



Agriculture and Agri-Food Canada

1997-98
Estimates

A Report on Plans and Priorities
Pilot Document

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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Approved

Minister of Agriculture and Agri-Food

Foreward

The Improved Reporting to Parliament Project (IRPP) was established within the Treasury Board Secretariat to improve the Expenditure Management information provided to Parliament, and to update the processes used to prepare this information. This is part of a broader initiative to increase the results orientation and increase the transparency of information provided to Parliament known as “Getting Government Right”.

During the period from August 1995 to December 1996, extensive consultations were held with members of Parliament and other key stakeholders to examine options to improve the information provided to Parliament. A clear requirement was identified to improve performance information and to provide planning information that is results oriented, longer term and more strategic in focus, and clearly communicated.

The IRPP has unfolded in three phases. In March, 1996, six departments tabled revised Part III of the Main Estimates documents. These documents responded to requirements to provide a better focus on planning and performance information.

In June 1996, the House of Commons gave its concurrence to expand the pilot project and to test the tabling of separate planning and performance documents. In October, 1996, sixteen departments tabled performance reports as phase two of the IRPP. These performance reports have been evaluated and found to provide relevant and timely information, with broad support for providing separate performance reports on an ongoing basis.

The Report on Plans and Priorities is being tabled by the same sixteen pilot departments as phase three of the IRPP. These documents, and the separation of planning and performance information will be assessed, and if Parliament agrees, all departments and agencies will move to a spring Report on Plans and Priorities, and a fall Performance Report, with the first complete package of separate performance reports beginning in the fall of 1997.

These documents are available electronically from the Treasury Board Secretariat Internet site:
<http://www.tbs.sct.gc.ca/tb/key.html>

Comments or questions about this document, or the Improved Reporting to Parliament Project, can be directed to the TBS Internet site, or to:

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I. Message from the Minister

The agriculture and agri-food sector is important to the economic and social well-being of our country. It accounts for more than eight per cent of Canada's Gross Domestic Product and is responsible for two million Canadian jobs — nearly 15 per cent of our employment. In the first 11 months of 1996, the sector generated \$17.3 billion in export sales, up more than 8.4 per cent from the same period in 1995.

Looking back over the past year — our success before the NAFTA panel, the efficient completion of the \$1.6 billion Western Grain Transition Payment Program, the finalization of most of our new safety net agreements, the launch of community-based adaptation councils, the World Food Summit, more profitable trade missions and new trade deals with Israel and Chile — the volume of work has been extensive.

We have a strong record, but we cannot afford to stand still. That's why we have been working over the past year with industry and the provinces to set the future course for the agriculture and agri-food sector. Following a cross-country series of Round Tables in the fall and winter of 1995-96, the Excellence in Agri-Food Conference held June 25–27, 1996 in Winnipeg produced a Business Plan for the sector. This Business Plan, based on consultations with almost 2000 stakeholders representing all parts of the sector, will provide key directions for the coming years.

Food safety will continue to be the bottom line for our inspection and quarantine system. One of my priorities for 1997 is the establishment of the Canadian Food Inspection Agency. Through amalgamating the food inspection responsibilities of Agriculture and Agri-Food Canada, Health Canada and Fisheries and Oceans Canada, we are working towards a more efficient inspection system for industry and taxpayers. This is one step in the march towards a truly Canadian inspection system which will highlight the flexibility and effectiveness of Canadian federalism. Combined with our enhanced use of science-based knowledge and techniques, we will continue to build a system where "Product of Canada" is an affirmation of quality, not just a label of origin.

An on-going commitment to Research and Development (R&D) is key to an innovative and environmentally sustainable agri-food sector. The department's core programs will continue to focus on developing and transferring new technologies which protect the resource base and enhance long-term competitiveness through value-added production. The department is also encouraging more private investment in R&D and accelerating the transfer of innovative technologies developed in our facilities through increased funding of the Matching Investment Initiative (MII). Federal funding for MII will increase yearly, reaching \$35.8 million by 1999-2000. A continued strong response by the sector would double this amount, resulting in an additional \$70 million in annual R&D activity by the turn of the century. I am also committed to putting Canada's best young minds to

work in agri-food R&D through the employment opportunities created by MII and an inter-departmental initiative known as Science Horizons. By doing so, we are ensuring a Canadian source of leading-edge technical expertise.

A major thrust of my department will continue to be expanding sales opportunities for the Canadian agriculture and agri-food sector in both domestic and export markets, emphasizing higher value agri-food products.

On the export side, our efforts are dedicated to assisting industry to meet its goal of increasing Canadian agri-food exports to over \$20 billion by the year 2000. Since we are well on our way to achieving this goal, I am confident that we can also regain our historical 3.5 per cent share of world agri-food markets. Here at home, we are focused on assisting the Canadian agriculture and agri-food industry to achieve maximum penetration of our \$80 billion domestic agri-food market.

To promote new export and domestic sales opportunities, my department is working to improve market access through the negotiation and implementation of important trade agreements and the resolution of irritants and technical barriers to trade. We are also identifying priority and emerging markets where we will maximize our trade opportunities through improved trade services, disseminating up-to-date market intelligence and information, and providing market readiness assistance at the regional and national level.

In order to ensure that our Canadian agriculture and agri-food industry has the best possible competitive capability to respond to new market opportunities, a priority will be to assist the industry to attract new investment. Activities are designed to result in an enhanced investment climate that will make Canada's agri-food industry a preferred focus of domestic and international investors and to support potential investors in sectors of strategic interest to Canada.

We are also continuing significant policy reform to ensure the basis for a prosperous sector. We are changing grain transportation in Western Canada and have provided over \$1.9 billion to facilitate adjustment. One of my goals for next year is to continue the transformation in the grains sector to facilitate continued strength and growth. Following one of the most extensive consultations in the history of the western grains industry, we will reform the grain marketing system operated by the Canadian Wheat Board (CWB). The proposed changes to the CWB, including a new board of directors, operational flexibilities to put cash into the hands of farmers more quickly, the empowerment of farmers with more decision-making authority, and a vote on barley marketing, are designed to improve the farmer's say in the operation of one of Canada's true success stories. We will also follow through on our commitment to sell the government's hopper car fleet.

Other priorities over the year include: bringing all provinces into a truly Canadian safety net framework; developing a long-term dairy policy to support predictability for all players in that industry; implementing our sustainable development strategy; and working strategically to ensure that government-wide policies are sensitive to agriculture and agri-food's needs.

In addition to my responsibilities in agriculture and agri-food, I have also been asked by the Prime Minister to act as the lead Cabinet Minister for promoting the economic renewal of rural Canada. As part of our renewal agenda, we have actively supported industry-led adaptation through the \$240 million Canadian Adaptation and Rural Development Fund.

Rural Canada is more diverse than agriculture — it includes forestry, mining, tourism and many other industries and small and medium-sized businesses. The potential is there for rural communities to play an even greater role in strengthening Canada's economic well-being. However, to achieve this potential, rural areas face unique challenges, particularly related to distance and access to information. Our federal efforts are focused in four main areas: improving access to information; enhancing access to capital; promoting rural partnerships; and improving the regulatory environment.

By providing rural residents and entrepreneurs with the tools they need to make the most of opportunities we will secure a viable future for rural communities and future generations of rural youth.

To carry out all of its responsibilities, my department is also looking at better ways to manage internally. In recent months, we have undertaken a significant review of our administrative and management services which will be acted upon in the coming year. This year, we will implement a new results-based management system which will allow us to report to Parliamentarians, the agriculture and agri-food community and all Canadians on the basis of clear Business Lines and performance targets. Part III includes our proposed planning framework which will be further consulted upon in the coming months. We want to make sure that the approach makes sense to the sector and provides a reasonable basis for planning and reporting.

As we head towards the 21st Century, the Canadian agriculture and agri-food sector should position itself among the leading four or five sectors in our national economy, generating more innovation, more investment, more growth in primary and higher value industries, more trade and more jobs for Canada's future. The objective is ambitious, but it's also eminently achievable if we, together, have sufficient vision and determination to get the job done.

II. Plans and Priorities

A. Summary of Key Plans and Priorities

Agriculture and Agri-food Canada plans to spend \$1,757.2 million in 1997-98. Key priorities and plans of the department over this fiscal year and the next two years are highlighted in the table below. More detailed information is available in Section C.

Key Priorities	Plans and Key Results
Market development, both domestic and foreign	<ul style="list-style-type: none"><li data-bbox="639 674 1365 894">• New and expanded market opportunities for Canadian agri-food products as part of several accessions to the World Trade Organization (WTO) and effective implementation of previously negotiated improvements within bilateral/regional trade agreements (p. 33)<li data-bbox="639 919 1365 1140">• Aggressive safeguarding of market access gains in priority markets through prompt and coordinated resolution of technical barriers to trade and recourse to international dispute settlement procedures where appropriate (e.g. European Union beef hormone ban); (p. 33)<li data-bbox="639 1165 1365 1352">• Strategic objectives and medium-term action plans for eight priority markets and ten emerging markets which will result in a stronger partnership with the private sector to achieve defined trade objectives; (p. 34)<li data-bbox="639 1377 1365 1522">• Champion investment policies and promote investment opportunities that will attract and retain both foreign and domestic investment to the Canadian agriculture and agri-food sector (p. 35)<li data-bbox="639 1547 1365 1694">• Maintain and enhance Canada's high international reputation as a supplier of safe and top quality products based upon world class inspection activities (p. 21)

Key Priorities

Plans and Key Results

Strong foundations for the agriculture and agri-food sector and rural communities

- Continue Safety Nets Reform (p. 27) by:
 - building upon the “whole-farm” principle;
 - concluding bilateral agreements with provinces;
 - implementing new directions for Crop Insurance and improving NISA program design and delivery; and
 - promoting private sector risk management tools
- Work with industry to secure a vibrant and responsive supply management system for producers (p. 30)
- Implement reforms to the Canadian Wheat Board related to governance and accountability, more flexible operations, faster cash flow and more decision-making authority with farmers (p. 29)
- Provide financial and technical assistance to overcome constraints to rural growth and enhance rural infrastructure (p. 40)
- Ensure better access for rural Canadians to government services, to information and communication technology, to capital and to the right skills development for young Canadians (p. 29)

Innovation for economic development and environmental sustainability

- Research and development on crop varieties and production and protection systems to add value and quality to existing products or create completely new products (p.17)
- With up to \$35.8 million available in departmental Matching Investment Initiative funding by 1999-2000, a continued strong response by industry could add over \$70 million in annual agri-food R&D investment by the turn of the century (p. 19)
- Services and technologies to conserve plant, animal, microbial genetic resources as well as soil, water and air (p. 17)

Key Priorities	Plans and Key Results
Innovation for economic development and environmental sustainability (cont'd)	<ul style="list-style-type: none"> Investigate current and potential land degradation problems and promote sustainable development practices in these areas (p. 39)
Safe and high quality agricultural and agri-food products	<ul style="list-style-type: none"> Establish the Canadian Food Inspection Agency (CFIA) to ensure an integrated federal inspection approach (p. 23) Continue work on a joint federal/provincial/municipal Canadian Food Inspection System (CFIS) initiative (p. 24) Develop food inspection programs that are based on risk management principles and the internationally recognized Hazard Analysis and Critical Control Point System (p.24) Assess and reduce threats (non-quarantinable diseases) to crops and animals as well as research and diagnostic control support on quarantinable diseases (p. 15)
An effective departmental infrastructure for the 21st Century	<ul style="list-style-type: none"> Support the successful launch of CFIA and make the most effective use of shared resources (p. 43) Develop and implement an integrated financial and materiel management system (p. 43) Implement the proposed new Performance Framework (p. 48)

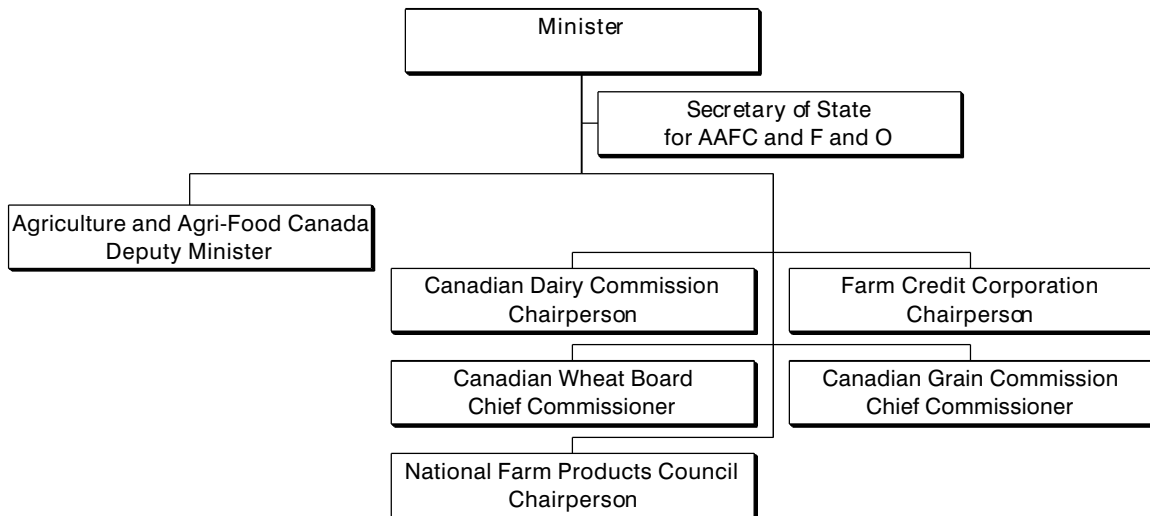
B. Portfolio and Sectoral Overview

1. Ministry Overview

Mandate of the Minister

The Minister promotes the development, adaptation and competitiveness of the agriculture and agri-food sector under a number of statutes listed in Part IV. The Minister's Portfolio is illustrated in the figure below.

Ministry of Agriculture and Agri-Food Canada



Agriculture and Agri-Food Canada promotes the development, adaptation and competitiveness of the agriculture and agri-food sector through policies, programs and services designed to help the sector maximize its contribution to Canada's economic and environmental objectives while providing equitable returns to producers and processors.

The National Farm Products Council advises the Minister on all matters relating to the establishment and operation of agencies under the Farm Products Agencies Act. It monitors the agencies to ensure that operations are in accordance with the Act and works with them to promote effective marketing of farm products interprovincially and internationally.

The Minister's portfolio includes three Crown Corporations.

The Farm Credit Corporation provides specialized financial services to Canadian farm operators and to related businesses in rural Canada.

The Canadian Dairy Commission coordinates national supply management for industrial milk production, setting marketing quota for industrial milk production at the national level. These quota are then shared among the provinces according to the provisions of the National Milk Marketing Plan. The Commission also administers the National Special Milk

Class pricing and pooling of returns system.

On behalf of Western Canadian grain producers, the Canadian Wheat Board (CWB) is the single-desk seller of prairie wheat and barley internationally and for domestic human consumption. Major reforms to the operations and governance structures of the CWB will be implemented over the planning period.

Further information on the operations of the Crown Corporations is available in their Corporate Plans, Annual Reports and other publications. A list of references is included in Part IV.

2. Departmental Overview

Our goal is to promote and support a growing, competitive, market-oriented agriculture and agri-food industry which:

- Is profitable;
- Responds to the changing food and nonfood needs of domestic and international customers;
- Is less dependent on government support;
- Contributes to the well-being of all Canadians and the quality of life in rural communities; and
- Achieves:
 - Farm financial security;
 - Environmental sustainability; and
 - A safe, high quality food supply.

