Canadian Food Inspection Agency
Agence canadienne d'inspection des aliments

2003–2004

Canadian Food Inspection Agency

Annual Report

Canada

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CANADIAN FOOD INSPECTION AGENCY

2003-2004 ANNUAL REPORT

Table of Contents

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President
Président

Ottawa, Ontario
K1A 0Y9

Ottawa (Ontario)
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November 8, 2004

The Honourable Andy Mitchell, PC, MP
Minister of Agriculture and Agri-Food
Room 207, Confederation Building
House of Commons
Ottawa, Ontario K1A 0A6

Dear Minister Mitchell:

In accordance with requirements in Section 23 of the *Canadian Food Inspection Agency Act*, I am pleased to present to you, and to Parliament, the CFIA's 2003-04 Annual Report.

The report describes the activities of CFIA personnel and the results they achieved in working to protect Canada's food supply and the plants and animals upon which safe and high-quality food depends. Performance information is organized along the Agency's business lines and is presented in the context of our performance management framework. The report also includes the audited financial statements for the fiscal year ending on 31 March, 2004, and the Auditor General's assessment of the Agency's performance information.

Sincerely,

Richard B. Fadden

Canada

1.2 Message from the President

I am pleased to present the Canadian Food Inspection Agency's seventh Annual Report, covering the period from April 1, 2003 to March 31, 2004.

As the report shows, this past year has been one of significant challenges for the CFIA. In fulfilling our mandate to safeguard Canada's food supply and agricultural resource base, the Agency was called upon to respond to several unique circumstances.

In May 2003, following the discovery of bovine spongiform encephalopathy (BSE) in Canada, the Agency launched an intensive and comprehensive investigation. The fact that the single cow had been removed from the human food chain reassured Canadians that the food safety system was working. The Agency, however, still faces a major animal health challenge in finding the source and determining the extent of BSE in the Canadian herd and reducing the possibility that it might spread. Following this incident the Agency took proactive steps to prevent certain high risk materials from entering the human food chain and increased its surveillance and testing of the Canadian herd. An international panel of experts praised the speed and thoroughness of the CFIA's response to this incident.

A second major animal health challenge involved an outbreak of avian influenza in British Columbia's Fraser Valley in February 2004. The Agency employed a rigorous "stamping out" policy that included the humane destruction of exposed birds, strict quarantine and animal movement controls, and thorough decontamination of infected premises. As a result, there is every indication that avian influenza has been eradicated from the domestic poultry flock. The CFIA could not have succeeded in this effort were it not for the cooperation and sacrifices of poultry farmers in British Columbia.

In addressing these and other emergencies, the Agency earned a solid reputation for the transparency and thoroughness of our communications to the public, the affected industries and the media. The CFIA also devoted considerable resources to drafting new legislation, updating policies, and providing additional enforcement. Operational resources were shifted to emergency response teams, enabling an effective response to these urgent situations.

Throughout this period, the Agency maintained its ability to respond to both routine and emergency situations involving food safety and plant protection. In the period covered by this report, the Agency managed 343 recalls of foods for reasons ranging from microbial or chemical contamination, extraneous materials or improper labelling. The CFIA also took measures to stop the spread of sudden oak death in British Columbia, emerald ash borer in Southwestern Ontario, and the Asian long horned beetle in Toronto and Vaughan, Ontario. Once again, the CFIA could not have succeeded without the cooperation of property owners. Their sacrifice helps protect Canada's valuable forest resources.

I believe the CFIA can be proud of the work accomplished in this challenging period. The Agency's abilities have been put to the test, and its dedicated employees have proven their ability to uphold the integrity of Canada's food safety, animal health and plant protection systems.

Richard B. Fadden
President

2. INTRODUCTION

2.1 Agency Overview

The Canadian Food Inspection Agency (CFIA) is mandated to safeguard Canada's food supply and the plants and animals upon which safe and high-quality food depends.

In carrying out this mandate, the CFIA is committed to serving Canadians by providing protection from preventable health risks, delivering a fair and effective regulatory regime, sustaining the plant and animal resource base, promoting the security of Canada's food supply and agricultural resource base, and providing sound agency management. Each of these strategic goals support established Government of Canada priorities.

The CFIA's workforce includes over 5 700 dedicated professionals working across Canada to regulate food safety, animal health and plant protection. Key to the CFIA's success are four interrelated and integral factors—sound science, an effective regulatory base, effective inspection delivery and strong partnerships.

Sound Science

The CFIA is Canada's largest science-based regulatory Agency. The CFIA relies on science as the basis of its program design and delivery as well as a tool to deal with emerging issues such as the development of biotechnology-derived products and addressing concerns related to BSE. The specific activities for which the CFIA needs and uses science to support its daily work include laboratory science, risk assessment, surveillance, technology development and regulatory research. The Agency also undertakes analysis of scientific research data and information in order to provide scientific advice and intelligence to identify and prepare for emerging issues. Science is an essential component of regulatory decision making.

The CFIA'S Legislative Authority

- *Agriculture and Agri-Food Administrative Monetary Penalties Act*
- *Canada Agricultural Products Act*
- *Canadian Food Inspection Agency Act*
- *Consumer Packaging and Labelling Act**
- *Feeds Act*
- *Fertilizers Act*
- *Fish Inspection Act*
- *Food and Drugs Act**
- *Health of Animals Act*
- *Meat Inspection Act*
- *Plant Breeders' Rights Act*
- *Plant Protection Act*
- *Seeds Act*

* As it relates to food

An Effective Regulatory Base

Regulations provide a common foundation for industry and regulators. For a regulatory regime to be effective, regulations must be clear and enforceable. The CFIA is continually reviewing and updating its regulatory base in order to enhance its capacity to contribute to public policy objectives.

Effective Inspection Delivery

The CFIA is responsible for the administration and/or enforcement of 13 federal Acts and their respective regulations. Through the delivery of inspection and other related

services—ranging from product and establishment inspection to export certification and on-site safety assessments of foreign production facilities and regulatory systems—the Agency verifies compliance with these laws. Critical to the effective delivery of the CFIA's mandate is the ongoing design, development and review of inspection-related tools and processes. This includes the continuous review of regulations and policies and the implementation of new science-based inspection methodologies.

Strong Partnerships

The CFIA delivers its mandate in many areas of shared jurisdiction and responsibility. Strong partnerships with other federal government departments, as well as provincial, territorial and municipal authorities are imperative to the Agency's success. All share responsibility for setting and/or enforcing standards that support the integrity of Canada's food safety, animal health and plant protection systems.

Specifically in the area of food safety, Health Canada and the CFIA share unique and complementary roles and responsibilities. Health Canada is responsible for food safety policies, standards and regulations, while the CFIA is responsible for all food inspection, compliance and enforcement activities, as well as the development of regulations and policies related to food labelling and compositional standards.

The CFIA's Key Federal Partners Include:

- Health Canada
- Agriculture and Agri-Food Canada
- Public Safety and Emergency Preparedness Canada, including:
  - Canada Border Services Agency
  - Critical Infrastructure Protection and Emergency Preparedness
- Fisheries and Oceans Canada
- Natural Resources Canada, including:
  - Canadian Forestry Service
- Foreign Affairs Canada
- International Trade Canada
- Environment Canada, including:
  - Canadian Wildlife Service
- Canada Revenue Agency
- Canadian Grain Commission

The scientific community is another of the CFIA's key partners. The Agency regularly seeks input from scientific experts when developing regulations, policies, methods and procedures for inspection, testing and emergency response.

The CFIA also recognizes the critical importance of working closely with its broad range of stakeholders. These stakeholders include the Agency's regulated parties as well as associations representing consumers, public health, animal welfare and environmental interests.

In an international context, the CFIA is a global player, striving to ensure that the international regulatory framework, as it relates to the Agency's mandate, is strong, coherent and science-based. In support of Canada's regulatory objectives, the CFIA leads or participates in a number of international agreements and arrangements.

