IPM). Under the study "Development of Biological Control Strategies for Insects, Diseases and Weeds in IPM Programs," an industry partnership was established between AAFC, Scotts Canada and The Scotts Company for the commercial development of a fungal bioherbicide for dandelion and broadleaf weed control. A pre-submission was prepared for the PMRA toward the commercialization of this reduced pest control product in turfgrass.

Major new initiatives undertaken in 2003-2004 within the Pesticide Risk Reduction Programs will ensure the development and application of commodity-specific strategies to reduce the risks to human health and the environment associated with the use of pest control products. AAFC is working jointly with the PMRA of Health Canada and with industry and the provinces to increase the availability and adoption of reduced risk tools and practices to control pests in agriculture. Key achievement in 2003-2004 include: the development of a framework upon which to build risk reduction strategies; drafting of several crop profiles and three national risk reduction strategies; and a research call resulting in funding of 19 multi-year research projects targeting the development of reduced pest control tools and practices.

The Minor Use Program conducted more than 450 field trials of minor use pesticides in 2003-2004 in which data were collected in order to prepare a submission to the PMRA. Working with the provinces, growers' groups and industry representatives, AAFC identified key priorities to match pest problems with possible solutions. Nine AAFC research facilities have received Good Laboratory Practices certification. Also in 2003-2004, 12 multi-year research projects were funded that will provide information to support the introduction of minor use pesticides that pose a reduced risk to the environment, further enhancing the sustainability of minor crop production in Canada.

Through the APF, the Government of Canada and its provincial and territorial partners are working to encourage environmentally responsible production and reduce agriculture's impact on the environment.

Conclusion

Environmental stewardship is key to a sustainable and profitable agriculture and agri-food industry in the long term. Farmers have taken their role as resource stewards seriously and acted to manage known environmental risks. Through the APF, the Government of Canada and its provincial and territorial partners are working to encourage environmentally responsible production and reduce agriculture's impact on the environment. Through accelerated environmental action, Canadians can be assured that their water and air are clean and the products they buy are being produced in an environmentally sustainable manner.

Innovation for Growth

Introduction: Innovation and renewal are keys to success in a changing world

Advances in science and technology are transforming the global economy, and agriculture is no exception. The Canadian agriculture and agri-food sector is quick to adopt new methods. Constant innovation is necessary for the sector's success both at home and abroad.

Canada's primary producers support a Canadian food sector that employs 1.7 million in the manufacturing, wholesale, retail, and hospitality sectors. Each link in the agricultural chain is more responsive to its clients' preferences. Domestic and international demand for high-quality food that can be verified as safe and produced without compromising the environment has increased. Continued innovation is essential to meet these market challenges.

For AAFC, innovation means fostering technological change. Creating an environment where all players, whether they are primary producers, processors, or indeed others in the agriculture and agri-food system, can stay ahead of their competitors, is essential. In fact, promoting science, research and technology transfer is at the very heart of the APF. Research resources in AAFC are now aligned to support APF priorities under the areas of Food Safety and Quality, Health of the Environment, Sustainable Production Systems, and Bioproducts and Bioprocesses.

In order to capture the highest value for Canadian taxpayers and reinvest in research, some of the technologies developed by AAFC are protected by patents and other legal agreements. The AAFC Office of Intellectual Property provides expertise to AAFC scientists developing novel techniques or processes. It also assists in developing relationships with producer groups, industry, investors and entrepreneurs who will take discoveries from the lab bench to the commercial marketplace.

Creating new directions for farming benefits the environment

Although, economic growth and environmental care were once thought to be conflicting objectives, it is now increasingly clear the two can successfully co-exist. AAFC has considered both the environment and economics in creating new and profitable business opportunities for the sector.

For example, the use of ethanol, compared with conventional fossil fuels such as gasoline, reduces greenhouse gas (GHG) emissions. Canada can contribute positively to rural communities and meet its climate change commitments under the Kyoto agreement by increasing ethanol use. AAFC researchers have initiated work to evaluate processing technology to extract high-value materials from grains. This work could improve the efficiency of ethanol manufacture.

Making Canada the world leader in innovation to develop food and other related agricultural products and services that capture opportunities in diversified domestic and global markets

AAFC also provided technical assistance and funding under CARD to the multi-departmental project on cellulose/ethanol development with Iogen Corporation. Progress has been significant, culminating in Iogen's announcements of plans for a commercial-scale facility.

AAFC researchers are working hard to reduce pesticide inputs at the primary production level. Pesticides are of concern to some Canadian consumers and represent a large input cost for producers. If crop production levels can be maintained with lower levels of pesticide use, then everyone benefits. Following are two examples of AAFC research that will reduce the amount of pesticides used by producers.

Wheat provided \$2.4 billion to farm cash receipts in 2003 and many more dollars to the Canadian economy through export, ethanol production and manufactured wheat products. However, a fungal disease, Fusarium head blight, threatens the wheat crop in both Eastern and Western Canada. The disease causes yield loss, and the mycotoxin produced by the fungus can render grain unfit for human or animal consumption. AAFC researchers reduced development time, improved field screening and worked collaboratively with Hyland Seeds to release a soft red winter wheat called FT Wonder. The variety, used for pastries, maintains yield. When FT Wonder is exposed to the Fusarium fungus, its grain has only one-quarter of the mycotoxins of other wheat varieties. The new variety will reduce reliance on fungicides and increase confidence that winter wheat produced in Eastern Canada is safe. AAFC breeders in Western Canada are also developing Fusarium-resistant varieties suited to their region.

Farmers are approaching weed management on an integrated, multi-year, whole-farm basis. Weed management in canola, a major western Canadian crop, continues to improve. Production practices that promote rapid plant development enhance crop competitiveness with weeds. When the crop can be used as the first line of defence against weeds, then the use of herbicides is reduced. AAFC researchers have written a computer program to determine optimal combinations of seeding date and canola cultivar that lead to rapid closure of the canola canopy. In conjunction with other agronomic indices, this is a useful tool to predict crop/weed competition.

Water quality is another public concern that AAFC research is addressing. AAFC scientists, in conjunction with the Essex Region Conservation Authority and Canada Trust Friends of the Environment, developed a wetland-reservoir system that increased soybean and corn yields and reduced water pollution. Tile drainage water and surface run-off are diverted from open streams and ditches into the wetland reservoir. The collected water is recycled back to the crop through a controlled subsurface irrigation system. Everyone benefits: producers have high crop yield, better water use efficiency and managed run-off, while the community water source is protected and a wildlife habitat is created.

Laying the foundation for a renewable economy

Researchers in Bioproducts and Bioprocesses delve deep to the molecular level of crop plants to determine the workings of the genetic and biochemical pathways unique to them.

Ultimately the work of some AAFC researchers will lead to new sources of valuable components from plants, with applications for many different products, from pharmaceuticals to biofuels. Other teams work to develop crop varieties with resistance to diseases or environmental stresses such as drought or cold. Yet other AAFC researchers work to discover biological controls that will become part of an integrated pest management strategy and help reduce the use of chemical pesticides.

Some very special tobacco plants have been developed by AAFC researchers in London, Ontario. These plants are not destined to produce cigars or cigarettes — they produce human interleukin-10, for control of inflammatory bowel disease; or interleukin-4 to regulate immune responses in diabetics; or in another case, spider silk for industrial uses.

The production of biopharmaceuticals in plants is creating a broad spectrum of new treatment possibilities for human disease. Current production technology of complex proteins would be far too expensive to be practical, so researchers turned to plants. They have been able to produce the required amounts of valued proteins using genetically altered tobacco.

The bioeconomy is clearly the way of the future — bioproducts and bioprocesses are contributing to its strength. The development of new, highly valued traits is essential to the competitiveness of Canadian agriculture. Novel materials are extremely valuable, and agricultural-scale production is required to meet demand for industrial applications. Plants can allow for large scale, low-cost production. AAFC can provide the expertise to produce these materials in plants.

Two City of Saskatoon buses are running cleaner, thanks to a team effort from the city's biotech cluster, including scientists from AAFC. The team has developed a canola methyl ester that acts as a fuel supplement to increase mileage and reduce GHG emissions and engine wear. The buses are part of a unique project that will use five percent canola methyl ester to supplement the diesel that buses normally use for fuel. The "BioBuses" are being promoted as a "Breath of Fresh Air" by City of Saskatoon Transit Services and have been in operation since September 15, 2002. During the two-year program, the bus engines will be tested for wear and other operational characteristics.

AAFC also has the technology to evaluate fuel efficiency and exhaust emissions when biodiesel fuel is used in tractors. AAFC scientists in Ottawa have fitted a tractor with 20 different sensors to measure engine speed, ground speed and fuel consumption. The tractor can run on regular diesel fuel or regulated mixtures of diesel and biodiesel. Information from the tractor helps producers choose the best implements and tillage practices to maximize operating efficiency.

AAFC's Canadian Crop Genomics Initiative is identifying the structure and function of key crop genes, which will help develop Canadian crops with improved disease and insect resistance and tolerance to stresses such as cold and drought.

AAFC researchers in Saskatoon have isolated a naturally occurring soil microorganism that has potential as a biological control. Biological control is the use of one living organism to control another less desirable organism, in this case a weed. The unique and valuable aspect of this microbe is its ability to kill newly emerging broadleaf plants such as dandelions, chickweed and Canada thistle without affecting grasses. These characteristics make this an ideal biological control for both home owners seeding new lawns and the turf grass industry. AAFC is collaborating with Scotts Canada to determine the safety of this organism and if it is found to be safe, to develop it as a commercial lawn care product.

A strong renewable economy holds considerable promise for Canada. But delivering on that potential hinges on developing the infrastructure, highly qualified personnel and knowledge base required for the creation of new bio-based products. Bio-based production depends on harnessing the metabolic activity of plants to create products of use to humans. Equally important is ensuring a consistent supply of these products by reducing the production risks faced by farmers — pests, diseases, weather — in a sustainable manner.

To this end, AAFC's Canadian Crop Genomics Initiative is identifying the structure and function of key crop genes, which will help develop Canadian crops with improved disease and insect resistance and tolerance to stresses such as cold and drought. These crops will also have better yield and enhanced quality attributes for improved human nutrition and health, as well as industrial uses.

New technologies address producer and consumer issues

The agriculture and agri-food sector is faced with assuring food quality at minimal cost. Quality assurance systems need to be accurate, repeatable and fast. AAFC scientists have developed a number of technologies used in Canada and worldwide.

For instance, a visual particle analysis technology was recently developed and patented by AAFC scientists in Lethbridge, Alberta. The first application of this technology is a seed analysis system called Acurum™. Licensed by Dupont Canada for worldwide use, the system can objectively measure 320 characteristics on a sample of approximately 10,000 seeds in less than two minutes. Acurum™ has great utility in grain quality analysis. For example, AAFC and Industry Services of the Canadian Grain Commission (CGC) have co-operated in “training” the system on CGC Canadian Grain Standards. AAFC and CGC researchers have developed indices for Fusarium-infected grain that correlate with the level of the mycotoxin (known as DON) that may be present. The system will find and measure grain that has been affected by environmental or handling conditions as well as quality factors related to off-types of seed in the sample.

Another approach to assuring food quality is the use of good microorganisms to fight bad ones. AAFC researchers in Guelph, Ontario, have focussed on a family of microorganisms called bifido bacteria, which are found naturally in the intestines of chickens and many other animals. These microorganisms have several beneficial effects. They can make sugars more available and may be important sources of vitamins and amino acids. Best of all, they suppress the growth of other bacteria in the gut, including one organism associated with food-borne illness Salmonella. Identification of the bifido bacteria providing the most benefit is a natural and relatively inexpensive way to improve the health and productivity of Canada's chicken flock and hence the safety of the food supply.

New technologies developed by AAFC researchers can also be used at the primary producer level. The example that follows addresses two consumer concerns, antibiotic use by the livestock industry and animal welfare.

Bovine respiratory disease (BRD) is the leading cause of illness in calves and costs producers in excess of \$30 per animal. Diagnosis and treatment of sick calves requires capture and handling of animals, which is stressful. More importantly, animals that are not sick are also handled and may be treated, unnecessarily, with antibiotics. AAFC researchers in Lacombe, Alberta, have developed a non-invasive infrared thermography technique that measures eye temperature to identify sick calves up to a week or more before standard diagnostic methods. Early detection affords more treatment options and allows separation of animals before they infect others.

The following examples illustrate how diverse crops, all developed through traditional plant breeding methods, are providing new opportunities for the sector and reducing production risk.

More than 11,000 entries were received in a public contest to name AAFC's newest apple — Aurora Golden Gala™. The timing of the successful contest, which raised public awareness of the apple, has coincided with many B.C. apple growers replanting orchards. A number of growers have decided to plant the very productive new cultivar, which has crisp, juicy, medium-sized fruit with a pleasing fresh flavour. The trees come into production early and the apples have long storage and supermarket shelf life. All propagation stock of the apple, marketed under licence in Canada and internationally by the Okanagan Plant Improvement Company (PICO), has been pre-sold through 2005.

The Tulameen raspberry, released by AAFC more than 10 years ago, is still the most popular fresh market variety in the world. Tulameen has many outstanding qualities, including large, relatively firm, flavourful fruit that are a glossy, medium-red colour. It is resistant to the common strain of the aphid vector of the raspberry mosaic virus complex. The easy-to-pick berry has a long harvest season of about six weeks, up to two weeks longer than most raspberry varieties. Tulameen is also suited to greenhouse production and is being grown "out-of-season" in commercial greenhouses in New York and other parts of eastern North America. Tulameen received the American Society of Horticultural Science's Outstanding Cultivar Award in July 2004. This award is given for an outstanding

cultivar or germplasm release of a temperate or tropical fruit or nut crop species released within the past 35 years that has had a significant impact, scientifically or commercially.

Brassica juncea is better adapted to hot, dry conditions of the southern Prairies than currently available canola species. The qualities that condiment mustard makers seek to make our hot dogs spicy are the very elements that have been removed to make canola. Researchers have worked to reduce erucic acid and glucosinolates in *B. juncea* since the early 1980s and have now, in collaboration with Saskatchewan Wheat Pool, developed varieties that meet the quality standard to be called canola while retaining the ability to produce high yield under dry conditions. *Brassica juncea* can reduce producer risk and could add 0.8 to 1.6 million hectares to the oilseed crop production base on drier prairie land.


Helping ensure the future today — Renewal


For producers, technological change can be a mixed blessing. On the plus side, farmers can take advantage of emerging opportunities made possible by the development of new products or new uses for existing products. New production and management techniques, too, can have a substantial positive impact on the bottom line of operations. But at the same time, rapid advances in science and technology place a premium on skills and knowledge. Producers must learn continuously in order to manage successfully the changes that result from innovation.

The APF's renewal priority assists producers in developing the skills and knowledge they need to thrive in the 21st century and be responsive to consumer and market demands.

The APF's renewal priority assists producers in developing the skills and knowledge they need to thrive in the 21st century and be responsive to consumer and market demands. Producers can get access to advice to help brighten their profit picture through on- or off-farm opportunities as well as information on ways to enhance family income. There are three renewal programs.

Canadian Farm Business Advisory Services (CFBAS) provides a wide range of advisory services to help producers set goals for their businesses and develop plans to meet those goals. Through CFBAS, farmers are able to use the services of consultants to assess their financial situation, discuss goals, determine and evaluate options, and prepare action plans as well as business plans in specific areas such as diversification, marketing, human resources, risk management and succession.

Planning and Assessment for Value-added Enterprises (PAVE)  provides farmers who are thinking about establishing or expanding a value-added enterprise with financial assistance to hire professional help for developing feasibility assessments and/or a comprehensive business plan for a specific, value-added enterprise. Producers can then use this information to guide them in setting up or growing a value-added enterprise.

Canadian Agricultural Skills Services  will offer assistance to farmers and their spouses for skills assessment and training that could help them make choices about their future and enable them to pursue income opportunities on- and

off-farm. Following a Skills Assessment and the development of an Individual Learning Plan, support may be given for activities such as business management, accounting, finance and human resource management.

Benchmarking and awareness initiatives

Under the renewal priority, AAFC has also created some useful tools to provide farmers with information they need to make sound business decisions.

As an example, benchmarking is an objective way to compare the performance of a farm with that of similar size and type farms. With this in mind, AAFC developed a free, easy-to-use financial tool called “Benchmark for Success.”

Networking and information sharing among producers has proven to be instrumental in building on management strengths and addressing a vast array of challenges. The “Agricultural Services” Web site on AAFC Online enables producers to network and share information so they can increase their farm management capabilities and address these challenges. This site offers a single stop for links to federal and provincial government agriculture services and programs, mentoring sites and information on farm clubs.

Adapting to change through continuous improvement: From CARD to ACAAF

In 1995, the Government of Canada initiated the Canadian Adaptation and Rural Development Fund to foster the increased long-term growth, employment and competitiveness of the agriculture and agri-food sector and agricultural rural areas. AAFC has invested \$60 million annually in CARD programming since the fund was established.

In its second round — CARD II — dating from March 1999, CARD’s adaptation priorities included food safety and quality, capturing market opportunities, research/innovation, environmental sustainability, and rural development and human resources capacity building. The similarities between CARD II priorities and those of the APF demonstrate its continuing relevance to the sector’s needs. Indeed, CARD II has played a key pathfinding role by fostering projects and innovative ideas and approaches that help the sector take advantage of new opportunities and compete more effectively both domestically and globally.

In 2003-2004, CARD continued to support change by providing measures to help the sector adapt to structural changes and capture market opportunities. Programs and projects were delivered through national programs and industry-led adaptation councils in each territory and province. At the same time, AAFC concluded a formal program evaluation of CARD II.

The results of this evaluation identified a continuing need for this kind of program and proved that CARD II’s projects resulted in real benefits to the agriculture and agri-food sector. These benefits include strengthening partnerships and alliances among stakeholders and leveraging industry involvement. CARD II-funded activities were also found to be relevant to the needs of the agriculture and agri-food sector.

AAFC embarked on extensive cross-Canada consultations with the agriculture and agri-food sector and other stakeholders in the fall of 2003. The sessions confirmed the need for future programming beyond CARD II and provided valuable input on the proposed program framework.

Also in 2003, a framework for future programming beyond CARD II was developed that built on the strengths of the program. With CARD II's mandate slated to end on March 31, 2004, AAFC embarked on extensive cross-Canada consultations with the agriculture and agri-food sector and other stakeholders in the fall of 2003. The sessions confirmed the need for future programming beyond CARD II and provided valuable input on the proposed program framework.

Subsequent to the reviews that confirmed the benefits of projects carried out under the CARD model, a five-year, \$255-million Advancing Canadian Agriculture and Agri-Food (ACAAF) Program was launched in April 2004 to better position Canada's agriculture and agri-food sector at the leading edge to seize new opportunities. ACAAF will continue CARD's industry-led approach in responding to changing sector needs, while the industry-led councils will remain to meet local needs. Although not part of APF funding or the BRM suite of programs, ACAAF supports APF projects.

The ACAAF program is founded on three key pillars:

- *Industry-led Solutions to Emerging Issues* will support projects that test or pilot approaches and solutions, and can serve as incubators for initiatives holding future promise.
- *Capturing Market Opportunities by Advancing Research Results* will support projects that transfer research results into market opportunities.
- *Sharing Information to Advance the Sector* will support projects aimed at gathering, analyzing and sharing information to contribute to future agriculture and agri-food policy directions.

Skills development

AAFC has committed \$12.5 million over five years to the Canadian Farm Business Management Council, which promotes and encourages the application of sound farm business management principles and practices by Canadian farmers. Through this funding, a national beginning farmer advisory group was established. The advisory group will help determine how beginning farmers can best acquire the skills needed to be successful. In addition, the funds support the Council's efforts to develop farm-related information on advances in science and technology and a national directory with information on learning events and conferences.

As well, AAFC provides funding to the Association of Canadian Community Colleges (ACCC), to assist in developing curricula to attract youth to the agricultural sector and help farmers gain the skills they require. The Department is partnering with ACCC to focus on establishing the needs of students, best practices of agriculture advisory groups, potential curriculum development and best teaching practices for adult producers. A learners' study has been completed.


International Issues

Gaining Recognition and Building Markets

Canada exports close to \$29 billion worth of agriculture and food products every year to more than 180 countries. With global competition intensifying, industry is working to maintain this market share and capture new opportunities. Canada's international strategy under the APF is designed to support these efforts by branding Canada as the world leader in supplying safe, high-quality and innovative products produced in an environmentally responsible manner.

As part of its international strategy, AAFC's efforts in 2003-2004 focussed on four main themes: *Gaining Recognition and Building Markets*, *Improving Market Access and Overcoming Technical Barriers*, discussed earlier under the Security of the Food System Outcome, and *Enhancing International Development*. Additional elements of *Gaining Recognition and Building Markets* and *Enhancing International Development* are discussed below.

In order to sustain Canada's competitive advantage, strategic promotion and advocacy initiatives were undertaken to ensure both a strong Canadian presence and visibility. Specific activities undertaken include large Canadian pavilions at international trade shows, incoming and outgoing missions, and seminars. AAFC is funding an additional ten new specialist positions abroad, some with specialization in addressing technical trade barriers, investment development or seafood market expertise. A Memorandum of Understanding to facilitate implementation of this initiative was signed between AAFC and the Department of Foreign Affairs and International Trade (DFAIT) [now Foreign Affairs Canada (FAC) and International Trade Canada (ITCan)]. Further, a Memorandum to Cabinet on Enhanced Representation Initiative was approved to increase Canada's presence in the United States in order to enhance Canada's representation and promote Canadian advocacy and business development interests there.