The following table provides an overview of the financial requirements of the department. Funding for “Initiatives to be approved” will be requested through Supplementary Estimates. The table also reflects Budget decisions to phase out subsidies on industrial milk beginning in 1997-98 and to decrease 1998-99 expenditures by a further \$51.4 million. Of this latter amount, \$33 million will be realized through the elimination of overlap and duplication in federal food inspection activities with the creation of the Canadian Food Inspection Agency. The remaining \$18.4 million will be saved within AAFC through new administrative efficiencies and other program adjustments. The requisite measures will be identified over the course of the year and reported in the 1998-99 Estimates.

Planned Expenditures — Agriculture and Agri-Food Canada

(\$ Millions)	1996-97*	1997-98	1998-99	1999-2000
Gross Planned Expenditures	2,769.5	1,640.9	1,503.9	1,297.7
Less: Revenues credited to				
Appropriations	133.5	138.3	138.4	137.6
Plus: Initiatives to be approved		254.6	235.7	309.2
Net Planned Expenditures	2,636.0	1,757.2	1,601.2	1,469.3
Less: Revenue to the Consolidated				
Revenue Fund	210.3	160.1	125.8	99.6
Plus: Cost of services provided by				
other government departments	57.1	51.1	N/A	N/A
Net Cost of the Department	2,482.8	1,648.2	1,475.4	1,369.7
Full Time Equivalents	10,057	9,481	9,059	9,050

N/A Not Available

* Reflects changes included in the In-Year Update

Note: The significant decline in planned spending between 1996-97 and 1997-98 is due to the completion of the one-time pay-out to Western landowners to compensate for a reduction in land values resulting from transportation reform initiatives under the Western Grain Transition Payments Program (\$709 million) as well as the ongoing impact of expenditure reductions announced in the 1995 Budget.

The department is organized into nine Branches delivering an array of programs. An organizational chart and list of contacts is provided in the Part IV.

Plans and Priorities will be based on a new structure. The balance of this report follows the existing Program Activity Structure.

For purposes of reporting to Parliament, departmental programs have been divided into seven Activities. We are in the process of developing a new Performance Framework that will govern both external reporting to Parliament and other stakeholders as well as the internal management and accountability systems of the department. An outline of the proposed new Framework is presented in Part III. We intend to consult with Parliamentarians and other interested parties on our proposed Business Lines, expected key results and performance measures with the expectation that the 1998-99 Report on

The seven activities comprising the Department of Agriculture and Agri-Food Canada are:

- Agricultural Research and Development;
- Inspection and Regulation;
- Policy and Farm Economic Programs;
- Market and Industry Services;
- Rural Prairie Rehabilitation, Sustainability and Development;

- Corporate Management and Services; and
- Canadian Grain Commission.

Net Planned Expenditures by Activity

(\$Millions)	1996-97*	1997-98	1998-99	1999-2000
Agricultural Research and Development	293.8	255.1	255.3	247.3
Inspection and Regulation	245.1	221.2	175.6	173.4
Policy and Farm Economic Programs	1,082.1	751.4	687.0	530.1
Market and Industry Services	142.5	126.5	110.6	106.7
Rural Prairie Rehabilitation, Sustainability and Development	803.6	64.5	73.0	42.5
Corporate Management and Services	69.7	84.9	64.8	58.8
Canadian Grain Commission	(0.8)	(1.0)	(0.8)	1.3
Sub-total	2,636.0	1,502.6	1,365.5	1,160.1
<u>Plus: Initiatives to be approved</u>		254.6	235.7	309.2
<u>Total Planned Spending</u>	<u>2,636.0</u>	<u>1,757.2</u>	<u>1,601.2</u>	<u>1,469.3</u>

*Reflects changes included in the In-Year Update

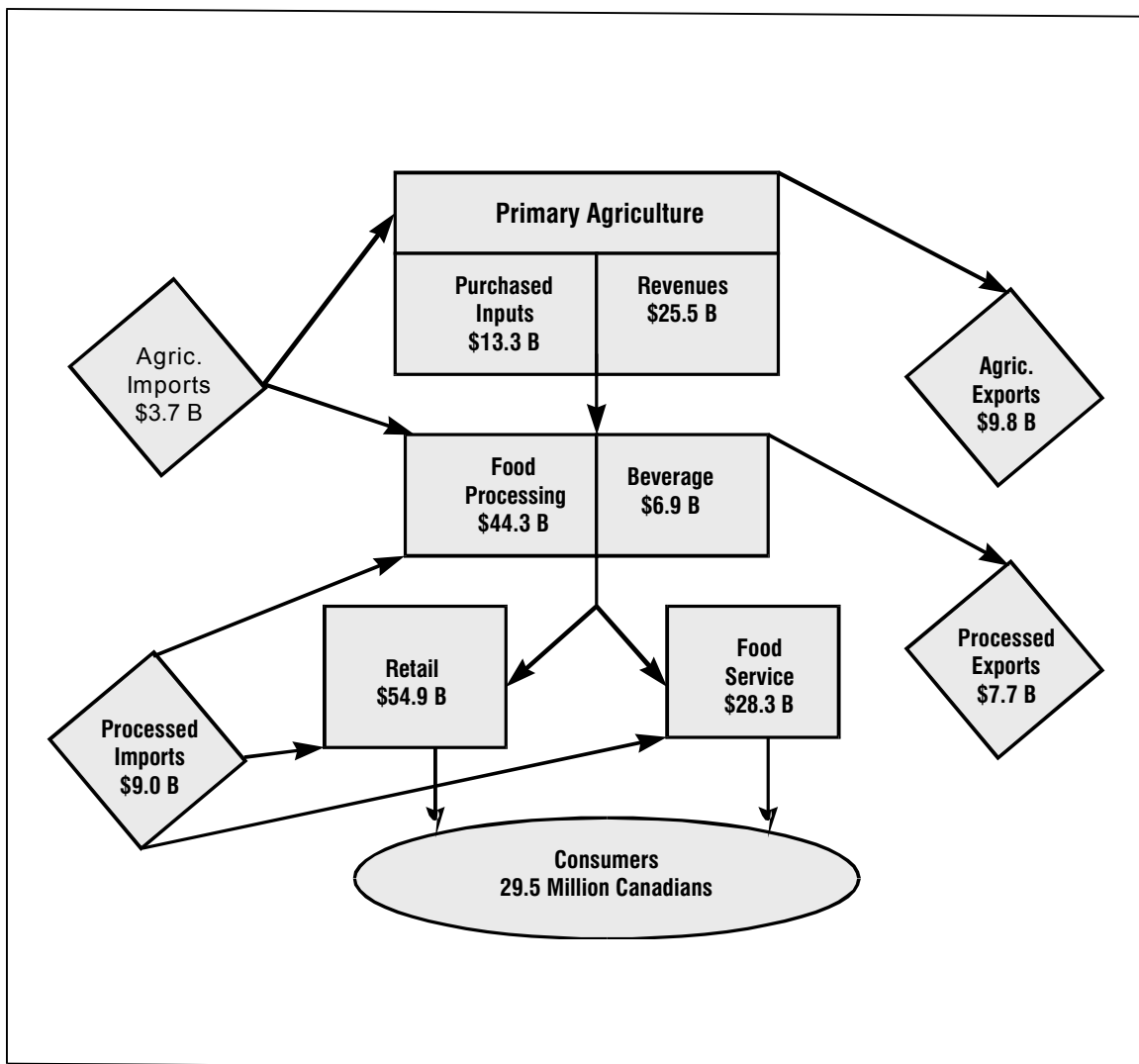
Note: The apparent reduction in planned spending between 1996-97 and 1997-98 for Policy and Farm Economic Programs is due to the fact that a significant portion of the funds set aside for “Initiatives to be approved” in 1997-98 and future years will provide for future safety net and adaptation programming. The decrease over the same period for Rural Prairie Rehabilitation, Sustainability and Development arises from the completion of the one-time pay-out to Western landowners under the Western Grain Transition Payments Program.

3. Overview of the Agriculture and Agri-Food Sector

For purposes of analysis, the agri-food sector is divided into five segments or levels:

- inputs;
- primary agriculture;
- food and beverage processing;
- distribution/wholesale, retail; and
- food service.

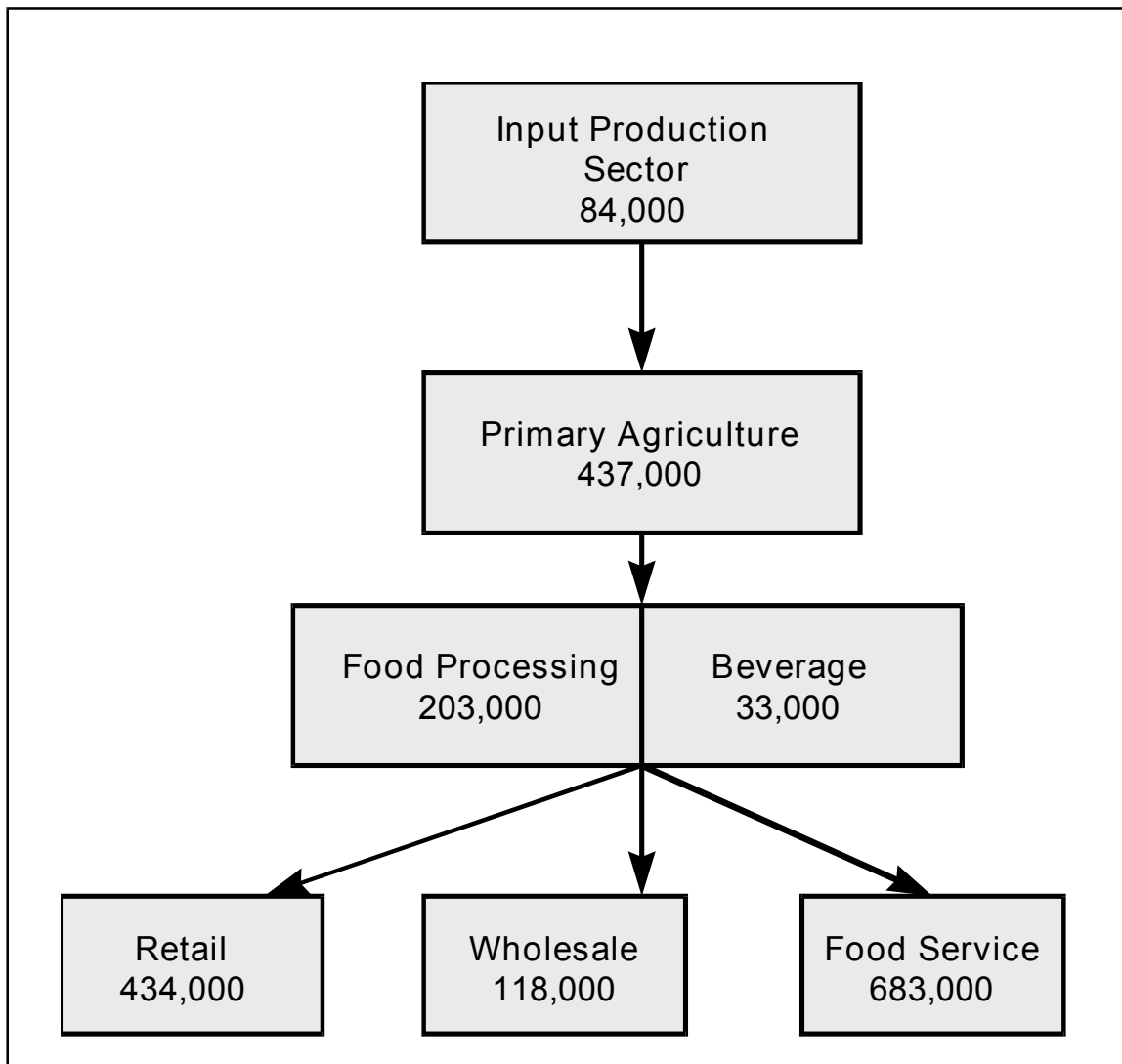
Overview of the Agri-Food Sector – Value of Transactions (1995)



Economic Growth and Employment Highlights

- In 1995, the agri-food sector accounted for 8.7 per cent of total Canadian Gross Domestic Product (GDP) and 14.8 per cent of total employment. Primary agriculture and food and beverage processing combined, the main focus of AAFC, accounted for 4.5 per cent of total Canadian GDP and some 673,000 jobs (4.9 per cent of total employment).
- Ontario and Quebec account for the greatest absolute amount of agri-food economic activity, particularly in the food and beverage processing segment. However, from a provincial economy viewpoint, the agri-food sector is most important to Saskatchewan and Prince Edward Island.

Overview of Agri-food Sector Employment (1995)



Agri-Food Trade Highlights

- In 1995, agri-food trade accounted for some 7.1 per cent of total merchandise trade. Agri-food exports and imports continue to grow in absolute terms, with bulk commodities accounting for the largest portion of exports (41 per cent) and higher value consumer oriented products accounting for the majority of imports (68 per cent).
- The U.S. is our largest trading partner, accounting for 50 per cent of total agriculture and agri-food exports and 59 per cent of total imports. Since 1990, Canada has gone from a net importer of agriculture and agri-food products from the U.S. to a net exporter.
- Globally, our positive agriculture and agri-food net trade balance declined somewhat in 1993 but increased in 1994 and 1995.

Investment Highlights

- Over the past five years, the value of foreign investment in Canadian food and beverage processing has increased more than 50 per cent, much faster than many other parts of the manufacturing sector.
- Capital investment in the food and beverage industry now exceeds \$2 billion annually. Much of this investment is directed toward meeting volume and quality demands of export markets.
- The rate of new investment by Canadian food and beverage firms compares favourably with that of their U.S. counterparts. Both invest about 3.3 per cent of the value of their shipments.

C. Plans and Priorities by Activity

1. Agricultural Research and Development

AAFC's Research and Development (R&D) mandate is:

to improve the ongoing competitiveness of the Canadian food and agriculture sector through the development and transfer of innovative technologies.

AAFC focuses on R&D that is of national significance, but which the private sector working alone could not profitably undertake. Rather than compete with the private sector in areas where it has the interest and capability to conduct R&D, the department collaborates with industry where our strengths are complementary and there is a need to share risk. As a result, the department's R&D activity plays a fundamental role in ensuring that the agri-food sector is environmentally sustainable and competitive in the long term.