Economic Sectors Regulated by the CFIA

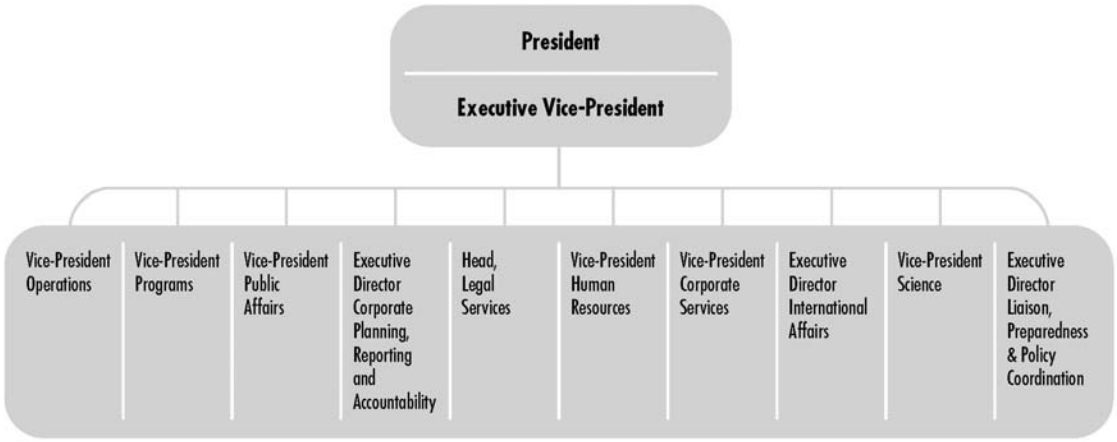
To deliver its broad regulatory mandate, the CFIA enforces compliance with Acts and regulations that promote both consumer protection and the oversight of food-, plant- and animal-based industries. Sectors regulated by the CFIA include agriculture, agri-food, fish, seafood, horticulture and forestry. Products that may be subject to inspection or certification by the CFIA range from agricultural inputs, such as seeds, feeds and fertilizers, to fresh foods – including meat, fish, eggs, dairy products, fruit and vegetables – and prepared and packaged foods.

ORGANIZATIONAL STRUCTURE

Senior Executive Structure

The CFIA is headed by a President who reports to the Minister of Agriculture and Agri-Food. Each CFIA executive committee member is accountable for specific aspects of the Agency's policy, programming and administrative functions. The following organizational chart depicts the senior executive structure within the CFIA.

THE ORGANIZATIONAL STRUCTURE OF THE CANADIAN FOOD INSPECTION AGENCY



The CFIA's Workforce

With more than 5700 dedicated professionals working across Canada, the CFIA is Canada's largest science-based regulatory agency. CFIA personnel include highly trained inspectors, veterinarians, agrologists, biologists, chemists, administrative staff, computer system specialists, financial officers, economists, communication experts, research scientists, policy analysts, laboratory technicians and managers.

A National Network

With its headquarters in the National Capital Region (NCR), the CFIA is organized into four operational areas (Atlantic, Quebec, Ontario and Western) that are subdivided into 18 regional offices and 185 field offices. The Agency also manages 14 laboratories and research facilities (and has laboratory staff located in seven facilities managed by other government departments) that provide scientific advice and testing services, develop new technologies and conduct research.

2.2 Supporting Government Priorities

In carrying out its mandate, the CFIA has established five strategic goals that are outlined in the Agency's *Corporate Business Plan 2003–2008*. Each goal directly contributes to the achievement of Government of Canada priorities and provides key benefits for all Canadians.

CFIA Contributions to Government of Canada Priorities

Government of Canada Priority	CFIA Contribution
• Public health	• Protecting Canadians from preventable health risks
• Economic growth	• Delivering a fair and effective regulatory regime
• Environmental protection	• Sustaining the plant and animal resource base
• Public security	• Promoting the security of Canada's food supply and agricultural resource base
• Good governance	• Providing sound agency management

In the February 2, 2004 Speech from the Throne, the Government of Canada made it clear that the safety of Canada's food supply, and the well-being of Canada's farm economy, are top priorities:

> **"The Government is dedicated to Canada's farm economy and to taking the steps necessary to safeguard access to international markets and to ensure that farmers are not left to bear alone the consequences of circumstances beyond their control. It is also committed to fostering a technologically advanced agricultural sector with the supporting infrastructure of transportation and applied science to make the competitiveness of Canadian farmers and the safety of our food second to none in world markets."**
>
> 2004 Speech from the Throne, page 18

Also highlighted in the Speech from the Throne was a renewed commitment to protecting the health of Canadians from emerging global health risks. To this end, the government is establishing a Public Health Agency of Canada, centering a network of excellence and expertise across the country, to help those on the front lines deal with health emergencies. In addition, national security was identified as a priority as the speech emphasized the need to work with our U.S. counterparts to strengthen North American security while facilitating the legitimate flow of commerce and travellers. Together, these commitments position the CFIA as a key player in supporting government priorities for 2004-05, and in the years to come.

2.3 The CFIA's Key Challenges and Risks

With its mandate to safeguard Canada's food supply and plant and animal resource base, the CFIA naturally operates in an environment of potential risks. However, the 2003–04 fiscal year was a particularly challenging one that saw several unprecedented circumstances relating to food safety, animal health and plant protection. Successful response to these incidents required significant and specific action on the part of the Agency.

2003–04 Challenges

May 20, 2003 — Discovery of Bovine Spongiform Encephalopathy in Canada. After conducting tests on tissue from a cow suspected to be infected with bovine spongiform encephalopathy (BSE), the CFIA confirms the presence of the disease.

June 12, 2003 — Sudden Oak Death Discovered in B.C. Following notification by U.S. authorities that sudden oak death (SOD) has been discovered in an Oregon exporter's nursery, the CFIA finds evidence of SOD in rhododendrons at a B.C. nursery.

Nov. 25, 2003 — Emerald Ash Borer Management Plan. The CFIA releases its plan to control the spread of the emerald ash borer (EAB), first confirmed in Windsor, Ontario, in August 2002.

Dec. 23, 2003 — Discovery of BSE in the U.S. United States Agriculture Secretary announces the first suspected case of BSE in a cow, located in Washington State.

Jan. 6, 2004 — U.S. Cow's DNA Tests Reveal Canadian Origin. The infected cow is shown to originate from an Alberta herd; however, U.S. Department of Agriculture (USDA) Chief Veterinarian states that "Beef continues to be safe, whether this cow originated in Canada or not." The discovery delays the reopening of the U.S. border to live Canadian cattle.

Feb. 19, 2004 — Avian Influenza Outbreak in Fraser Valley. The CFIA confirms the presence of avian influenza in B.C.'s Fraser Valley. The Agency establishes a control area on March 11.

Feb. 27, 2004 — Ministerial Order on Asian Long-Horned Beetle. The Agency establishes a regulated area in Toronto and Vaughan to prevent the spread of the Asian long-horned beetle (ALHB). The order includes prohibitions or restrictions on the movement of nursery stock, wood, trees, logs, lumber, leaves, wood chips and bark chips from deciduous trees identified as hosts of ALHB.

The CFIA's annual planning document, the *2003–04 Report on Plans and Priorities* (RPP), identified key challenges and risks in the Agency's overall operating environment. Within the context of these key challenges and risks, the following is a review of the specific challenges faced by the Agency in 2003–04.

Increasing globalization of trade

The volume and diversity of global trade in food, plant and animal products are increasing. While this trade has benefits for consumers and the economy, it also increases the risk that unsafe food, foreign pests or diseases might enter Canada through shipments of imported goods.

The fiscal year 2003–04 saw the discovery of incursions into Canada of several plant pests, such as the Asian long-horned beetle, the emerald ash borer and *Ralstonia*, which had the potential to cause significant damage to Canada's crops and forests. The CFIA's response to these threats required ongoing adjustments to operational plans and priorities, as well as resource allocation, to develop effective control and eradication programs, in co-operation with industry and other government partners.