Other departmental activities to raise the stature of Canada and promote Canadian interests focussed on export preparedness and counselling initiatives, market information and intelligence and investment promotion. Specific activities included: delivering market information and intelligence to Canadian exporters and foreign buyers through the Agri-Food Trade Service Web site;  participation in Team Canada Inc to develop and deliver programs and services to Canadian agriculture and food exporters; Trade Commissioner Service in Canadian embassies and posts abroad; market analysis for functional foods and nutraceuticals; and investment promotion initiatives undertaken with federal and provincial partners, including DFAIT (now FAC and ITCan) posts, to participate in, organize and support promotion initiatives, signature events and corporate calls.

The Department also supported industry efforts in strengthening the sector's capacity to market its products abroad. Through the Canadian Agriculture and Food International (CAFI) Program (also referred to under Security of the Food System), AAFC supports industry action to deliver on a comprehensive national strategy to gain and expand international recognition for Canada and enhance market opportunities for Canadian agriculture and food products. This program has two elements: Long-Term International Strategies (LTIS), which helps gain recognition and facilitate long-term sustainable export success, and Short-Term projects, which are typically one-time activities to address new market constraints and growth opportunities. Overall, CAFI contributed \$26 million in cost-shared funding to a wide range of Canadian industry groups involving 36 LTIS and 60 short-term projects.

Enhancing International Development

AAFC's technical advice and capacity-building to developing countries aims to help them improve their food safety, limit the spread of food borne disease, adopt environmentally sustainable agriculture practices, and fight hunger and poverty by improving their agricultural productivity. This work also helps these countries realize their potential to compete in international markets under level playing field conditions. By sharing its expertise and experience through international development programs and activities, Canada can help developing countries build trade policy capacity and participate fully in and benefit from international trade arrangements.

Initiatives in 2003-2004 included the start of a five-year project funded by the Canadian International Development Agency (CIDA) designed to improve China's food safety, and allow it to meet its obligations as a member of the World Trade Organization. AAFC staff worked with counterpart Ministries in China to determine their training needs, and provide training and technical assistance to 22 Chinese officials in the fields of food safety, institutional reform and agricultural policy adjustments. Significant planning was also carried out on future activities to meet this project's outcomes.

Canada also hosted a workshop in August 2003 for five Egyptian officials to provide technical assistance with WTO notification analysis. The purpose was to share multilateral agricultural trade policy experiences and techniques, using the work of the World Health Organization Committee on Agriculture as the basis for dialogue. Further, in March 2004, AAFC undertook a mission to Iran to identify potential areas of technical cooperation. Working in conjunction with Iranian officials, AAFC identified five areas of cooperation to support the government's modernization of the agriculture system: drought management; on-farm water and irrigation management; salinity management; irrigated and rain-fed agronomy; and Geographical Information Systems and Remote Sensing. The Government of Iran has begun to define and prioritize projects to be undertaken over the next two years.

AAFC worked with the Inter-American Institute for Cooperation on Agriculture to design a project on Agri-Environmental Policies for the Americas. This five-year project will be funded by CIDA. It will survey the state of agricultural environmental policies in Latin America, with a specific focus on developing countries. Further, the project will develop tools such as distance learning programs and official exchanges to improve environmental policy development with regards to agriculture. These efforts will better position the countries to improve their environmentally responsible agricultural practices; further, Canada will benefit from an increased trade with them.

Conclusion

AAFC's Innovation for Growth strategic outcome is helping the industry move forward with continuous consumer-driven and industry-driven innovation. Enabling our industry to work smarter and faster in delivering an exciting range of innovative agriculture-based products worldwide is critical to staying ahead of the competition. Complementing the scientific research side, the renewal priority provides support to farmers who want to pursue strategic planning and management activities, acquire knowledge, and develop new skills on an ongoing basis. A variety of initiatives are geared to helping producers assess their situations and options. Through innovation and renewal, farmers will have access to the necessary tools, knowledge, advice and opportunities to increase their profitability. Taken together, these two priorities form the cornerstone for a more dynamic and prosperous future in agriculture and agri-food.

The agriculture and agri-food sector makes a substantial contribution to Canada's trade balance every year. Yet the world market for agriculture and agri-food products is not to be taken for granted, as it has become intensely competitive and highly volatile, making international issues a key dynamic for Canada as a major trading nation in agriculture and agri-food products. The international issues priority is designed to address world market challenges through efforts that include: increasing Canadian visibility and influence in institutions, processes and rules governing international and regional trade of agriculture and food products; and continually innovating and improving Canadian products to remain ahead of competitors.

AAFC's Innovation for Growth strategic outcome is helping the industry move forward with continuous consumer-driven and industry-driven innovation.

Horizontal Initiatives

Agriculture and Agri-Food Canada's Horizontal Initiatives

Starting in 2003-2004, the Government of Canada launched an effort to report on horizontal initiatives with a higher level of detail than in previous years and with greater consistency across departments.

The objective of reporting on horizontal initiatives is to provide Parliament, the public and government with an overall picture of public spending and results achieved by departments working together. A “horizontal initiative” is an initiative in which partners, from two or more organizations, have agreed under a formal funding agreement (e.g. Memorandum to Cabinet, Treasury Board Submission, federal-provincial agreement) to work toward the achievement of shared outcomes.

Horizontal initiatives reported here are led by AAFC and have been either allocated federal funds that exceed \$100 million (counting all federal partners) for the duration of the program or allocated less than \$100 million but are still considered key for the achievement of government priorities.

Amounts in this summary table refer only to AAFC expenditures. More complete information on each initiative, including expenditures by our federal partners, is available on Treasury Board's Horizontal Results Database (www.tbs-sct.gc.ca/rma/epp-ibdrp/hrdb-rhbd/profile.asp).

Horizontal Initiative Information for 2003-2004

| Name of Horizontal Initiative | Partners | Description | AAFC expenditures in 2003-2004 (\$ millions) |
|---|------------------------|---|---|
| Production Insurance | Provincial Governments | Under the Agricultural Policy Framework (APF), Production Insurance is one of two core federal-provincial Business Risk Management (BRM) programs available to Canadian producers. Production Insurance provides income protection against production losses resulting from uncontrollable natural hazards. | 404 |
| Province-based Programs | Provincial Governments | Under the APF, provinces and territories have been granted a three-year transitional period in which to provide risk management programs that are specific to the needs of their producers. These programs cover a gamut of needs, from enhancements to the core programs (Canadian Agricultural Income Stabilization Program and Production Insurance) to agricultural research and development. | 128 |
| Business Risk Management Tools (excluding Production Insurance and Province-based Programs) | Provincial Governments | The Canadian Agricultural Income Stabilization (CAIS) program is one of two core business risk management programs available to producers under the Agricultural Policy Framework. It integrates stabilization and disaster protection into a single program, helping producers protect their farming operations from both small and large drops in income. CAIS replaces the Canadian Farm Income Program (CFIP) and Net Income Stabilization Account (NISA) program, both of which ended with the 2002 stabilization year. The 2003-2004 fiscal year was one of transition as expenditures include those on CAIS, CFIP, NISA, the 2003 Producer Assistance Program (PAP), the Transitional Industry Support Program (TISP), and Risk Management Funding (RMF) II. | 2,884 |
| Bovine Spongiform Encephalopathy (BSE) Recovery Program | Provincial Governments | Consists of two components: (i) The BSE Recovery Program, which offers several price incentives to help keep the domestic market moving and provided improved returns to feedlots and processors in light of severely depressed prices; and (ii) The Cull Animal Program, which makes a payment to producers for each eligible older animal sold for slaughter. | 403 |
| Farm Business Services | Provincial Governments | These services provide eligible farmers access to financial consultants who will help them assess their finances and develop action plans, business plans (financial, marketing, value-added) and succession plans. | 2.9 |
| MOU with Health Canada on Food Safety and Quality | Health Canada | To conduct research-related work in support of standard setting, on-farm food safety standards, national integrated enteric pathogen surveillance, and human health impact of on-farm anti-microbial use. | 5.9 (An additional \$3.1 million was transferred by AAFC to Health Canada for work done by Health Canada to pursue Health Canada and AAFC Strategic Outcomes). |

| | | | |
|--|--|--|---|
| MOU with Canadian Food Inspection Agency (CFIA) on Food Safety and Quality | Canadian Food Inspection Agency | To establish minimum standards, as well as inspection and enforcement strategies for medicated feed for food-producing animals. Also to establish the On-Farm Foods Safety Recognition Programs, which will provide government recognition of HACCP-based food safety systems developed and implemented by national producer associations. | 0 (AAFC transferred \$1.49 million to CFIA for work done by CFIA to pursue CFIA and AAFC Strategic Outcomes) |
| MOU with Canadian Grain Commission (CGC) on Food Safety and Quality | Canadian Grain Commission | To provide baseline data that will provide a benchmark on specific grain quality attributes. | 0 (AAFC transferred \$180,000 to CGC for work done by CGC to pursue CGC and AAFC Strategic Outcomes) |
| AAFC-Department of Foreign Affairs and International Trade (DFAIT) MOU on Agri-Food Specialists positions abroad | DFAIT (represented by International Trade Canada) | This MOU establishes the operational principles, management practices and performance measurement criteria for the 22 existing and 10 new agriculture and food specialist positions abroad. The objective is to enhance the delivery of services to Canadian exporters in areas such as agri-food business/investment development and market access/advocacy, through Canadian Embassies and High Commissions located in key export markets. | 3.2 |
| Rural Development | Canadian Rural Partnership (32 Federal Departments and Agencies), Provincial/Territorial Governments | The Government of Canada has mandated the Rural Secretariat, based in Agriculture and Agri-Food Canada, with developing, coordinating, and implementing a national, coordinated, cross-government approach to better understand the issues and concerns of rural Canadians, and to encourage federal departments and agencies to make adjustments to their policies, programs and services to reflect the unique needs of rural Communities. In conjunction with 32 federal departments and agencies—the Canadian Rural Partnership—the Government of Canada aims to integrate its economic, social, environmental and cultural policies to enhance the quality of life for rural Canadians. | 13 |
| Co-operatives Secretariat | 19 Federal Departments and Agencies, Provincial/Territorial Governments, Co-operatives sector | The Co-operatives Secretariat was established in 1987 to help the Government of Canada respond more effectively to the concerns and needs of Canadian co-operatives. The Secretariat advises the government on policies affecting co-operatives, co-ordinates the implementation of such policies, promotes co-operatives within the federal government, and provides a link between the co-operative sector and the many federal departments and agencies with which they interact. | 2.5 |

Rural Development

Introduction

Rural Communities: Pillars of Canada

Both rural and urban Canada are vital to the economic, social, environmental and cultural fabric of the country. Approximately one third of our population lives in rural and remote communities. These communities, which are spread across 95 percent of Canada's territory, play important economic roles, both locally and nationally, contributing 22 percent of Canada's GDP and providing 24 percent of total employment. Much of rural and remote Canada is characterized by a natural-resource economy that generates almost 40 percent of Canada's exports.


Unique Circumstances of Rural Canada

The challenges for the sustainability and viability of rural and remote communities are varied and complex. Single-industry communities that depend on a particular natural resource such as forests, minerals, agriculture or fish are vulnerable to sharp, cyclical downturns. One diversification possibility for rural communities is small business. Sixty percent of new small business starts are in rural communities; however, this accounts for only 12.5 percent of rural Canada's GDP. In addition, rural employment is growing slower than in urban Canada, and unemployment is 1.4 percentage points higher in rural Canada. With respect to burgeoning Internet opportunities, rural households are becoming more connected to the Internet; however, the "digital divide" between rural and urban Canada is widening due to both a lack of access to high-speed connections and lack of skills in the use of the technology. With respect to skills development, the gap between post-secondary education levels for rural and urban youth has decreased, although significant out-migration by rural youth to find education and employment opportunities is having an impact on rural demographics. These challenges are intrinsically linked with other unique circumstances faced by rural communities, such as distance from urban markets, geography and low population density.

Rural development efforts that integrate all aspects — economic, social, environmental and cultural — better equip rural and remote communities to face the challenges and better support the longer-term viability and sustainability of rural communities. By strengthening rural communities, Canada will be in a better position to take advantage of the promise and opportunities brought about in the 21st century.

The Federal Commitment to Rural Canada

The Government of Canada is committed to an integrated, cross-cutting approach to rural development. Established in 1996, the Rural Secretariat, based in Agriculture and Agri-Food Canada, leads an integrated, government-wide approach called the **Canadian Rural Partnership** (CRP), through which

Established in 1996, the Rural Secretariat, based in Agriculture and Agri-Food Canada, leads an integrated, government-wide approach called the Canadian Rural Partnership (CRP) .

the Government of Canada aims to co-ordinate its economic, social, environmental and cultural policies toward the goal of sustainable and viable rural communities. Working collaboratively with 32 federal departments and agencies, as well as provinces and territories, the Rural Secretariat provides leadership and co-ordination for the CRP, facilitates liaison and creation of partnerships around rural issues and priorities, and promotes dialogue between rural stakeholders and the federal government. Through horizontal integration, collaboration and partnerships, the full range of federal policies, programs and services becomes the suite of tools to respond to the challenges facing rural Canadians.

Performance Accomplishments for 2003-2004

Two-Way Communication: Enhancing the Rural Dialogue

The initial work of the Rural Secretariat was designed to engage rural citizens and promote a better understanding of rural issues across federal departments and agencies. The Secretariat established the Rural Dialogue as a two-way discussion between the Government of Canada and Canadians from rural, remote and northern regions. As a sector, there are few existing groups that can interact with government on behalf of rural Canadians and their communities. For this reason, the Secretariat maintains the Rural Dialogue, creating opportunities for government to interact directly with citizens and community leaders regarding issues of concern to citizens in rural and remote Canada. The Dialogue is an opportunity for citizens to voice their concerns and establish priorities. Since the Rural Dialogue was launched in 1998, more than 17,000 citizens from rural, remote and northern Canada, including youth, have participated in activities held across the country.

In 2003-2004, 13 Roundtables were held in 10 provinces and territories. Participants included local community leaders, practitioners, politicians, academics and rural citizens.

- In 2003-2004, 13 Roundtables were held in ten provinces and territories. Participants included local community leaders, practitioners, politicians, academics and rural citizens. The discussions expanded upon the themes raised in previous Dialogues of entrepreneurship, youth, infrastructure and community capacity building, and explored in greater depth the challenges, barriers and community solutions and approaches. Information from the Roundtables provided input into the planning of the content for the National Rural Conference to be held October 21-23, 2004, focussing on community solutions. Reports on the Roundtables, entitled "Rural Communities as the Cornerstone," are available at http://www.rural.gc.ca/dialogue/reports_e.phtml.
- Advice from many sources and venues is important for informed decision-making. The Advisory Committee on Rural Issues provides the Minister with advice on public policy issues affecting rural and remote Canada. The Advisory Committee consists of 16 members from across Canada who are actively involved in the development of rural Canada, either individually or as part of an academic institution, government body or other organization. Among the issues considered by the Committee in 2003-2004 were research priorities regarding rural Canada and principles for applying the Rural Lens to Kyoto-related policies and programs.

The commitments made in the Report on Plans and Priorities 2003-2004 were met.

Building for the Future: Rural Youth

Youth are the future, and many rural communities are dealing with significant out-migration of rural youth to find education and employment opportunities. Building the capacity of youth to become community leaders for today and tomorrow and expanding the involvement of youth in community development were important accomplishments of the Rural Secretariat in 2003-2004.

Through a National Rural Youth Conference, which established a National Rural Youth Network and a Young Leaders in Rural Canada Award, the Rural Secretariat has provided opportunities for rural youth to develop skills, build networks, share ideas and recognize fellow community leaders.

- The National Rural Youth Conference was held May 2-4, 2003, and brought together more than 60 youths from rural, remote and northern communities across Canada. Conference delegates explored the themes of innovation, leadership and partnership. Presenters shared experiences and insights on these topics and offered delegates practical tips and tools to help them bring about change in their communities. Case studies, selected from the community project proposals of the delegates, provided an opportunity for delegates to exchange ideas and get inspiration for their own projects.
- Following up on an idea developed at a National Rural Conference, youth delegates at the National Rural Youth Conference established the National Rural Youth Network, identified key priorities to guide preparation of an action plan, and chose their first Council and Executive. In 2003-2004, the Council developed the focus and direction of the network, created the National Rural Youth Network Web site, and worked on design of a youth component for the National Rural Conference scheduled for October 21-23, 2004.
- The Young Leaders in Rural Canada Awards process was launched in the fall of 2003. The Awards recognize rural youth who have demonstrated outstanding achievements and contributions to rural, remote and northern Canada at the local, regional or national level in the areas of innovation, leadership and partnership. The awards are to be presented at the National Rural Conference scheduled for October 2004.
- Rural Teams in each province and territory worked with rural youth to provide support for the National Rural Youth Network Council members and to include youth in Rural Dialogue activities. This included Dialogues entitled "Youth," held in Lac Mégantic, Quebec, on November 14, 2003 (http://www.rural.gc.ca/dialogue/report/qc/lac_e.phtml) and "Youth Inclusion on the Nova Scotia Rural Team," held in Truro, Nova Scotia, March 5-6, 2004 (http://www.rural.gc.ca/dialogue/report/ns/youth_e.phtml).

The commitments made in the Report on Plans and Priorities 2003-2004 were met. The National Rural Youth Conference faced the challenge that the SARS outbreak resulted in a lower attendance than planned. Additional initiatives, listed above, build on the results of the Conference.

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Catalysts for Change: Examining Capacity Building and Rural Development Initiatives

The role of programming in the Rural Secretariat is to provide a practical link between policy, research and implementation, with the strategic objective of helping rural and remote communities respond to community development challenges by supporting the development and adoption of long-term, sustainable rural development strategies that will strengthen their ability to build local solutions to local challenges.

- A new program, the Models for Rural Development and Community Capacity Building Program, was established in 2003-2004 to identify, test and evaluate selected models that address rural development issues and challenges.
- As well, the Rural Secretariat managed two programs supporting community learning, problem solving, information sharing and community planning. One was the Canadian Agricultural Rural Communities Initiatives, which approved funding for 207 projects from 2000-2001 to 2002-2003. Authorized projects were completed in 2003-2004. The other program was the Agricultural Rural Minority Language Community Planning Initiative, which approved 42 projects in 2002-2003. Work under this initiative was also concluded in 2003-2004.

The commitments made in the Report on Plans and Priorities 2003-2004 are in progress.

Looking through the eyes of rural Canadians: The Rural Lens

Federal departments and agencies are increasingly aware of the effects their work can have on rural Canada. Consequently, when contemplating future initiatives, decision-makers put substantial effort into understanding the impact of these initiatives on rural Canada and ensuring that they are indeed appropriate for rural Canadians. The Rural Lens is one way the Government of Canada can view issues through the eyes of Canadians living in rural and remote areas. The Rural Lens is a policy approach that is used to ensure rural issues and concerns are considered in the development of policy, programs and services, taking into account the concerns and priorities of citizens. The Rural Secretariat works with 32 federal departments and agencies to apply the Rural Lens.

- In 2003, the Government of Canada announced an additional \$3 billion for infrastructure: \$2 billion for the Canada Strategic Infrastructure Fund, of which 20 percent goes to communities with a population of fewer than 250,000; and \$1 billion toward a new Municipal Rural Infrastructure Fund. This Fund has been structured to respond to the specific needs of Canada's smaller municipalities, investing in local infrastructure to benefit Canadians in small and remote communities. In total, 80 percent of this Fund focusses on communities of fewer than 250,000 people. More details about all the infrastructure programs are available at www.infrastructure.gc.ca.

- Industry Canada programs such as the Broadband for Rural and Northern Development (BRAND) pilot program and the National Satellite Initiative support the private sector in leading the development of advanced information and communications infrastructure in Canadian communities, especially those affected by the digital divide, such as First Nations and rural, remote and northern communities. The National Satellite Initiative was launched in 2003 with \$155 million in funding. Broadband infrastructure and access are the foundation on which Canadian communities can build and deliver new applications and services in areas such as health, education and commerce. Through this program and complementary investments by Infrastructure Canada, the Canadian Space Agency, regional development agencies, provinces and territories, and the private sector, significant progress is being made toward bridging the high-speed access divide. More information on broadband is available at www.broadband.gc.ca.

The commitments made in the Report on Plans and Priorities 2003-2004 were exceeded.

Federal-Provincial-Territorial Collaboration

The first years of the Canadian Rural Partnership were focussed on developing a common understanding within the Government of Canada of rural issues and the need for a rural point of view to be considered when developing and implementing public policy. Through this work, it has become increasingly clear that complementary and coherent rural policies, within and among governments, could increase the capacity of individual communities to respond to their unique challenges and conditions. The Rural Secretariat began in 2002-2003 to engage provincial and territorial interests in areas of common understanding, shared best practices and the development of common objectives.

- During their inaugural meeting in Kananaskis, Alberta, on April 14-15, 2003, federal, provincial and territorial (FPT) ministers responsible for rural development agreed to explore a collaborative approach to further advance the vitality of rural, remote and northern communities. Ministers agreed to continue to build upon collaborative principles for a national framework for rural policies.
- In 2003-2004, the Rural Secretariat facilitated federal-provincial-territorial work to develop a National Rural Policy Framework and identified research and information-sharing opportunities in the areas of:
 - an integrated research agenda;
 - priority research in the areas of:
 - public, private partnerships,
 - infrastructure investment, and
 - access to capital;
 - a community directory of programs and services;
 - a community information database; and
 - a community capacity building action plan.

The commitments made in the Report on Plans and Priorities 2003-2004 were exceeded.