R&D priorities for the 1997-2000 period will continue to build on the core competencies of our research facilities:

- the health and safety of the food supply and environmental sustainability are prerequisites for the Canadian agri-food industry to gain entry to markets. The industry's reputation for safety is vital to domestic consumers and it is a critical advantage in the international marketplace. Core mission-oriented research and development relating to health and safety includes:

- contribution to food safety (e.g. reduce the threat of toxins in food);
 - identification of foreign pest threats to plant health (e.g. help identify new crop diseases);
 - control of domestic threats to plant health (e.g. breeding resistance to crop diseases); and
 - protection of environmental health (e.g. help protect soils through crop rotation).
- the value-added component of Canadian agri-food production, either as food or non-food industrial products, is of growing importance. Once the country has been assured of food that is of value (e.g. a crop which is free of significant plant diseases, free of any threat to human health and is safe from an environmental standpoint), further value can then be added. R&D adds value and quality to existing products or can create completely new products that will compete in

BRANCH PROGRAM		RESEARCH CENTRES																	
		EASTERN REGION						WESTERN REGION											
		ST. JOHN'S RESEARCH CENTRE	CHARLOTTETOWN RESEARCH CENTRE	ATLANTIC FOOD AND HORTICULTURE RESEARCH CENTRE (KENTVILLE)	FREDERICTON RESEARCH CENTRE	SOILS AND CROPS RESEARCH AND DEVELOPMENT CENTRE (SAINTE-FOY)	DAIRY AND SWINE RESEARCH AND DEVELOPMENT CENTRE (LENNOXVILLE)	HORTICULTURE RESEARCH AND DEVELOPMENT CENTRE (SAINT-JEAN-SUR-RICHELIEU)	FOOD RESEARCH AND DEVELOPMENT CENTRE (SAINT-HYACINTHE)	PEST MANAGEMENT RESEARCH CENTRE (LONDON)	GREENHOUSE AND PROCESSING CROPS RESEARCH CENTRE (HARROW)	EASTERN CEREAL AND OILSEED RESEARCH CENTRE (OTTAWA)	CEREAL RESEARCH CENTRE (WINNIPEG)	BRANDON RESEARCH CENTRE	SASKATOON RESEARCH CENTRE	SEMIARID PRAIRIE AGRICULTURAL RESEARCH CENTRE (SWIFT CURRENT)	LETHBRIDGE RESEARCH CENTRE	LACOMBE RESEARCH CENTRE	PACIFIC AGRI-FOOD RESEARCH CENTRE (SUMMERLAND)
RESOURCES	LAND	•		•	•				•	•	•		•	•	•	•	•	•	•
	GERMPLASM/ PESTS & BIOCONTROL				•					•	•					•			
CROPS	CEREALS		•			•					•	•	•	•	•	•	•	•	
	OILSEEDS									•	•	•		•	•	•	•	•	
	FORAGES	•	•			•								•	•	•	•	•	•
	FIELD CROPS								•			•			•	•			
	VEGETABLES	•	•	•	•			•	•	•						•			•
	TREE FRUITS & BERRIES			•				•	•										•
	ORNAMENTALS								•			•							
ANIMALS	BEEF				•								•			•			
	DAIRY																		
	SWINE																		
	POULTRY																		•
	OTHER ANIMALS																•		
FOOD	ANIMAL PRODUCTS & PROCESSES								•								•		
	CROP PRODUCTS & PROCESSES			•					•	•				•					•
	NONFOOD PRODUCTS & PROCESSES			•					•	•				•					

both domestic and international markets.

important contribution to the Canadian economy.

Core Scientific Expertise

The consolidation of research and development activities, accelerated by Program Review, will continue through 1997-1998 at 18 Research Centres shown on the previous table. Each will have its own specific focus and core of scientific expertise. The Centres are located in regions where particular agri-food industries have significant strength and enjoy a competitive advantage. Each specialized Research Centre serves as part of a national research network which connects scientists and industry in areas of the country where the sector makes an

While R&D conducted by the department ultimately contributes to the advancement of scientific knowledge and enhances the quality of life for Canadians, our mission is to perform R&D that supports the agri-food sector's competitive position.

In order to meet the market needs of a broad client-base, departmental R&D is organized into four product lines.

Within each product line, expected key results over the next 3 years are:

Product Line	Expected Products	Clients
Services and technologies to conserve soil, water and air quality, as well as plant, animal, and microbial genetic resources	<p>Crop-specific genebanks located where a crop is of regional economic importance (e.g. Cereal genebank in Winnipeg, potato germplasm in Fredericton)</p> <p>Crop-growth and water-usage measurements from satellite data, obtained through participation in an international climatology experiment</p> <p>Development of genetic markers for genes resistant to specific fungal diseases</p>	<p>Producers</p> <p>Agri-business</p> <p>Government</p>
New crop varieties and crop production and protection systems using advanced biotechnological and conventional methods	Certification of a new winter wheat, known as AC Cartier, that has demonstrated high yields, good test weight, kernel weight and flour yield, by 1998	<p>Producers</p> <p>Processors</p> <p>Agri-business</p>

Product Line	Expected Products	Clients
New crop varieties (cont'd)	<p>Release of AC Harper, a newly registered barley variety that has high yield, resistance to scald and good feed quality, to market as a pedigree seed by 1999</p> <p>Development of a new hard red spring wheat, Canada Prairie spring and amber durum germplasms, with desirable end-use traits and agronomic suitability</p>	<p>Foreign buyers</p> <p>Government</p>
New animal production and protection systems using advanced biotechnological and conventional methods	<p>Commercial viability assessment of a prototype system for the detection of animal stress prior to marketing</p> <p>Refinement of a diagnostic test for the gene implicated in the pale, soft and exudative condition of pork, now being used by industry to survey carriers in purebred swine stocks</p> <p>New technologies and practices to monitor the reproductive cycle of beef cattle in order to reduce the rate of reproductive failures</p>	<p>Producers</p> <p>Processors</p> <p>Agri-business</p> <p>Government</p>
Food and non-food products and processes	<p>Development of process for extracting food and feed additives from chicory, a substance once considered an inferior substitute for coffee</p> <p>Assessment and evaluation of a biocontrol system using lactic acid to prevent the spoilage of chilled, ground beef</p> <p>Technologies using controlled atmosphere packaging that will increase the shelf life of chilled pork</p>	<p>Producers</p> <p>Processors</p> <p>Consumers</p> <p>Agri-business</p> <p>Government</p> <p>Foreign buyers</p>

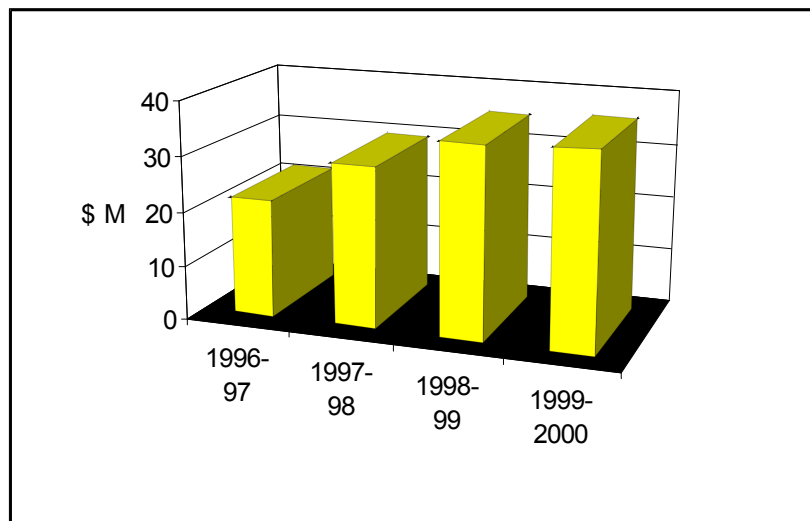
Capturing the Benefits of Partnership

A major emphasis in the years ahead will be on creating partnerships which are vital to building an innovative Canadian economy. We are doing this by involving our clients in investment decisions. By sharing information, we can make informed decisions. Information sharing involves:

- consultation with clients and research partners;
- a client-driven Research Branch Advisory Council;
- an advisory committee for each Research Centre;
- membership in the Canadian Agri-Food Research Council; and
- Research Centre reviews involving clients on a regular basis.

Through co-funded partnerships in R&D, we share the costs and benefits of developing and marketing an innovation with industry. To encourage increased private sector investment in agri-food R&D and the acceleration of technology transfer, the government is providing progressively larger funding for the Matching Investment Initiative (MII) in the period from 1997 to 2000. By linking our R&D to market signals, this approach ensures the relevance of our R&D to our clients and the transfer of new knowledge or technology to a client committed to its application in the marketplace.

MII Budget Allocation



Key Expected Result:

- With up to \$35.8 million available in departmental Matching Investment Initiative funding in 1999-2000, a continued strong response by industry could add over \$70 million in annual

agri-food R&D investment by the turn of the century. The MII budget allocation displayed in the graph on the previous page includes the Food Production and Inspection Branch's 10 per cent share of funding.

Planned Expenditures — Agricultural Research and Development

(\$ Millions)	1996-97*	1997-98	1998-99	1999-2000
Planned Expenditures	293.8	255.1	255.3	247.3
Full Time Equivalents	2,639	2,314	2,314	2,314

* Reflects changes included in the In-Year Update

2. Inspection and Regulation

AAFC's Inspection and Regulation mandate is:

to monitor and enforce industry compliance with government food safety and quality standards and prevent economic fraud; to control animal and plant diseases and pests of economic significance; and to regulate plant products.

By achieving this mandate, consumers can be confident of a safe and wholesome food supply and the Canadian agriculture and agri-food sector will have broad access to foreign markets.

Health and safety, fraud prevention and animal and plant pest and disease control will be the core future business.

To maintain an effective and efficient food inspection system and Canada's highly regarded international reputation, the Inspection and Regulation activity must adapt to a changing environment that includes industry rationalization, global trade liberalization, increasing international competitiveness, new import requirements of traditional trading partners, technological and scientific advances, fiscal restraint and public concern about food quality and the environment.

Specific initiatives to improve service and deal with fiscal restraint

Business Alignment Plan/Fiscal Restraint: The Business Alignment Plan sets out the directions that the Branch will

be taking to respond to two major forces of change — fiscal restraint and the needs and demands of our clients. The department is working with industry to select new business arrangements that will permit the continued delivery of services critical to each industry's viability at the same time as the government's fiscal restraint measures are implemented. Its approach is to negotiate cost reduction, cost avoidance and cost-sharing arrangements with each group of stakeholders that will bring market forces to bear on all inspection services. To keep these fees responsive to industry's need for services and government's need to continuously re-balance its program costs, the department will regularly review the quality and cost of services and explore new business arrangements.

Given the need for ongoing consultation with industry, the department has created Industry Advisory Committees for each commodity sector to ensure that a wide profile of industry interests are considered. Service standards are being negotiated for each client group as a

basis for discussions regarding future program design requirements.

Import Services (formerly named Enhanced Import Operations): The control of agricultural imports is based on a risk analysis approach. A report on "A Risk-Based Approach to Import Control of Agricultural Products in Canada" has been adopted and staff trained to implement its recommendations. Technological changes are needed to ensure that the department remains able to control regulated agri-food commodities. A fully integrated computer system, which will include tracking and reporting components, is targeted for completion in 1998.

Administrative Monetary Penalty System: This system is being developed to improve regulatory compliance and provide an additional enforcement option. It will allow the department to impose fines and negotiate solutions in response to non-compliance with Acts and Regulations. This will save time and resources in lengthy court prosecutions. It will also permit an increase in enforcement activities and create a more level playing field between domestic and imported products. The legislation needed to introduce this system was given Royal Assent in December, 1995.

Laboratory Rationalization: In its audit of the federal management of the Food Safety System in 1994, the Office of the Auditor General raised the issue of under-utilization of some laboratory facilities and duplication of laboratory services. Agriculture and Agri-Food Canada has completed an internal review of its laboratories. There are currently 23

laboratories belonging to the three departments that support the national food inspection and animal and plant health programs. With the formation of the Canadian Food Inspection Agency, a final laboratory rationalization exercise will be undertaken with the objective of improving effectiveness, enhancing efficiency and reducing the cost of laboratory services.

Key Expected Results:

- Reduce spending levels by approximately \$70 million between 1994 and 1998. Since 1994-95, expenditures have been permanently reduced by \$24 million through program redesign and/or elimination of services. The balance of the \$70 million reduction is targeted to be offset by vote-netted revenue from service fees (\$46 million). However, strong resistance has been expressed to cost recovery levels by all segments of the industry. Should total new revenues not materialize, the department will adjust program delivery levels to compensate;
- At the request of stakeholders, proceed with the privatization of seed establishment registration and consider the privatization of fresh fruit and vegetable inspection;
- Establish service standards for each client group;
- Draft the necessary regulations and phase in the monetary penalty system beginning on October 1, 1997;
- Complete development of a comprehensive reference system to

provide information on import requirements for all commodities regulated by the department by mid-1997;

- Begin a pilot project to transmit information on import requirements electronically between Revenue Canada, Customs and the department;
- Complete a fully integrated computer system, including tracking and reporting capabilities, by 1998;
- Test and evaluate a concept for Service Centres or Business Centres of expertise in Toronto. Its purpose is to address the need for service outside of normal business hours and to efficiently service low volume ports. The Service Centre will also be the key location for electronic commerce for imported agricultural products;
- Create a federal single window for decision making for imported agricultural products in conjunction with Revenue Canada, Customs;
- Assess the degree and scope of combined laboratory support in 1997-98, following the Agency's formation, to ensure that clients' needs are met; and
- Consider alternative means for the delivery of laboratory services to ensure that the most effective, efficient and cost-beneficial services are provided.

Rationalization of federal inspection activities

The most significant change affecting food inspection activities in the next fiscal year

will be the creation of the Canadian Food Inspection Agency (CFIA) announced in the 1996 Budget. The Agency brings together all federally mandated food inspection programs from Agriculture and Agri-Food Canada, Fisheries and Oceans Canada and Health Canada. Consolidation at the federal level is the first step toward future work with other levels of government to establish a Canadian food inspection system with greater harmonization of standards and approaches.

The new CFIA will be mandated to protect consumer health and safety, facilitate trade and commerce, including phytosanitary and zoosanitary hazards, and deter fraud using a risk-based approach. Inspection programs will be subjected to a comparative risk analysis in 1997-98 using a common Agency-wide approach. The relative values protected by each program will be compared and ranked, with programs rationalized accordingly. In addition, Agency intervention points in the domestic agri-food chain and in trade and commerce functions will be reviewed from a risk reduction standpoint. Through comparative risk analysis and program redesign, resources will be reallocated to intervention points where the identified risk is greatest and/or, where intervention results in optimal reduction of risks. Program redesign will include the application of new technology and alternative methods of delivery such as accreditation, contracting, or devolution.

A critical element of the risk-based approach to inspection activities is

industry adoption of Hazard Analysis and Critical Control Point systems (HACCP). It is expected that a significant move to HACCP-based food production will occur in 1997 as a result of the Food Safety Enhancement Program (FSEP) initiative and further trade expectations. Several major food manufacturers and restaurants require or plan to require that primary food products purchased for their use are processed under HACCP-based systems. The implementation of HACCP will provide greater market access for Canadian products and will ensure buyer requirements continue to be met.

Inspection of establishments operating under HACCP will be based on an audit of the HACCP system with the frequency of inspection determined by the risk category of the product or process and the compliance history of the establishment. To allocate inspection resources in a uniform manner based on risk to human health, Agriculture and Agri-Food Canada, Fisheries and Oceans Canada and Health Canada have agreed in principle to a departmental proposal for risk categorization for food processing establishments. It has been incorporated into FSEP to establish audit frequencies for establishments with recognized HACCP systems. Recognizing that food safety must be addressed at all points in the food chain, the department has initiated an Integrated Food Safety Strategy to encourage the implementation of HACCP principles throughout the food chain. This includes on-farm, transportation, distribution and retail sectors.