Mitigating emerging animal health threats

Identifying the source and containing any potential spread of BSE was the most significant challenge faced by the Agency in 2003–04. This disease, which was discovered in May 2003 in a Canadian herd, and again in December 2003 in a Canadian-born animal in the U.S., had immense impacts on the industry. Canada went from being the third largest beef exporter in the world to having virtually no foreign markets open to its products. The Agency's response to these two incidents involved comprehensive and exhaustive efforts including trace-back, trace-forward and feed investigations that spanned four provinces.

In addition, the appearance of avian influenza in British Columbia required prompt and coordinated action by the Agency and its partners to protect the health of the domestic poultry flock.

Mitigating these threats, and addressing the public perceptions that surrounded them, were top-level priorities for the Agency. This involved extensive communication with the public and affected industries, new legislation, updated policies and additional enforcement activities within Canada, as well as co-operation with other countries towards reopening borders temporarily closed to Canadian exports. The establishment of emergency response teams and shifting of operational resources was critical to the Agency's ability to launch an effective response to both of these significant animal disease threats.

Addressing threats to the safety of the food supply

Prevention of the inadvertent or deliberate spread of food pathogens or toxic substances through the food supply is at the core of the CFIA's mandate. In addition to identifying and controlling acute outbreaks of foodborne pathogens such as *Salmonella*, *E. coli* and hepatitis A, the Agency also assessed strategies to mitigate possible threats to food safety resulting from the Severe Acute Respiratory Syndrome (SARS) outbreak.

When Ontario was affected by a prolonged power outage in late summer 2003, the Agency worked to educate food handlers and consumers about the dangers of spoilage. This extraordinary circumstance demonstrated the variety of possible threats to the safety of Canada's food supply, as well as the importance of considering food safety-related factors in all types of emergency planning and preparedness.

Increasing demands for the CFIA services

As Canada's agriculture, food and forestry industries grow and diversify, so does the demand for CFIA inspection and certification services. Last year the CFIA saw a substantial increase in demand for the inspection and certification of products such as animal feed, animal by-products, and foods containing small quantities of beef, as a result of new BSE-related import conditions imposed by other countries. The Agency also experienced a dramatic drop in demand for beef export certification, as markets were temporarily closed to these products.

In other areas, such as food labelling, the expectations of Canadian consumers continue to evolve. Consumers have voiced not only a greater demand for detail regarding the nutrient content of food (in line with a shift in dietary habits), but also an increasing concern for information about production and processing methods. This includes a greater emphasis on factors such as type of feed used ("100 percent grain fed" or "no animal by-products"), organic production practices, trans-fat content, irradiation and the use of ingredients derived from genetically modified (GM) organisms. The CFIA continues to adapt its food labelling programs and policies to respond to changing consumer demands.

Supporting national and North American security

Protecting the security of Canada's food supply and agricultural resource base from deliberate acts of terrorism and co-operating with new U.S. security measures have become key priorities for the CFIA. The U.S. Food and Drug Administration's *Bioterrorism Act* placed new restrictions on food and feed shipments to and via the U.S. The CFIA was responsible for communicating the details and implications of these restrictions to Canada's producers and distributors.

In Canada, an increased focus on national security, including border security, is changing the way Canadians import and ship food. The Agency, in co-operation with other levels of government, has worked to enhance its overall level of emergency preparedness, to exercise emergency plans and procedures, and to have in place programs to assist Canada in recovering from emergencies.

Enhancing scientific capacity

The CFIA's networks of laboratories and scientific expertise are critical to the Agency's ability to regulate and adapt to new technologies, respond to emerging pathogens and assess the risks posed by foreign animal diseases or invasive species. The CFIA relies on sound science as a basis for its program and policy development. As a result, the CFIA must continue to invest in research that will support the delivery of its mandate. The CFIA's networks of laboratories and scientists require access to new technologies and expertise to anticipate and respond to new threats. For example, in 2003–04 the CFIA conducted assessments of a number of rapid tests for the diagnosis of BSE in cattle.

Renewing our workforce

The scientific field in which the CFIA operates demands the best in both equipment and expertise. The job market is extremely competitive, and succession planning that includes recruiting, training and retaining the most qualified people is critical to ensuring the Agency's ability to successfully carry out its mandate. Trends that have an impact on the Agency's human resource management strategies include changing demographics and the movement towards a knowledge-based economy. In 2003–04 the CFIA placed a greater emphasis on training and succession planning as key elements of its workforce renewal.

3. PERFORMANCE

3.1 How We Plan and Report

To achieve its objectives, the CFIA has a planning process that includes a multi-year corporate business plan and an annual *Report on Plans and Priorities* (RPP). The CFIA's Annual Report provides an account of accomplishments achieved against the specific performance expectations described in the 2003–04 RPP. In addition, the federal government budgetary process requires the Agency to complete a Departmental *Performance Report* (DPR), which includes the same performance information as the Annual Report. The preparation of both the Annual Report and the DPR is consistent with the principles outlined in the Treasury Board Secretariat's *2003–04 Departmental Performance Reports Preparation Guide*.

The CFIA is transitioning from a planning framework based on three business lines (food safety, animal health, and plant protection) to one that is based on the strategic outcomes as outlined in the Agency's *Corporate Business Plan 2003–2008*. The RPP, DPR and Annual Report for 2004–05 will reflect the Agency's new planning framework and strategic outcomes.

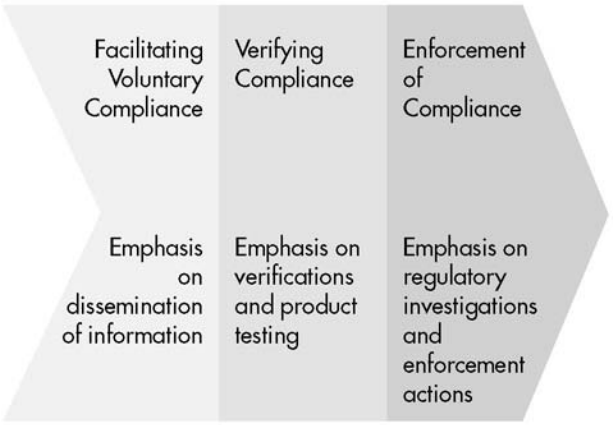
However, in order to report on results in a manner that is consistent with our planned (or expected) results as stated in the 2003–04 RPP, the DPR and Annual Report for 2003–04 are based on the three business line planning model. Logic models, which are included in Annex 7.1, have been developed for each of the business lines. The logic models provide the foundation upon which performance measurement and evaluation strategies are developed and explain how the Agency's activities are aligned with key results and strategic outcomes resulting in benefits to Canadians. The following table depicts the relationships among business lines, programs, key results and performance measures.

Key Results and Performance Measures for Business Lines/Programs

Business Line/Program	Key Results	Performance Measures
Food Safety: • Meat Hygiene • Fish and Seafood • Fresh Fruit and Vegetables • Processed Products • Egg • Dairy • Honey • Food Safety Investigation • Fair Labelling Practices	Industry adopts risk management practices. Food meets domestic and trading partner requirements. Food safety emergencies and incidents are effectively managed. Industry complies with regulations. Stakeholders understand and are committed to regulations and policies. Public is aware of and contributes to food safety.	Rate of compliance for federally registered establishments and food products (domestic, imports and exports); Number of federally registered establishments with implemented Hazard Analysis and Critical Control Point (HACCP) programs; Food recalls and the CFIA's response to emergencies; Actions taken in cases of non-compliance; and Level of public awareness (e.g., results of surveys and enquiries).
Animal Health: • Animal Health • Feed	Entry into Canada of regulated diseases is mitigated. Spread of regulated animal diseases is mitigated. Animal health emergencies and incidents are effectively managed. Canadian animals and their products meet domestic and international animal health requirements. Industry complies with regulations. Stakeholders understand and comply with regulations and policies. Public is aware of and contributes to animal health.	Rate of compliance for facilities, animals and animal products (domestic, imports and exports); Analysis of disease trends (e.g., results of surveillance activities); Emergencies related to animal health and the CFIA's response; Actions taken in cases of non-compliance; and Level of public awareness (e.g., non-compliance at point of entry).
Plant Protection: • Plant Protection • Seed • Fertilizer	Entry into Canada of regulated diseases and pests is managed. Spread of regulated diseases is mitigated. Plant protection emergencies and incidents are effectively managed. Plants and plant products meet domestic and international plant protection requirements. Industry complies with regulations. Stakeholders understand and are committed to regulations and policies. Public is aware of and contributes to plant protection.	Rate of compliance for facilities and plant products (domestic, imports and exports); Analysis of disease and pest trends (e.g. results of surveillance activities); Emergencies related to plant protection and the CFIA's response; Actions taken in cases of non-compliance; and Level of public awareness (e.g. non-compliance at points of entry).