Understanding Rural Canada and Keeping Citizens Informed

Informed decision-making is very important in policy, program and service development. The Rural Secretariat undertakes comprehensive policy research and provides socio-economic information and analysis nationally and regionally on a number of specific areas from a rural perspective. The Secretariat works to promote an integrated research and policy agenda intergovernmentally and works with a variety of partners, including the Canadian Rural Revitalization Foundation, universities and other federal departments, among others.

- Since 1998, 35 Rural and Small Town Bulletins, including seven in 2003-2004, have been published by Statistics Canada, furthering the empirical evidence regarding rural Canada available to decision-makers. The bulletins and other research reports are available at http://www.rural.gc.ca/research/research_e.phtml.

The Rural Secretariat outreach and communications tools and activities provide a way for all Canadians to understand rural concerns and issues, and for rural Canadians to learn about the Government of Canada's programs and services and to express their concerns and issues in on-line dialogues.

The Rural Secretariat outreach and communications tools and activities provide a way for all Canadians to understand rural concerns and issues, and for rural Canadians to learn about the Government of Canada's programs and services and to express their concerns and issues in on-line dialogues. Tools and activities include the Government of Canada rural Web site (www.rural.gc.ca), which provides information on the Canadian Rural Partnership. Rural and Remote Canada Online (www.rural-canada.ca) also provides Canadians in rural and remote regions a single window to information and services as well as an opportunity to engage in dialogues and share knowledge on rural and remote issues with each other and with the Government.

A significant communications achievement in 2003-2004 was the production of regional newsletters in Yukon, Northwest Territories, British Columbia, Alberta, Manitoba, Ontario, Quebec and the Atlantic provinces. Produced in conjunction with federal and provincial partners, the main focus of the newsletters is to raise awareness among rural and remote Canadians of the work that government is doing to ensure a higher quality of life in their communities. In order to capture activities at both the national and local levels, the content includes articles highlighting various aspects of departmental activities; descriptions of national rural initiatives; local success stories; lessons learned; regional Rural Team activities and achievements; and reports on recent local activities, such as roundtables and town halls. More than one million regional newsletters were distributed.

The commitments made in the Report on Plans and Priorities 2003-2004 were exceeded.

Conclusion

The Government of Canada is committed to strengthening rural and remote communities as a vital part of Canada's society. Although rural communities are faced with a variety of unique challenges, a solid framework for rural development is provided by improved understanding of rural issues and concerns, collaboration across and among governments, and consideration of rural issues and concerns in policy and program development.

Co-operatives Secretariat

Success of the Co-operative Model

Co-operatives play an important role in Canadian society in the areas of retail, housing and other service sectors, as well as in the agriculture and agri-food sector and financial services sectors. As democratically controlled enterprises of which the members are both owners and users, co-operatives provide a systematic way for people to come together to pursue common economic and social goals. Co-operatives encourage healthier and stronger communities by investing in the social infrastructure and enabling people to pool their resources, share risks and achieve common goals. For more than 130 years, co-operatives have demonstrated their success by showing that they can lower costs, open markets and meet real human needs. The Government of Canada is working in partnership with co-operatives to help develop community-based solutions to the challenges faced by Canadians in the areas of public policy priorities.

The Federal Commitment to Co-operative Development

The Co-operatives Secretariat was established in 1987 to help the Government of Canada respond more effectively to the concerns and needs of Canadian co-operatives. The Secretariat advises the Government on policies affecting co-operatives; co-ordinates the implementation of such policies; promotes co-operatives within the federal government; and provides a link between the co-operative sector and the many federal departments and agencies with which they interact. In 2003-2004, the Secretariat launched the Co-operative Development Initiative (CDI), a new Government of Canada program supporting co-operative development.

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Performance Accomplishments for 2003-2004

During 2003-2004, the Secretariat carried out activities in the following four priority areas to support the goals of expanding the use of the co-operatives model to enhance economic growth and social development of Canadian rural and urban society:

- In order to build awareness of the potential of the co-operative model as a business structure and governance model, the Secretariat implemented the Advisory Services component of the CDI to offer technical advice and professional assistance to individuals, groups and communities wishing to develop new co-operatives or strengthen existing ones. The services are delivered jointly by the Conseil Canadien de la Coopération (CCC) and the Canadian Co-operative Association (CCA) in collaboration with local, regional and sectoral co-operative organizations. As part of this awareness-building, the Co-op Zone Web site was launched (www.coopzone.coop). Raising awareness and promoting greater understanding of the co-operative model are key steps in expanding the opportunities for its use.

- With respect to providing information and expert advice on co-operatives to all federal departments and agencies, efforts included developing an inventory of available research; identifying knowledge gaps; preparing statistical reports; and publishing research undertaken on agricultural co-operatives. A federally funded CCA project managed by the Co-operatives Secretariat, “Building Assets in Low Income Communities Through Co-operatives,” resulted in a policy framework showing how co-operatives can be used to help people overcome poverty and social disadvantage. The resulting information is important to informed decision-making.
- In terms of *supporting research and innovation activities that demonstrate the use and value of the co-operative model in the new economy and as a means to promote social cohesion*, activities consisted of establishing the Innovation and Research component of the CDI, which researches and tests innovative applications of the co-operative model. The first year of operation saw 21 projects approved and under way. CDI program information and project information are available at http://www.agr.gc.ca/policy/coop/information_e.phtml and http://www.agr.gc.ca/policy/coop/projects_e.phtml, respectively. The results from the projects will show new opportunities and avenues for the use of the co-operative model.
- Activities for building partnerships to optimize opportunities for co-operative development included establishing and managing the operations of the broad-based CDI Steering Committee and partnering with the CCA and the CCC to provide development and advice assistance to co-operatives. A national co-operative developers’ network was established through the Advisory Services component of the CDI, while a number of community-based partnerships were formed through Innovation and Research activities. The result is expanded opportunity for co-operative development.

Overall, the commitments made in the Report on Plans and Priorities in 2003-2004 were exceeded.

Conclusion

Co-operatives are a vital part of Canadian society. With a proven record of success in a number of sectors such as housing, retail, financial services and agri-food, the expansion of co-operatives into others sectors of society is an important undertaking of the Government of Canada.

Key Government Themes

Sustainable Development

Sustainable development integrates environmental, economic and social interests in a way that allows today's needs to be met without compromising the ability of future generations to meet theirs. In the agriculture and agri-food sector, sustainable development means a way of producing and processing agricultural products that can be carried out over the long term, in a manner that supports or enhances the high quality of life we enjoy in Canada today.

Sustainable agriculture:

- protects the natural resource base, prevents the degradation of soil, water and air quality, and conserves biodiversity;
- contributes to the economic and social well-being of all Canadians;
- ensures a safe and high-quality supply of agricultural products; and
- safeguards the livelihood and well-being of agricultural and agri-food businesses, workers and their families.

With its third sustainable development strategy, tabled in Parliament in February 2004, Agriculture and Agri-Food Canada is taking a new approach. The Agricultural Policy Framework, with its integrated environmental, economic and social components, is the Department's sustainable development strategy. AAFC has now come to the point that its governing departmental policy, the APF, and its sustainable development strategy are one and the same.


Our progress in achieving our sustainable development and APF objectives will be tracked using the same mechanisms: a series of logic models related to the elements of the APF Agreement. An additional series of targets have been developed to help the Department track progress in achieving green practices in its own operations. This is important, as AAFC owns about 1,100 vehicles, 2,400 buildings and 955,000 hectares of land; occupies upwards of 82,500 square metres of office space; and operates research centres, experimental farms, community pastures and water-supply systems.

In essence, reporting on our sustainable development objectives will be covered in our reporting on the APF, with some additional reporting on the specific targets set for our own operations. This shift brings our Department to a new stage of maturity, transforming the way we work and directing all our efforts toward sustainable development.

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Agriculture and Agri-Food Canada also continues to work horizontally within the interdepartmental community on a number of key issues related to sustainable development, including: the further development of a federal vision and strategy for sustainable development; development of a federal freshwater strategy; and implementing *Sustainable Development in Government Operations: A Coordinated Approach*.

Greening Government

AAFC made advances in 2003-2004 in several of the priority areas identified in the *Guide to Greening Government Operations*: 

Energy Efficiency: In energy efficiency, Saskatoon and Lacombe facilities underwent energy audits, and the Summerland lighting system was retrofitted based on a previous audit. In addition, two studies are under way on the feasibility of using wind power.

Contaminated Sites: Of the 84 contaminated sites AAFC has identified, none is considered high risk. In 2003-2004, remedial work was carried out at four sites and assessment work at 35 sites to determine the extent of contamination.

Vehicle Fleet: AAFC has been a leader in the use of environmental vehicles in its fleet. In 2003-2004, two thirds of the 131 new vehicles purchased were environmentally friendly (64 E-85, 10 natural gas). Also, 32 small electric utility vehicles for field-related activities were purchased instead of regular gasoline powered pick-up trucks, further reducing the impact on air quality. AAFC continues to operate six E-85 refuelling stations in Brandon, London and Ottawa and has plans to open three more at other locations in the near future. The regular fuel fleet has been reduced by 10 percent since 2001-2002. In Fredericton, AAFC completed the installation of a compressed natural refuelling (CNG) station for the refuelling of its CNG vehicles, a first in Atlantic Canada. This refuelling station will formally be inaugurated later this year.

Environmental Management Systems: A software package for a Web-based AAFC Environmental Information and Performance Management System (EIPMS) has been purchased and modified, and will be piloted at a number of sites in 2004-2005. Once completed, the EIPMS will enable AAFC to better respond to and report environmental activities and accounting requirements of various environmental performance indicators, as well as improve its overall environmental performance.

Waste: An implementation guide and best practices are being developed for solid waste. On a demolition project that occurred on the Central Experimental Farm in Ottawa, more than 95 percent of the waste resulting from the demolition work of three buildings was diverted from landfill by means of various reuse and recycling activities. This reduced the landfill pressure and environmental impacts associated with transportation of these materials.

Government On-Line — AAFC's On-Line Presence

www.agr.gc.ca/csb/gol-ged/index_e.phtml

AAFC committed to a renewed on-line presence to serve as the foundation of its service delivery strategy. This renewed commitment will also help meet the Department's GOL goals and objectives for on-line service delivery. The first phase was followed by the launch of AAFC On-Line Renovation Projects for both Intranet and Internet.

These projects support the implementation of the APF. By 2005, AAFC will introduce a unified enterprise portal to provide integrated, targeted on-line access to trusted information, programs and services related to the agriculture and agri-food sector. Upon successful implementation of the enterprise portal, AAFC's business stakeholders, clients, teams and employees will have a means, through the single-window interface, to collaborate and provide clients with personalized, relevant, trusted information on integrated programs and services in an effective and efficient manner. AAFC will continue to evolve our electronic service delivery in order to:

- fully support the APF and evolving service delivery objectives;
- avoid devaluation of AAFC's on-line service delivery capacity;
- effectively align internal resources with the new horizontal priorities; and
- be the world leader in providing an integrated, client-centric approach to delivering targeted and personalized information, programs and services related to the agriculture and agri-food sector.

Many years before the inception of the Government On-Line (GOL) program, Agriculture and Agri-Food Canada (AAFC) had established a departmental presence on the Internet. The first AAFC Web site was launched in February 1995, not long after the birth of the World Wide Web. AAFC's site is one of the Department's key information and service delivery channels. The Internet provides AAFC's external clients with access to industry information and services. Additionally, the Department's Intranet represents a key internal tool to support teamwork with the goal of delivering products and services to the external clients.

Service Improvement Initiative

The Service Improvement Initiative is a Treasury Board policy that aims to close the gap between citizens' service expectations and service delivery performance. The initiative calls on federal departments and agencies to set service standards and measure client satisfaction in a consistent way across government (using the Common Measurements Tool), and then take steps to continuously improve service.

In the summer and fall of 2003, the Department conducted a Business Alignment exercise to identify business priorities vis-a-vis improvement of the delivery of programs and services to clients. The Business Alignment exercise identified the need for a focal point within the Department to continue to develop, confirm, and prioritize business needs, on an annual basis, through a Business Delivery Strategy. The Integrated Business Solutions Project Team has been established to meet this need.

Moreover, over the past three years, AAFC has undergone a substantial transformation to better meet the needs of Canadians. The process has involved developing the APF and reviewing the entire suite of programs. In 2003-2004, AAFC continued to roll out programs under the APF. This transition provides an excellent opportunity to build in service improvement mechanisms that meet government objectives. These efforts are related to the Department's Government On-Line initiatives described above. The Department expects to report on progress on these service improvement efforts in its 2004-2005 Departmental Performance Report.

Supplementary Information

Canadian Pari-Mutuel Agency (CPMA)

The CPMA works to protect the betting public against fraudulent practices at racetracks by ensuring the integrity of pari-mutuel betting. This is achieved by the enforcement of the *Pari-Mutuel Betting Supervision Regulations* made under Section 204 of the *Criminal Code*.

In 2003-2004, the CPMA provided efficient and effective pari-mutuel supervision within the resource level of the federal levy. A small surplus was carried forward from the previous year to cover planned costs for the construction of the Research and Reference Lab. The CPMA also helps to maintain the viability of the Canadian racing industry by providing and promoting surveillance programs that contribute to the positive image of racing.

The CPMA is a full cost recovered operation, which derives its revenue from a levy currently set, under the *Criminal Code*, at 0.8 percent on every dollar bet on horse races in Canada. The greatest part of every dollar bet is returned to the winning bettors. In 2003-2004, the gross bet was \$1.81 billion.



In 2003-2004, the CPMA's revenue was \$14.5 million. Expenditures were \$15.1 million.

**Priority: Business Risk Management —
*Enhancing CPMA's capacity to manage risk in pari-mutuel betting, thereby helping to enhance the viability of the Canadian horse racing industry***

| Commitments 2003-2004 | | Performance Results | |
|---|-----------------------|---|-----------------------|
| Update CPMA's regulations to bring them in line with current wagering practices and technology advancements | | Commitment met A major omnibus set of amendments to the regulations was approved and came into effect in June 2003, resulting in regulations that continue to protect the betting public against fraud, are up-to-date and address technological changes. | |
| Deliver effective and efficient enforcement of pari-mutuel operations | | Commitment exceeded The betting public was well protected in 2003-2004 against fraudulent practices, through the effective and efficient delivery of surveillance and enforcement operations. <ul style="list-style-type: none"> • Agency Officers enforced all betting policies and regulations. • The Video Race and Photo Finish Surveillance Programs were effectively delivered and within budget to 43 racetracks, for a total of 2,922 days of racing. • The Equine Drug Control Program was successfully delivered and within budget. In total, 56,000 drug control samples were analysed with 59 positive cases identified and the appropriate provincial regulatory bodies notified for adjudication purposes (fines/suspensions). • Audits and investigations were carried out: 100 percent tote betting systems were tested; 29 percent (104,578/356,002) pools were audited and forensic audits performed on irregular betting patterns. • An automated monitoring system, CPMA Internal Control System (ICS), was developed and installed at key racetracks (Phase I). This is the first such type of automated monitoring pari-mutuel betting system in the world and is being watched with interest by other international pari-mutuel regulators. Good communications were maintained throughout the process with the racetracks, tote companies and provincial regulatory bodies. The system can calculate pay out prices and statutory deductions, monitor tote transactions, generate alerts and produce reports. Phase II is scheduled for the next fiscal year and will provide the necessary training to Agency Officers. | |
| Maintain effective communications | | Commitment met Constructive meetings and consultations were held during the fiscal year with the regulatory and industry sectors. A wide range of informative statistical reports are available to the industry, governments and interested parties and is also situated on CPMA's Web site at www.cpma-acpm.gc.ca . | |
| Employ effective management practices | | Commitment exceeded The Revolving fund is well managed and has been sufficient since 1980. Financial controls and management accounting systems are in place for the Agency to monitor expenditures to meet business needs and levy limitations. A yearly average from 1993 to 2003, shows that revenues and expenditures have almost matched (revenue average: \$14.2 million and expenditure average: \$14.1 million). | |
| Benefits for Canadians | | | |
| <ul style="list-style-type: none"> • Integrity maintained in pari-mutuel betting • No cost to the Canadian taxpayer, only to the betting public | | | |
| Planned Spending 2003-2004 | | Actual 2003-2004 | |
| \$Millions | Full-time Equivalents | \$Millions | Full-time Equivalents |
| 15.3 | 64 | 15.1 | 64 |

National Farm Products Council Performance Report 2003-2004 (NFPC)



Overview

The National Farm Products Council was established in 1972 by the *Farm Products Agencies Act*. The Council reports directly to Parliament through the Minister of Agriculture and Agri-Food. The Council's role, pursuant to Part II of the Act, is to oversee the national orderly marketing systems for poultry and eggs, and, pursuant to Part III of the Act, to monitor the activities of the Canadian Beef Cattle Research, Market Development and Promotion Agency.

Operating Environment

The Council, in carrying out its duties, consults on a continuous basis with the governments of all provinces and territories having an interest in the establishment or the exercise of the powers of any one or more agencies established under the Act.

In addition to its legislative responsibility to review agency operations, orders and regulations, make inquiries into complaints against agency decisions and conduct inquiries into the merits of establishing new agencies, the Council undertakes discretionary activities that aim to promote the strength and enhance the competitiveness of the sectors that it oversees.

The Council currently consists of one full-time Chairperson and three part-time members appointed by the Governor in Council.

Objectives

To fulfil its mission of promoting the strength and competitiveness of the sectors it oversees, the NFPC pursues three strategic objectives.

First, the Council ensures that the supply management systems for poultry and eggs work in the balanced interests of all stakeholders, including producers, consumers, industry and government. It provides transparent and accountable supervision of the national marketing agencies for chicken, turkey, eggs and broiler hatching eggs and also of the national beef cattle promotion research agency. It works co-operatively with its provincial and territorial government partners and aims to bring about renewed agreements to strengthen the supply management systems.

Second, the Council promotes the strength, competitiveness and profitability of the sectors and works with them to improve their market-responsive capacity. It promotes export market opportunities, higher food-safety standards, improved supply-chain management and other measures that benefit Canadian agriculture and agri-food. It provides guidance on the merits and process for creating promotion and research agencies.

Third, the Council strives to improve the efficient, transparent and responsible management of its operations. It achieves this through improving its strategic planning, management reporting and operating procedures.

Strategic Outcomes And Highlights For 2003-2004 — *Marketing and promotion-research agencies established under the Farm Products Agencies Act work in the balanced interests of all stakeholders*

| Commitments identified in the Report on Plans and Priorities 2003-2004 | Performance Results |
|--|--|
| Renewal of federal-provincial agreements for the egg, turkey and broiler hatching egg agencies | <p>Commitment met (work in progress)</p> <p>The Council, in co-operation with the provinces and territories and the industry sectors, has taken a leadership role in assisting the national marketing agencies in renewing the federal-provincial-territorial agreements that provide the legal underpinnings for the supply management systems. All provincial and federal governments, supervisory bodies and marketing boards signed a new agreement for chicken in 2001. A final draft of the Canadian Egg Marketing Agency's revised agreement was circulated to signatories in the fall of 2003 for review. The national agencies for turkey and broiler hatching eggs continue to develop their agreements. The completion of these agreements remains a priority for the Council.</p> |
| Consult with stakeholders on a review of the <i>Farm Products Agencies Act</i> | <p>Commitment not fully met (work in progress)</p> <p>The Council has developed a framework for a discussion paper on possible amendments to the Act to use in consultations with stakeholders.</p> |
| Canadian Beef Cattle Research Market Development and Promotion Agency | <p>Commitment met (work in progress)</p> <p>The Agency was established in 2002 to promote the marketing and production of beef cattle, beef and beef products. The Agency will finance programs for the industry's benefit through a national check-off (levies). The Agency is currently being funded by voluntary contributions from member provinces. To become fully operational, the Agency must first implement a levy collection system on all domestic production in order to then impose levies on beef and beef products imported into Canada. In 2003, the Council worked closely with the Agency to finalize arrangements between the national agency and the member provinces.</p> |
| <p><i>Improved strength, competitiveness, market responsiveness and profitability of the agri-food sectors for which the Council has responsibility</i></p> | |
| Improve market knowledge among poultry and egg industry leaders | <p>Commitment met</p> <p>The NFPC has been working to keep the Canadian poultry and egg industries informed about trade opportunities and changing world market conditions for several years. The NFPC's 2001-2002 Global Awareness Forum made it clear that Brazil has become one of the major world players in the poultry industry. To help the Canadian industry take stock of Brazil's agriculture development and competitive potential, the Council led a producer-focussed mission to that country in September 2003. Representatives from the national chicken and turkey agencies participated, visiting farms and processing plants, meeting with industry and governments, and attending the SIAL Mercosul/ABRAS exhibition, the largest food show in Latin America.</p> |

Continued from page 68

| | |
|---|---|
| <p>Work with industry and government to develop a common database on production consumption and international trade of poultry and eggs</p> | <p>Commitment met (work in progress) A Poultry Markets Information Working Group has been established with representation from industry, Council staff and staff from other government agencies and departments. The Group is working to identify gaps and inconsistencies in data analysis and use. The Council is preparing a "data needs" list.</p> |
| <p>Hold discussions with poultry and egg industry leaders about current trends in the grocery and food service industries and their possible implications</p> | <p>Commitment met Forum on Grocery and Foodservice Industry Trends In May, 2004, the Council hosted a conference, bringing together poultry and egg industry leaders to examine current trends and expected developments in Canada's food distribution and retailing sector. Participants included leaders from the four national marketing agencies and two processor associations, as well as representatives from the National Association of Agri-Food Supervisory Agencies (NAASA) and other groups. Presentations were made by speakers from three sectors: grocery, food-service and distribution.</p> |
| <p><i>Improved effectiveness and integrity of administration in step with the requirements of modern comptrollership</i></p> | |
| <p>Improve the effectiveness and integrity of the Council's administration in step with the requirements of modern comptrollership</p> | <p>Commitment met (work in progress) In 2003, the Council took the first steps in implementing modern comptrollership practices. The Council began by conducting a capacity assessment of its operations. This resulted in a report with findings and recommendations for improvement. An action plan was then developed with specific projects designed to improve the Council's internal workings. These initiatives will take between one and three years to complete.</p> <p>Risk assessment is one aspect of modern comptrollership and one that the Council addressed in 2003. The Council conducted a risk assessment that examined all aspects of how it does business. The audit determined that the Council's systems are well suited to manage risk and that it faces no serious risks related to its activities or decision-making processes.</p> |
| <p>Improve internal accountability and communication to ensure our internal operations meet the standards expected of the modern public service</p> | <p>Commitment met The Council published a Governance Manual in early 2003 that outlines its structure, processes, duties and responsibilities. It will assist stakeholders in understanding the Council's role when it considers agencies' requests for approval of quota and levy orders or when a complaint hearing is held.</p> <p>In 2003, the NFPC conducted a communications audit to seek industry stakeholders' views of its communications products and to help define the issues that concern them and what direction the Council should pursue in its future communications activities.</p> <p>Stakeholders from across Canada responded to a survey, providing insights and comments regarding the Council's Web site, newsletter, the Annual Review and the data handbook.</p> <p>Through the second half of 2002, the NFPC engaged in the renewal of its strategic plan. Stakeholders were consulted, and as a result of these discussions a new strategic plan for the years 2003 to 2006 was developed and approved by Council members in April 2003. The strategic plan was presented and discussed with the national agencies and the industry organizations. Specific implementation projects were defined that will contribute to the goals of the NFPC strategic plan.</p> |

Financial Tables

ANNEX I

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The figures in the following set of tables have been rounded to the nearest millions of dollars. For this reason, figures that cannot be listed in millions of dollars are shown as 0.0.