In setting the stage for the creation of the Agency, the three departments developed a

common inspection approach for health and safety evaluation of registered and unregistered food processing establishments. Consultation initiated with industry on the resulting twelve inspection standards will continue. These standards will be finalized and streamlined into a single generic approach to inspection of all processing with a common rating system for use by food inspectors in evaluating Good Manufacturing Practices (GMPs). As needed, more detailed appendices for specific food processes will also be finalized in consultation with industry.

Even while federal food inspection activities are being rationalized, work will continue on a joint federal/provincial/municipal Canadian Food Inspection System (CFIS) initiative. It aims to provide a high quality and safe food supply, harmonized standards amongst all levels of government, a more cost effective and risk-based inspection system, enhanced access to markets for Canadian food producers, and protection from economic fraud. Specific activities include:

- harmonizing standards through the development of the National Dairy Code, the Meat, Poultry and Fish Code, the Food Retail Establishment Code, and a Transportation Practices Protocol; and
- harmonizing approaches through the development of a Common Legislative/Regulatory Base and a National Risk Analysis Framework.

The department will continue to explore the use of alternative mechanisms for

service delivery to ensure that acceptable standards of product safety and quality are maintained, offer improved service and better value for the public, and at the same time reduce activity operating costs.

Key Expected Results:

- The Canadian Food Inspection Agency will be operational in 1997-98;
 - Staff will be trained on how to audit establishments implementing HACCP;
 - Support the implementation of HACCP by industry and modify the inspection approach to reflect this trend;
 - Continue work on proposals for amendments to the food ingredient labeling regulations; and
 - Pursue a number of alternative methods of program delivery, such as:
 - Eggs: The egg grading inspection program is being reviewed by consultants to assess program design, future inspection needs of industry and the responsibilities of government;
 - Processed Egg Products: For the processed egg inspection program, work will continue with industry on the implementation of HACCP plans, a review of government service coverage and refinement of cost recovery arrangements;
 - Livestock & Poultry: The grading programs for livestock and poultry will focus on full cost recovery for program services. Requests for development of grade standards and grading program delivery for new livestock and poultry species will be assessed against export potential, privatized delivery potential and full cost recovery of government inspection or audit services;
- Poultry Inspection: Work is currently underway, in cooperation with poultry industry associations, to develop the Modernized Poultry Inspection Program. This will lead to increased industry involvement in the routine detection of abnormalities, operations being conducted under a HACCP environment and more detailed information at the producer level. The end result will be increased consumer protection, through reduction in pathogenic bacteria, and more efficient utilization of government resources. Implementation is anticipated in 1997-98;
 - Seed Inspection: The seed industry proposed the establishment of the Canadian Seed Institute (C.S.I.) to administer some inspection programs currently provided by AAFC. The privately operated C.S.I. is expected to be legally incorporated and fully operational by July 1997, with the transfer of responsibility for inspection of Registered Seed Establishments completed in 1998-99;
 - Privatization of Hog Grading: Privatization of hog grading activities will be completed in the two remaining provinces, Manitoba and British Columbia, in April, 1997;

- Routine Animal and Plant Health Laboratory Testing: Accreditation of non-federal laboratories to carry out routine diagnostic tests is being pursued. In 1997, testing of pork for Trichinella and cattle for Brucella will be transferred to non-federal laboratories. This will allow Canadian fresh pork to access the lucrative Russian market and Canadian cattle to be exported more efficiently to the United States and Mexico;
- Artificial Insemination Centres: The accreditation of Artificial Insemination Centres will be expanded to include semen production centres; and
- Quality systems program for Greenhouse and Inspection of Greenhouse Plants for export certification to the U.S.: Protocols for inspection, certification and audits are being established to ensure compliance of certified greenhouses in an effort to reduce the risk of introducing plant pests.

Planned Expenditures — Inspection and Regulation

(\$ Millions)	1996-97*	1997-98	1998-99	1999-2000
Gross Planned Expenditures	315.6	293.9	248.4	246.2
Less: Revenues credited to				
Appropriations	70.5	72.7	72.8	72.8
Net Planned Expenditures	245.1	221.2	175.6	173.4
Full Time Equivalents	4,112	4,006	3,588	3,586

* Reflects changes included in the In-Year Update

3. Policy and Farm Economic Programs

AAFC's Policy and Farm Economic Programs mandate is:

to create a policy environment which improves the sectors' ability to compete and to adapt to change, and to deliver income stabilization and adaptation programs consistent with these goals

By working in partnership with industry, the provinces and other stakeholders, our objectives are to enhance the sector's economic viability; strengthen opportunities for rural community development; and support the sector's efforts to contribute to environmental sustainability. This can be achieved through our efforts to establish:

- an agri-food policy framework which enables the sector to respond to emerging opportunities and adapt to a changing economy;
- enhanced economic stability through effective risk management; and
- a stronger, more diversified economy in rural agricultural areas.

Priorities over the next three years include:

- continuing reform of safety nets and grain policy;

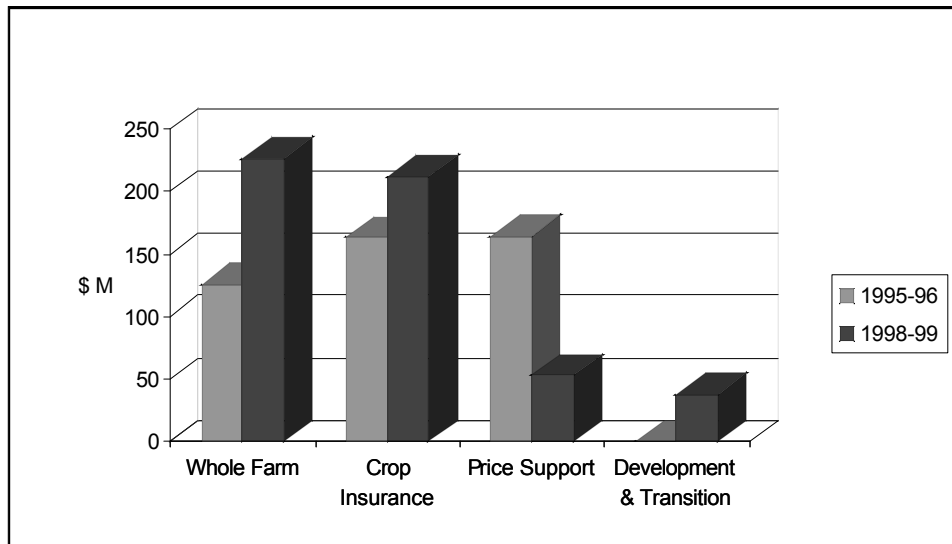
- fostering adaptation and addressing rural economic renewal issues;
- the continued evolution of supply management; and
- promoting resource and environmental sustainability.

Major elements and key expected results are outlined below.

Safety Nets Reform

The 1995 Budget established a broad framework and the fiscal parameters to reform farm income safety nets. The objective is to establish a non-distorting system of income stabilization that will be compatible with trade agreements, be production and market neutral, affordable and environmentally sensitive.

Safety Net Expenditures



This chart shows the shift from price support to income stabilization.

The basic framework for implementing a national whole farm safety net is the Net Income Stabilization Account (NISA), Crop Insurance and province-specific companion programs. The whole farm safety net is based on cost-sharing with producers and the provinces and it relies heavily on joint development and management. Six provinces have signed bilateral agreements and related programs are being implemented. Agreements with two other provinces are close to finalization and discussions are proceeding so that the last two agreements can be concluded shortly.

Over the next 12 months, alternative service delivery options for the NISA administration will be reviewed and a preferred option developed. Our objective is the most cost-effective delivery system. As well, the department is exploring

market risk management tools with industry.

Key Expected Results:

- Conclude bilateral agreements with provinces and implement the whole farm safety net policy;
- Implement Ministers' directions from the Crop Insurance Review, including re-insurance and two-tier design options;
- Work with producers and provinces to improve NISA program design and delivery; and
- Promote private market risk management tools, such as the Cattle Options Pilot Program.

Transportation and Grain Policy Reform

Reform of Grain Policy is aimed at positioning the grains sector to grow and succeed in the marketplace. The current strategy involves two thrusts:

- providing adjustment funding through the Western Grain Transportation Adjustment Fund (WGTAFF) and the Feed Freight Assistance Fund. These funds are being used to assist the sector to adapt to new marketing, diversification and value-added processing opportunities in an unsubsidized transportation environment, and
- implementing the changes to the grain marketing system announced by the Minister in response to the Western Grain Marketing Panel report. These changes centre on revamping the Canadian Wheat Board so that it becomes more flexible and responsive to the marketplace. A critical element will be reforms to the Board's governance structure that will result in greater accountability to farmers.

Key Expected Results:

- Implement initiatives under the \$300 million WGTAFF;
- Wind down the Feed Freight Assistance program and ensure that associated adjustment funds are effectively spent;
- Capture further efficiency improvements in the grain handling and transportation system, including the sale of federal hopper cars and an improved car allocation system;

- Implement the CWB changes announced by the Minister related to structure, governance and accountability, more flexible operations and cash flow, and more decision-making authority with farmers; and
- Conduct a producer vote on the barley marketing issue.

Adaptation and Rural Economic Renewal

The Canadian Adaptation and Rural Development Fund (CARDF), announced in the 1995 Budget, provides \$240 million over the 1995-96 to 1998-99 period, to facilitate growth, competitiveness, increased economic self-reliance and rural community development. Innovative program delivery mechanisms are being implemented both nationally and in each province. This approach places priority-setting and program decisions into stakeholders' hands to ensure that adaptation support is targeted at identified needs. Through the Rural Secretariat, the department is also coordinating the development of a federal approach to rural economic renewal. This will ensure federal programs and services are relevant to the economic development needs of rural agriculture and rural Canada.

Key Expected Results:

- Facilitate sectoral adaptation through initiatives under CARDF;
- Establish new farm financial review process through the passage of the Farm Debt Mediation Act;

- Promote greater “grassroots” stakeholder empowerment by sharing decision-making and management with respect to CARDF Initiatives;
- Improve the coordination of federal programs and services in rural Canada, (such as through single window access);
- Increase rural access to the “information highway”; and
- Improve access to capital for rural development and agri-food business growth.

Supply Management

The Canadian supply management system has been a clear success in ensuring stable and adequate returns for producers and the supply of quality products for consumers. Future efforts in supply management will involve working with industry to continue to develop a vibrant and responsive supply management system for Canadian producers. A renewed system, in combination with a stable policy environment, will allow these sectors to evolve and exploit market opportunities. Under the leadership of the Parliamentary Secretary to the Minister of Agriculture and Agri-Food, the dairy sector is being consulted on a long-term dairy policy for industrial milk.

Key Expected Results:

- Develop with industry a long-term dairy policy for orderly marketing which sets broad directions and provides predictability for the evolution of the dairy sector, and

- Phase-out the balance of the dairy subsidy over 5 years.

Resource and Environmental Sustainability

In response to the federal government’s environmental agenda, the department is preparing a Sustainable Development Strategy (SDS). Consultation with industry and the provinces on the first draft of the SDS has been completed. The strategy recognizes the need to deal with environmental issues as an essential part of the department’s business. It provides four directions to guide departmental activities over the next three years:

- improve the capacity to provide better environmental information for decision-makers;
- promote stewardship and practices to avoid environmental damage;
- develop affordable innovations and technologies to address environmental challenges; and
- encourage agriculture and agri-food marketing and trade that promotes environmental quality as a means of sustaining growth.

Key Expected Results:

- Implement the Sustainable Development Strategy, and
- Develop agri-environmental indicators to track the sector’s environmental performance and identify high risk areas.

Strategic Partnerships

Over the next three years, we will continue to emphasize strong partnerships with industry in policy and program development.

Through the Co-operatives Secretariat, the department is supporting the Minister in his responsibility for co-operatives issues across the federal government. In partnership with the co-operative sector, the department promotes a better understanding within federal organizations of the potential of the co-operative model as a self-help mechanism for individuals and communities.

Key Expected Results:

- Promote the future development of cooperatives through a modernized Canada Co-operative Associations Act, and

- Improve the availability of information on co-operatives through federal business services centres.

The establishment of the Pest Management Regulatory Agency (PMRA) within Health Canada has led to a new pesticide regulatory environment. AAFC has a role to play in ensuring that the agriculture sector is able to present its views and offer its expertise to the PMRA.

Key Expected Results:

- Creation of a more focused industry window into government policy respecting the regulation of pesticides, and
- Enhance the co-ordination between various agricultural groups and government to facilitate the flow of information in both directions between government and industry on pesticide related matters.

Planned Expenditures — Policy and Farm Economic Programs

(\$ Millions)	1996-97*	1997-98	1998-99	1999-2000
Gross Planned Expenditures	1,083.4	755.4	691.0	534.1
Less: Revenues credited to				
Appropriations	1.3	4.0	4.0	4.0
Net Planned Expenditures	1,082.1	751.4	687.0	530.1
Full Time Equivalents	595	555	555	555

* Reflects changes included in the In-Year Update

Note: The decline in gross planned expenditures between 1998-1999 and 1999-2000 is the result of safety net and adaptation program agreements expiring at the end of 1998-99. A significant portion of the funds set aside for "Initiatives to be approved" (p. 10) will provide for future safety net and adaptation programming. In addition, the dairy subsidy is declining each year, in line with announced reductions.

4. Market and Industry Services

AAFC's Market and Industry Services mandate is:

to improve and secure market access and enable the agri-food sector to capture opportunities for trade in domestic and export markets, with a focus on higher value agri-food products.

Our objective is to help industry to meet its goals of:

- increasing Canadian agri-food exports to over \$20 billion and capturing at least a 3.5 per cent share of world trade by the year 2000, and
- maximizing penetration of the \$80 billion domestic agri-food market through diversification of products offered, with particular focus on higher-value agri-food products.

In delivering our mandate, our Branch responsibilities are focused in three key results areas:

- increased and strengthened access to international markets and reduction in internal barriers to trade;
- the development of domestic and export markets for Canadian agriculture and agri-food products; and
- the promotion and support of investment in the Canadian agriculture and agri-food sector.

Increased and Strengthened Access to International Markets and Reduction in Internal Barriers to Trade

In order to maximize opportunities for the Canadian agriculture and agri-food sector and assist industry to meet its long-term export goals, a primary focus will be on opening and strengthening access to international markets and reducing internal trade barriers. The primary responsibilities in support of this key result area include:

- negotiating domestic and international trade agreements;
- promoting a predictable global framework for Canadian agri-food businesses to plan and invest with confidence;
- managing existing trade agreements, including World Trade Organization (WTO), North American Free Trade Agreement (NAFTA), Canada/Chile and Canada/Israel;
- resolving trade irritants and technical barriers to trade with the U.S., Japan, the E.U. and other key markets;

- advising domestic policy-makers of Canada's international rights and obligations;
 - defending and promoting Canadian agricultural interests before regional and multilateral dispute settlement panels;
 - reducing interprovincial trade barriers;
 - maintaining effective participation in international organizations to represent Canadian interests multilaterally, including the WTO, the Organization for Economic Cooperation and Development (OECD) and the Food and Agriculture Organization (FAO); and
 - promoting informed debate among domestic stakeholders through the support of conferences/symposia on the negotiating agenda for the next multilateral trade negotiations in agriculture starting in 1999.
- health and sanitary measures; and recourse to international dispute settlement procedures where appropriate (e.g. European Union beef hormone ban);
 - Assurance that technical barriers to trade do not frustrate realization of market opportunities arising from trade agreement access improvements;
 - Domestic and international preparations for the next set of multilateral trade negotiations in agriculture starting in 1999 as well as further negotiations on a regional or bilateral basis (e.g. NAFTA expansion); and
 - The basis agreed for a Hemispheric Free Trade Area (Free Trade Agreement of the Americas — FTAA) by 2005 and in the Asia-Pacific Economic Cooperation (APEC) region by 2020.