3.2 Promoting Compliance

As a regulatory Agency, one of the principal means by which the Canadian Food Inspection Agency can assess its performance is by measuring rates of compliance[1] with Canadian food, animal and plant legislative requirements. The Agency assesses compliance with Acts and regulations through inspection and other activities. Where non-compliance is identified, the CFIA takes appropriate enforcement actions to regain compliance through the use of its statutory powers and the authority of designated Agency officials. Inspectors may also rely on education, publication of information and consultation with affected parties to regulate non-compliance. These approaches are detailed below:



Like other regulatory agencies, the CFIA strives for 100 percent compliance with legislative requirements. Recognizing that public health and safety are the highest priorities, the Agency operates in a risk-based manner, setting targets for areas of low compliance and outlining expectations for year-over-year improvements. Resources are prioritized to monitor and enforce regulations that have the most direct or significant impact on the health and safety of Canadians.

To facilitate voluntary compliance, the Agency carries out education and awareness activities to increase industry's understanding of statutory requirements and standards. Compliance activities verify that establishments and products are compliant with the applicable Acts and regulations. This includes inspecting and auditing establishments, and product testing activities.

Enforcement activities include those actions taken by the CFIA to encourage voluntary compliance or to mandate corrective actions. These include procedures such as warnings, detentions, seizures, recalls, withdrawal of inspection services, license suspension or cancellation of registration, injunctions, prosecutions and administrative monetary penalties where applicable. The actions for non-compliant or unsafe products can include corrective actions such as the application of proper labelling, refusal of entry into or export from Canada, recalling a product or thing, or product destruction. Under the 13 federal inspection Acts and regulations that the CFIA applies and enforces, the Agency may carry out regulatory inspections and investigations, administer monetary penalties

[1] Rate of compliance is calculated by dividing the number of compliant establishments/products by the number of establishments/products inspected.

and, in serious situations, refer cases to the Department of Justice for consideration of prosecution.

As with any regulated activity, the underlying cause of infractions ranges from ignorance of the law to deliberate disregard. Therefore, the Agency uses a range of approaches to achieve the highest possible degree of compliance.

Compliance Assessment

One of the means by which the CFIA can measure its success is by assessing and verifying that Canada's registered establishments and domestic and imported products comply with federal Acts and regulations. Compliance rates indicate the extent to which regulated parties observe the statutes and their accompanying regulations. A compliance rate interpreted as "high" means an acceptable level of compliance. The Agency uses a group of indicators to assess compliance levels across industries and commodities. Key indicators include establishment compliance, product testing results, enforcement actions and incidents or recalls. These indicators are briefly described below.

Establishment compliance is assessed at specified times to determine compliance with legislative provisions. Areas assessed vary by program but include elements such as storage, sanitation, hygiene, equipment and manufacturing.

Product testing demonstrates the degree to which products meet legislative requirements. Product testing is conducted according to established sampling plans at various points in the food continuum for domestic, imported and exported products. These plans and the type of test required vary by individual program and commodity, and are based on international standards, federal protocols and risk. They include food safety as well as non-food safety standards. Examples include testing for formulation, pesticide residues, microbial contamination, package integrity, labelling and net content.

The CFIA intervenes with regulated parties by taking **enforcement actions** to regain compliance or to improve the overall level of compliance. The number and type of enforcement actions taken indicates the extent to which regulated parties are not fulfilling their responsibilities, and provides an indication of how the CFIA is fulfilling its legislative mandate to improve overall compliance levels.

Canadians can become ill from consuming unsafe food, and the CFIA acts to protect consumers from such risks. The number and type of **food safety-related incidents and recalls** provides another indicator of industry's overall compliance with regulation, and the relative safety of the food supply at various stages of the food continuum.

Planning Implications

In the next section of this report, each business line's performance by key result is described and measured based on compliance and other relevant performance assessment indicators. In each case where a need for improvement has been identified, the Agency outlines a resulting implication on future planning, which will be reported against in next year's Annual Report.

3.3 Business Line Spending

Over the past several years, the CFIA has received significant incremental funding for various initiatives and emerging issues, including: the CFIA's base operating requirements, emergency response to animal and plant disease outbreaks, Public Security and Anti-Terrorism (PSAT) initiatives and collective agreement settlements.

In 2003–04, the Agency received approximately $82 million in incremental funding over the course of the year. The bulk of the new funding was the $50 million announced in the 2003 Federal Budget to enable the Agency to perform its central role in ensuring food safety. More than $11 million was approved for Canada's continued response to bovine spongiform encephalopathy. As well, statutory authorities for compensation of animal herd and orchard owners required to destroy animals and trees due to disease were increased by over $7 million. Additional and detailed financial information regarding 2003–04 Agency resources, expenditures and analyses can be found in Section 6, Financial Performance.

The CFIA's 2003-04 total expenses are $37.1 million higher than 2002-03 total expenses. This increase relates to increased services provided without charge to the CFIA by other Government of Canada departments and agencies, as well as increased accrued expenditures for impending contract settlements and amortizations of assets.

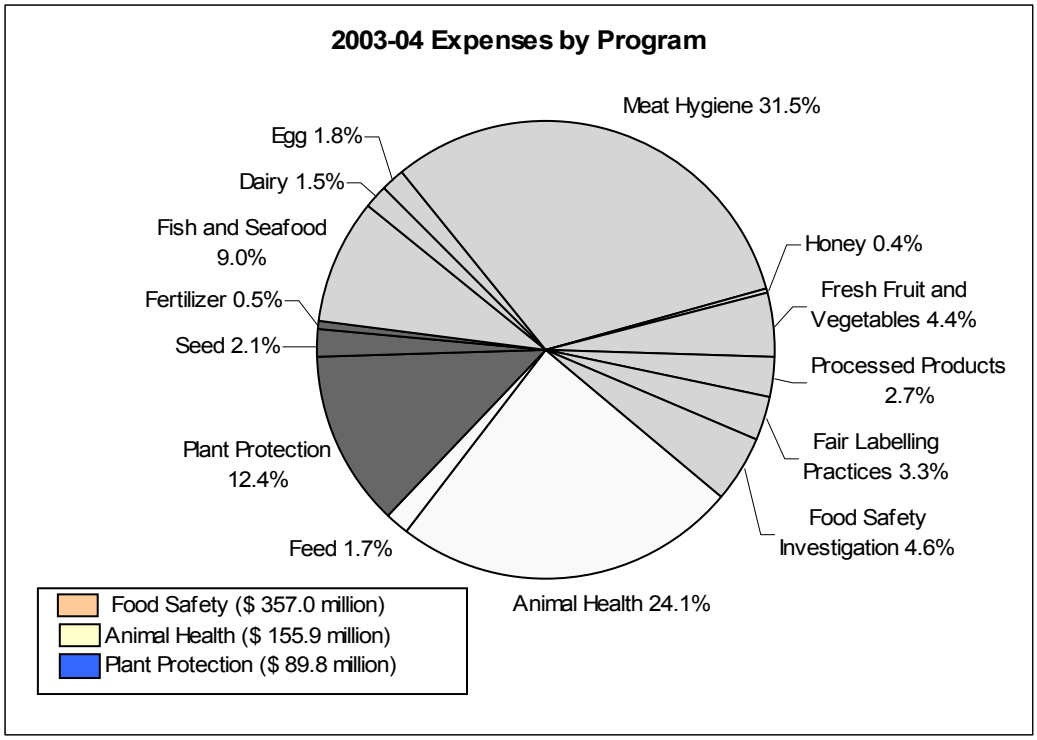
Business Line Expenses

	($ millions)	
Business Line	**2002–03**	**2003–04**
Food Safety	332.6	357.0
Animal Health	144.0	155.9
Plant Protection	89.0	89.8
Total	**565.6**	**602.7**

The business line and program figures presented in Sections 3.3 and 3.4 are calculated on the basis of accrual accounting, according to the Generally Accepted Accounting Principles. These figures are consistent with the results reflected in the Agency's 2003–04 audited financial statements, presented in Section 6.2. These figures differ from the Agency's financial results presented in Tables 1-7 of Section 6.1 which are calculated on a modified cash basis of accounting. A reconciliation of expenditures reported by these two financial reporting methods is available in Section 6.2.