Due to rounding, figures may not add to the totals shown.

Main Estimates figures are as reported in the 2003-2004 Main Estimates Part II.

Spending figures are as reported in the 2003-2004 Report on Plans and Priorities.

Authorities are 2003-2004 Main Estimates plus Supplementary Estimates and Allotment transfers received during the 2003-2004 fiscal year, as well as internal adjustments and transfers, as reported in the 2003-2004 Public Accounts.

Actual figures represent the actual expenditures incurred during the fiscal year, as reported in the Public Accounts.

TABLE 1: Summary of Appropriations

Financial Requirements by Authority (\$ millions)

2003-2004

| Vote | Agriculture and Agri-Food Program | Total Main Estimates | Total Planned Spending | Total Authorities | Total Actual Spending |
|-------------------------|---|----------------------|------------------------|-------------------|-----------------------|
| 1 | Operating Expenditures | 431.4 | 607.0 | 630.1 | 593.1 |
| 5 | Capital Expenditures | 37.3 | 61.6 | 59.1 | 38.7 |
| 10 | Grants and Contributions | 273.9 | 453.7 | 476.9 | 171.0 |
| 15 | Pursuant to Section 29 of the <i>Financial Administration Act</i> , to authorize the Minister of Agriculture and Agri-Food, on behalf of Her Majesty in Right of Canada, in accordance with terms and conditions approved by the Minister of Finance, to guarantee payments of an amount not exceeding, at any one time, in aggregate the sum of \$1,700,000,000 payable in respect of cash advances provided by producer organizations, the Canadian Wheat Board and other lenders under the Spring Credit Advance Program | 0.0 | - | - | - |
| 20 | Pursuant to Section 29 of the <i>Financial Administration Act</i> , to authorize the Minister of Agriculture and Agri-Food, on behalf of Her Majesty in Right of Canada, in accordance with terms and conditions approved by the Minister of Finance, to guarantee payments of amounts not exceeding, at any time in aggregate, the sum of \$140,000,000 payable in respect of Line of Credit Agreements to be entered into by Farm Credit Canada for the purpose of the renewed (2001) National Biomass Ethanol Program | 0.0 | - | - | - |
| (S) | Grants to agencies established under the <i>Farm Products Agencies Act</i> | 0.2 | 0.2 | 0.6 | - |
| (S) | Payments in connection with the <i>Agricultural Marketing Programs Act</i> | 65.5 | 65.5 | 12.1 | 12.1 |
| (S) | Loan Guarantees under the <i>Farm Improvement and Marketing Cooperatives Loans Act</i> | 4.0 | 4.0 | 2.2 | 2.2 |
| (S) | Payments in connection with the <i>Farm Income Protection Act</i> — Crop Insurance Program | 227.3 | 227.3 | - | - |
| (S) | Payments in connection with the <i>Farm Income Protection Act</i> — Net Income Stabilization Account | 212.6 | 212.6 | 376.1 | 376.1 |
| (S) | Minister of Agriculture and Agri-Food — salary and motor car allowance | 0.1 | 0.1 | 0.1 | 0.1 |
| (S) | Contributions to employee benefit plans | 56.5 | 63.8 | 67.5 | 67.5 |
| (S) | Spending of proceeds from the disposal of surplus Crown Assets | - | - | 2.5 | 2.5 |
| (S) | Collection Agency Fees | - | - | 0.2 | 0.2 |
| (S) | Canadian Pari-Mutuel Agency Revolving Fund | 0.0 | - | 3.3 | 0.3 |
| (S) | Contributions to a transition to future risk management programming | - | 605.0 | 598.9 | 598.9 |
| (S) | Expenditures pursuant to Section 29 of the <i>Financial Administration Act</i> for payments pursuant to guarantees under the Spring Credit Advance Program | - | - | 6.2 | 6.2 |
| (S) | Contributions in Support of business risk management programs under the agricultural policy framework | - | 395.0 | 1,299.0 | 1,299.0 |
| (S) | Contributions in support of the Bovine spongiform encephalopathy (BSE) recovery program | - | - | 402.9 | 402.9 |
| (S) | Payments in connection with the <i>Farm Income Protection Act</i> — Province Based Programs | - | - | 128.0 | 128.0 |
| (S) | Class Grant Payments for the Transitional Industry Support Program | - | - | 842.8 | 842.8 |
| (S) | Class Contribution Payments for the Transitional Industry Support Program | - | - | 85.2 | 85.2 |
| (S) | Contributions to Agricultural Risk Management — Canadian Farm Income Program | - | - | 65.0 | 65.0 |
| Total Department | | 1,308.7 | 2,695.8 | 5,058.8 | 4,691.9 |

Notes:

(S) denotes a Statutory item

Total Main Estimates figures are as reported in the 2003-2004 Main Estimates Part II.

Total Planned Spending figures are as reported in the 2003-2004 Report on Plans and Priorities (RPP). Included were resources anticipated to be brought into the Department's reference levels through Supplementary Estimates (e.g. funding for the Agricultural Policy Framework — APF).

Total Authorities are 2003-2004 Main Estimates plus Supplementary Estimates and Allotment transfers received during the 2003-2004 fiscal year, as well as internal adjustments and transfers (combined total of \$3,750.1 million), as reported in the 2003-2004 Public Accounts. This \$3,750.1 million includes statutory transfer payment funding for: APF-Business Risk Management, including the Canadian Agricultural Income Stabilization — CAIS program (\$1,299 million); Transitional Industry Support Program — TISP (\$928 million); APF Transition (\$600 million); BSE (\$403 million); and Canadian Farm Income Program — CFIP (\$65 million). Certain of these amounts, (e.g. TISP, BSE, CFIP and additional demand under the CAIS program of approximately \$770 million) were not anticipated at the time of preparation of the 2003-2004 RPP and are therefore not included in the Planned Spending figures.

Total Actual Spending figures represent the actual expenditures incurred during the 2003-2004 fiscal year, as reported in the 2003-2004 Public Accounts. In certain cases, where Authorized amounts are unspent, they can be reprofiled for use in future years. \$148.2 million of unspent voted contributions, however, is effectively an accounting adjustment related to the previous Safety Net Companion Programs (which are now statutory Province-Based Programs as opposed to voted) and is therefore not available for reprofiling.

TABLE 2: Comparison of Total Planned Spending to Actual Spending

Departmental Planned versus Actual Spending by Strategic Outcome (\$ millions)

| 2003-2004 | | | | | | | | |
|------------------------------------|--------------|--------------|-------------|--------------------------------|------------------------------------|--------------------------|----------------------------|------------------------|
| STRATEGIC OUTCOMES | FTEs | Operating | Capital | Voted Grants and Contributions | Statutory Grants and Contributions | Total Gross Expenditures | Less: Respendable Revenues | Total Net Expenditures |
| Security of the Food System | | | | | | | | |
| Main Estimates | n/a | 129.1 | 0.1 | 173.0 | 509.5 | 811.7 | 24.2 | 787.5 |
| Planned | 1,335 | 215.5 | 23.4 | 268.1 | 1,509.5 | 2,016.6 | 24.2 | 1,992.4 |
| Authorities | n/a | 231.3 | 20.6 | 303.1 | 3,819.1 | 4,374.2 | 24.2 | 4,350.0 |
| Actuals | 1,482 | 200.7 | 0.6 | 68.2 | 3,818.5 | 4,088.0 | 24.6 | 4,063.4 |
| Health of the Environment | | | | | | | | |
| Main Estimates | n/a | 150.3 | 4.9 | 22.5 | - | 177.7 | 14.5 | 163.2 |
| Planned | 1,525 | 186.7 | 5.9 | 94.3 | - | 286.9 | 14.5 | 272.4 |
| Authorities | n/a | 195.0 | 5.3 | 89.2 | - | 289.6 | 14.5 | 275.1 |
| Actuals | 1,780 | 188.4 | 5.0 | 24.4 | - | 217.8 | 14.5 | 203.4 |
| Innovation for Growth | | | | | | | | |
| Main Estimates | n/a | 247.3 | 32.3 | 78.4 | 0.1 | 358.0 | - | 358.0 |
| Planned | 2,772 | 307.3 | 32.3 | 91.3 | 0.1 | 431.0 | - | 431.0 |
| Authorities | n/a | 315.5 | 33.6 | 84.6 | - | 433.7 | - | 433.7 |
| Actuals | 2,908 | 313.1 | 33.6 | 78.4 | - | 425.1 | - | 425.1 |
| Total Main Estimates | n/a | 526.7 | 37.3 | 273.9 | 509.6 | 1,347.4 | 38.7 | 1,308.7 |
| Total Planned | 5,632 | 709.5 | 61.6 | 453.7 | 1,509.6 | 2,734.4 | 38.7 | 2,695.8 |
| Total Authorities | n/a | 741.9 | 59.6 | 476.9 | 3,819.1 | 5,097.5 | 38.7 | 5,058.8 |
| Total Actuals | 6,170 | 702.2 | 39.2 | 171.0 | 3,818.5 | 4,730.9 | 39.0 | 4,691.9 |

Other Revenues and Expenditures

Less: Non-respendable Revenues

| | |
|----------------|--------------|
| Planned | 36.1 |
| Authorities | 164.5 |
| Actuals | 164.5 |

Plus: Cost of services provided by other departments (1)

| | |
|----------------|-------------|
| Planned | 37.6 |
| Authorities | 38.0 |
| Actuals | 38.0 |

Net Cost of the Program

| | |
|----------------|----------------|
| Planned | 2,697.2 |
| Authorities | 4,932.3 |
| Actuals | 4,565.3 |

Notes:

(1) Cost of services provided by other departments includes accommodation provided by Public Works and Government Services Canada (PWGSC), contributions covering employees' share of employees' insurance premiums paid by TBS, Workman's Compensation coverage provided by Human Resources Development Canada and salary and associated expenditures of legal services provided by Justice Canada.

FTEs = Full-time Equivalents — reflect only those FTEs funded through the Department's appropriated resources. In addition to the total actual FTEs of 6,170, there were 419 FTEs employed by AAFC for research funded through collaborative agreements with industry partners; and for work funded from other government departments.

The increase from Planned to Actual FTEs was fully anticipated as part of new approved program initiatives.

Main Estimates figures are as reported in the 2003-2004 Main Estimates Part II.

Planned figures are as reported in the 2003-2004 Report on Plans and Priorities (RPP). Included were resources anticipated to be brought into the Department's reference levels through Supplementary Estimates (e.g. funding for the Agricultural Policy Framework — APF).

Authorities are 2003-2004 Main Estimates plus Supplementary Estimates and Allotment transfers received during the 2003-2004 fiscal year, as well as internal adjustments and transfers (combined total of \$3,750.1 million), as reported in the 2003-2004 Public Accounts. This \$3,750.1 million includes statutory transfer payment funding for: APF-Business Risk Management, including the Canadian Agricultural Income Stabilization — CAIS program (\$1,299 million); Transitional Industry Support Program — TISP (\$928 million); APF Transition (\$600 million); BSE (\$403 million); and Canadian Farm Income Program — CFIP (\$65 million). Certain of these amounts (e.g. TISP, BSE, CFIP and additional demand under the CAIS program of approximately \$770 million) were not anticipated at the time of preparation of the 2003-2004 RPP and are therefore not included in the Planned Spending figures.

Actual figures represent the actual expenditures incurred during the 2003-2004 fiscal year, as reported in the 2003-2004 Public Accounts. In certain cases, where Authorized amounts are unspent, they can be reprofiled for use in future years. \$148.2 million of unspent voted contributions under the Security of the Food System strategic outcome, however, is effectively an accounting adjustment related to the previous Safety Net Companion Programs (which are now statutory Province-Based Programs as opposed to voted) and is therefore not available for reprofiling.

TABLE 3: Historical Comparison of Departmental Planned versus Actual Spending by Strategic Outcome

Historical Comparison of Departmental Planned versus Actual Spending by Strategic Outcome — Net (\$ millions)

| 2001-2002 | | | | |
|-----------------------------|----------------------|------------------------|-------------------|-----------------------|
| STRATEGIC OUTCOMES | Total Main Estimates | Total Planned Spending | Total Authorities | Total Actual Spending |
| Security of the Food System | 1,318.5 | 1,318.5 | 1,966.6 | 1,874.4 |
| Health of the Environment | 128.3 | 128.3 | 161.2 | 160.7 |
| Innovation for Growth | 384.8 | 384.8 | 451.0 | 439.2 |
| Total | 1,831.6 | 1,831.6 | 2,578.8 | 2,474.3 |
| 2002-2003 | | | | |
| STRATEGIC OUTCOMES | Total Main Estimates | Total Planned Spending | Total Authorities | Total Actual Spending |
| Security of the Food System | 1,280.4 | 1,280.4 | 2,231.4 | 2,120.5 |
| Health of the Environment | 158.1 | 158.1 | 212.1 | 204.7 |
| Innovation for Growth | 389.4 | 389.4 | 374.7 | 367.1 |
| Total | 1,827.8 | 1,827.8 | 2,818.2 | 2,692.3 |
| 2003-2004 | | | | |
| STRATEGIC OUTCOMES | Total Main Estimates | Total Planned Spending | Total Authorities | Total Actual Spending |
| Security of the Food System | 787.5 | 1,992.4 | 4,350.0 | 4,063.4 |
| Health of the Environment | 163.2 | 272.4 | 275.1 | 203.4 |
| Innovation for Growth | 358.0 | 431.0 | 433.7 | 425.1 |
| Total | 1,308.7 | 2,695.8 | 5,058.8 | 4,691.9 |

Notes:

Total Authorities and Actual Spending in 2003-2004 increased significantly over previous years mainly as a result of additional funding authorized and spent for the Canadian Agricultural Income Stabilization (CAIS) program, BSE, Canadian Farm Income Program (CFIP) and the Transitional Industry Support Program (TISP).

TABLE 4: Revenues: Respendable and Non-Respendable Revenue

Revenues by Strategic Outcome (\$ millions)

| | 2001-2002 | 2002-2003 | 2003-2004 | | |
|---------------------------------------|--------------|--------------|------------------|--------------|--------------|
| | Actual | Actual | Planned Revenues | Authorities | Actual |
| Respendable Revenues | | | | | |
| Security of the Food System | 11.4 | 24.3 | 24.2 | 24.2 | 24.6 |
| Health of the Environment | 17.5 | 13.6 | 14.5 | 14.5 | 14.5 |
| Innovation for Growth | 8.0 | - | - | - | - |
| Total Respendable Revenues | 36.9 | 38.0 | 38.7 | 38.7 | 39.0 |
| Non-Respendable Revenues | | | | | |
| Security of the Food System | 120.0 | 120.3 | 10.7 | 154.0 | 154.0 |
| Health of the Environment | 4.8 | 1.8 | 8.9 | 4.4 | 4.4 |
| Innovation for Growth | 12.7 | 30.8 | 16.5 | 6.1 | 6.1 |
| Total Non-Respendable Revenues | 137.5 | 152.9 | 36.1 | 164.5 | 164.5 |
| Total Revenues | 174.3 | 190.9 | 74.8 | 203.2 | 203.5 |

Notes:

Respendable revenues are generated by the Community Pastures Program, administration fees related to the Net Income Stabilization Account (NISA) and the Canadian Pari-Mutuel Agency Revolving Fund. In accordance with Treasury Board policy, the Department can generate and spend up to 125 percent of its vote-netted revenue authority.

Non-respendable revenues include such items as refunds of previous years' expenditures, proceeds from the sale of Crown Assets, privileges, licenses and permits. The \$128.4 million increase between Actual Non-Respendable Revenues and Planned Non-Respendable Revenues is mainly due to collections of overpayments under the Canadian Farm Income Program (CFIP). These amounts could not have been estimated at the time of producing the 2003-2004 Report on Plans and Priorities.

For 2003-2004, non-respendable revenue also includes revenues related to the Return on Investments from the Canadian Dairy Commission (\$584.8 thousand), and the Construction of Multi-Purpose Exhibition Buildings (\$2.7 thousand). For years prior to 2002-2003, these amounts were not included in the non-respendable revenue figure (in 2001-2002 they amounted to \$63.8 million in total).

TABLE 5: Statutory Payments

Statutory transfer payments are included in Financial Tables 6.1 and 6.2 — Transfer Payments.

TABLE 6.1: Summary of Transfer Payments (Grants and Contributions)

Transfer Payments by Strategic Outcome (\$ millions)

| STRATEGIC OUTCOMES | 2001-2002 | 2002-2003 | 2003-2004 | | | |
|---|-----------|-----------|----------------|------------------|-------------|---------|
| | Actual | Actual | Main Estimates | Planned Spending | Authorities | Actual |
| GRANTS | | | | | | |
| Security of the Food System | 6.0 | 117.6 | 5.5 | 5.5 | 847.6 | 846.8 |
| Health of the Environment | 12.8 | 13.2 | 10.3 | 10.3 | 5.9 | 5.9 |
| Innovation for Growth | 15.5 | 14.7 | 17.8 | 17.8 | 16.3 | 16.1 |
| <i>Total Statutory Grants</i> | - | - | 0.2 | 0.2 | 843.4 | 842.8 |
| <i>Total Voted Grants</i> | 34.3 | 145.5 | 33.4 | 33.4 | 26.3 | 26.0 |
| TOTAL GRANTS | 34.3 | 145.5 | 33.6 | 33.6 | 869.7 | 868.8 |
| CONTRIBUTIONS | | | | | | |
| Security of the Food System | 1,770.2 | 1,850.4 | 677.0 | 1,772.2 | 3,274.7 | 3,039.9 |
| Health of the Environment | 9.6 | 16.8 | 12.2 | 83.9 | 83.3 | 18.5 |
| Innovation for Growth | 54.8 | 52.1 | 60.6 | 73.6 | 68.4 | 62.3 |
| <i>Total Statutory Contributions</i> | 517.4 | 1,161.1 | 509.4 | 1,509.4 | 2,975.7 | 2,975.7 |
| <i>Total Voted Contributions</i> | 1,317.2 | 758.2 | 240.5 | 420.3 | 450.6 | 145.0 |
| TOTAL CONTRIBUTIONS | 1,834.6 | 1,919.3 | 749.9 | 1,929.7 | 3,426.3 | 3,120.7 |
| <i>Total Statutory Grants and Contributions</i> | 517.4 | 1,161.1 | 509.6 | 1,509.6 | 3,819.1 | 3,818.5 |
| <i>Total Voted Grants and Contributions</i> | 1,351.5 | 903.8 | 273.9 | 453.7 | 476.9 | 171.0 |
| TOTAL TRANSFER PAYMENTS | 1,868.9 | 2,064.9 | 783.5 | 1,963.3 | 4,296.1 | 3,989.5 |

Notes:

Details of these transfer payments are provided in Table 6.2

Main Estimates figures are as reported in the 2003-2004 Main Estimates Part II.

Planned Spending figures are as reported in the 2003-2004 Report on Plans and Priorities (RPP). Included was transfer payment funding anticipated to be brought into the Department's reference levels through Supplementary Estimates (e.g. funding for the Agricultural Policy Framework — APF).

Authorities are 2003-2004 Main Estimates plus Supplementary Estimates and Allotment transfers received during the 2003-2004 fiscal year, as well as internal adjustments and transfers (combined total of \$3,512.6 million), as reported in the 2003-2004 Public Accounts. This \$3,512.6 million includes statutory transfer payment funding for: APF-Business Risk Management, including the Canadian Agricultural Income Stabilization — CAIS program (\$1,299 million); Transitional Industry Support Program — TISP (\$928 million); APF Transition (\$600 million); BSE (\$403 million); and Canadian Farm Income Program — CFIP (\$65 million). Certain of these amounts (e.g. TISP, BSE, CFIP and additional demand under the CAIS program of approximately \$770 million) were not anticipated at the time of preparation of the 2003-2004 RPP and are therefore not included in the Planned Spending figures.