Key Expected Results:

- New and expanded market opportunities for Canadian agri-food products as part of several accessions to the WTO (e.g. China, Taiwan, Vietnam, Russian Federation and Saudi Arabia) and effective implementation of previously negotiated improvements within bilateral/regional trade agreements;
- Aggressive safeguarding of market access gains in priority markets through prompt and coordinated resolution of technical barriers to trade, enforcement of the WTO Sanitary and Phyto-Sanitary (SPS) agreement; pursuit of bilateral framework agreements on

Development of Markets

Under the framework of the Agri-Food Trade Service (ATS), a priority focus will be on partnering with other government departments, provinces and the private sector to increase the capacity of the Canadian agriculture and agri-food industry to supply Canadian products to meet the demands of new and expanded domestic and world markets. The primary responsibilities in support of this key result area include:

- supporting exporters in target markets through the services of additional agri-food trade specialists and financial support for in-market

activities under the Post-Initiated Agri-Food Fund (PIAF);

- at the regional and national levels, providing trade services, disseminating market intelligence and information, and providing programs to assist the industry to be as successful as possible in meeting new global opportunities through programs like Agri-Food Trade 2000 and Agri-Food Industry Market Strategies (AIMS);
- a Team Canada approach in the preparation of Canada's International Business Strategy (CIBS) for the agri-food sector, in collaboration with the members of the Federal Provincial Market Development Council;
- strategic positioning of federal and provincial support to exporters through priority and emerging market strategies and action plans that orchestrate the deployment of trade access, market information and intelligence, export readiness, trade promotion and foreign investment initiatives that optimize industry and government collaboration to achieve defined market objectives;
- capturing and integrating industry priorities into departmental activities through consultation mechanisms, mainly the Canadian Agri-Food Marketing Council (CAMC), Sectoral Advisory Group on International Trade (SAGIT) and AIMS along with industry and association meetings;
- fostering the growth of the food-processing sector by supporting the development of higher value products and improving competitiveness of the Canadian agri-food supply chain

through coordination among the main partners;

- promoting Canadian products with industry and the provinces through trade services, trade shows and missions; through increasing understanding in the market of Canadian regulations and the quality of Canadian agri-food products; and through training exporters in product label certification; and
- coordinating Canada's follow-up to the Rome Declaration and Action Plan endorsed by Canada at the World Food Summit of the FAO.

Key Expected Results:

- Strategic objectives and medium-term action plans for eight priority markets and ten emerging markets which will result in a stronger partnership with the private sector to achieve defined trade objectives;
- Through the Canada Year of Asia Pacific (CYAP) agri-food program, an increase in the number of Canadian firms exporting to Asia, an increase in the range of products sold, and an increase in sales to Asia; more than 80 activities are planned, including the Team Canada agri-food trade mission to Japan and Indonesia, Round Table discussions with the industry and agri-food trade specialists from Canadian posts in Asia in Toronto, Montreal, Halifax, Winnipeg, Saskatoon, Edmonton, Calgary, Vancouver and Victoria; incoming and outgoing missions and regional activities throughout Canada;

- An increase in exports of higher value products and in the range of products by orchestrating and supporting 100 incoming foreign buyers and official missions;
- An enhanced image of Canada as a reliable supplier of high quality products through participation in international exhibitions such as ANUGA and FOODEX, using the New Look, Entrée Magazine and delivering 30 solo food shows and 130 in-store promotions in selected markets;
- Assistance to the poultry, dairy, horticulture, special crops and further processed sectors to develop export strategies that encourage increased higher value output, promote marketing alliances and result in increased exports of their higher value products;
- Greater industry awareness of market opportunities through a 25 per cent increase in industry's demand for the products of the Agri-Food trade Network, by mail, fax, telephone and Website contact and the production of 20 reports on priority and emerging markets;
- Support to assist the industry to increase its share of the domestic market for baked products, spirits and food ingredients; and
- Support by the Regional Offices in handling more than 1,000 requests per month, primarily for market information and intelligence.

Investment

In order to ensure that our Canadian agriculture and agri-food industry has the

capability to respond to new market opportunities, a priority focus will be to assist the industry to attract new investment. Activities are designed to result in an enhanced investment climate that will make Canada's agri-food industry a preferred focus of domestic and international investors. The primary responsibilities in support of this key result include:

- advocating a policy and program framework to strengthen industry competitiveness;
- championing investment policies and promoting investment opportunities that will attract and retain both international and domestic investment to the Canadian agriculture and agri-food sector; and
- responding to international and domestic requests for information and providing investment analysis.

Key Expected Results:

- Identification of industry investment gaps with a specific focus on higher value products and market development and technology transfers;
- Increased investment in the Canadian agriculture and agri-food processing industry with particular emphasis on key growth industries such as pork processing, agriculture and food biotechnology, industrial uses of agricultural products, food ingredients, higher value consumer products, nutraceuticals and functional foods;

- In partnership with Canadian multi-national enterprises and small and medium-sized firms, the development of matching investment activities with investors from the U.K., U.S., Japan, France and Germany, with special follow-up on the Keidanren Mission food-processing industry report that positioned Canada as a priority site for Japanese investment; and
- Leading a promotion program on the advantages of investing in Canada's agri-food sector through a target information program in collaboration with Industry Partnership Canada and Foreign Affairs and International Trade Canada.

National Farm Products Council

The mandate of the National Farm Products Council (NFPC) is to:

- advise the Minister on all matters relating to the establishment and operations of agencies under the Farm Products Agencies Act (FPAA), with a view to maintaining and promoting an efficient and competitive agriculture industry;
- review the operations of agencies with a view to ensuring that they carry on their operations in accordance with their objectives set out in the FPAA;
- work with agencies in promoting more effective marketing of farm products in interprovincial and export trade; and
- work with promotion-research agencies in conjunction with their research and promotion activities relating to farm products.

To ensure that national supply management works in the balanced interests of all stakeholders, the NFPC reviews the operations of four national marketing agencies established under the Farm Products Agencies Act. They are the Canadian Egg Marketing Agency, the Canadian Chicken Marketing Agency, the

Canadian Turkey Marketing Agency, and the Canadian Broiler Hatching Egg Marketing Agency. As non-government regulatory bodies, they implement and administer marketing plans, allocate quota and market share and raise funds for research and promotion through a levy on producers.

Annual Reports for these Agencies are published separately and are submitted to Parliament through the NFPC and the Minister of AAFC.

The NFPC also works with commodity groups interested in the establishment of national agencies solely for promotion and research. To date, no agencies of this type have been established.

Key Expected Results:

- Develop a new role as convenor/facilitator to bring the various poultry supply management stakeholders together to discuss the key issues which will shape the industry into the next century; and
- Clarify the framework of federal provincial supervisory powers and responsibilities in cooperation with provincial counterparts.

Planned Expenditures — Market and Industry Services

(\$ Millions)	1996-97*	1997-98	1998-99	1999-2000
Planned Expenditures	142.5	126.5	110.6	106.7
Full Time Equivalents	449	437	437	437

* Reflects changes included in the In-Year Update

5. Rural Prairie Rehabilitation, Sustainability and Development

AAF C's Rural Prairie Rehabilitation, Sustainability and Development mandate, delivered through the Prairie Farm Rehabilitation Administration (PFRA), is

to develop and deliver programs and services focused on adaptation, rural renewal and environmental sustainability for the benefit of rural people on the prairies.

PFRA's objective is sustainable rural development on the prairies. Producers must be able to use available resources to produce food and non-food agricultural products while balancing environmental, economic and social factors. Over the long term, sustainable development is concerned with protecting and enhancing the environment and resource base for future generations in such a way that those using it today can meet their economic and social goals without jeopardizing the ability of future generations to do the same.

PFRA serves several distinct groups of rural people: primary producers, rural entrepreneurs, and organizations. It offers technical expertise; facilitation and coordination; and financial and materiel assistance to its clients.

Environmental Sustainability

Land and water policy decisions have enormous social, environmental and economic consequences. Furthermore, rural residents need information on the long-term environmental consequences of economic development activities.

Obtaining information and support is more difficult in rural than in urban areas.

Water is a precious resource in the prairies. Water supply and quality are both significant issues. From the environmental perspective, sufficient supplies of acceptable water quality can be threatened by economic development, including:

- production practices that affect ground and surface water;
- crop intensification;
- livestock and processing systems; and
- additional rural and urban diversification.

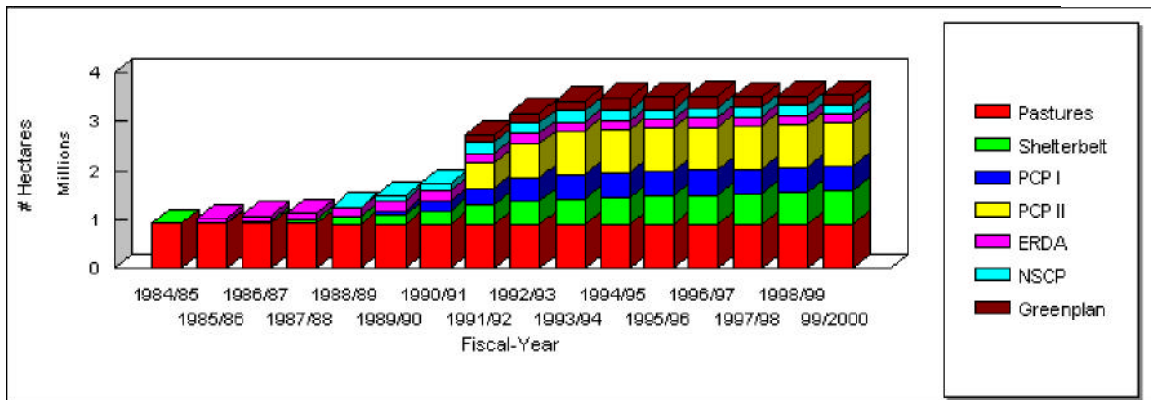
PFRA's role is to help ensure that such developments take into consideration potential impacts on water quality.

It is essential that land use practices are in harmony with the long-term capability of the resource, so that future generations have the capacity to be internationally competitive. As

illustrated, PFRA has had, and will continue to have, a significant role to play in the protection of over 3.5 million

hectares of marginal and/or annual crop lands for the continued sustainability and productivity of the resource.

Hectares Under Soil Conservation Practices in the Prairies



Key Expected Results:

- Increase the knowledge of resource stewardship of urban and rural people by promoting, advising and participating in community based resource planning;
- Investigate current and potential land degradation problems resulting from agricultural and value-added production practices and develop and promote sustainable development practices to prevent and/or alleviate these problems;
- Provide tree materials for 1,000 kilometres of field and farm shelter belts, riparian areas and wildlife habitats which will protect approximately 26,700 hectares of soil and provide approximately 240 hectares of wildlife habitat;
- Manage 913,000 hectares of land on PFRA Community Pastures to ensure long-term conservation of marginal land while providing clients with livestock grazing services and benefiting plant and wildlife diversity;
- Coordinate water development strategies with provincial agencies by completing two Memoranda of Understanding with Manitoba and Saskatchewan; and
- Provide technical services to protect and improve water quality and quantity.

Adaptation and Rural Renewal

The availability and capacity of land and water resources to support economic

development is limited. The supply of water can be affected by drought and limited natural abundance and quality. These can, in turn, limit development opportunities. Overuse and exploitation of these resources will create future economic, social and environmental liabilities. The aim of the Rural Water Development Program is to resolve water quality and quantity issues by providing financial assistance to improve water supplies. The department has been actively shifting the emphasis of the program from the Individual component to Group Projects in response to the need for high quality, drought proof water supplies. Group Projects are typically relatively large projects and provide benefits to larger numbers of rural residents than would Individual Projects. To this end, 82 per cent of the resources will be spent on Group Projects by 1998-99 compared to 32 per cent in 1986-87. The federal contribution constitutes less than one third of the total cost of developing these projects with the proponents supplying the balance. These projects generate two significant benefits — a secure water source and considerable economic activity beyond direct federal spending.

Crop and livestock production are very specialized in parts of the prairies, and, as a result, farm income stability is threatened by fluctuating commodity prices. Furthermore, potentially lucrative market opportunities for other types of crops and livestock are not captured. Through the efforts of the Crop Diversification Centres, producers are able to learn about diversification opportunities into high-value specialty crops as opposed to traditional cereals.

Although value-added industries are not common on the prairies, recent changes to domestic transportation and international trade policies have created a positive environment for such initiatives. With export trade in value-added products growing, increased processing of agricultural products will help to diversify the prairie economy by providing more jobs for rural people than traditional primary production. The infrastructure required to attract such industries is costly. Rural communities often require development assistance and innovative financing in addressing this constraint. Furthermore, environmental regulations require high standards in planning, constructing and operating these businesses. PFRA will provide financial and technical assistance to clients to alleviate these constraints to rural economic development.

Key Expected Results:

- Contribute to community and regional economic development by providing financial and technical assistance to overcome water constraints to rural growth;
- Develop, demonstrate and provide information to over 3,000 visitors annually on the production of suitable alternate crops on the Prairies through the Saskatchewan Irrigation Development Centre (SIDC) and the Manitoba Crop Diversification Centre (MCDC);
- Contribute to an increase in value-added production on the prairies by providing financial and technical support to help clients undertake preliminary planning and feasibility

assessments for increased agricultural diversification, value-added production and for the development of concepts, projects, products and businesses;

- Contribute to adaptation and rural development through the administration and delivery of activities under the Canada-Saskatchewan Agri-Food Innovation Agreement (AFIF) and the Canada Agricultural Rural Development (CARD) fund in Saskatchewan as well as the provision

of targeted technical services in Manitoba, Saskatchewan and Alberta; and

- Support the enhancement of rural infrastructure on the prairies by providing technical support and targeting \$24.5 million of contribution funds over the next three years under the Canada Agricultural Infrastructure Program.

Planned Expenditures — Rural Prairie Rehabilitation, Sustainability and Development

(\$ Millions)	1996-97*	1997-98	1998-99	1999-2000
Gross Planned Expenditures	813.5	74.9	83.9	53.4
Less: Revenues credited to				
Appropriations	9.9	10.4	10.9	10.9
Net Planned Expenditures	803.6	64.5	73.0	42.5
Full Time Equivalent	743	698	693	693

* Reflects changes included in the In-Year Update

Note: The significant reduction in spending between 1996-97 and 1997-98 is due to the completion of one-time pay-outs to Western landowners under the Western Grain Transition Payments Program.

6. Corporate Management and Services

AAFC's Corporate and Management Services mandate is:

to provide advice and assistance to the Minister, Deputy Minister and other departmental Branches to facilitate delivery of programs and services to the department's clients.