2003–04 Expenses by Program

Outlined below are expenditures for each of the Agency's 14 programs under the three business lines.



3.4 Performance by Business Line

3.4.1 Food Safety

Contribution to Canadians

Food safety is the CFIA's top priority. Enhancing food safety contributes to public health by reducing or mitigating outbreaks of foodborne illness. Food safety programs also contribute to a sound economy by strengthening Canada's excellent national and international reputation for safe food products of high quality.

The CFIA develops and delivers programs and services designed to protect Canadians from preventable food safety hazards, and ensures that food safety emergencies are effectively managed and that the public is aware of, and contributes to, food safety. Primarily, this entails verifying that food producers, manufacturers, importers and distributors comply with federal food safety requirements. The CFIA also verifies that food imports meet domestic food safety requirements and that food exports meet the expectations of trading partners.

Food Safety Programs

The following table outlines the nine programs delivered by the CFIA relating to the mandate of food safety.

Summary of Food Safety Programs Activities and Expenditures

Program	Authority	Activities	2003–04 Expenditures
Meat Hygiene	*Meat Inspection Act* *Food and Drugs Act* *Consumer Packaging and Labelling Act*	• Verify that meat industry operates within legislative requirements; • Set policies, product and process standards (including inspection requirements) for meat and meat products, federally registered slaughter-houses and meat processing establishments, importers and storage facilities; and • Register establishments that process meat for export or interprovincial trade. • Take enforcement action in situations of non-compliance.	Total Program cost: $189.7 million, (31.5 percent of the CFIA's spending)
Fish, Seafood and Production	*Fish Inspection Act* *Food and Drugs Act*	• Verify that fish processing industry operates within legislative requirements; • Set policies, product and process standards (including inspection requirements) for fish and seafood products, federally registered fish and seafood processing establishments, importers, vehicles used in transportation, fisher-packer and cold storage facilities; and • Register establishments that process fish and seafood products for export or interprovincial trade. • Take enforcement action in situations of non-compliance.	Total Program cost: $54.2 million, (9.0 percent of the CFIA's spending)

Food Safety Investigation	*Food and Drugs Act*	• Investigate potential hazards with a high risk to the public (includes monitoring certain commodities, verifying the food industry's safety process controls and investigation of complaints and compliance with the Act and regulations). • Take enforcement action in situations of non-compliance.	Total Program cost: $27.6 million, (4.6 percent of the CFIA's spending)
Fresh Fruit and Vegetables	*Canadian Agricultural Products Act* *Food and Drugs Act* *Consumer Packaging and Labelling Act*	• Verify that fresh fruits and vegetable industry operates within legislative requirements; • Set policies (including inspection requirements) for fresh fruit and vegetables, importers and packaging facilities; • Register establishments that package and ship fresh fruits and vegetables for interprovincial trade; • Regulate interprovincial and international trade, license market dealers, and establish and maintain quality standards; and • Administer the Canadian Board of Arbitration for commercial disputes between buyers and sellers. • Take enforcement action in situations of non-compliance.	Total Program cost: $26.4 million, (4.4 percent of the CFIA's spending)
Fair Labelling Practices	*Consumer Packaging and Labelling Act* *Food and Drugs Act*	• Protect consumers from deceptive and unfair market practices, and facilitate fair competition for industry, by setting and enforcing the net quantity, composition, labelling and advertising provisions of the Acts and regulations; and • Target high-risk products and establishments, inspect and analyze food products, provide information on legislative requirements to manufacturers, importers and retailers and encourage them to establish control systems to ensure compliance.	Total Program cost: $20.2 million, (3.3 percent of the CFIA's spending)
Processed Products	*Canada Agricultural Products Act* *Food and Drugs Act*	• Verify that federally registered processed product establishments, importers and exporters operate within legislative requirements; • Set the standards for processed products, federally registered processed product establishments, importers and exporters; and • Register establishments that apply a Canadian grade mark, or prepare processed fruit, vegetable and maple products and trade them interprovincially or internationally. • Take enforcement action in situations of non-compliance.	Total Program cost: $16.2 million, (2.7 percent of the CFIA's spending)

Egg	*Canada Agricultural Products Act* *Food and Drugs Act* *Consumer Packaging and Labelling Act*	• Verify that the egg industry operates within legislative requirements; • Set requirements for registration, operation and maintenance of federally registered egg grading stations and processing plants and set policies and standards for eggs and egg products produced for domestic and international trade; and • Register egg establishments. • Take enforcement action in situations of non-compliance.	Total Program cost: $11.2 million, (1.8 percent of the CFIA's spending)
Dairy	*Canada Agricultural Products Act* *Food and Drugs Act* *Consumer Packaging and Labelling Act*	• Verify that the dairy industry operates within legislative requirements; • Set out requirements for registration, operation and maintenance of establishments, grading, inspection, packing and labelling of dairy products, and interprovincial and international trade; and • Register dairy establishments. • Take enforcement action in situations of non-compliance.	Total Program cost: $9.3 million, (1.5 percent of the CFIA's spending)
Honey	*Canada Agricultural Products Act* *Food and Drugs Act*	• Verify that the Canadian honey industry operates within legislative requirements; • Set out policies for the registration, operation and maintenance of honey establishments; and • Register honey establishments. • Take enforcement action in situations of non-compliance.	Total Program cost: $2.2 million, (0.4 percent of the CFIA's spending)

Food Safety Key Partners

Federal departments and agencies: In carrying out its food safety mandate, the CFIA works closely with Health Canada (the department responsible for food safety policy and standards), Fisheries and Oceans Canada (responsible for aquatic animal health and managing Canada's fisheries resources) and Agriculture and Agri-Food Canada (in support of the department's Agricultural Policy Framework). The CFIA also works with the newly formed Canada Border Services Agency (CBSA) to promote the effective control and management of food and agricultural products at our borders.

Provincial and territorial governments: The CFIA partners with provincial and territorial governments to share expertise and co-ordinate activities to facilitate compliance with legislative requirements and delivery of effective inspection and emergency response services (e.g., food recalls).

Non-government stakeholders: The CFIA works with producers, processors, distributors and consumers to identify and address emerging food safety and labelling concerns.

International organizations and trading partners: The CFIA negotiates and manages technical arrangements with other countries to ensure that food safety standards are science-based and adhered to in a manner that promotes safe food while being the least

trade restrictive. The negotiation of these technical arrangements is conducted in partnership with our other federal departments. Negotiations may take place as part of international fora such as *Codex Alimentarius,* the North American Free Trade Agreement (NAFTA) Committees, the World Trade Organization (WTO) and the Quadrilateral Discussion on Food Safety (FS Quad).

2003–04 Performance by Key Result

The following sections provide a summary of performance in the area of food safety by key results. More detailed information on each of the CFIA's nine food safety programs is available at: **http://www.inspection.gc.ca/english/corpaffr/ar/ar04/ar04e.shtml**

3.4.1.1 Industry Complies With Regulations

In 2003–04, the CFIA continued to verify that domestic and imported food products met the requirements set out in federal Acts and regulations. Food inspection programs promote and verify industry compliance through activities such as establishment inspections, product testing, food safety investigations and regulatory enforcement actions. The CFIA also deters deceptive and unfair market practices by investigating complaints and verifying compliance with the net quantity, composition, labelling and advertising provisions of federal legislation.