Actual figures represent the actual expenditures incurred during the fiscal year, as reported in Public Accounts. In certain cases, where Authorized amounts are unspent, they can be reprofiled for use in future years. For 2003-2004, \$148.2 million of unspent voted contributions under the Security of the Food System strategic outcome, however, is effectively an accounting adjustment related to the previous Safety Net Companion Programs (which are now statutory Province-Based Programs as opposed to voted) and is therefore not available for reprofiling.

TABLE 6.2: Details of Transfer Payments (Grants and Contributions)

Transfer Payments by Strategic Outcome (\$ millions)

| STRATEGIC OUTCOMES | 2001-2002 | 2002-2003 | 2003-2004 | | | |
|---|-------------|--------------|----------------|------------------|--------------|--------------|
| | Actual | Actual | Main Estimates | Planned Spending | Authorities | Actual |
| GRANTS | | | | | | |
| Security of the Food System | | | | | | |
| (S) Class Grant Payments for the Transitional Industry Support Program | - | - | - | - | 842.8 | 842.8 |
| (S) Grants to agencies established under the <i>Farm Products Agencies Act</i> | - | - | 0.1 | 0.1 | 0.6 | - |
| Grants to organizations to facilitate adaptation and rural development within the agriculture and agri-food sector (CARD) | 6.0 | 4.6 | 5.3 | 5.3 | 4.1 | 4.0 |
| Grant to the University of Guelph for the Ontario Veterinary College | - | 37.3 | - | - | - | - |
| Grant to the Faculté de médecine vétérinaire de l'Université de Montréal | - | 35.5 | - | - | - | - |
| Grant to the University of Saskatchewan for the Western College of Veterinary Medicine | - | 22.2 | - | - | - | - |
| Grant to the University of Prince Edward Island for the Atlantic Veterinary College | - | 18.0 | - | - | - | - |
| Total Security of the Food System — Grants | 6.0 | 117.6 | 5.5 | 5.5 | 847.6 | 846.8 |
| Health of the Environment | | | | | | |
| Grants to organizations to facilitate adaptation and rural development within the agriculture and agri-food sector (CARD) | 12.8 | 12.3 | 10.3 | 10.3 | 5.9 | 5.9 |
| Grants to organizations whose activities support soil and water conservation and development | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Agricultural research in universities and other scientific organizations in Canada | - | 0.8 | - | - | - | - |
| Total Health of the Environment — Grants | 12.8 | 13.2 | 10.3 | 10.3 | 5.9 | 5.9 |
| Innovation for Growth | | | | | | |
| (S) Grants to agencies established under the <i>Farm Products Agencies Act</i> | - | - | 0.1 | 0.1 | - | - |
| Grants to organizations to facilitate adaptation and rural development within the agriculture and agri-food sector (CARD) | 14.8 | 14.7 | 16.8 | 16.8 | 15.3 | 15.1 |
| Agricultural research in universities and other scientific organizations in Canada | 0.7 | - | 1.0 | 1.0 | 1.0 | 1.0 |
| Total Innovation for Growth — Grants | 15.5 | 14.7 | 17.8 | 17.8 | 16.3 | 16.1 |
| Total Statutory Grants | - | - | 0.2 | 0.2 | 843.4 | 842.8 |
| Total Voted Grants | 34.3 | 145.5 | 33.4 | 33.4 | 26.3 | 26.0 |
| TOTAL GRANTS | 34.3 | 145.5 | 33.6 | 33.6 | 869.7 | 868.8 |
| CONTRIBUTIONS | | | | | | |
| Security of the Food System | | | | | | |
| (S) Contributions in support of business risk management programs under the Agricultural Policy Framework | - | - | - | 395.0 | 1,299.0 | 1,299.0 |
| (S) Contributions to a transition to future risk management programming | - | 597.5 | - | 605.0 | 598.9 | 598.9 |
| (S) Contributions in support of the Bovine spongiform encephalopathy (BSE) recovery program | - | - | - | - | 402.9 | 402.9 |
| (S) Payments in connection with the <i>Farm Income Protection Act</i> — Net Income Stabilization Account | 249.5 | 278.7 | 212.6 | 212.6 | 376.1 | 376.1 |
| (S) Payments in connection with the <i>Farm Income Protection Act</i> — Province Based Programs | - | - | - | - | 128.0 | 128.0 |
| (S) Class Contribution Payments for the Transitional Industry Support Program | - | - | - | - | 85.2 | 85.2 |
| (S) Contributions to agricultural risk management — Canadian Farm Income Program | - | - | - | - | 65.0 | 65.0 |

TABLE 6.2 Continued

Transfer Payments by Strategic Outcome (\$ millions)

| STRATEGIC OUTCOMES | 2001-2002 | 2002-2003 | 2003-2004 | | | |
|---|----------------|----------------|----------------|------------------|----------------|----------------|
| | Actual | Actual | Main Estimates | Planned Spending | Authorities | Actual |
| (S) Payments in connection with the <i>Agricultural Marketing Programs Act</i> (AMPA) | 20.2 | 17.8 | 65.5 | 65.5 | 12.1 | 12.1 |
| (S) Expenditures pursuant to section 29 of the <i>Financial Administration Act</i> for payments pursuant to guarantees under the Spring Credit Advance Program | 12.3 | 9.0 | - | - | 6.2 | 6.2 |
| (S) Loan guarantees under the <i>Farm Improvement and Marketing Cooperatives Loans Act</i> (FIMCLA) | 2.7 | 2.8 | 4.0 | 4.0 | 2.2 | 2.2 |
| (S) Payments in connection with the <i>Farm Income Protection Act</i> — Crop Insurance Program | 231.4 | 255.3 | 227.3 | 227.3 | - | - |
| Contributions for Agricultural Risk Management — Canadian Farm Income Program (CFIP) | 394.0 | 481.6 | - | - | 22.2 | 22.2 |
| Contributions in support of business risk management programs under the Agricultural Policy Framework — Spring Credit Advance Program | 16.4 | 13.1 | - | 59.9 | 57.2 | 14.6 |
| Contributions in support of non-business risk management programs under the Agricultural Policy Framework | - | - | - | 35.3 | 53.8 | 11.3 |
| Contributions to facilitate adaptation and rural development with the agriculture and agri-food sector (CARD) | 2.2 | 3.9 | 9.1 | 9.1 | 9.9 | 9.9 |
| Contributions towards the control of the Plum Pox virus | 2.2 | 5.2 | 5.9 | 5.9 | 5.9 | 5.7 |
| Youth Employment Strategy - Career Focus Program | - | - | - | - | 0.6 | 0.4 |
| Contributions under the Agri-Food Assistance Program (AFAP) | - | 1.5 | - | - | 0.0 | 0.0 |
| Contributions for Agricultural Risk Management | 107.0 | 107.0 | - | - | - | - |
| Contributions under the Agri-Food Trade Program (AFTP) | 0.8 | 16.8 | 4.5 | 4.5 | - | - |
| Contributions under the Agricultural Income Disaster Assistance (AIDA) pursuant to the <i>Farm Income Protection Act</i> | 70.7 | 3.0 | - | - | - | - |
| Contributions for agricultural risk management. Payments in connection with the <i>Farm Income Protection Act</i> | 550.0 | - | - | - | - | - |
| Payments for the benefit of producers for agricultural commodities by the Governor in Council pursuant to the <i>Farm Income Protection Act</i> | 29.7 | - | - | - | - | - |
| Contributions in support of business risk management programs under the Agricultural Policy Framework | - | - | - | - | 1.1 | - |
| Contributions to the Canada Safety Council in support of National Farm Safety Week | - | - | 0.0 | 0.0 | 0.0 | - |
| Payments in connection with the <i>Farm Income Protection Act</i> — Safety Net Companion Programs | 81.1 | 57.3 | 148.2 | 148.2 | 148.2 | - |
| Total Security of the Food System — Contributions | 1,770.2 | 1,850.4 | 677.0 | 1,772.2 | 3,274.7 | 3,039.9 |
| Health of the Environment | | | | | | |
| Contributions in support of non-business risk management programs under the Agricultural Policy Framework | - | - | - | 71.7 | 70.7 | 6.9 |
| Contributions to bona fide farmers and ranchers, groups of farmers and small communities in Manitoba, Saskatchewan, Alberta and the Peace River District of British Columbia for the development of dependable water supplies | 7.1 | 13.7 | 5.4 | 5.4 | 5.4 | 5.4 |
| Contributions towards the implementation of the Climate Change Action Plan 2000 | - | 1.3 | 4.5 | 4.5 | 4.5 | 4.5 |
| Contributions to facilitate adaptation and rural development with the agriculture and agri-food sector (CARD) | 2.5 | 1.6 | 2.3 | 2.3 | 2.3 | 1.3 |
| Contributions under the Agri-Food Assistance Program (AFAP) | - | 0.2 | - | - | 0.5 | 0.5 |
| Contribution to the Canada Safety Council in support of National Farm Safety Week | - | 0.0 | - | - | - | - |
| Total Health of the Environment — Contributions | 9.6 | 16.8 | 12.2 | 83.9 | 83.3 | 18.5 |

TABLE 6.2 Continued

Transfer Payments by Strategic Outcome (\$ millions)

| STRATEGIC OUTCOMES | 2001-2002 | 2002-2003 | 2003-2004 | | | |
|--|----------------|----------------|----------------|------------------|----------------|----------------|
| | Actual | Actual | Main Estimates | Planned Spending | Authorities | Actual |
| Innovation for Growth | | | | | | |
| (S) Payments in connection with the <i>Farm Income Protection Act</i> — Transition Programs for Red Meats (BIDF) | 0.8 | - | - | - | - | - |
| (S) Payments in connection with the <i>Farm Income Protection Act</i> — Agri-Food Innovation Program | 0.6 | - | - | - | - | - |
| Contributions under the Prairie Grain Roads Program | 22.9 | 36.3 | 43.6 | 43.6 | 33.1 | 33.1 |
| Contributions in support of non-business risk management programs under the Agricultural Policy Framework | - | - | - | 12.9 | 15.0 | 14.2 |
| Contributions to facilitate adaptation and rural development with the agriculture and agri-food sector (CARD) | 5.8 | 7.6 | 5.4 | 5.4 | 11.0 | 10.5 |
| Contributions to the Protein, Oil and Starch (POS) Pilot Plan Corporation | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 |
| Contributions in support of assistance to rural Canada and development in the area of co-operatives | - | - | - | - | 5.9 | 1.3 |
| Contributions in support of organizations associated with agriculture research and development | 0.8 | 0.9 | 0.7 | 0.7 | 0.9 | 0.9 |
| Contributions under the Agri-Food Assistance Program (AFAP) | 0.6 | 0.7 | 0.6 | 0.6 | 0.3 | 0.3 |
| Contributions towards a policy framework for the development of Co-operatives in low income communities | - | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 |
| Contributions under the Canadian Rural Partnership Initiative | 2.8 | 4.6 | - | - | - | - |
| Contributions under the Agri-Food Trade Program (AFTP) | 13.6 | - | 8.3 | 8.3 | - | - |
| Contributions under the Canadian Agri-Infrastructure Program (CAIP) | 5.3 | - | - | - | - | - |
| Total Innovation for Growth — Contributions | 54.8 | 52.1 | 60.6 | 73.6 | 68.4 | 62.3 |
| Total Statutory Contributions | 517.4 | 1,161.1 | 509.4 | 1,509.4 | 2,975.7 | 2,975.7 |
| Total Voted Contributions | 1,317.2 | 758.2 | 240.5 | 420.3 | 450.6 | 145.0 |
| TOTAL CONTRIBUTIONS | 1,834.6 | 1,919.3 | 749.9 | 1,929.7 | 3,426.3 | 3,120.7 |
| Total Statutory Grants and Contributions | 1,351.5 | 1,161.1 | 509.6 | 1,509.6 | 3,819.1 | 3,818.5 |
| Total Voted Grants and Contributions | 1,270.4 | 903.8 | 273.9 | 453.7 | 476.9 | 171.0 |
| TOTAL TRANSFER PAYMENTS | 1,868.9 | 2,064.9 | 783.5 | 1,963.3 | 4,296.1 | 3,989.5 |

Notes:

Main Estimates figures are as reported in the 2003-2004 Main Estimates Part II.

Planned Spending figures are as reported in the 2003-2004 Report on Plans and Priorities (RPP). Included was transfer payment funding anticipated to be brought into the Department's reference levels through Supplementary Estimates (e.g. funding for the Agricultural Policy Framework — APF).

Authorities are 2003-2004 Main Estimates plus Supplementary Estimates and Allotment transfers received during the 2003-2004 fiscal year, as well as internal adjustments and transfers (combined total of \$3,512.6 million), as reported in the 2003-2004 Public Accounts. This \$3,512.6 million includes statutory transfer payment funding for: APF-Business Risk Management, including the Canadian Agricultural Income Stabilization — CAIS program (\$1,299 million); Transitional Industry Support Program — TISP (\$928 million); APF Transition (\$600 million); BSE (\$403 million); and Canadian Farm Income Program — CFIP (\$65 million). Certain of these amounts (e.g. TISP, BSE, CFIP and additional demand under the CAIS program of approximately \$770 million) were not anticipated at the time of preparation of the 2003-2004 RPP and are therefore not included in the Planned Spending figures.

Actual figures represent the actual expenditures incurred during the fiscal year, as reported in Public Accounts. In certain cases, where Authorized amounts are unspent, they can be reprofiled for use in future years. For 2003-2004, \$148.2 million of unspent voted contributions under the Security of the Food System strategic outcome, however, is effectively an accounting adjustment related to the previous Safety Net Companion Programs (which are now statutory Province-Based Programs as opposed to voted) and is therefore not available for reprofiling.

TABLE 7: Resource Requirements by Organization and Strategic Outcome

Comparison of 2003-2004 RPP Main Estimates, Planned Spending, Total Authorities and Actual Expenditures by Organization and Strategic Outcome (\$ millions)

| Organization/Team | | Strategic Outcome | | | Total |
|--------------------------------|----------------|-----------------------------|---------------------------|-----------------------|----------------|
| | | Security of the Food System | Health of the Environment | Innovation for Growth | |
| Environment | Main Estimates | 0.2 | 57.8 | 66.8 | 124.8 |
| | Planned | 1.0 | 139.9 | 69.2 | 210.1 |
| | Authorities | 0.4 | 150.4 | 69.3 | 220.1 |
| | Actuals | 0.4 | 83.4 | 68.7 | 152.4 |
| Food Safety and Quality | Main Estimates | 16.1 | 1.1 | 3.0 | 20.2 |
| | Planned | 21.5 | 1.5 | 3.5 | 26.5 |
| | Authorities | 22.2 | 1.5 | 6.2 | 29.9 |
| | Actuals | 21.5 | 1.3 | 6.2 | 29.0 |
| Innovation and Renewal | Main Estimates | 0.6 | 31.8 | 70.8 | 103.1 |
| | Planned | 1.4 | 37.8 | 86.6 | 125.8 |
| | Authorities | 0.9 | 42.1 | 86.0 | 129.0 |
| | Actuals | 0.8 | 40.6 | 85.5 | 126.9 |
| Markets and Trade | Main Estimates | 5.1 | 1.0 | 33.6 | 39.7 |
| | Planned | 10.1 | 1.7 | 39.7 | 51.5 |
| | Authorities | 10.2 | 1.2 | 37.4 | 48.8 |
| | Actuals | 9.8 | 1.1 | 37.2 | 48.2 |
| Business Risk Management | Main Estimates | 1.2 | 0.0 | 2.4 | 3.7 |
| | Planned | 3.3 | 0.0 | 2.6 | 5.9 |
| | Authorities | 3.3 | 0.0 | 2.6 | 6.0 |
| | Actuals | 3.2 | 0.0 | 2.6 | 5.9 |
| Programs ¹ | Main Estimates | 700.2 | 22.2 | 36.9 | 759.4 |
| | Planned | 1,803.3 | 31.8 | 45.4 | 1,880.4 |
| | Authorities | 4,147.6 | 19.2 | 55.1 | 4,221.9 |
| | Actuals | 3,911.4 | 18.0 | 49.4 | 3,978.8 |
| Enabling ² | Main Estimates | 63.3 | 34.5 | 131.3 | 229.1 |
| | Planned | 120.0 | 41.4 | 163.1 | 324.5 |
| | Authorities | 119.3 | 41.5 | 156.7 | 317.6 |
| | Actuals | 114.6 | 40.4 | 155.9 | 310.9 |
| Corporate Offices ³ | Main Estimates | 0.7 | 14.8 | 13.2 | 28.7 |
| | Planned | 31.8 | 18.4 | 20.9 | 71.1 |
| | Authorities | 46.0 | 19.1 | 20.4 | 85.6 |
| | Actuals | 1.6 | 18.4 | 19.7 | 39.8 |
| Total Main Estimates | | 787.5 | 163.2 | 358.0 | 1,308.7 |
| Total Planned | | 1,992.4 | 272.4 | 431.0 | 2,695.8 |
| Total Authorities | | 4,350.0 | 275.1 | 433.7 | 5,058.8 |
| Total Actuals | | 4,063.4 | 203.4 | 425.1 | 4,691.9 |

Notes:

1 Programs Team resources are significantly higher than those of the other Teams as they include the majority of the Department's resources for Grants and Contributions.

The Main Estimates, Planned, Authorities and Actual amounts for Grants and Contributions under the Programs Team are as follows: Security of the Food System (\$700.2 million, \$1,803.3 million, \$4,147.6 million and \$3,911.4 million), Health of the Environment (\$22.2 million, \$31.8 million, \$19.2 million and \$18.0 million) and Innovation for Growth (\$36.9 million, \$45.4 million, \$55.1 million and \$49.4 million).

2 Enabling Teams include Assets, Communications, Finance, Human Resources, Information System and Policy, Analysis and Planning.

3 Corporate Offices include Executive Offices, Rural and Co-Operative Secretariat, National Farm Products Council, Legal Services, Review Tribunal, Audit and Review and ADM Offices. Main Estimates figures are as reported in the 2003-2004 Main Estimates Part II.

Planned figures are as reported in the 2003-2004 Report on Plans and Priorities (RPP). Included were resources anticipated to be brought into the Department's reference levels through Supplementary Estimates (eg. funding for the Agricultural Policy Framework).

Authorities are 2003-2004 Main Estimates plus Supplementary Estimates and Allotment transfers received during the 2003-2004 fiscal year, as well as internal adjustments and transfers (combined total of \$3,750.1 million), as reported in the 2003-2004 Public Accounts. This \$3,750.1 million includes statutory transfer payment funding for: APF-Business Risk Management, including CAIS: (\$1,299 million); Transitional Industry Support Program - TISP (\$928 million); APF Transition (\$600 million); BSE (\$403 million); and Canadian Farm Income Program (\$65 million). Certain of these amounts, (eg. TISP, BSE, CFIP and additional CAIS payment requirements), were not anticipated at the time of preparation of the 2003-2004 RPP and are therefore not included in the Planned Spending figures.

Actual figures reflect the actual expenditures incurred during the 2003-2004 fiscal year as reported in Public Accounts. In certain cases, where Authorized amounts are unspent, they can be reprofiled for use in future years. For 2003-2004, \$148.2 million of unspent voted contributions under the Security of the Food System strategic outcome, however, is effectively an accounting adjustment related to the previous Safety Net Companion Programs (which are now statutory Province-Based Programs as opposed to voted) and is therefore not available for reprofiling.

TABLE 8: Projects

Projects by Strategic Outcome (\$ millions)

| STRATEGIC OUTCOMES | 2001-2002 | | 2002-2003 | 2003-2004 | | | |
|--|--------------------------------|-------------|-------------|----------------|------------------|-------------|-------------|
| | Current Estimated Total Cost** | Actual | Actual | Main Estimates | Planned Spending | Authorities | Actual |
| Security of the Food System | | | | | | | |
| Business Risk Management Service Delivery Improvement (Project Definition Phase) | 125.0 | 2.9 | 9.3 | - | - | 8.9 | 8.9 |
| Total Security of the Food System | 125.0 | 2.9 | 9.3 | - | - | 8.9 | 8.9 |
| Health of the Environment | | | | | | | |
| Saskatchewan (Swift Current), Duncairn Dam (Project Implementation Phase) | 10.0 | 0.1 | 0.0 | 6.0 | 6.0 | 1.3 | 1.3 |
| National Land and Water Information Service (NLWIS), (Project Definition Phase) | 100.1 | - | 0.4 | - | - | 14.0 | 2.9 |
| Total Health of the Environment | 110.1 | 0.1 | 0.4 | 6.0 | 6.0 | 15.3 | 4.2 |
| Innovation for Growth | | | | | | | |
| P.E.I. (Charlottetown), Consolidation operations (Project Close-out Phase) | 6.9 | 3.5 | 0.2 | - | - | - | - |
| N.B. (Fredericton), Facility retrofit (Project Close-out Phase) | 21.7 | 3.9 | 13.5 | 0.7 | 0.7 | 0.9 | 0.9 |
| Quebec (St-Hyacinthe), Tech. Innovation Centre (Project Close-out Phase) | 8.0 | 6.9 | 0.6 | - | - | - | - |
| Alberta (Lethbridge), New multi-purpose facility (Project Close-out Phase) | 29.9 | 14.0 | 3.9 | 0.8 | 0.8 | 1.8 | 1.8 |
| Total Innovation for Growth | 66.5 | 28.3 | 18.2 | 1.5 | 1.5 | 2.7 | 2.7 |
| Total Projects over \$5 million | 301.6 | 31.3 | 27.9 | 7.5 | 7.5 | 26.9 | 15.9 |

Notes:

* All current approved projects with an estimated value of over \$5 million are listed above.