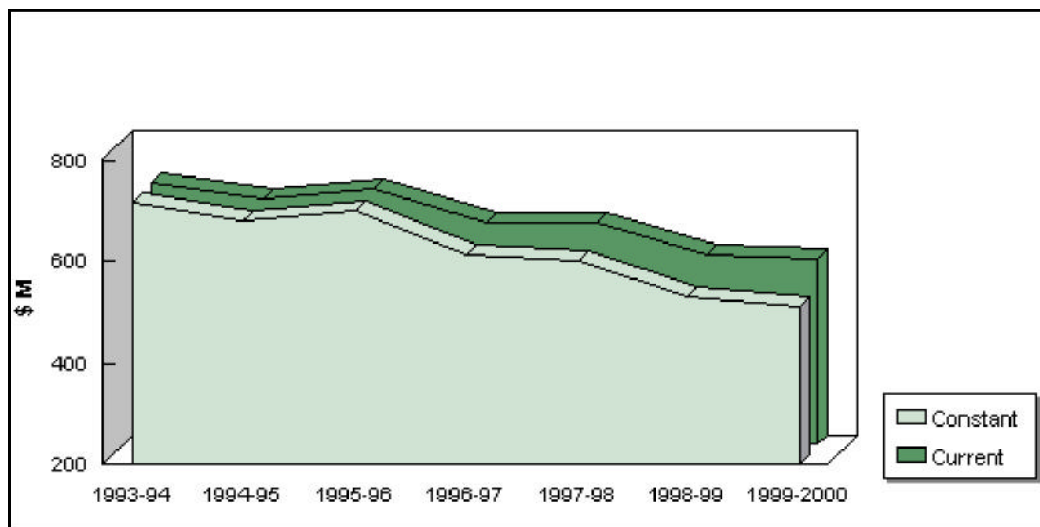
The activity includes support to the Minister and Deputy Minister's offices, financial, human resource and information technology planning, advice and control, communications services and internal audit and program evaluation.

Over the planning period, our primary focus will be to equip the department for the 21st Century with the personnel and

working tools needed to provide quality services to program clients.

One of the primary challenges facing the department and corporate branches is to mitigate the impact of declining resources available to deliver our mandated programs. As the chart below shows, operating resources have consistently declined, in real terms, since 1993-94.

Operating Budget Expenditures



In addition, personnel delivering our mandated programs has been reduced. Between 1993-94 and the end of the planning period, FTEs will decrease by nearly 20 per cent.

We intend to respond to this challenge by re-engineering the delivery of our management and administrative services. Our objective is to ensure that overhead resources are reduced to the minimum required for effective program support and to meet our core governance needs.

The creation of the Canadian Food Inspection Agency will have a tremendous impact on the department over the planning period. We must ensure that appropriate resources and personnel are transferred to the Agency and that effective and harmonious working relationships are established and nurtured in key areas where services between the two organizations are shared. We must also develop a portfolio management approach that will effectively assist the Minister to meet all his program responsibilities.

In addition, we are implementing a new Performance Framework to focus on our clients and the results we need to achieve for the program dollars spent. In adopting this structure, we are revamping our internal management and accountability systems to ensure that we can manage effectively to meet our expected results.

Throughout the planning period, a major commitment will be made to the La Rel^Pve exercise so that the department, in support of the corporate management of the Public Service, will ensure that it has people with the skills, motivation and tools required to

provide services to clients into the future.

We will continue to focus on strategic corporate communications, providing the Minister and the Deputy Minister with expertise and a wide range of tools to communicate effectively with clients, Parliamentarians, departmental employees and other stakeholders.

While these initiatives are being managed as part of Corporate Management and Services, they will have a significant impact on all Branches and employees throughout the department.

Key Expected Results:

- Complete the review of management and administrative services and re-engineer these services to provide effective and efficient support to program areas while continuing to meet corporate governance requirements;
- Develop and implement an integrated financial and materiel management system that will be Year 2000 and Financial Information Strategy (FIS) compliant;
- Support the successful launch of the Canadian Food Inspection Agency and achieve the most effective use of scarce resources through the sharing of common services in appropriate areas;
- Develop a portfolio management approach to assist the Minister in meeting his program responsibilities;

- Implement the new Performance Framework both for reporting to Parliament and for internal management and accountability for results achieved with departmental financial and personnel resources;
- Expand programs and activities, like the Corporate Exhibit Program and the Agri-Food Awareness Program, to enhance and increase the public profile of the agri-food sector and to promote joint initiatives, policies and programs;
- Develop and implement a communications program with a particular focus placed on reaching rural Canadians emphasizing jobs, youth and trade and implement a Rural Exhibits Initiative in 1997-98 to inform rural Canadians of federal programs and services; and
- Develop meaningful succession plans for EX positions, and later for the remainder of the organization. Succession planning will be supported by recruitment planning, career planning and staff development planning.

Planned Expenditures — Corporate Management and Services

(\$ Millions)	1996-97*	1997-98	1998-99	1999-2000
Planned Expenditures	69.7	84.9	64.8	58.8
Full Time Equivalents	755	726	726	726

* Reflects changes included in the In-Year Update

Note: The significant increase in 1997-98 reflects a transfer to the department from Public Works and Government Services Canada for payments to the municipalities for Grants-in-lieu-of-taxes as well as a draw-down of the central provision for ERI/EDI costs. Reductions in 1998-99 and 1999-2000 reflect the impact of Program Review II reductions which will be distributed across the department this fiscal year and reported in next year's Main Estimates.

7. Canadian Grain Commission

By authority of the Canada Grain Act, the mandate of the Canadian Grain Commission (CGC) is:

to deliver a quality, safety and quantity assurance program that extends from farmers' fields to end-use processors of grain and results in consistent, safe and dependable shipments of grain that meet contract specifications.

The CGC's vision is to strive for excellence in adding value to the Canadian grain industry. Our mission is to be a leader in providing grain quality management and quantity assurance, dedicated to excellent and responsive service supporting producers, all sectors of the grain industry and their customers. Canada's reputation as a supplier of quality products is recognized world-wide.

We deliver a regulatory program that assures fair treatment to producers and integrity of transactions. Regulation supports the maintenance of grain safety and quality as grain moves through the marketing channels.

We also provide other services of value on a cost recovery basis to the grain industry in Canada and abroad. For example, we offer grain industry training courses, facilitate information flows on behalf of the grain trade, provide grain quality data, and sell our grain quality and grain handling expertise abroad as consulting services. We also offer analyses of chemical residues on cargoes.

The Grain Research Laboratory (GRL) is the scientific partner in the CGC. The GRL, a leader in grain research, supports the CGC's quality assurance mandate through several ongoing programs: assessing the quality of the new crop (harvest survey); monitoring the quality and safety of Canadian grain; and evaluating quality of potential new varieties developed by plant breeders. Our laboratory is world-renowned for its expertise in the science and understanding of end-use grain quality. International acknowledgment of its world class expertise enhances Canada's competitiveness in world grain markets and maximizes returns to producers.

We finance the majority of our business costs from our service fees. We receive \$6.5 million from Agriculture and Agri-Food Canada to cover the costs of those CGC services which benefit the Canadian public. This includes activities related to food safety, research and development, supervision of commodity futures trading, and the protection of

grain producers through an arbitration service with the industry.

On April 1, 1995 we began operating as a revolving fund. The fund may accumulate deficits up to a maximum of \$12 million in its Accumulated Net Charge Against the Fund's Authority account, and is authorized to carry over surplus cash to offset future shortfalls. This operating authority allows us to take a more flexible, businesslike approach to meeting industry needs.

Key Expected Results:

- Affirm our core activities in consultation with our clients and publish standards for all our major services, measuring our performance against these standards and then sharing the results with our customers;
- Reevaluate our fee structure for the following reasons: to ensure that our fees more closely match the costs of our services, to ensure that our fees reflect the value of our quality assurance services for grain moving directly to North American marketers, and to distribute our costs more equitably to all customers who benefit from our services;
- Remain at the leading edge of new technologies, such as rapid objective measurement technology, to meet customer specifications or changing market requirements. We will continue our research on a wide range of factors, including genetic variability, weather related damage, and new processing technologies (such as ultra-high temperature pasta drying) on the end-

use performance of grain classes, grades and varieties;

- Adopt information technology that will allow rapid sharing of information for grain forwarding and marketing. Specifically, we will:
 - push for improvements to the Cars in Transit Inventory (CITI) system;
 - extend the Grain Inventory Accounting System (GIAS) to transfer elevators; and
 - expand our Internet Home Page to include commercial services;
- Adjust our regulatory activities to meet the evolving needs of the industry by introducing a special crops licensing and security scheme which combines affordable, mandatory licensing of special crops dealers with a system of voluntary producer-funded risk insurance; and
- Subject to the repeal of The Grain Futures Act, transfer the responsibility for supervising grain futures trading on the Winnipeg Commodity Exchange from the CGC to the Manitoba Securities Commission.

Planned Expenditures — Canadian Grain Commission

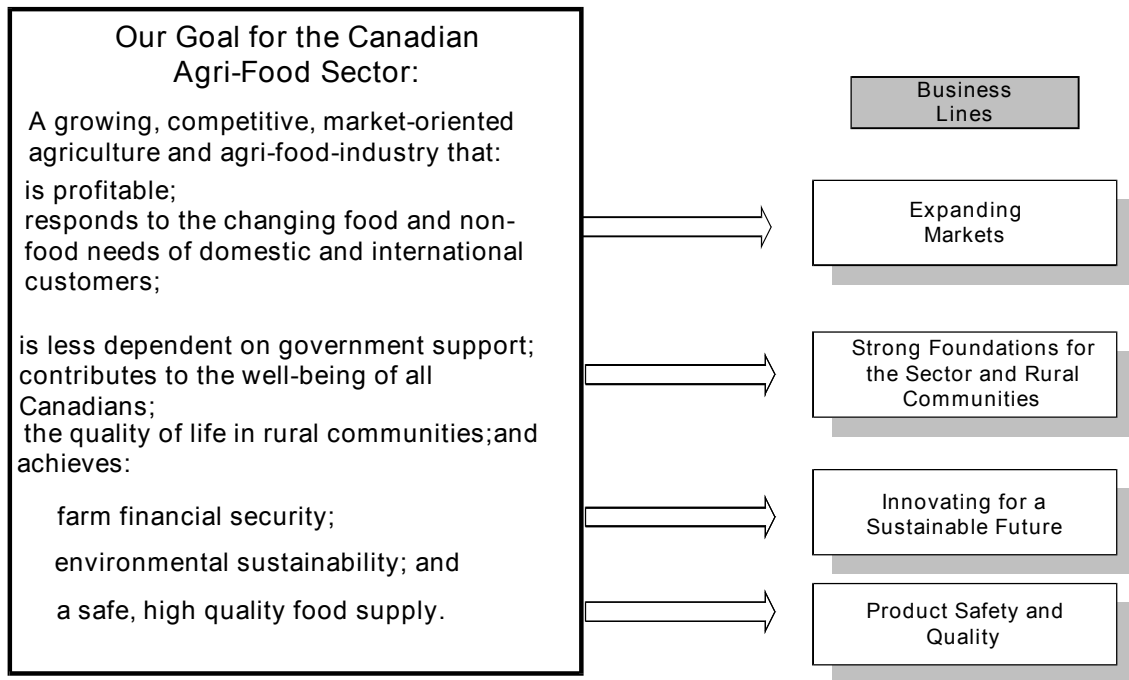
(\$ Millions)	1996-97*	1997-98	1998-99	1999-2000
Gross Planned Expenditures	51.0	50.2	49.9	51.2
Less: Revenues credited to				
Appropriations	51.8	51.2	50.7	49.9
Net Planned Expenditures	-0.8	-1.0	-0.8	1.3
Full Time Equivalents	764	745	746	739

* Reflects changes included in the In-Year Update

III. Performance Framework

In response to the government’s commitment to provide better performance information to Parliament and the public, federal departments are being asked to strengthen their capacity to report on the impacts of their programs on Canadians. Beginning in 1998-99, this department will be managing its activities using a results-based “Performance Framework” based on our goal for the Canadian agri-food sector. The Framework will include measurable targets and indicators to track our contribution to the sector’s growth and prosperity. We are committed to providing responsive and client-sensitive services while clearly demonstrating to Canadians what they are getting for their tax dollars.

The Performance Framework being developed will be used to plan, measure and report on the impact of federal involvement in the agriculture and agri-food sector. Its foundation is a set of Business Lines which reflect the areas in which the federal government makes a significant contribution to the sector under the leadership of the Minister of Agriculture. It will be along these Business Lines that the department will consult with clients on broad policy directions, set goals and strategies, and monitor its performance. Through this approach, we will be in a better position to report on our accomplishments, make improvements, and, ultimately, maximize our contribution to the sector.

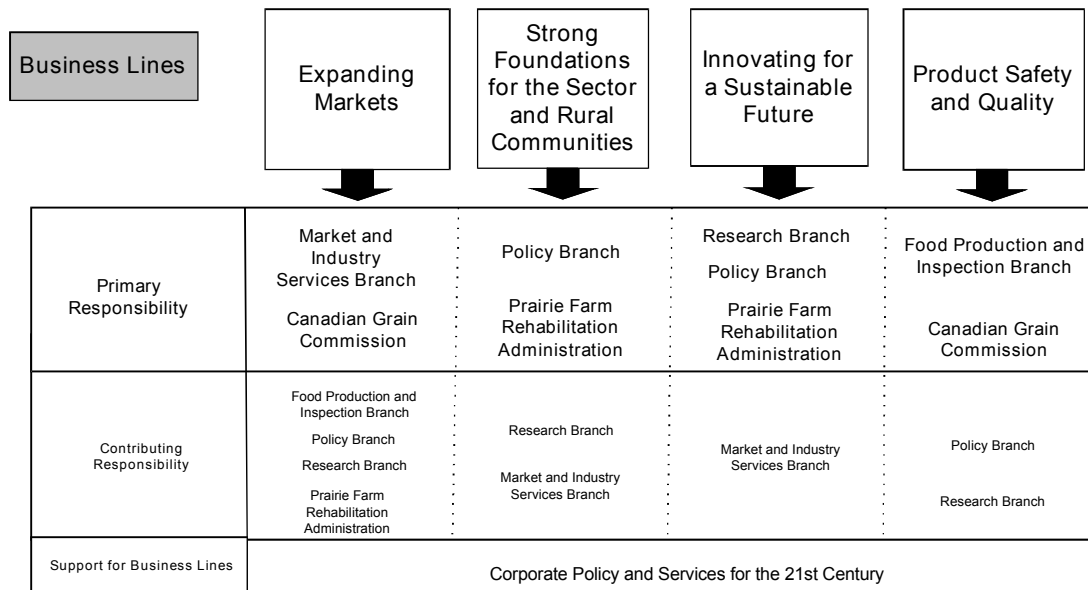


A key element of the Framework will be a set of corporate performance indicators which will assist us to ensure that we are making the greatest possible contribution to the sector. The agri-food industry is measuring its own export performance through its 1993 stated target to reach \$20 billion in agri-food exports by the year 2000. This has proved to be a powerful tool in focusing all efforts on a common goal and allowing all players to assess the progress they are making. AAFC will be proposing similar performance measures for each of its own Business Lines to assess progress and success in achieving results and delivering on its mandate.

The Framework is intended to ensure that all our efforts fully support the achievement of our goal for the sector. Unlike the Operational Planning Framework on which previous planning

and reporting was based, the Performance Framework is not restricted to planning and reporting along organizational lines. Instead, it describes how departmental activities link together to contribute to the achievement of our goal.