Establishment inspections
Inspections of federally registered establishments, which may include audits or verifications of industry food safety programs, were carried out in Meat Hygiene, Fish, Seafood and Production, Processed Products (including maple syrup), Egg, Dairy, and Honey Programs. For each program, the Agency assesses establishment compliance at specified times to ensure that establishments are meeting legislative requirements. Each program also uses a number of indicators to assess levels of both industry compliance and CFIA service delivery. Where an establishment is determined to be non-compliant, the CFIA takes action as set out in each program to verify corrective action. The Agency may also take additional measures, such as increasing the number of inspections, or suspending or revoking registration or licenses.

The following table summarizes the available data concerning establishment compliance rates in these six food safety programs. These rates suggest reasonably high compliance, ranging from 78.2 to 99.4 percent.

Establishment Compliance by Food Program

Program Establishment	Type of Establishment	Inspection Approach	Compliance Rate (%)	Comparison to Previous Year (%)
Meat Hygiene	Slaughter, meat processing, storage	Establishment ratings	89.3 [a]	90.0
Fish, Seafood and Production	Fish and seafood processing	Quality Management Program (QMP)	99.2 [a]	98.0
Processed Products	Fruit and vegetable and maple processing	In-depth establishment inspections	90.4 [b]	95.5
Egg	Registered shell egg stations	Establishment ratings	99.4 [a]	99.4
Dairy	Federally registered establishments	In-depth establishment inspections	78.2 [c]	93.9
Honey	Registered establishments	In-depth establishment inspections	93.5 [d]	99.0

[a] Based on inspection results of the total number of registered establishments.

[b] Based on in-depth inspection results of 355 (85 % of the total) registered establishments.

[c] Based on in-depth inspection results of 188 (65 % of the total) registered establishments. All registered establishments were subjected to at least a partial inspection.

[d] Based on in-depth inspection results of 154 (82 % of the total) registered establishments.

In general, compliance rates are comparable to, or slightly lower than, those of last year. The slight decrease in compliance rates for honey and processed products establishments is due to the implementation of new requirements for establishment inspection and ratings. Based on these new criteria, 93.5 percent for honey and 90.4 percent for processed products are still considered to be high compliance rates. For the dairy program, the decrease in compliance rate is being further explored.

In 2003–04 the CFIA continued work on the development of more robust and comprehensive performance targets and indicators. Consistent with the Agency's implementation of its Performance Management Framework, additional performance information was collected regarding the compliance of meat establishments. The CFIA conducted a comprehensive review of monthly establishment ratings for all 747 federally registered establishments.

The ratings indicate overall regulatory compliance of an establishment operator where "AAA," "AA" and "A" indicate that the establishment meets or exceeds the requirements of the *Meat Inspection Act* or *Regulations*. Establishments with a "B" rating are considered to be at the limit of acceptability, and those with a "C" rating are judged to be non-compliant with one or more provisions of the Regulations. In all cases, food

produced by the establishments is required to meet established health and safety standards.

The establishment rating analysis indicated that as of March 2004, 89.3 percent (667) of the establishments maintained an "A" rating or better throughout the year; and 10.7 percent (80) received a "B" rating or lower at some point in the year. The CFIA requires that establishments rated "B" and "C" correct the deviations and, if there is a potential food safety risk, implement immediate corrective measures. Measures taken in "B" and "C" rated establishments include the development of detailed action plans to correct deficiencies and enhanced inspection oversight by CFIA personnel. Measures may also include suspension of selected operations within the establishment. Chronic inability of establishments rated "B" or "C" to correct deviations can lead to the cancellation of the operator's license to operate or registration of the establishment under the federal meat inspection system. An "F" rating results in the immediate suspension of all operations within the establishment until satisfactory corrective measures are implemented.

Product testing

In 2003–04, the CFIA tested approximately 40 000 samples from domestic and imported food to monitor the level of safety and quality of the national food supply. The Agency conducts product sampling and testing for all nine food programs, according to established risk-based sampling plans. The results represent the sectors or parts of sectors where the CFIA has oversight. However, where the food samples were obtained from sectors where the CFIA has shared jurisdiction with provinces or where the sector is mainly non-registered, the results may not be representative of the entire sector. However, the data obtained from product testing provide critical information with respect to effectiveness of food safety programs, as well as the level of protection provided to Canadian consumers. The evaluation of product testing results also provides information for food safety investigations, recalls and policy development.

The following table provides the results of food monitoring programs for chemical residues:

Compliance Rates and Follow-Up Activities for Chemical Residue Testing by Food Program

Program	Compliance Rate[1] (%)	Type of Violation	Follow-up Activities
Dairy	99.4	Elevated levels of certain metals and elements	The violations in the metals and elements groups do not represent a health and safety risk under the *Food and Drugs Regulations*.
Egg	99.9	Residue levels of drugs	Implemented directed sampling. Follow-up samples were negative.
Fresh Fruit and Vegetables	98.9	Elevated levels of certain metals and elements	The violations in the metals and elements groups do not represent a health and safety risk under the *Food and Drugs Regulations*.
		Pesticides in excess of current Canadian standards	Implemented directed sampling.
Meat and	99.6	Antibiotic and	Implemented directed sampling and compliance

Poultry		hormonal growth residue	sampling. Corrective actions included animal detentions and condemnations and on-farm follow-up inspections.
Processed Products	99.2	Elevated levels of mycotoxins	Implemented directed sampling. Corrective action was taken at the importer's level.
		Elevated levels of certain metals and elements	The violations in the metals and elements groups do not represent a health and safety risk under the *Food and Drugs Regulations*.
Honey	97.7	Exceeded the current Canadian standards for a drug	Undertook follow-up actions such as import alerts, recalls, a "hold and test" program, and country certification protocol.
Fish and Seafood Products (domestic)	98.3	Drug residues Food additives	Implemented directed sampling and compliance sampling.
Fish and Seafood Products (import)	92.2	Drug residue in imported product	Implemented directed sampling and compliance sampling. When an imported product is found to be in non-compliance, subsequent shipments are always subject to mandatory testing (import alert).

[1] These rates represent the combined result of testing for all chemicals.

Overall compliance in all programs is high. Where the CFIA identified violations, the Agency undertook appropriate follow-up activities. In honey for instance, product testing demonstrated that for two consecutive years this product had lower compliance rates than other food groups. The violations were associated with the use of veterinary drugs to treat bacterial diseases that affect bees. In 2002–03, much of the honey imported from China was contaminated with chloramphenicol. In 2003–04, the presence of nitrofurans was noted in honey from Argentina. In response to these results, the CFIA implemented import alerts, recalls and introduced a "hold and test" program for honey imported from China. A country certification protocol was developed with Argentina for honey exported to Canada. Any contaminated honey was subject to recalls.