** The Current Estimated Total Cost number includes both expenditures made in previous years and expenditures forecast for beyond 2003-2004.

TABLE 9: Status of Major Crown Projects

Project Name: National Land and Water Information Service

Project Phase: Project Definition

1. Overview

The National Land and Water Information Service (NLWIS), an initiative under the environment chapter of Canada's Agriculture Policy Framework (APF) aims to provide land, soil, water, air, climatic and biodiversity resource information to land use managers to support an environmentally sustainable agricultural sector.

NLWIS will be a coordinated, national service providing easy and timely on-line access to detailed geospatial information and interpretative models to support local and regional land use decision-making. It will leverage existing capability, scientific knowledge information expertise and technological capacity, strategically linking the land, soil, water, air, climatic and biodiversity information of federal, provincial, territorial and municipal governments, non-government organizations and the private sector. This partnership among the owners of the information is the foundation upon which NLWIS will be built.

Through NLWIS, land managers community groups, the agricultural sector, all levels of government and the general public will be able to access meaningful geospatial information for all regions of Canada.

2. Lead and Participating Departments

Sponsoring Department: Agriculture and Agri-Food Canada

Contracting Authority: Not yet assigned

Participating Departments: Under negotiation

3. Prime Contractor and Major Sub-Contractors and Addresses

None at the time of this report

4. Major Milestones

| | |
|---|----------------|
| Preliminary Project Approval | April 10, 2003 |
| Preliminary Project Approval Amendment | March 20, 2004 |
| Data, Applications, Infrastructure, Partnerships and Expertise Plans Developed | September 2004 |
| Consultations with Provinces and other stakeholders to define Business Requirements | September 2004 |
| Proof of Concept Developed | October 2004 |
| NLWIS Definition Phase completed | Fall 2004 |
| Effective Project Approval | Fall 2004 |

5. Progress Report and Explanation of Variances

Work continues to develop Effective Project Approval (EPA) no financial variances are reported, schedule has been adjusted to obtain EPA in fall 2004.

6. Industrial Benefits

NLWIS is a national program that will use and provide information in all the provinces. The extent of regional and industrial benefits is being developed in the project definition phase.

TABLE 10: Canadian Pari-Mutuel Agency Revolving Fund

(\$ millions)

| | 2001-2002 | 2002-2003 | 2003-2004 | | | |
|--|-----------|-----------|----------------|------------------|-------------|--------|
| | Actual | Actual | Main Estimates | Planned Spending | Authorities | Actual |
| Revenues | 14.9 | 14.8 | 15.3 | 15.3 | 15.3 | 14.5 |
| Expenses | 14.6 | 14.2 | 15.3 | 15.3 | 15.3 | 15.1 |
| Profit (or Loss) | 0.4 | 0.6 | - | - | - | (0.6) |
| Additional items not requiring use of funds: | | | | | | |
| Depreciation / amortization | - | 0.1 | 0.1 | 0.1 | - | 0.1 |
| Changes in working capital | 0.6 | (0.2) | - | - | - | (0.6) |
| Other changes | (1.2) | 0.3 | - | - | - | 0.7 |
| Investing activities: | | | | | | |
| Acquisition of depreciable assets | (0.4) | (0.5) | (0.1) | (0.1) | - | (0.0) |
| Cash surplus (requirement) | (0.6) | 0.3 | - | - | - | (0.3) |
| Authority: cumulative surplus (draw down) | 3.1 | 3.3 | 3.3 | 3.3 | 3.3 | 3.0 |

Notes:

A "line of credit" of \$2 million was approved as the maximum amount that may be drawn from the CRF at any point in time. The authority includes the \$2 million draw down.

TABLE 11: Contingent Liabilities — Agriculture and Agri-Food Canada

Contingent Liabilities (\$ millions)

| List of Contingent Liabilities | Amount of Contingent Liability | | |
|--------------------------------|--------------------------------|--------------------|---------------------------------|
| | March 31, 2002 | March 31, 2003 | Current as of March 31, 2004 |
| Litigation | 3.3 | 3.5 | 23.4 |
| Guarantees | 708.1 ¹ | 649.6 ¹ | 702.9 ² |
| Total | 711.5 | 653.1 | 726.3 |

Notes:

1. These amounts reflect the Department's estimated contingent liability related to guarantees provided under the *Agricultural Marketing Programs Act (AMPA)* and the *Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA)*.
2. These amounts reflect the Department's estimated contingent liability related to guarantees provided under the *Agricultural Marketing Programs Act (AMPA)*, the *Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA)* and the Spring Credit Advance Program (SCAP).

TABLE 12: External User Charging (1)

| | | 2003-04 | | | | Planning Years | | | | | |
|--|----------|--|------------------------|--------------------------|------------------------|-------------------|---|---|-------------------------------|----------------------------|-----------------------------|
| A. User Fee | Fee Type | Fee Setting Authority | Date Last Modified (B) | Forecast Revenue (\$000) | Actual Revenue (\$000) | Full Cost (\$000) | Performance Standard | Performance Results | Fiscal Year | Forecast Revenue (\$000) | Estimated Full Cost (\$000) |
| Community Pastures Program Fees (2) | O | Section 9 of the Prairie Farm Rehabilitation Act | 2002 | 14,500 | 14,470 | 19,200 | Manage over 900,000 hectares of primarily native rangeland as a productive resource that promotes environmentally responsible land use practices. | 220,000 head of cattle grazed during 140 grazing day season. | 2004-05 2005-06 2006-07 | 15,000 15,000 15,000 | 21,250 22,400 22,900 |
| Irrigation Water Charges (3) | O | Section 9 of the Prairie Farm Rehabilitation Act | 2000 | 350 | 330 | 2,834 | Timely and efficient delivery of water to irrigation patrons. | Delivered two full irrigations. Clients are satisfied with the timing volume of water delivery. | 2004-05 2005-06 2006-07 | 350 350 350 | 8,500 4,700 14,500 |
| Net Income Stabilization Act (NISA) Registration Fees (4) | O | The Farm Income Protection Act (FIPA). Under Section 6.3, NISA agreement, the Minister of AAFC may adjust cost sharing fees after consultation with the National NISA Committee. | Dec. 1995 | 8,900 | 9,900 | 12,600 | Deposit Withdrawal Option Notices (DWON's) to be issued within 60 days of receipt of application | 83 percent of DWONS were issued in less than 60 days. | 2004-05 2005-06 2006-07 | 0 0 0 | 4,500 1,000 1,000 |
| Canadian Agriculture Income Stabilization (CAIS) Program - Administrative Cost Sharing Fee (5) | O | The Farm Income Protection Act (FIPA). Under Section 6.4, Annex A - Implementation Agreement and Section 2.3 of the Program Guidelines. | not applicable | - | - | 12,200 | In developmental stage | Not available. | 2004-05 2005-06 2006-07 | 2,000 2,000 2,000 | 48,000 48,000 48,000 |
| Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA) Registration Fees | R | FIMCLA Regulations | 31-May-99 | 1,000 | 896 | 2,208 | In developmental stage | Not available. | 2004-05 2005-06 2006-07 | 1,030 1,185 1,363 | 1,274 1,274 1,274 |

TABLE 12 Continued

| | | 2003-04 | | Planning Years | | | | | | | |
|--|---------------------------------------|--|--------------------------|------------------------|-------------------|----------------------|--|--|--------------------------|-----------------------------|--------|
| A. User Fee | Fee Type | Date Last Modified (B) | Forecast Revenue (\$000) | Actual Revenue (\$000) | Full Cost (\$000) | Performance Standard | Performance Results | Fiscal Year | Forecast Revenue (\$000) | Estimated Full Cost (\$000) | |
| Canadian Pari-Mutuel Agency Revolving Fund | R | Statutory levy under Section 204 of the Criminal Code. The Canadian Pari Mutuel Agency became a Special Operating Agency as a result of the February 1991 Budget and was approved by Treasury Board in November 1992, in part due to the fact it had a full cost recovery structure. | N/A | 15,300 | 14,646 | 15,094 | Regulatory effectiveness and compliance. Effective and efficient enforcement of pari-mutuel operations. Self sufficient Revolving Fund | Regulations updated in June 2003 and Agency officers enforced all betting policies and regulations. Video Race and Photo Finish Surveillance Programs effectively delivered and within budget to 43 racetracks, for a total of 2,922 days of racing. 56,000 equine drug control samples were analysed with 59 positive cases identified. 100 percent tote betting systems were audited. 29 percent pools were audited. Forensic audits performed on irregular betting patterns. Revolving Fund well managed. | 2004-05 | 15,400 | 15,400 |
| | | | | | | | | 2005-06 | 15,400 | 15,400 | |
| | | | | | | | | 2006-07 | 15,400 | 15,400 | |
| 2003-2004 | | | | | | | | | | | |
| | Sub-total (R) Regulatory Service | | 16,300 | 15,542 | 17,302 | | | | 16,430 | 16,674 | |
| | Sub-total (O) Other Goods and Service | | 23,750 | 24,700 | 46,834 | | | | 17,350 | 82,250 | |
| | Total | | 40,050 | 40,242 | 64,136 | | | | 33,780 | 98,924 | |
| 2004-2005 | | | | | | | | | | | |
| | Sub-total (R) Regulatory Service | | | | | | | | 16,585 | 16,674 | |
| | Sub-total (O) Other Goods and Service | | | | | | | | 17,350 | 76,100 | |
| | Total | | | | | | | | 33,935 | 92,774 | |
| 2005-2006 | | | | | | | | | | | |
| | Sub-total (R) Regulatory Service | | | | | | | | 16,763 | 16,674 | |
| | Sub-total (O) Other Goods and Service | | | | | | | | 17,350 | 86,400 | |
| | Total | | | | | | | | 34,113 | 103,074 | |

B. Date Last Modified:

C. Other Information: (1) The DPR instructions advised that this table be used only for revenues under the User Fee Act. AAFC has included both User Fee Act and Other Departmental revenues. The preliminary advice from our legal counsel indicated that only the CAIS and FIMCLA programs are subject to the User Fee Act.

- (2) Community Pasture Fees include all revenues (pasture fees and lease revenues). Forecast revenues for the fiscal years 2004-05, 2005-06 and 2006-07 are as per currently approved authority levels.
- (3) The Full Cost of the Irrigation Water Charges includes controlled capital expenditures of \$1.6 million in 2003-2004. Fluctuations in estimated full cost reflect selected capital investments (\$7.0 million in 2004-2005; \$3.2 million in 2005-2006 and \$13.0 million in 2006-2007). The revenue generated is not dependent on the full costs as it is based on irrigated acres, which is fairly constant. Small fluctuations in revenues may occur from second irrigations where required.
- (4) NISA Program is being wound down.
- (5) 2004-2005 will be the initial year of collecting administrative fees for the CAIS Program. Forecast revenues for the fiscal years 2004-05, 2005-06 and 2006-07 are as per currently approved authority levels, actual revenues are expected to be approximately \$2 million per year.

Statutory Annual Reports

Farm Income Protection Act Annual Report

Production Insurance Program

Production Insurance is a cost-shared program that stabilizes farmers' income by minimizing the economic effects of crop losses caused by natural hazards such as drought, frost, hail, flood, wind, fire, excessive rain, heat, snow, unpreventable disease, insect infestation and wildlife. While provinces are responsible for the development and delivery of the program, the federal government contributes a major portion of the funding in order to provide production risk protection to producers at an affordable cost. Federal contributions totalling \$403.6 million in fiscal year 2003-2004 were paid to provincial production insurance programs. These contributions are provided for under the authority of the *Farm Income Protection Act* (FIPA).

This voluntary program is available to farmers in all provinces for virtually all commercially grown crops. The specific crops insured and program features vary by province in accordance with the agronomic acceptability and importance in that province. However, all farmers are guaranteed a level of production for each crop insured, based on previous production history. If production falls below that guaranteed level as a result of an insured peril, the farmer is eligible for an indemnity payment. The federal contributions to the production insurance program for 2003-2004 by province and recent loss experience by province are indicated in the table below.

Total Federal Contributions to the Production Insurance Program for the 2003-2004 Fiscal Year (\$000s)

| | Federal Contribution to Production Insurance Premiums | Federal Contribution to Provincial Administrative Costs | Total Federal Contributions |
|-----------------------|--|--|--------------------------------|
| Newfoundland | 77 | 107 | 184 |
| Prince Edward Island | 2,073 | 561 | 2,634 |
| Nova Scotia | 319 | 986 | 1,305 |
| New Brunswick | 822 | 468 | 1,290 |
| Quebec ¹ | 14,487 | 9,442 | 23,929 |
| Ontario | 31,836 | 6,532 | 38,368 |
| Manitoba | 48,723 | 4,797 | 53,520 |
| Saskatchewan | 134,589 | 15,054 | 149,643 |
| Alberta ¹ | 105,444 | 17,193 | 122,637 |
| British Columbia | 7,967 | 2,128 | 10,095 |
| Yukon | 0 | 0 | 0 |
| Northwest Territories | 0 | 0 | 0 |
| Nunavut | 0 | 0 | 0 |
| Total | 346,337 | 57,268 | 403,605 |

¹ Production Insurance premiums and administrative costs include Wildlife Compensation.

Production Insurance Program Experience by Crop Year

| | Number of Producers | Insured Acreage | Coverage (\$000s) | Total Premiums (\$000s) | Total Indemnities (\$000s) | Annual Loss Ratio | Cumulative Indemnities to Cumulative Revenues Ratio |
|-----------------------------|---------------------|-----------------|-------------------|-------------------------|----------------------------|-------------------|---|
| Newfoundland | | | | | | | |
| 2000-2001 | 39 | 539 | 964 | 115 | 128 | 1.11 | 1.16 |
| 2001-2002 | 39 | 573 | 1,078 | 117 | 194 | 1.66 | 1.22 |
| 2002-2003 | 41 | 678 | 1,200 | 169 | 195 | 1.15 | 1.29 |
| 2003-2004 | 35 | 552 | 929 | 137 | 52 | 0.38 | 1.17 |
| Prince Edward Island | | | | | | | |
| 2000-2001 | 331 | 65,400 | 37,774 | 2,771 | 2,669 | 0.96 | 0.89 |
| 2001-2002 | 291 | 72,639 | 42,965 | 2,939 | 10,067 | 3.43 | 0.94 |
| 2002-2003 | 352 | 87,493 | 50,387 | 5,004 | 906 | 0.18 | 0.97 |
| 2003-2004 | 394 | 104,016 | 62,689 | 5,182 | 1,691 | 0.33 | 0.89 |
| Nova Scotia | | | | | | | |
| 2000-2001 | 500 | 26,090 | 14,303 | 674 | 286 | 0.42 | 0.73 |
| 2001-2002 | 500 | 25,246 | 14,763 | 657 | 890 | 1.35 | 0.75 |
| 2002-2003 | 464 | 27,688 | 16,034 | 819 | 360 | 0.44 | 0.77 |
| 2003-2004 | 459 | 27,301 | 16,264 | 833 | 824 | 0.99 | 0.73 |
| New Brunswick | | | | | | | |
| 2000-2001 | 433 | 90,115 | 39,449 | 2,979 | 545 | 0.18 | 0.95 |
| 2001-2002 | 425 | 96,547 | 41,321 | 2,710 | 639 | 0.24 | 0.92 |
| 2002-2003 | 385 | 71,245 | 26,859 | 1,766 | 750 | 0.42 | 0.94 |
| 2003-2004 | 352 | 65,591 | 27,512 | 1,640 | 1,518 | 0.93 | 0.91 |
| Quebec | | | | | | | |
| 2000-2001 | 12,350 | 3,101,379 | 684,459 | 40,560 | 126,690 | 3.12 | 0.95 |
| 2001-2002 | 13,664 | 3,467,527 | 779,914 | 49,072 | 31,683 | 0.65 | 0.93 |
| 2002-2003 | 13,810 | 3,697,221 | 839,679 | 50,394 | 38,350 | 0.76 | 0.98 |
| 2003-2004 | 13,291 | 2,980,170 | 793,960 | 46,537 | 48,200 | 1.04 | 0.92 |
| Ontario | | | | | | | |
| 2000-2001 | 19,529 | 3,748,348 | 1,146,512 | 63,306 | 145,029 | 2.29 | 0.79 |
| 2001-2002 | 19,554 | 4,044,323 | 1,338,387 | 70,377 | 259,325 | 3.68 | 0.92 |
| 2002-2003 | 19,147 | 4,301,047 | 1,513,081 | 97,661 | 142,355 | 1.46 | 1.01 |
| 2003-2004 | 19,029 | 4,378,528 | 1,427,828 | 114,622 | 126,075 | 1.10 | 0.93 |
| Manitoba | | | | | | | |
| 2000-2001 | 13,676 | 8,682,233 | 832,107 | 79,955 | 36,620 | 0.46 | 0.77 |
| 2001-2002 | 13,531 | 8,541,992 | 966,900 | 72,204 | 94,736 | 1.31 | 0.80 |
| 2002-2003 | 13,485 | 9,140,121 | 1,221,568 | 89,723 | 75,000 | 0.84 | 0.86 |
| 2003-2004 | 13,620 | 9,276,817 | 1,749,340 | 112,726 | 53,485 | 0.47 | 0.79 |
| Saskatchewan | | | | | | | |
| 2000-2001 | 34,416 | 24,404,755 | 1,573,977 | 185,850 | 132,516 | 0.71 | 0.91 |
| 2001-2002 | 34,307 | 25,848,407 | 2,049,329 | 225,438 | 330,280 | 1.47 | 0.94 |
| 2002-2003 | 34,781 | 29,632,533 | 2,505,823 | 233,333 | 1,088,600 | 4.67 | 1.2 |
| 2003-2004 | 33,918 | 29,197,673 | 2,755,311 | 348,608 | 347,497 | 1.00 | 1.11 |
| Alberta | | | | | | | |
| 2000-2001 | 17,002 | 11,110,083 | 1,017,929 | 144,818 | 166,998 | 1.15 | 0.84 |
| 2001-2002 | 17,395 | 13,429,147 | 1,301,125 | 189,915 | 272,331 | 1.43 | 0.88 |
| 2002-2003 | 19,379 | 20,739,402 | 1,647,847 | 235,578 | 783,788 | 3.33 | 1.01 |
| 2003-2004 | 30,391 | 24,353,181 | 1,954,588 | 325,307 | 160,688 | 0.49 | 0.98 |
| British Columbia | | | | | | | |
| 2000-2001 | 2,350 | 436,079 | 247,723 | 14,295 | 9,419 | 0.66 | 0.96 |
| 2001-2002 | 2,300 | 428,502 | 256,308 | 14,261 | 10,783 | 0.76 | 0.96 |
| 2002-2003 | 2,236 | 418,105 | 266,830 | 15,306 | 3,896 | 0.25 | 0.96 |
| 2003-2004 | 2,240 | 432,968 | 273,477 | 14,639 | 3,917 | 0.27 | 0.90 |
| Canada | | | | | | | |
| 2000-2001 | 100,626 | 51,665,021 | 5,595,198 | 535,324 | 620,902 | 1.16 | 0.86 |
| 2001-2002 | 102,006 | 55,954,903 | 6,792,090 | 627,690 | 1,010,928 | 1.61 | 0.90 |
| 2002-2003 | 104,080 | 68,115,532 | 8,089,307 | 729,753 | 2,134,201 | 2.92 | 1.06 |
| 2003-2004 | 113,729 | 70,816,797 | 9,061,898 | 970,229 | 743,946 | 0.77 | 0.99 |

Note: Figures are subject to final review of audited provincial financial statements.

Federal Crop Reinsurance Program

The reinsurance arrangements available under the *Farm Income Protection Act* offer provincial governments a means of sharing with the federal government the large losses that occur under a Production Insurance Program. Federal reinsurance provisions were first made available to provinces in 1965.

How it works

- A portion of a province's annual production insurance premiums are paid to the federal reinsurance account. Premiums paid into the reinsurance account vary according to the risk of a payout for each province.
- A payment from the federal reinsurance account to a province is triggered whenever production insurance indemnity payments to producers exceed the province's accumulated premium reserves and a deductible of 2.5 percent of the province's production insurance liabilities (coverage).
- Any remaining indemnities are then shared with provinces on a 75 percent / 25 percent basis, with the federal reinsurance account being responsible for the larger share.
- If there are insufficient funds in the federal reinsurance account to meet the required reinsurance payments, the Minister of Finance is responsible for advancing the necessary funds to the reinsurance account. Outstanding advances from the federal treasury are repaid from future reinsurance premiums.

In 2003-2004, five provinces (Nova Scotia, New Brunswick, Manitoba, Saskatchewan and Alberta) participated in this reinsurance program with the federal government. The table below illustrates that a total of \$80.0 million in reinsurance premiums were collected and that the reinsurance payments to Saskatchewan and Alberta totalled \$63.1 million in 2003-2004. These reinsurance payments were paid in fiscal year 2003-2004 but were the result of large crop losses that occurred in Saskatchewan and Alberta during 2002-2003. The federal reinsurance account balance was \$101.9 million on March 31, 2004.