While the Business Lines do not reflect traditional organizational reporting, no reorganization or other structural changes are planned. In fact, the Performance Framework is expected to offer flexibility to deal with emerging issues and priorities, as branches work together to attain Business Line results. For instance, the Business Line “Innovating for a Sustainable Future” groups the collective efforts of Research and Policy Branches and the Prairie Farm Rehabilitation Administration to support the sector to develop and



produce competitive products and processes in an environmentally sustainable manner.

The Framework will provide the basis for future Spring Planning and Priorities Documents as well as Fall Performance Reports and will be a useful tool to frame strategic discussions with industry and provinces on sector priorities. By clearly showing where and how dollars are contributing to federal goals, all stakeholders can better understand the impact departmental programs are having. This will lead to a better environment for a more strategic discussion about resource allocation, priorities and results.

Proposed Business Lines:

The Business Lines which have been identified are intended to represent the areas in which the federal government provides a significant contribution to the agriculture and agri-food sector. We also believe that they are consistent with the value the industry attaches to our involvement. Over the course of the next year we will be providing our clients with the opportunity to have input to the direction being developed for each Business Line.

1. Expanding Markets

The department is in the business of Expanding Markets because the federal government is able to add significant value to the sector's efforts to expand domestic and international sales. The federal government's responsibility for negotiating international trade agreements assists the sector to gain access to many foreign

markets which would otherwise be blocked by technical and non-technical barriers to trade. As well, the broad powers of the federal government in the international arena, particularly through organizations like the Canadian Wheat Board and Canadian embassies abroad, give us a solid base to assist the sector to profit from a wide range of international market opportunities.

Within Canada, the department is able to play a lead role in preparing Canadian firms in all regions of the country to compete effectively both in domestic and international markets. As well, it is well suited to work with partners across the country to develop national approaches to expanding and developing markets.

2. Strong Foundations for the Sector and Rural Communities

Strong Foundations for the Sector and Rural Communities is another key line of business for AAFC. Of all partners in the sector, the federal government is uniquely able to bring together provinces and industry to develop an equitable and efficient national framework for financial risk management. Such an approach allows for an equitable provincial allocation of federal dollars and has resulted in the development of programs which are based on nationally accepted principles. Similarly, the federal government is well positioned to help the sector adapt to an evolving business environment, both through programs which are national in scope and through regionally-sensitive approaches which benefit from lessons

learned elsewhere in the country. Through this Business Line, we are working to ensure that programs, benefits and services available to all Canadians are equally accessible in rural areas.

3. Innovating for a Sustainable Future

Innovating for a Sustainable Future is an essential line of business for the department because of the distinct advantage of a national approach to research and development. Our network of world-calibre research centres permits us to consolidate specialized research in specific locations close to agri-food sector strengths while providing benefits to other areas of the country. These benefits include the sustainability of the resource base upon which the sector depends and extends to the economic sustainability of the sector.

This specialization and the high calibre of our research capability allows us to attract world-class research expertise. The work undertaken by the department concentrates on R&D of benefit to the country that the private sector could not provide profitably working alone. Because of the proven benefits of our approach, the private sector is motivated under the Matching Investment Initiative to share the costs of our national research effort. Increased private sector involvement and investment, in turn, further enhances our potential to generate innovative solutions for the benefit of the sector.

4. Product Safety and Quality

The federal government has a lead role to play in regulating Product Safety and Quality because there is significant benefit to be derived from nationally consistent regulations and a harmonized approach to enforcement. The creation of the Canadian Food Inspection Agency and the development of the Canadian Food Inspection System are significant steps in this direction.

A more harmonized and integrated Canadian approach will lower inspection costs while further strengthening our ability to meet or exceed the demands of Canadian consumers for safe, high-quality food products and to minimize fraud in the market place. At the same time, our internationally recognized system continues to facilitate both international and inter-provincial trade.

5. Corporate Policy and Services for the 21st Century

This Business Line provides the corporate policies and infrastructure needed to ensure that AAFC is fulfilling its mandate to Canadians in the most effective and efficient manner possible, including a constructive working environment for employees. While management activities such as Human Resources, Finance and Administration, Communications and Review are reflected under this Business Line, it is the business of all employees to strengthen AAFC's ability to achieve results on behalf of the agriculture and agri-food sector and Canadian taxpayers.

IV. Supplementary Information

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Authorities

1. Summary of Authorities in the 1997-98 Estimates

Vote	(thousands of dollars)	1997-98 Main Estimates	1996-97 Main Estimates
AGRICULTURE AND AGRI-FOOD DEPARTMENT			
1	Operating expenditures	564,428	576,883
5	Capital expenditures	46,254	51,660
10	Grants and Contributions	256,274	278,710
(S)	Minister of Agriculture and Agri-Food — Salary and motor car allowance	49	49
(S)	Payments in connection with the Farm Income Protection Act — Revenue Insurance Program	-	2,000
(S)	Payments in connection with the Farm Income Protection Act — Crop Insurance Program	210,200	207,000
(S)	Payments in connection with the Farm Income Protection Act — Gross Revenue Insurance Program	-	63,000
(S)	Payments in connection with the Farm Income Protection Act — Transition Programs for Red Meats	3,033	3,100
(S)	Payments in connection with the Farm Income Protection Act — Canada/Nova Scotia Apple Industry Development Fund	130	-
(S)	Payments in connection with the Farm Income Protection Act — Safety Net Companion Programs	92,344	-
(S)	Payments in connection with the Farm Income Protection Act — 1994 New Brunswick Debt Refinancing Program	120	160
(S)	Payments in connection with the Farm Income Protection Act — Net Income Stabilization Account	209,900	187,000
(S)	Payments in connection with the Farm Income Protection Act — Crops Sector Companion Program	200	104,500
(S)	Payments in connection with the Farm Income Protection Act — Agri-Food Innovation Program	19,900	19,600
(S)	Loan guarantees under the Farm Improvement and Marketing Cooperatives Loans Act	4,000	4,000
(S)	Loan guarantees made under the Advance Payments for Crops Act	1,500	1,500
(S)	Grants to agencies established under the Farm Products Agencies Act	200	200
(S)	Payments in connection with the Prairie Grain Advance Payments Act	25,000	25,000
(S)	Payments in connection with the Western Grain Transition Payments Act	-	400,000
(S)	Contributions to employee benefit plans	70,082	65,635
(S)	Canadian Grain Commission Revolving Fund	(1,006)	(778)
Total Department		1,502,608	1,989,219

2. Legislation Administered by the Minister of Agriculture and Agri-Food

The Minister has sole responsibility to Parliament for the following Acts:

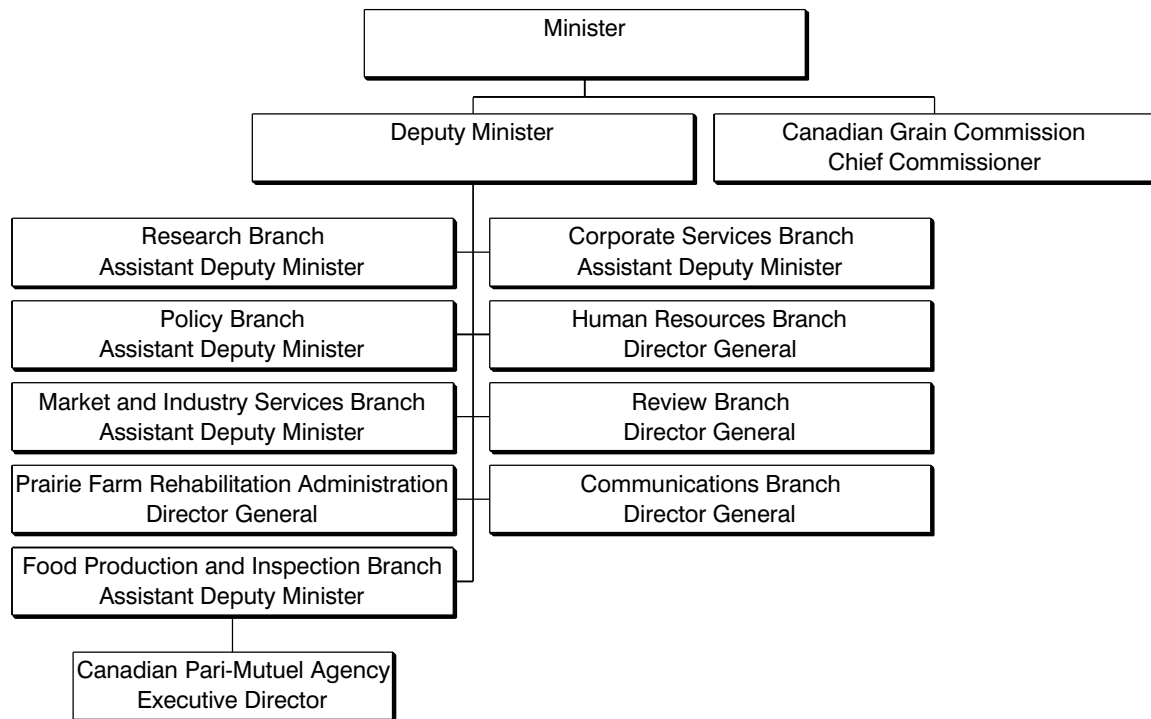
Advance Payments for Crops Act	R.S.C., 1985, c. C-49, as amended
Agricultural Products Board Act (dormant)	R.S.C., 1985, c. A-4, as amended
Agricultural Products Cooperative Marketing Act	R.S.C., 1985, c. A-5, as amended
Agricultural Products Marketing Act	R.S.C., 1985, c. A-6, as amended
Animal Pedigree Act	R.S.C., 1985, c. 8 (4th Supp.), as amended
Canada Agricultural Products Act	R.S.C., 1985, c. 20 (4th Supp.), as amended
Canada Grain Act	R.S.C., 1985, c. G-10, as amended
Canadian Dairy Commission Act	R.S.C., 1985, c. C-15, as amended
Canadian Wheat Board Act	R.S.C., 1985, c. C-24, as amended
Canagrex Dissolution Act (dormant)	S. C. 1987, c. 38, S.6
Department of Agriculture and Agri-Food Act	S.C., 1994, c. 38, as amended
Experimental Farm Stations Act	R.S.C., 1985, c. E-16, as amended
Farm Credit Corporation Act	S.C., 1993, c. 14, as amended
Farm Debt Review Act	R.S.C., 1985, c. 25 (2nd Supp.), as amended
Farm Improvement and Marketing Cooperatives Loans Act	R.S.C., 1985, c. 25 (3rd Supp.), as amended
Farm Improvement Loans Act	R.S.C., 1985, c. F-3, as amended
Farm Income Protection Act	S.C., 1991, c. 22, as amended
Farm Products Agencies Act	R.S.C., 1985, c. F-4, as amended
Feeds Act	R.S.C., 1985, c. F-9, as amended
Fertilizers Act	R.S.C., 1985, c. F-10, as amended
Grain Futures Act	R.S.C., 1985, c. G-11, as amended
Hay and Straw Inspection Act (dormant)	R.S.C., 1985, c. H-2, as amended
Health of Animals Act	S.C., 1990, c. 21, as amended
Livestock Feed Assistance Act (dormant)	R.S.C., 1985, c. L-10, as amended
Meat Inspection Act	R.S.C., 1985, c. 25 (1st Supp.), as amended
Plant Breeders' Rights Act	S.C., 1990, c. 20, as amended
Plant Protection Act	S.C., 1990, c. 22, as amended
Prairie Farm Rehabilitation Act	R.S.C., 1985, c. P-17, as amended
Prairie Grain Advance Payments Act	R.S.C., 1985, c. P-18, as amended
Seeds Act	R.S.C., 1985, c. S-8, as amended

The Minister shares responsibility to Parliament for the following Acts:

Criminal Code, Section 204	R.S.C., 1985, c. C-46, as amended (Minister of Justice and Attorney General of Canada)
Department of Foreign Affairs and International Trade Act, Paragraph 10(2)(e)	R.S.C., 1985, c. E-22, as amended (Minister of Foreign Affairs)
Food and Drug Act, Sections 2 and 27	R.S.C., 1985, c. F-27, as amended (Minister of Health)
Consumer Packaging and Labelling Act	R.S.C., 1985, c. C-38, as amended (Minister of Industry)

Organization and Contacts

3. Organization Chart for Agriculture and Agri-Food Canada



4. Contacts, Agriculture and Agri-Food Portfolio

General Enquiries Agriculture and Agri-Food Canada,
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Ottawa, Ontario K1A 0C5
(613) 759-1000

World Wide Web: <http://www.agr.ca>

Telnet: www.agr.ca (login: guest)

Electronic Bulletin Board:
National: 1-800-234-4410
Ottawa: (613) 759-1100

Voice or fax-on-demand:
National: 1-800-234-2222
Ottawa: (613) 759-6650

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(613) 759-7794

Inspection and Regulation Dr. Art Olson, Assistant Deputy Minister,
Activity Food Production and Inspection Branch,
59 Camelot Drive,
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Elizabeth Massey, Executive Director,
Canadian Pari-Mutuel Agency,
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Nepean, Ontario K2E 7W6
(613) 998-4922

Market and Industry Services Diane Vincent, Assistant Deputy Minister,
Activity Market and Industry Services Branch,
930 Carling Avenue,
Ottawa, Ontario K1A 0C5
(613) 759-7563

Dr. C. McIsaac, Chairperson,
National Farm Products Council,
P.O. Box 3430, Station D
Ottawa, Ontario K1P 6L4
(613) 995-6752

Policy and Farm Economic Programs Activity	David Oulton, Assistant Deputy Minister, Policy Branch, 930 Carling Avenue, Ottawa, Ontario K1A 0C5 (613) 759-7349
Rural Prairie Rehabilitation, Sustainability, and Development Activity	Bernie Sonntag, Director General, Prairie Farm Rehabilitation Administration, CIBC Tower, 301-1800 Hamilton Street, Regina, Saskatchewan S4P 4L2 (306) 780-6545
Canadian Grain Commission Activity	M. E. Wakefield, Chief Commissioner, 303 Main Street, Room 600, Winnipeg, Manitoba R3C 3G8 (204) 983-2735
Corporate Management & Services Activity	Andrew Graham, Assistant Deputy Minister, Corporate Services Branch, 930 Carling Avenue, Ottawa, Ontario K1A 0C5 (613) 759-6811 Jane Roszell, Director General, Human Resources Branch, 930 Carling Avenue, Ottawa, Ontario K1A 0C5 (613) 759-1196 George Shaw, Acting Director General, Communications Branch, 930 Carling Avenue, Ottawa, Ontario K1A 0C5 (613) 759-7964 Elaine Lawson, Director General, Review Branch, 930 Carling Avenue, Ottawa, Ontario K1A 0C5 (613) 759-6470
Canadian Dairy Commission	1525 Carling Avenue, Room 408, Ottawa, Ontario K1A 0Z2 (613) 998-9490
Farm Credit Corporation	P.O. Box 4320, Regina, Saskatchewan S4P 4L3 (306) 780-8100
Canadian Wheat Board	P.O. Box 816, Stn. Main, Winnipeg, Manitoba R3C 2P5 (204) 983-0239

Financial Information

5. Planned 1997-98 Spending by Organization and Activity (\$millions)

Organization	Activity							Total Estimates
	Agricultural Research and Development	Inspection and Regulation	Policy and Farm Economic Programs	Market & Industry Services	Rural Prairie Rehabilitation, Sustainability & Development	Corporate Management & Services	Canadian Grain Commission	
Research Branch	255.1							255.1
Food Production and Inspection Branch ⁽¹⁾		221.2						221.2
Policy Branch			751.4					751.4
Market and Industry Services Branch				124.2				124.2
National Farm Products Council				2.3				2.3
Prairie Farm Rehabilitation Administration					64.5			64.5
Executive Offices						5.7		5.7
Audit and Evaluation Branch						2.5		2.5
Human Resources Branch						10.3		10.3
Corporate Services Branch ⁽²⁾						61.1		61.1
Communications Branch						5.3		5.3
Canadian Grain Commission ⁽³⁾							(1.0)	(1.0)
Sub-total	255.1	221.2	751.4	126.5	64.5	84.9	(1.0)	1,502.6
Plus: Initiatives to be approved								254.6
Net Planned Spending								1,757.2

(1) The Canadian Pari-Mutuel Agency is part of the Food Production and Inspection Branch but is funded through the Canadian Pari-Mutuel Agency Revolving Fund. It is therefore not included in this total.