The Agency also conducts microbiological testing as part of its product monitoring and testing activities. If a positive result is found, action is taken to prevent distribution of food products containing food pathogens. An example of such a follow-up is the detection of *Listeria monocytogenes* in a sample of smoked beef steak nuggets that was sampled and analyzed under the monitoring program for imported ready-to-eat meat products. The results triggered a recall of the affected product from the Canadian marketplace, as well as follow-up inspection at the manufacturing plant and testing of the following shipments before the product was allowed for sale in Canada. The following table provides the results of microbiological testing for food monitoring programs, including examples of type of violation and associated follow-up activities:

Compliance Rates and Follow-Up Activities for Microbiological Testing by Food Program

Program	Compliance Rate (%)	Examples of Type of Violation	Follow-up Activities
Dairy	95.3	Pathogens, e.g., *L. monocytogenes, S. aureus* in ready-to-eat domestic or imported products	Conducted recalls, targeting sampling, reviewed corrective action plans and inspected facilities.
		Indicators of sanitation: Aerobic Colony Count (ACC) or coliforms exceeding standard	Conducted targeted sampling and reviewed Good Manufacturing Practices and sanitation.
		Commercial sterility, container integrity of canned milk	Conducted recalls, targeting sampling and assessed corrective action.
Honey	95.2	Osmophilic yeast count	Reprocessed or verified label information, removed from sale.
Egg	97.3	*Salmonella* spp. in processing environment	Conducted targeted sampling and reviews of sanitation.
		ACC in egg wash water	Conducted targeted sampling and reviews of sanitation.
Meat Hygiene	98.5	*L. monocytogenes* in processing environment	Conducted targeted sampling to verify the effectiveness of corrective actions and reviews of sanitation.
		Pathogens in domestic and imported ready-to-eat products	Conducted recall and targeted sampling to verify the effectiveness of corrective measures from the marketplace, and reviewed corrective action plan.
		E. coli O157:H7 in raw ground beef	Conducted recalls and reviewed corrective action plan.
Fresh Fruit and Vegetables	99.8	*E. coli O157:H7*, *Salmonella* spp., *Listeria monocytogenes*	Conducted a recall of products (if available) and a Good Manufacturing Practices or Good Agricultural Practices investigations.
Processed Products	88.5	Commercial sterility, container integrity of imported canned vegetables	Prevented distribution, conducted a recall and reviewed importing practices.
		Howard mould counts in tomato products	No safety concerns. Prevented distribution as follow-up to the regulatory violation.
Food Safety Investigation Program	95.8	Fecal coliforms in sprouts	Conducted target sampling, reviewed sanitation and inspected facilities.
		Pseudomonas aeruginosa in bottled water	Conducted recalls, targeted sampling and inspections of facilities.
		Commercial sterility, container integrity of imported Low Acid Canned Food	Prevented distribution and conducted targeted sampling and reviewed Importing Practices.
Fish and Seafood Products	97.7	The types of violations are varied; however, the compliance rate for both imports and domestic product is high.	All fish and fish products subject to microbiological testing are detained pending inspection results. Only after satisfactory results are determined is the product released.

Food safety investigations

In addition to inspecting products that are produced in federally registered establishments, the CFIA enforces the food safety provisions of the *Food and Drugs Act* by conducting inspections, investigations and emergency management activities (i.e. food recalls) in relation to all domestically produced and imported foods. The CFIA investigates consumer and trade complaints and, through its science committees, directs inspection resources towards products or establishments that are determined to pose the greatest risk to consumers.

During 2003–04, following a risk-base priority setting exercise, the CFIA developed or continued 16 food safety projects. These projects included activities such as product testing, establishment inspections or industry education. Projects also involved the development of lists of manufacturers, importers or distributors of certain commodities, to be used for future inspections and sampling. The table below summarizes the results of these projects:

Compliance Results for Food Safety Projects and Follow-Up Activities

Project Title	Level of Compliance*	2004–05 Follow-up Activities
Bottled Water	High	Conduct product sampling and assessments in new facilities.
Special Inspection and Sampling Project for Sprouts	High	Continue to educate industry, and conduct periodic product sampling and establishment assessments.
Unpasteurized Juice / Cider	High	Continue to educate industry, and conduct periodic product sampling and establishment assessments.
Aflatoxin	High	Continue to sample products and assess imported pistachio nuts.
Food Colour	High	Continue to sample products and assess those products and firms having a history of non-compliance.
Mandatory Folic Acid Fortification for Flour and Enriched Alimentary Paste	High	Continue to sample and assess imported products and importer establishments.
Nutrient Fortification of Infant Formulas and Formulated Liquid Diets	High	Increase focus on infant formulas and formulated liquid diet product sampling and establishment assessments; and obtaining portrait of the formulated liquid diet industry.
Heavy Metals in Imported Foods in the Non-Registered Sector	High	Continue to sample products and assess this sector.
Blue Green Algae	Moderate	New HC *Natural Health Product Regulations* are in place. The responsibility for this product has been turned over to HC.

Plant Products Packed in Oil	Moderate	Continue with domestic establishment assessments, import inspections, and sampling of products.
3 MCPD and 1,3, DCP** Residue Levels in Soya and Oyster Flavoured Sauces	Moderate	Conduct product sampling of specific products and establishment assessments.
Low Acid and Acidified Low Acid Canned Food	Moderate	Continue with domestic establishment assessments, import inspections, and sampling of products.
Arsenic in Hijiki Seaweed	Low	Continue to monitor the marketplace to verify appropriate action was undertaken by industry.
Post-Recall Follow-up project	Unknown	This project is ongoing.
Bakery Products in Reduced Oxygen Packaging	Unknown	This project will continue pending the development of appropriate standards by HC in consultation with CFIA.
Ready to Eat Fermented Meat	Unknown	The project is ongoing.

* Compliance is related to the product sampling results or establishment assessments. The ratings are defined as follows: High: Over 75 percent; Moderate: between 75–50 percent; Low: Less then 50 percent. Projects that are ongoing or where data are still being gathered or analyzed are rated as "unknown".

** 3-monochloropropane-1,2-diol (3-MCPD) - potential carcinogen; 1,3-dichloropropanol (1,3-DCP) - potentially genotoxic.

More detailed information on each of these projects is available at:
http://www.inspection.gc.ca/english/fssa/invenq/invenqe.shtml

Establishment inspections and product testing of both domestic and imported bottled water is an example of a project that demonstrated a high level of compliance. As a result, the project will focus only on new establishments in 2004–05. Similarly, a survey of imported foods to detect the presence of heavy metals demonstrated high compliance. An example of a project that demonstrated a moderate compliance rate involved the determination of 3-MCPD (a potential carcinogen) residue levels in soy and oyster flavoured sauces. In this case, the violations were found to be associated with a specific country of export. In order to improve compliance, the project will focus in 2004–05 on products from countries where systematic low compliance has been identified. One area of very low compliance concerned the presence of arsenic in Hijiki Seaweed. The CFIA made stakeholders aware of this violation and will monitor the marketplace in 2004–05 to verify that appropriate corrective actions have been taken.

The delivery of these priority projects in 2003–04 allowed the CFIA to contribute to the safety of food in Canada by investigating and responding to potentially high-risk products or establishments.

Fair labelling practices

During 2003–04, the CFIA's inspections of deceptive and unfair market practices resulted in the identification of 12 390 violations in areas such as net quantity, composition, adulteration, label information, nutrition labelling, bilingual labelling and misleading claims. All violations resulted in trader education and appropriate enforcement action, such as product seizure or prosecution.

As noted in the table below, compliance rates for net quantity, composition, and advertising have all improved over the past three years. Labelling compliance rates, however, are low and continue to require targeted activities to improve industry compliance with legislative requirements. The improvement in advertising compliance is a result of an increased inspection focus, and therefore, compliance with requirements for retail signage and promotional materials.

Compliance Rates For Net Quantity, Composition, Labelling and Advertising

Year	Compliance Rates (%)*			
	Net Quantity	Composition	Labelling	Advertising
2003–04	87.2	85.0	63.2	88.4
2002–03	81.6	81.8	54.5	75.1
2001–02	86.1	82.6	68.3	67.8

* Since inspection is directed toward higher-risk products and establishments, the above data is not indicative of marketplace compliance in general.

The CFIA also undertook a number of targeted projects designed to bring about improvements in specific areas of low compliance. For example, investigations of the date labelling (e.g., best before date) of food products revealed a compliance rate of only 72.4 percent. CFIA officers took appropriate enforcement actions, including prosecution, in cases where product-dating information was absent, illegible, inappropriate or fraudulent. In an effort to improve compliance in this area, this project will be continued during 2004–05. In another priority project for 2003–04, ground meat samples were tested and 15.6 percent were found to contain meat from another species (e.g., pork in ground beef). As a result of the CFIA's compliance activities in this area, most major retail chains have instituted control procedures to ensure that ground meats that they sell are not adulterated. Directed inspections will be conducted during 2004–05 to verify improved compliance in this area. Finally, inspections of "sports nutrition" products (foods designed to achieve improved physical performance) continued to demonstrate a high level of non-compliance in areas such as the non-permitted addition of vitamins, minerals, amino acids, or caffeine, as well as the making of non-permitted or non-substantiated drug and performance claims. The CFIA's inspection activities in this area have resulted in many manufacturers and importers establishing control procedures to ensure that the products they sell are in compliance. However, the significant increase in variety and volume of these products, and the CFIA's continued focus on manufacturers and establishments suspected of being in violation, explain the lower compliance rate. To

keep pace with new sports nutrition products, the CFIA will continue to implement inspection activities at all levels of trade during 2004–05.