Crop Reinsurance Fund by Fiscal Year (\$000s)

| | Actual 2000-2001 | Actual 2001-2002 | Actual 2002-2003 | Actual 2003-2004 |
|--|---------------------|---------------------|---------------------|---------------------|
| Nova Scotia¹ | | | | |
| Opening Balance | 752 | 752 | 752 | 752 |
| Revenue | - | - | - | - |
| Expenditures | - | - | - | - |
| Closing Balance | 752 | 752 | 752 | 752 |
| New Brunswick | | | | |
| Opening Balance | (2,193) | (2,193) | (2,114) | (2,090) |
| Revenue | 261 | 79 | 24 | 8 |
| Expenditures | - | - | - | - |
| Closing Balance | (2,193) | (2,114) | (2,090) | (2,082) |
| Ontario² | | | | |
| Opening Balance | 9 | 9 | 9 | 9 |
| Closing Balance | 9 | 9 | 9 | 9 |
| Manitoba | | | | |
| Opening Balance | (2,477) | (2,069) | (1,692) | (1,244) |
| Revenue | 408 | 377 | 448 | 551 |
| Expenditures | - | - | - | - |
| Closing Balance | (2,069) | (1,692) | (1,244) | (693) |
| Saskatchewan | | | | |
| Opening Balance | (32,099) | (19,893) | (5,702) | (416,508) |
| Revenue | 12,206 | 14,191 | 16,883 | 51,631 |
| Expenditures | - | - | 427,690 | 47,134 |
| Closing Balance | (19,893) | (5,702) | (416,508) | (412,011) |
| Alberta | | | | |
| Opening Balance | 77,225 | 77,225 | 77,225 | (78,430) |
| Revenue | - | - | - | 27,826 |
| Expenditures | - | - | 155,655 | 15,977 |
| Closing Balance | 77,225 | 77,225 | (78,430) | (66,581) |
| Canada | | | | |
| Opening Balance | 40,953 | 53,828 | 68,474 | 0 |
| Revenue | 12,875 | 14,646 | 17,356 | 80,016 |
| Advances from Department of Finance ³ | - | - | 497,515 | 85,000 |
| Expenditures | - | - | 583,345 | 63,110 |
| Closing Balance | 53,828 | 68,474 | 0 | 101,906 |

1. Nova Scotia suspended participation in the program at the end of the 1996-1997 fiscal year because of the large surplus in its provincial Crop Insurance Fund. It re-entered the Program for the 2001-2002 fiscal year.
2. Ontario left the program during the 1968-1969 fiscal year.
3. The Reinsurance Fund deficit was covered by advances from the Department of Finance. Only \$220 million was received in 2002-2003; the rest was carried over from previous years.

Net Income Stabilization Account (NISA)

The Net Income Stabilization Account (NISA) Program was established by way of a federal-provincial agreement, authorized under the *Farm Income Protection Act*, for the purpose of helping participating producers of qualifying agricultural commodities achieve long-term improved income stability. The Program allowed participants to deposit funds up to predetermined limits into an account held at a participating financial institution and receive matching contributions from the federal and provincial governments. These funds are held on behalf of the participants.

The federal government and the provinces have approved the wind-down of the Program at the end of the 2002 stabilization year. Participants will have a maximum of five years, with minimal annual withdrawals of 20 percent of the then balance of their accounts, to withdraw their funds from the Program.

The account records the following transactions relating to the Consolidated Revenue Fund or participating financial institutions as follows:

- (a) participant matchable deposits held in participating financial institutions. For the fiscal year ending March 31, 2004, participant deposits pertained, for the most part, to the 2002 stabilization year (the period for which a participant filed a 2002 tax return). Participants are entitled to make matchable deposits based on eligible net sales (ENS), which were limited to \$250,000 per individual. For the 2002 stabilization year, the Agreement allowed for matchable deposits of up to three percent of the ENS for most qualifying commodities. Additional participant deposits were allowed by separate agreement between Canada and a province.
- (b) government matching contributions on participant matchable deposits. For the 2002 stabilization year, with the exception of Alberta, the federal and provincial governments provided matching contributions equal to two thirds and one third, respectively, of participant matchable deposits. The federal government contributed the full three percent for Alberta.
- (c) participant non-matchable deposits held in participating financial institutions, which are limited to an annual maximum of 20 percent of ENS (carried forward for up to five years).
- (d) interest paid by the federal government on funds held in the Consolidated Revenue Fund, at rates and in accordance with terms and conditions determined by the Minister of Finance.
- (e) interest paid by participating financial institutions on funds held for participants, at rates set by negotiation between the participant and the financial institution.
- (f) bonus interest of three percent per annum, split between the federal and provincial governments (with the exception of Alberta, where the federal government pays the full three percent), calculated on participant deposits, less

(g) withdrawals by participants from funds held in the Consolidated Revenue Fund or participating financial institutions. (Participants are entitled to make annual account withdrawals up to the amount allowed by the larger of two triggers; a stabilization trigger and a minimum income trigger.)

The following tables illustrate producer deposits and withdrawals, government contributions and interest paid into the Account for the 2000, 2001 and 2002 stabilization years. Refer to the definitions of financial statement accounts above (a to g).

Net Income Stabilization Account — Statement of Net Assets of Program Participants (dollars)

| Assets | March 31, 2002 | March 31, 2003 ¹ | March 31, 2004 (Unaudited) |
|---|----------------------|-----------------------------|-------------------------------|
| Cash | | | |
| Cash in Participant Accounts | | | |
| Fund 1 | 1,845,643,331 | 2,050,124,635 | 1,714,249,425 |
| Fund 2 | 1,726,093,472 | 2,217,656,395 | 1,891,757,094 |
| | 3,571,736,803 | 4,267,781,030 | 3,606,006,519 |
| Accounts Receivable | | | |
| Participants | 4,444,584 | 7,769,598 | 23,066,207 |
| Financial Institutions - interest on participant accounts | 7,318,671 | 8,371,623 | 7,117,460 |
| Government contributions and bonus interest | | | |
| Federal | 10,998,519 | 36,647,415 | 22,485,891 |
| Provincial | 6,878,473 | 10,294,137 | 9,237,105 |
| | 29,640,247 | 63,082,773 | 61,906,663 |
| Total Assets | 3,601,377,050 | 4,330,863,803 | 3,667,913,182 |
| Liabilities | | | |
| Participant withdrawals payable | 40,697,588 | 46,720,456 | 42,400,000 |
| Nets Assets of Program Participants | 3,560,679,462 | 4,284,143,347 | 3,625,513,182 |

1. The March 31, 2003, comparative figures have been updated to reflect adjustments resulting from the audit of NISA by The Office of the Auditor General. In addition, comparative figures have been reclassified to conform with presentation adopted for the year ending March 31, 2004 (2002 stabilization year).

Net Income Stabilization Account (NISA) — Statement of Changes in Net Assets of Program Participants (dollars)

| | Stabilization Year(s) ¹ | | |
|--|------------------------------------|----------------------|----------------------|
| | 2000 | 2001 ² | 2002 (Unaudited) |
| Participant deposits | | | |
| Matchable (a) | 388,343,818 | 465,432,628 | 475,655,623 |
| Non-matchable (c) | 26,568,983 | 23,898,203 | 17,473,171 |
| Other | 2,256,007 | 2,714,245 | 1,747,441 |
| | 417,168,808 | 492,045,076 | 494,876,235 |
| Government matching contributions (b) | | | |
| Basic: | | | |
| Federal | 250,251,488 | 285,501,819 | 305,213,835 |
| Provincial | 84,766,952 | 95,649,685 | 100,610,906 |
| Enhanced: | | | |
| Federal | 25,890,705 | 40,754,527 | 28,745,771 |
| Provincial | 27,195,536 | 43,471,942 | 29,736,745 |
| | 388,104,681 | 465,377,973 | 464,307,257 |
| Other government contributions (b) | | | |
| Federal | 51,213 | 553,040,153 | 7,066,490 |
| Provincial | 668,273 | 2,771,547 | 6,422,768 |
| | 719,486 | 555,811,700 | 13,489,258 |
| Interest | | | |
| Regular Interest | | | |
| Consolidated Revenue Fund (d) | 50,083,321 | 49,209,589 | 60,206,824 |
| Financial institutions (e) | 58,527,050 | 49,539,932 | 58,637,096 |
| Bonus interest (f) | | | |
| Federal | 30,845,261 | 33,386,078 | 35,610,451 |
| Provincial | 20,484,089 | 22,094,001 | 23,315,795 |
| | 159,939,721 | 154,229,600 | 177,770,166 |
| Increase in Net Assets | 965,932,696 | 1,667,464,349 | 1,150,442,916 |
| Participant withdrawals (g) | | | |
| Fund 1 | 244,279,071 | 287,029,088 | 797,940,928 |
| Fund 2 | 441,269,808 | 647,293,433 | 1,001,226,468 |
| | 685,548,879 | 934,322,521 | 1,799,167,396 |
| Administrative cost share (g) | 8,794,977 | 9,677,943 | 9,905,685 |
| Decrease in Net Assets | 694,343,856 | 944,000,464 | 1,809,073,081 |
| Change in Net Assets for the Stabilization Year | 271,588,840 | 723,463,885 | (658,630,165) |
| Net Assets - Beginning of Stabilization Year | 3,289,090,622 | 3,560,679,462 | 4,284,143,347 |
| Net Assets - End of Stabilization Year | 3,560,679,462 | 4,284,143,347 | 3,625,513,182 |

1. The period for which the participant files an income tax return.

2. The 2001 comparative figures have been updated to reflect adjustments resulting from the audit of NISA by The Office of the Auditor General. In addition, comparative figures have been reclassified to conform with presentation adopted for the year ending March 31, 2004 (2002 stabilization year).

Province-based programs

Province-based programs originated as a result of the federal and provincial governments' agreement on the need to facilitate the transition from farmers' reliance on governments to offset their risks, to a situation where farmers are increasingly responsible for their own economic well-being. The Province-Based programs fall into four broad categories.

1. Industry Research and Development Programs — programs directed at enhancing the long-term competitiveness and stability of the sector through research, development, training, promotion, etc.

| Province | Program Name | 2002-2003 Federal Funding (\$000s) | 2003-2004 Federal Funding (\$000s) |
|---------------------------|--|--|--|
| British Columbia | Peace River Agriculture Development Program | - | - |
| | National Beef Development | 1,250 | - |
| Alberta | Hog Industry Development Program (HIG) | 101 | 30 |
| | Hog Industry Development Program (IDF-HG) | - | 24 |
| | Beef Industry Development Program (IDF-BF) | 908 | 203 |
| | Beef Industry Development Program (BI2) | - | 333 |
| | Sugar Beet Industry Development Program | - | - |
| | Value-Added Industry Development Program (VAI) | 2,864 | 1,672 |
| | Value-Added Industry Development Program (VAD) | - | 156 |
| | National Beef Industry Development Fund (NBD) | - | 134 |
| | AB National Beef Industry Development (NBI) | - | 7 |
| Manitoba | Agri-Food Research and Development Initiative (1) | - | 2,527 |
| | Agri-Food Research and Development Initiative (2) | - | 1,300 |
| Ontario | Research & Development Program | 8,116 | - |
| | Ontario Inno-Center | 41 | - |
| New Brunswick | Research & Innovation Program II | - | 1,269 |
| Nova Scotia | Apple Industry Development Fund | 7 | - |
| | Technology Development 2000 Program | 1,029 | - |
| | Promotion and Awareness Program | 71 | 49 |
| | Technology Development Program | - | 951 |
| Prince Edward Island | Agricultural Food Trust Brand Development (Food Safety & Quality Standards & Traceability Systems Development) | - | 750 |
| | Agricultural Research Investment Program | - | 200 |
| Newfoundland and Labrador | Agri-Food Innovation Program | 2,825 | 396 |
| Yukon | Agri-Food Innovation Program | - | 1 |
| Northwest Territories | Research and Development | 340 | - |

2. Whole-farm (Disaster) Programs — non-NISA disaster programs based on gross margins for individual farm units.

| Province | Program Name | 2002-2003 Federal Funding (\$000s) | 2003-2004 Federal Funding (\$000s) |
|------------------|----------------------------------|--|--|
| British Columbia | Zero Out Negative Margin Program | 420 | 616 |

3. Programs for Transition to Whole-farm — programs designed to assist the sector in making a smooth transition to the whole-farm safety net system.

| Province | Program Name | 2002-2003 Federal Funding (\$000s) | 2003-2004 Federal Funding (\$000s) |
|----------|------------------------|--|--|
| Ontario | Market Revenue Program | 7,811 | - |

4. Other

| Province | Program Name | 2002-2003 Federal Funding (\$000s) | 2003-2004 Federal Funding (\$000s) |
|---------------------------|--|--|--|
| British Columbia | Wildlife Damage Compensation Program | 1,036 | 7 |
| | Negative Margin Insurance Pilot Program | 213 | 61 |
| | Companion Agreement to Provide for Provincial Contribution to Crop Insurance Program | 855 | - |
| | Sterile Insect Release Program | 1,100 | - |
| Alberta | Wildlife Crop Damage Compensation Companion Program | 1,682 | - |
| | Canada-Alberta Assistance Program | - | - |
| | Farm Water program | - | 3,850 |
| | Grasshopper Control Program | - | 6,000 |
| | Irrigation Rehabilitation Program | - | 8,090 |
| Saskatchewan | Additional Saskatchewan Assistance | - | - |
| | Big Game & Waterfowl Damage Compensation | - | 5,212 |
| Manitoba | Wildlife Damage Compensation Companion Program | 808 | - |
| Ontario | Plum Pox Virus | 1,469 | - |
| | Plum Pox Eradication Program II | - | 77 |
| Quebec | General Agricultural Risk Management Program | 50,573 | 91,300 |
| New Brunswick | Agricultural Environment Management Initiative | - | 1,066 |
| Nova Scotia | Apple Industry Development Fund | - | - |
| | Plum Pox Virus | 19 | 20 |
| Prince Edward Island | P.E.I. Negative Margin | 1,839 | 72 |
| | Potato Disposal Adjustment Program-Companion | 65 | - |
| | Elite Seed Potato Quality Improvement (Elite Seed Risk Management Program) | - | 101 |
| | Sustainable Resource Conservation Program | - | 1,300 |
| Newfoundland and Labrador | Forage Program | 239 | - |
| Yukon | Forage Program | - | - |

Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA)

Annual Report 2003-2004

The *Farm Improvement and Marketing Cooperatives Loans Act* (FIMCLA) helps producers and their marketing co-operatives with their financing needs through guaranteed loans, resulting in market expansion, farm innovation, value-added processing and environmentally sustainable farming. The program facilitates the availability of credit to improve farm assets, strengthen production and/or improve financial stability. Under FIMCLA, the Minister of Agriculture and Agri-Food provides a loan guarantee to designated lending institutions and is liable to pay 95 percent of a loss sustained by the lending institution. These loans can be granted for up to 80 percent of the purchase price or the appraised value of the property for which the loan is requested. Producers and producer-owned marketing co-operatives apply directly through a lending institution.

The table below provides statistics on the operation of this program since 1999. FIMCLA provided almost \$850 million in loan guarantees to the farming sector over the last five years. Payments and costs have exceeded revenues and recoveries by \$6.4 million during this period, which is largely due to payments related to co-operative associations since 1999. A co-operative association may be granted an FIMCLA guarantee for up to \$3 million. During fiscal year 2001-2002, a risk analysis study was conducted to establish the fee required to cover program administration and future liabilities under the guarantee. The study concluded that the registration fee of 0.85 percent was sufficient to cover both administration costs and future liabilities.

For the fiscal year ending March 31, 2004, 3,155 loans totalling approximately \$106 million were guaranteed under FIMCLA. This figure is down from 4,722 loans totalling \$160 million made in 2002-2003, a decrease of 33.75 percent in the value of loans registered. The majority of loans were issued in Saskatchewan, with 70 percent, followed by Ontario and Manitoba with 10.9 and 7.1 percent, respectively. The majority of the loans were issued in the grains and oilseeds sector, which comprised 59 percent of the portfolio, followed by the beef sector with 25 percent. The predominant reason for loans issued was farm implements, which accounted for 55 percent, followed by additional land, equipment and livestock with 15, 9 and 9 percent, respectively. These trends are consistent with previous years.

FIMCLA came into effect in 1988, replacing the *Farm Improvement Loans Act* (FILA). Since 1988, loans worth more than \$4 billion have been issued and registered under FIMCLA. The loans outstanding (FILA & FIMCLA) are estimated at \$811 million, and the Government's claims paid rate accounts for 1.02 percent of the loans issued. Recoveries on claims during this period averages 0.38 percent of the amount of loans guaranteed; therefore the net cost of claims averages 0.64 percent. The Government's contingent liability in

respect of the loans outstanding at the end of March 2004 amounted to \$242 million due to a clause in the Act limiting the Minister's liability to any one lender (90 percent of the first million dollars issued by the lender, 50 percent of the second million and 10 percent of the balance).

The Department realizes that loan registrations have been on a substantial decline since the 1997-1998 fiscal year. In order to address this situation, a review of the program is currently in progress. The objective of the review is to address concerns raised by the lending community and to better align the program with the objectives of the APF. Recommendations resulting from this review process are expected in the fall of 2004.

General Statistics regarding the *Farm Improvement and Marketing Cooperatives Loans Act*

| | 1999-2000 | 2000-2001 | 2001-2002 | 2002-2003 | 2003-2004 |
|---|-----------|-----------|-----------|-----------|-----------|
| Number of new loans registered | 7,628 | 6,304 | 5,659 | 4,722 | 3,155 |
| Value of new loans registered (\$000) | 215,998 | 189,087 | 178,732 | 160,425 | 105,601 |
| Loan registration fees received (\$000) | 1,630 | 1,574 | 1,527 | 1,372 | 896 |
| Claims paid (\$000) | 881 | 963 | 2,694 | 2,792 | 2,376 |
| Recoveries of claims paid out (000\$) | 308 | 344 | 158 | 255 | 272 |
| Administration costs (\$000) | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Net gain or loss (\$000) | 57 | -45 | -2,009 | -2,165 | -2,208 |

Notes:

- Claims paid amount in 2001-2002 have been updated.
- Claims paid amount in 2002-2003 includes the amount of claims still in the review process, \$217,412 of which may or may not be paid in full by the Department depending on the eligibility of the claim.
- Claims paid amount in 2003-2004 includes the amount of claims still in the review process, \$1,674,000 of which may or may not be paid in full by the Department depending on the eligibility of the claim.
- Claims paid out in a fiscal year are not necessarily related to loans issued in the same year and could include claims paid out against guarantees issued under FILA.

Agricultural Marketing Programs Act (AMPA)

2003 Crop Year Annual Report

The *Agricultural Marketing Programs Act* (AMPA) received Royal Assent on April 25, 1997. The Act has three parts, the Advance Payments Program (APP), the Government Purchases Program (GPP) and the Price Pooling Program (PPP). The Act also includes the interest-free provision on cash advances for the APP. The 2003 crop year is the seventh year of operation for the programs under the Act.

In 2001, the Minister of AAFC performed an evaluation of AMPA in accordance with the Act. A report on the findings was tabled in Parliament on April 2, 2004.

Advance Payments Program

Under the APP, the Government guarantees the repayment of advances that producer organizations issue to producers as a means of improving cash flow at or after harvest. Each producer can obtain up to \$250,000, with the Government paying the interest on the first \$50,000 advanced to each producer. The advances are based on the security of the crop the producers have in storage and are repaid as the crop is sold. Should a producer not repay the advance, the Government reimburses the producer organization for a percentage of the advance and the producer becomes indebted to the Crown for the amount of the payment.

The purpose of the advances is to improve marketing opportunities for producers. The advances allow producers to market the crops later in the year when the market conditions may result in better prices. As the crops are marketed throughout the year, the program encourages a more orderly marketing of crops.

For the 2003 crop year, the Department entered into 48 agreements with producer organizations across Canada, including the Canadian Wheat Board (CWB). These organizations advanced approximately \$796 million to 30,626 producers. This amount represents an increase of \$161 million over the 2002 crop year. During the 2003 crop year, the Department paid \$8.6 million in interest costs related to 2003 crop year agreements. As the agreements cover the entire marketing period for the 2003 crop and are in effect until the fall of 2004, additional interest costs will be incurred and the producer organizations will not be in a position to make any claims on the Government guarantee until after this time. In recent years, the default payments under the program are one percent or less of the amount advanced.

| Crop Year | Number of Producer Organizations (1) | Canadian Wheat Board Advances (\$Millions) (2) | Non-Wheat Board Advances (\$Millions) (3) | Total Advanced (\$Millions) (4) | Default Payments (fiscal year) (\$Millions) (5) | Total Interest Costs (crop year) (\$Millions) (6) |
|-----------|---|--|---|---------------------------------------|--|--|
| 1999 | 51 | 515 | 431 | 946 | 5.3 | 23 |
| 2000 | 53 | 612 | 362 | 974 | 3.7 | 24 |
| 2001 | 54 | 509 | 304 | 813 | 5.5 | 9.5 |
| 2002 | 49 | 324 | 311 | 635 | 7 | 8.6 |
| 2003 | 48 | 463 | 333 | 796 | 6.1 | 8.6 |

Notes:

- The information provided in columns (1) to (4) and (6) is based on a crop year, which is approximately August 1 to July 31, and therefore does not coincide with the Government's fiscal year. Consequently, the amounts provided for interest costs will not be the same as those provided in the Public Accounts, which are on a fiscal year.
- The total interest costs (6) for 2003 crop year is as of July 27, 2004.
- The default payments (5) for 2003-2004 fiscal year does include the outstanding amount still with the producer organization of \$4.5 million, which could be payable on a worst-case basis.
- The 2002 figures have been updated.