(2) The resources identified for Corporate Services Branch include \$30.5 million to be spent on behalf of other branches, including the costs of Grants in Lieu of Taxes and the Early Retirement/Early Departure Incentive Programs.

(3) The Canadian Grain Commission operates as a revolving fund. The amount included here is the net (surplus) or deficit of the revolving fund.

6. Planned Net Cost of the Program by Activity for 1997-98 (\$ millions)

Activity	Operating	Controlled Capital	Voted Grants and Contributions	Subtotal: Gross Voted Expenditures	Statutory Grants and Contributions*	Total Gross Expenditures	Less: Revenue Credited to Appropriations	Total Net Expenditures
Agricultural Research and Development	216.5	36.9	1.7	255.1	-	255.1	-	255.1
Inspection and Regulation	282.4	5.2	6.3	293.9	-	293.9	72.7	221.2
Policy and Farm Economic Programs	50.3	-	192.2	242.5	512.9	755.4	4.0	751.4
Market and Industry Services	42.8	-	50.0	92.8	33.7	126.5	-	126.5
Rural Prairie Rehabilitation, Sustainability and Development	48.9	-	6.1	55.0	19.9	74.9	10.4	64.5
Corporate Management and Services	80.7	4.2	-	84.9	-	84.9	-	84.9
Canadian Grain Commission	50.2	-	-	50.2	-	50.2	51.2	(1.0)
Sub-total	771.8	46.3	256.3	1,074.4	566.5	1,640.9	138.3	1,502.6
Plus: Cost of services provided by other departments								51.1
Initiatives to be approved								254.6
Less: Revenue credited to the Consolidated Revenue Fund								160.1
Planned Net Cost								1,648.2

* Statutory estimates do not include contributions to employee benefit plans or Minister's allowances. These are allocated to operating expenditures.

7. Grants and Contributions by Activity (\$ millions)

Activity	Planned 1996-97 *	Estimates 1997-98
GRANTS		
Agricultural Research and Development	1.0	1.0
Policy and Farm Economic Programs	81.1	30.1
Market and Industry Services	0.2	0.2
Rural Prairie Rehabilitation, Sustainability and Development	709.0	-
Total Grants	791.3	31.3
CONTRIBUTIONS		
Agricultural Research and Development	0.8	0.7
Inspection and Regulation	6.0	6.3
Policy and Farm Economic Programs	937.0	675.0
Market and Industry Services	97.6	83.5
Rural Prairie Rehabilitation, Sustainability and Development	47.3	26.0
Total Contributions	1,088.7	791.5
Total Grants and Contributions	1,880.0	822.8

* Reflects changes included in the In-Year Update.

8. Details of Grants and Contributions by Activity (\$ thousands)

	Planned 1996-97 *	Estimates 1997-98
GRANTS		
Agricultural Research and Development		
Agricultural research in universities and other scientific organizations in Canada	999	999
Policy and Farm Economic Programs		
Grants to individuals and organizations in support of grain transportation reform	59,200	10,029
Grants to organizations under Safety Net Companion Programs	4,556	3,000
Grants to organizations to facilitate rural development and adaptation within the agriculture and agri-food sector	17,000	17,000
Grants to individuals, partnerships, corporations and cooperative associations under the Specialized Counselling Assistance Grant Program	100	25
Market and Industry Services		
(S) Grants to agencies established under the Farm Products Agencies Act	200	200
Rural Prairie Rehabilitation, Sustainability and Development		
Grants to organizations whose activities support soil and water conservation and development	38	38
Corporate Management and Services		
Grants to individuals in recognition of their activities in the national dissemination of federal agricultural information	3	3
Grants no longer required	709,228	-
Total Grants	791,324	31,294
CONTRIBUTIONS		
Agricultural Research and Development		
Contributions in support of organizations associated with agricultural research and development	791	715
Inspection and Regulation		
Compensation for animals slaughtered in accordance with the terms of the Health of Animals Act	3,485	385
Contributions to the provinces in accordance with the Rabies Indemnification Regulations of the Governor in Council of amounts not exceeding two-fifths of the amounts paid by the provinces to owners of animals dying as a result of rabies infection	112	112
Compensation under terms and conditions approved by the Governor in Council to owners of animals that have died as a result of anthrax	7	7
Contributions under the National Hazard Analysis and Critical Control Point Adaptation Contribution Program	2,000	5,750
Policy and Farm Economic Programs		
(S) Payments in connection with the Farm Income Protection Act — Crop Insurance Program	207,000	210,200
(S) Payments in connection with the Farm Income Protection Act — Net Income Stabilization Account	187,000	209,900

	Planned 1996-97 *	Estimates 1997-98
(S) Payments in connection with the Farm Income Protection Act — Crops Sector Companion Program	104,500	200
(S) Payments in connection with the Farm Income Protection Act — 1994 New Brunswick Debt Refinancing Program	160	120
(S) Payments in connection with the Farm Income Protection Act — Canada/Nova Scotia Apple Industry Development Fund	-	130
(S) Contributions under the Farm Income Protection Act — Safety Net Companion Programs	143,580	92,344
Payments for the benefit of producers for agricultural commodities by the Governor in Council pursuant to the Farm Income Protection Act	173,300	140,600
Contributions under the Canadian Farm Business Management Program	10,000	10,000
Contribution to the POS Pilot Plant Corporation	2,600	2,700
Contributions for the 4-H Program and the Canadian Agriculture Safety Program	1,535	1,550
Contributions under the Canadian Agri-Infrastructure Program	10,640	3,860
Contributions under the Business Planning for Agri-Ventures Program	3,300	3,400
Market and Industry Services		
(S) Loan guarantees made under the Advance Payments for Crops Act	1,500	1,500
(S) Loan guarantees under the Farm Improvement and Marketing Cooperatives Loans Act	4,000	4,000
(S) Payments in connection with the Prairie Grain Advance Payments Act	25,000	25,000
(S) Payments in connection with the Farm Income Protection Act — Transition Programs for Red Meats	-	3,033
Contribution in respect of the Commodity-Based Loans Program	20,000	20,000
Contribution in respect of the Farm Debt Review process	2,280	760
Contributions under the Agri-Food Trade 2000 Program	13,124	13,042
Initiatives under the authority of the Economic and Regional Development Agreements	7,124	4,300
Assistance towards long-term adjustment in the Horticulture industry	989	379
Contributions under the Cash Flow Enhancement Program for 1996 crops	22,500	11,500
Rural Prairie Rehabilitation, Sustainability and Development		
(S) Payments in connection with the Farm Income Protection Act — Agri-Food Innovation Program	19,600	19,900
Canada/Manitoba Partnership Agreement on Municipal Water Infrastructure for Rural Economic Diversification	2,910	1,055
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	6,458	5,060
Corporate Management and Services		
Contribution to Canada Safety Council in support of National Farm Safety Week	5	5
Contributions no longer required	113,178	-
Total Contributions	1,088,678	791,507
Total Grants and Contributions	1,880,002	822,801

* Reflects changes included in the In-Year Update.

9. Controlled Capital Expenditures by Activity (\$ millions)

Activity	Planned 1996-97*	Estimates 1997-98	Planned 1998-99	Planned 1999- 2000
Agricultural Research and Development	37.9	36.9	40.7	36.7
Inspection and Regulation	14.6	5.2	1.0	1.0
Corporate Management and Services	2.5	4.2	-	-
Total	55.0	46.3	41.7	37.7

* Reflects changes included in the In-Year Update.

10. Details of Controlled Capital Projects by Activity (\$ millions)

Projects	Current Estimated Total Cost	Forecast		Future Years
		Expend. to March 31/97	Planned 1997-98	
Agricultural Research and Development				
Swine Facility, Lennoxville, Quebec	6.3	0.8	4.4	1.1
Facility Consolidation and Upgrade, Saskatoon, Saskatchewan	38.0	21.5	15.4	1.1
Inspection and Regulation				
Virus Laboratory, Winnipeg, Manitoba*	66.4	59.1	7.3	-
Projects valued at over \$5,000,000 under development	120.4	2.5	14.2	103.7
Projects valued at under \$5,000,000 under development	-	-	5.0	-
Total Controlled Capital, 1997-98			46.3	

11. Financial Requirements of the Department by Object (\$ millions)

	Planned 1996-97	Planned 1997-98	Planned 1998-99	Planned 1999 - 2000
Personnel				
Salaries and wages	485.9	448.1	448.2	446.7
Contributions to employee benefit plans	73.0	78.2	78.3	78.0
	<u>558.9</u>	<u>526.3</u>	<u>526.5</u>	<u>524.7</u>
Goods and services				
Transportation and communications	32.7	37.0	23.0	23.7
Information	4.3	4.5	3.4	3.1
Professional and special service	73.6	77.7	48.0	42.7
Rentals	7.4	7.0	6.0	5.8
Purchased repair and maintenance	14.1	11.9	9.1	9.1
Utilities, materials and supplies	45.6	55.7	40.7	39.5
Other subsidies and payments	0.5	15.5	14.2	14.2
	<u>178.2</u>	<u>209.3</u>	<u>144.4</u>	<u>138.1</u>
Capital	89.8	82.5	78.4	74.3
Transfer payments				
Voted	278.7	256.3	192.1	121.7
Statutory	1,017.1	566.5	562.5	438.9
	<u>1,295.8</u>	<u>822.8</u>	<u>754.6</u>	<u>560.6</u>
Sub-total	<u>2,122.7</u>	<u>1,640.9</u>	<u>1,503.9</u>	<u>1,297.7</u>
Changes contained in 1996-97 In-Year Update	646.8			
Initiatives to be Approved		254.6	235.7	309.2
Gross planned spending	<u>2,769.5</u>	<u>1,895.5</u>	<u>1,739.6</u>	<u>1,606.9</u>
Less revenue credited to Appropriations:				
Canadian Pari-Mutuel Agency Revolving Fund	14.5	14.1	14.2	14.2
Canadian Grain Commission Revolving Fund	51.8	51.2	50.7	49.9
Inspection and Regulation	56.0	58.6	58.6	58.6
Policy and Farm Economic Programs	1.3	4.0	4.0	4.0
Rural Prairie Rehabilitation, Sustainability & Development	9.9	10.4	10.9	10.9
Sub-total	<u>133.5</u>	<u>138.3</u>	<u>138.4</u>	<u>137.6</u>
Net planned spending	<u>2,636.0</u>	<u>1,757.2</u>	<u>1,601.2</u>	<u>1,469.3</u>

12. Personnel Requirements by Activity (Full-Time Equivalents)

Activity	Planned 1996-97	Planned 1997-98	Planned 1998-99	Planned 1999- 2000
Agricultural Research and Development	2,639	2,314	2,314	2,314
Inspection and Regulation	4,112	4,006	3,588	3,586
Policy and Farm Economic Programs	595	555	555	555
Market and Industry Services	449	437	437	437
Rural Prairie Rehabilitation, Sustainability and Development	743	698	693	693
Corporate Management and Services	755	726	726	726
Canadian Grain Commission	764	745	746	739
Total	10,057	9,481	9,059	9,050

13. Non-Tax Revenue Credited to the Consolidated Revenue Fund by Activity (\$ millions)

Activities	Planned 1996-97	Planned 1997-98	Planned 1998-99	Planned 1999- 2000
Agricultural Research and Development	2.8	7.7	8.1	6.8
Inspection and Regulation	0.2	0.5	0.5	0.5
Policy and Farm Economic Programs	33.7	4.0	4.0	4.0
Market and Industry Services	5.6	5.5	5.4	5.5
Rural Prairie Rehabilitation, Sustainability and Development	1.7	1.6	1.8	1.8
Corporate Management and Services *	166.3	140.8	106.0	81.0
Total Non-Tax Revenue Credited to the Consolidated Revenue Fund	210.3	160.1	125.8	99.6

* Almost all of the revenue identified under the Corporate Management and Services Activity consists of returns on the investments of the Farm Credit Corporation and the Canadian Dairy Commission which are deposited to the Consolidated Revenue Fund through Agriculture and Agri-Food Canada.

14. Non-Tax Revenue Credited to the Consolidated Revenue Fund by Type (\$ millions)

Revenue Type	Planned 1996-97	Planned 1997-98	Planned 1998-99	Planned 1999- 2000
Return on investments *	167.4	141.8	106.8	81.9
Privileges, licences and permits	2.5	0.1	0.1	0.1
Proceeds from sales	0.1	0.1	0.1	0.1
Proceeds from sale of Crown assets	1.0	4.4	3.8	1.9
Service and service fees	4.1	8.1	8.2	8.2
Refund of previous years' expenditures	34.4	0.9	0.9	0.9
Adjustments of prior year PAYE	0.7	0.7	0.7	0.7
Other non-tax revenues	0.1	4.0	5.2	5.8
Total	210.3	160.1	125.8	99.6

* Almost all of the revenue identified as "return on investments" originate with the Farm Credit Corporation and the Canadian Dairy Commission, but are deposited to the Consolidated Revenue Fund through Agriculture and Agri-Food Canada.

15. Canadian Pari-Mutuel Agency Revolving Fund: Statement of Operations and Changes in Financial Position (\$ millions)

	Planned 1997-98
Revenues	14.1
Expenditures	14.0
Operating Surplus (deficit)	0.1
Plus: Non-cash items included in the calculation of the operating balance	-
Plus: New capital acquisitions	0.1
Total Estimates - net cash requirement	-
Anticipated unused authority as of April 1, 1997 *	3.3
Less: 1997-98 Main Estimates - net cash requirement	-
Anticipated unused authority as of April 1, 1998	3.3

* A "line of credit" of \$2 million has been approved as the maximum amount that may be drawn down from the Consolidated Revenue Fund at any time. The unused authority figures include this amount.

16. Canadian Grain Commission Revolving Fund: Statement of Operations and Changes in Financial Position (\$ millions)

	Planned 1997-98
Revenues	51.2
Expenditures	51.6
Operating Surplus (deficit)	(0.4)
Less: Non-cash items included in the calculation of the operating balance	2.5
Plus: New capital acquisitions	1.1
Total Estimates - net cash requirement	(1.0)
Unused authority as of April 1, 1997	13.9
Less: 1997-98 Main Estimates - net cash requirement	(1.0)
Anticipated unused authority as of April 1, 1998 *	14.9

* A "line of credit" of \$12 million has been approved as the maximum amount that may be drawn down from the Consolidated Revenue Fund at any time. The unused authority figures includes this amount.