Government Purchases Program (GPP)

Under the GPP, the Minister of AAFC, with the authorization of the Governor in Council, may purchase and sell agricultural products. This authority would be used when unusual market conditions exist, and by intervening, the Minister could improve the marketing environment for a given product. Since AMPA was enacted, this part of the Act has not been used.

Price Pooling Program (PPP)

The purpose of the program is to facilitate the marketing of agricultural products under a co-operative plan. Under the PPP, as was the case under the former *Agricultural Products Cooperative Marketing Act* (APCMA), the Government guarantees a minimum average wholesale price for an agricultural product sold by a marketing agency. The price guarantee agreement entered into with the marketing agencies protects it against unanticipated declines in the market price of their products and covers the initial payment made to producers plus costs incurred by the agencies to market the product, to a fixed maximum. Program participants use the price guarantee as security to obtain credit from lending institutions. This credit allows the marketing agency to improve the cash flow of producers through an initial payment. The initial payment is made to the producer by the marketing agencies upon delivery of the agricultural product. The price guarantee is set at a percentage of the expected average wholesale price of the product for a given crop year. Should the average wholesale price received by the marketing agency for the crop year be below the guaranteed price, the Government reimburses the agency for the difference from the Consolidated Revenue Fund.

For the 2003 crop year, approximately \$120 million in price guarantees were provided to seven marketing agencies across Canada for the benefit of 20,700 producers. There are no claims anticipated for the 2003 crop year.

Price Pooling Program Historical Summary of Agreements

| Crop Year | Number of Marketing Agencies | Number of Producers | Total Guarantee (\$Millions) |
|-----------|------------------------------|---------------------|------------------------------|
| 1999 | 6 | 21,439 | 197.4 |
| 2000 | 5 | 20,650 | 136.226 |
| 2001 | 4 | 19,350 | 123.9 |
| 2002 | 5 | 19,450 | 62.8 |
| 2003 | 7 | 20,700 | 120 |

Spring Credit Advance Program (SCAP)

In 2000, the Department implemented the Spring Credit Advance Program (SCAP) to assist producers in financing the input costs of their crops in 2000 and 2001. This program has continued into the 2002 crop year and has been extended for five additional years under the APF. The program essentially moves the benefits of APP forward to the spring.

Given the similarities of SCAP and APP, the Minister of Agriculture and Agri-Food included SCAP in the evaluation of the *Agricultural Marketing Programs Act*. A report on the findings was tabled in Parliament on April 2, 2004.

For the 2003 crop year, the Department entered into 27 agreements with producer organizations across Canada, including the Canadian Wheat Board. These organizations advanced approximately \$727 million to 38,374 producers. This amount represents an increase of \$15 million over the 2002 crop year.

| Crop Year | Number of Producer Organizations (1) | Total Advanced (\$Millions) (2) | Administration Costs (crop year) (\$Millions) (3) | Default Payments (fiscal year) (\$Millions) (4) | Total Interest Costs (crop year) (\$Millions) (5) |
|-----------|---|------------------------------------|--|--|--|
| 2000 | 20 | 357 | 0.653 | 3.1 | 11.2 |
| 2001 | 24 | 673 | 0.638 | 3.8 | 15.8 |
| 2002 | 25 | 712 | 0.9 | 2.4 | 12.2 |
| 2003 | 27 | 727 | 0.852 | 11 | 13.7 |

Notes:

- The SCAP crop year period is approximately April 1 to December 31; therefore the information provided in columns (1) to (5) could either be interpreted by crop year or fiscal year, except 2000 and 2001 default payments.
- The administration costs (3) for 2002 and 2003 are made up of payments made to the producer organizations and crop insurance agencies to cover costs related to the SCAP. Prior to 2002, administration costs included only payments made to the producer organizations.
- The default payment for 2003 does include the outstanding amount still with the producer organizations of \$11.0 million, which could be payable on a worst-case bases.
- The default payments do not include the outstanding amount still with the producer organizations of \$3.1 million (2000 and 2001) and \$6.6 million (2002), which could be payable on a worst-case basis.
- The number of producer organizations for 2000 and default payments for 2001 and 2002 has been updated.

Reports by Parliamentary Committees and the Auditor General, and Internal Evaluations

Parliamentary Committee Reports

Report of the House of Commons Standing Committee on Agriculture and Agri-Food

The impact on the cattle industry resulting from the discovery of Bovine Spongiform Encephalopathy (BSE) was the subject of a Committee report entitled *The Investigation and the Government Response Following the Discovery of a Single Case of Bovine Spongiform Encephalopathy* in November 2003.

The report noted that the discovery of the disease in May, 2003, had political, economic and social repercussions on the agri-food sector in Canada. Although Parliament had adjourned for the summer, Committee members returned to Ottawa to hold meetings and hear witnesses. These special meetings allowed them to follow the investigation and to discuss with government officials and stakeholders the measures taken by the government regarding compensation and the diplomatic relations with Canada's trading partners.

The report praised the epidemiological investigation by the Canadian Food Inspection Agency, but described efforts to re-open export markets and the BSE recovery program as "a hesitant approach." It referred to the price transmission along the beef processing chain as "an unclear mechanism."

The report contained several recommendations in regard to the above three themes. The Government responded in April, 2004. The Committee recommendations and Government responses are:

- 1) That measures be taken to ensure that Specified Risk Materials (SRMs) are not included in animal feed.
 - The Government noted that SRMs had been removed from the human food supply and that removal from animal feed was under active consideration.

- 2) Establishment of a comprehensive and cost-effective national cattle traceability system.
 - The response noted that the Minister of Agriculture and Agri-Food announced funding for enhanced cattle identification and tracking and tracing.
- 3) Establishment of an industry/government task force on trade issues.
 - The response supported the recommendation and noted that government-industry working groups, established by the Beef Value Chain Round Table, were performing this function.
- 4) The livestock industry and Parliament be kept informed of efforts to improve Canada's livestock situation.
 - Such responses were agreed to and implemented.
- 5) Additional funding be allocated to support the industry.
 - An additional \$125.2 million was allocated for the removal of SRMs from food, increased BSE testing and surveillance, enhanced cattle identification and new requirements for export certification.
- 6) Compensation for a culling program.
 - A national Cull Animal Program was announced with up to \$120 million in federal support.
- 7) The Competition Bureau investigate beef pricing.
 - The Competition Bureau reported to the Standing Committee directly that its review of the information did not provide grounds to start an inquiry.

The Standing Committee's report and the Government's response in full can be found at:

www.parl.gc.ca/InfoCom/CommitteeReport.asp?Language=E&CommitteeId=3295&Joint=0.

Report of the Standing Senate Committee on Agriculture and Forestry

In November 2003, the Senate Standing Committee tabled a report on the impacts of climate change on Canada's agriculture, forests and rural communities. The report, entitled *Climate Change: We Are At Risk*, noted that climate change can affect agriculture in different ways: higher temperatures and enhanced CO₂ in the atmosphere will allow greater yields, new crops and a northward extension of agricultural land; more variation in temperature and precipitation will be significant challenges for agriculture; and climate change in other countries will affect markets for Canada's products.

The report also noted that farmers are already innovative and adapt to various stresses, including variations in weather. Committee members envisaged the traditional tools to continue to be used in response to climate change. These include technological development such as new crop varieties; farm financial management, including crop insurance; farm production practices such as diversification and irrigation; and government programs such as support programs and taxation.

The report recommended:

- 1) The Government of Canada assume a leadership role and coordinate climate change impacts and adaptation efforts.
- 2) Funding and allocation of resources towards climate change impacts and adaptation research be increased substantially.
- 3) Research on water be made a national priority.
- 4) The role and resources available to Canadian Climate Impacts and Adaptation Research Network be expanded and increased.
- 5) The Government of Canada develop and quickly implement an education and communication strategy to inform Canadians on the risks and challenges associated with climate change and its impacts on forests, agriculture, water, ecosystems, and rural communities.
- 6) A realistic safety net for the long term be designed to incorporate risks associated with climate change in order to allow the farming community to take advantage of possible opportunities that will arise from climate change.
- 7) A process of systematic review of existing and new programs and policies be implemented to assess whether climate change risks and opportunities are being properly considered. As part of this review, a ministerial roundtable should be held every two years and a report tabled in each House of Parliament on the progress made towards the consideration of climate change risks within federal policies and programs.

The Minister of Agriculture and Agri-Food responded to the Committee in December 2003, by letter, stating that five of the recommendations had implications for the agriculture and that: "Departmental officials will be examining each of these in detail in relation to the Agriculture Policy Framework."

Subsequently, AAFC is developing a suite of measures to address climate change impacts and adaptation within the Agriculture Policy Framework and building on current departmental initiatives. Targeted activities are expected to include:

- conducting research such as assessing climate change impact scenarios and vulnerabilities of agriculture systems;
- developing policies and programs options to support reducing vulnerability and capturing opportunities. Options will consider business risk management, sustainable production systems, financial management and water management; and
- increasing sector awareness of climate change adaptation issues.

Development of AAFC's priority activities will be linked to a federal impacts and adaptation strategy which is underway.

The full report of the Standing Committee can be found at:
<http://www.parl.gc.ca/37/2/parlbus/commbus/senate/com-e/agri-e/rep-e/repfinnov03-e.htm>.

Office of Auditor General (OAG) Reports

All OAG reports for 2003-2004 may be found at
http://www.oag-bvg.gc.ca/domino/reports.nsf/html/03menu_e.html.

Managing the Safety and Accessibility of Pesticides

- The five Natural Resource departments are encouraged to continue looking for opportunities and efficiencies to cooperate.
- AAFC has embarked on two new programs (Minor Use Program and Reduced Risk of Pesticides Program) that will contribute to reducing the risks from the agricultural use of pesticides and improving access to minor use and reduced risk pesticides.

Protection of Cultural Heritage

- The report recognizes the need for government to find a balance between cultural heritage protection and available resources.
- The OAG acknowledges the importance of the AAFC's national collection of 17 million insects.
- Built, archival, and published heritage under the auspices of the federal government is exposed to serious risks of losses. Parliament does not obtain complete, overall information on cultural heritage protection. The current protection regimes have reached their limits. The federal government should adopt a more strategic and comprehensive approach to the protection of cultural heritage.

Sustainable Development Strategies

- The Commissioner of the Environment and Sustainable Development encourages departments to develop the sustainable development strategies that have clear objectives, are outcome focussed and have measurable targets linked to objectives. Additionally reporting must be complete and balanced if the sustainable development strategies are to be effective and make a difference to Canadians.

Public Accounts — Managing Government Using Financial Information

- The Auditor General recognized that the Department has made significant improvement in the area of financial internal controls.

Environmental Petitions

- The Commissioner of the Environment and Sustainable Development is satisfied with the timeliness and quality of petition responses, however it notes that petitioners are seldom informed of the outcome of the actions promised and the end results of their petitions.

AAFC follow-up exercise for 2003-2004 OAG reports will be initiated by the Audit and Evaluation Team in September 2004. Progress in meeting any commitments made by the Department against recommendations from the OAG will not be available until the follow-up exercise is completed.

OAG 2003 Annual Monitoring Exercise:

- 1997 OAG Chapter 24 (AAFC - Prairie Farm Rehabilitation Administration)
- 1998 OAG Chapter 11 (AAFC - Cash Advance Program)
- 1999 OAG Chapter 11 (Agriculture Portfolio - User Charges)
- 1999 OAG Chapter 12 (AAFC - A New Crop: Intellectual Property in Research)
- 1999 OAG Chapter 24 (The Canadian Adaptation and Rural Development Fund - An Example of Involving Others in Governing)
- 1999 CESD Chapter 3 (Understanding the Risks from Toxic Substances: Crack in the Foundation of the Federal House)
- 2001 CESD Chapter 01 (A Legacy Worth Protecting : Charting a Sustainable Course in the Great Lakes and St. Lawrence River Basin - Summary)
- 2001 OAG Chapter 05 (Voted Grants and Contributions - Program Management)

The OAG continues to place more emphasis on recommendation follow-ups. They have also stated their intent to re-audit certain recommendations from prior years believed to be of continuing interest to Parliament. The Auditor General also clarified the expectation that all departments consider the results of government-wide audits and implement recommendations, regardless of whether they were included in the audit.

Internal Audit and Evaluation (A&E) Reports

All A&E reports are available in French and English on AAFC Online at http://www.agr.gc.ca/review/rb-ep_e.php?page=list98

Internal Audits

Remote Access Audit¹
Net Income Stabilization Account
Acquisition Card
Employee Departure Process
Pay and Benefits
Competitive Contracting
Financial Management of Collaborative Research Agreements
Security Screening
Crop Insurance
Implementation of certain Memoranda of Understanding relative to Revenue
Staffing Process
PeopleSoft Application Control

Evaluations

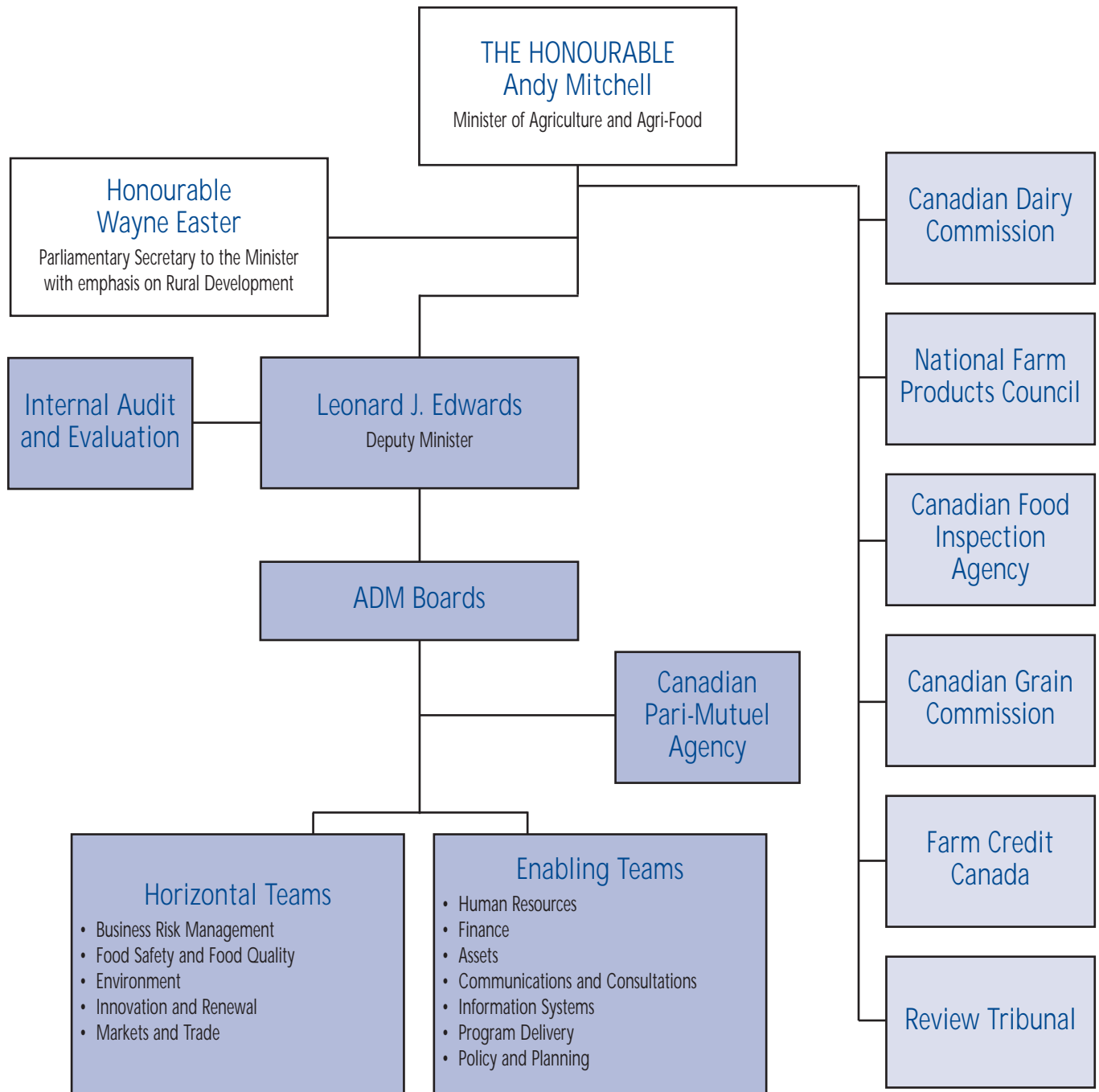
Rural Water
Canadian Agriculture Safety Program
Canadian Adaptation and Rural Development II

¹ Because of security issues, this document is not available to the public.

ANNEX IV

Further Information

Agriculture and Agri-Food Portfolio



How to Reach Us

Departmental Contacts

Agriculture and Agri-Food Canada

Note: All addresses are at 930 Carling Avenue unless otherwise noted.

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Ottawa, Ontario K1A 0C5

Tel: (613) 759-1000

Web: www.agr.gc.ca

More information on the department and its activities can be found at:
www.agr.gc.ca/index_e.phtml

Minister of Agriculture and Agri-Food

The Honourable Andy Mitchell

www.agr.gc.ca/minoffe.html

Parliamentary Secretary to the Minister with emphasis on Rural Development

Wayne Easter, MP
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easterw@agr.gc.ca
www.agr.gc.ca/minoffe.html

Deputy Minister

Leonard J. Edwards
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www.agr.gc.ca/cb/min/dmoe.html

Assistant Deputy Ministers and Agency Heads

| | | |
|---|--|---|
| <p>Research</p> <p>Bruce Archibald Assistant Deputy Minister (613) 759-7777 archibaldb@agr.gc.ca http://res2.agr.gc.ca/research-recherche/</p> | <p>Market and Industry Services</p> <p>Andrew Marsland Assistant Deputy Minister (613) 759-7561 marslanda@agr.gc.ca www.agr.gc.ca/misb.html</p> | <p>Strategic Policy</p> <p>Acting Assistant Deputy Minister (613) 759-7349 www.agr.gc.ca/spb/pb_e.phtml</p> |
| <p>Farm Financial Programs</p> <p>Mary Komarynsky Assistant Deputy Minister (613) 759-7243 komarynskym@agr.gc.ca www.agr.gc.ca/ffpb/ffpb_e.phtml</p> | <p>Corporate Management</p> <p>Bruce Deacon Assistant Deputy Minister (613) 759-6811 deaconb@agr.gc.ca www.agr.gc.ca/csb_e.phtml</p> | <p>Communications and Consultations</p> <p>Paul Schubert Assistant Deputy Minister (613) 759-7964 schubertp@agr.gc.ca www.agr.gc.ca/cb/combr_e.phtml</p> |
| <p>Human Resources</p> <p>Steve Tierney Assistant Deputy Minister (613) 759-1196 tierneys@agr.gc.ca www.agr.gc.ca/hr/main.html</p> | <p>National Land and Water Information Service</p> <p>Susan Till Assistant Deputy Minister (613) 759-1712 tills@agr.gc.ca</p> | <p>Information Systems</p> <p>Ernie Wallace Chief Information Officer (613) 759-6122 wallacee@agr.gc.ca</p> |
| <p>Audit and Evaluation</p> <p>Frank Brunetta Director General (613) 759-6471 brunettaf@agr.gc.ca www.agr.gc.ca/review/rbmain.htm</p> | <p>Canadian Pari-Mutuel Agency</p> <p>Elizabeth Massey Executive Director P.O. Box 5904 LCD Merivale Ottawa, Ontario K2E 8A9 (613) 946-1700 emassey@agr.gc.ca www.cpma-acpm.gc.ca/</p> | <p>Prairie Farm Rehabilitation Administration</p> <p>Carl Neggers Director General FCC Tower 603-1800 Hamilton Street Regina, Saskatchewan S4P 4L2 (306) 780-5081 neggersc@agr.gc.ca www.agr.ca/pfra/</p> |
| <p>Rural and Co-operatives Secretariat</p> <p>Donna Mitchell Executive Director (613) 759-7113 mitchelldo@agr.gc.ca www.rural.gc.ca www.agr.gc.ca/policy/coop/</p> | | |

Portfolio Contacts

| | | |
|---|--|---|
| <p>National Farm Products Council</p> <p>Cynthia Currie Chairperson 344 Slater Street 10th Floor Ottawa, Ontario K1R 7Y3 (613) 995-2298 curriec@agr.gc.ca nfdc-cnpa.gc.ca</p> | <p>Canadian Food Inspection Agency</p> <p>Richard Fadden President 59 Camelot Drive Nepean, Ontario K1A 0Y9 (613) 225-2342 faddenr@inspection.gc.ca www.inspection.gc.ca</p> | <p>Farm Credit Canada</p> <p>John J. Ryan President and Chief Executive Officer P.O. Box 4320 1800 Hamilton Street Regina, Saskatchewan S4P 4L3 (306) 780-8100 jryan@sk.sympatico.ca www.fcc-sca.ca</p> |
| <p>Canadian Grain Commission</p> <p>Chris Hamblin Chief Commissioner 600-303 Main Street Winnipeg, Manitoba R3C 3G8 (204) 983-2735 chamblin@cgc.ca www.cgc.ca</p> | <p>Canadian Dairy Commission</p> <p>John Core Chairman & Chief Executive Officer Building 55, NCC Driveway Central Experimental Farm 960 Carling Avenue Ottawa, Ontario K1A 0Z2 (613) 792-2060 jcore@agr.gc.ca www.cdc-ccl.gc.ca</p> | <p>Review Tribunal</p> <p>Thomas Barton Chairman Building 60, Birch Drive Central Experimental Farm 930 Carling Avenue Ottawa, Ontario K1A 0C6 (613) 792-2087 www.rt-cr.gc.ca/</p> |