Enforcement actions
In addition to numerous warnings, detentions, seizures, recalls and other actions to regain compliance in 2003–04, the CFIA conducted 226 formal investigations under the *Canada Agricultural Products Act,* the *Consumer Packaging and Labelling Act*, the *Fish Inspection Act*, the *Food and Drugs Act* and the *Meat Inspection Act* with a view to considering prosecution action where warranted. From these investigations, 68 prosecutions were initiated, resulting in a total of 46 convictions in 2003-04 for offences such as selling a product that was labelled in a false, misleading or deceptive manner; importing undeclared food; or moving a detained product without proper authority. Fines assessed by the courts for these convictions totalled $302 000. Several of the remaining prosecution cases are still in the courts.

The CFIA provides a complete listing of prosecution bulletins, issued whenever convictions are obtained, on its Web site at:
http://www.inspection.gc.ca/english/corpaffr/projud/projude.shtml

Westfair Foods Fined $100 000 for Re-Labelling and Altering Meat Product Dates

On Oct. 23, 2003, Westfair Foods Ltd. (doing business as The Real Canadian Superstore) was convicted in the Provincial Court in Victoria on five counts of violating the *Food and Drugs Act*. The company was fined $20 000 for each count for a total of $100 000 for labelling meat products in such a manner that was false or misleading.

In September 2002, the CFIA conducted an inspection of The Real Canadian Superstore in Langford, B.C. following a consumer complaint. During the inspection, the Agency found 16 packages of "New Zealand lamb," offered for sale on Sept. 17, 2002, that had been re-labelled in the store in such a manner that the top label completely covered the information on a label underneath. The new labels contained new "packed on" dates, which made the product appear fresher than it actually was. In addition, six packages of "Chicken Drumsticks Club Pack" had also been re-labelled to replace the original "packed on" date.

Under the *Food and Drugs Act*, prepackaged food and products must be labelled accurately to prevent any misleading information regarding contents from appearing on the packaging. The CFIA works diligently to prevent consumers from being misled.

3.4.1.2 Food Meets Domestic and Trading Partner Requirements

In addition to its commitment to the safety of domestic and imported products, the Agency is also committed to verifying that exported food meets high Canadian standards and the standards of other countries. To support the economic interests of Canadian producers, CFIA export certification activities facilitate the access of safe and high-quality Canadian products to foreign markets. The CFIA also works with other countries' regulatory authorities to promote mutual understanding of the Canadian and foreign import requirements.

Export certification
Export certification is a means of providing foreign governments' regulatory agencies with assurances that products exported from Canada meet their requirements. The CFIA issues export certification in a number of food programs. For some programs (e.g., meat), export certification is mandatory. For other areas (e.g., processed products), certification

is provided only when required by the importing country. These certificates are issued only when shipments meet the requirements of other governments.

One indicator of performance is the product compliance rate for export certification. While these rates are not currently available for all commodities, this indicator has been incorporated into the CFIA's Performance Management Framework for fish and seafood production. The available data indicate an overall 2003-04 compliance rate of 89%. However, closer examination of the data indicates that the compliance rate over the first three quarters is 97%. This dramatic drop when factoring in the fourth quarter is due to an unusually high rejection rate in the Atlantic region and is being investigated. Products determined not to be in compliance are rejected and not certified. The reasons for rejection include non-compliance for product quality, label, health and safety, and not meeting specific foreign country requirements. With the broader implementation of the CFIA's Performance Management Framework, this trend will be tracked more precisely in future years.

The following examples illustrate specific activities undertaken by the CFIA to verify that exported food meets both domestic and trading partner requirements and demonstrate that overall, the CFIA has been successful in facilitating market access for Canadian products.

Summary of Export Certification Activities by Food Program

Commodity	Certification Activities	Results Achieved
Fresh Produce	20 275 export shipments of onions, potatoes and field tomatoes were inspected and certified to U.S. import requirements.	Facilitated access to U.S. market for Canadian products.
Processed Products	Issued 392 export certificates to meet trading partners' requirements.	Facilitated the export of Canadian processed products to international markets.
Egg	Certified product to meet Canadian safety and quality standards, as well as the requirements of importing countries.	Facilitated export of 10.7 million kg of processed eggs to 26 countries.
Meat	It is estimated that the number of export certificates issued during 2003–04 for meat products was reduced due to import restrictions placed on Canada as a result of BSE and avian influenza.	Negotiated renewed access to foreign markets.
Fish	Issued over 32 000 export certificates for fish and seafood products.	Facilitated export of fish and seafood products to 109 countries.
Honey	Certified five shipments of honey.	Facilitated the export of Canadian honey to international markets.
Dairy	Issued 2616 certificates for various dairy products such as cheese, skim milk powder, and evaporated milk.	Facilitated export to several countries including the United States, the European Union (EU) and Libya.

Promoting a mutual understanding of Canadian and foreign import requirements
The CFIA establishes and maintains a number of bilateral arrangements with foreign countries. Some of these agreements deal with mutual recognition of inspection systems for certain products. These arrangements involve audits of Canadian systems by foreign countries and audits of foreign inspection systems by Canadian officials to verify that respective requirements are met.

For example, in 2003–04, the CFIA worked with teams of inspectors from many countries (e.g., United States, Panama, Costa Rica and Russia) who visited Canada to assess selected Canadian meat establishments. Russian authorities reviewed 18 pork slaughter and cutting/boning establishments; 17 were found satisfactory and one failed. U.S. authorities visited 31 meat establishments and required that seven take corrective actions to maintain their eligibility to export to the U.S. market. In addition, U.S. authorities assessed six egg-processing plants. All passed the U.S. review and continued to export to the U.S. market. In July 2003, the European Commission's Food and Veterinary Office (FVO) conducted an audit of the Canadian Shellfish Sanitation Program. As a result of the audit, Canada's seafood production facilities maintained their approval status for exporting bivalve molluscs (e.g., mussels, clams and oysters) to the European Union.

To assess foreign countries' capacity to meet Canadian legislative requirements, the CFIA reviewed the poultry meat inspection system of Thailand, visiting 11 chicken and duck slaughtering and processing establishments. Under the *Canada–European Union Veterinary Agreement,* the CFIA also approved various meat inspection systems of 15 member states. Work is in progress on approval of the meat inspection systems of Romania, Chile, Israel and Australia. The CFIA also visited Mexican growers to review their agricultural practices as part of the Agency's cantaloupe certification program. Approved growers were permitted to export cantaloupes into Canada.

3.4.1.3 FOOD INDUSTRY ADOPTS RISK MANAGEMENT PRACTICES

The CFIA uses a number of approaches to encourage industry adoption of risk-management practices, ranging from prescriptive legislative requirements to a voluntary approach. The choice of tool depends on a number of factors, including the risk associated with the product, the level of compliance of the industry, the legislative authorities that are available and the market demand.

The Hazard Analysis and Critical Control Point (HACCP) approach is one tool promoted by the CFIA to prevent food safety hazards — whether biological, physical or chemical. In HACCP-based systems, the primary goal of both the CFIA and the industry is to better understand, identify and control hazards in the food production process and minimize risks to consumers by closely monitoring these "critical points."

The CFIA encourages and, in some cases, legislatively mandates industry's adoption of science-based risk management practices. The HACCP approach requires that industry take a greater responsibility in developing a better understanding of the potential hazards associated with production and in effectively identifying and mitigating these risks. The implementation of HACCP by the industry allows the Agency to move from a traditional inspection approach to an audit-based approach, while maintaining regulatory authority.

HACCP-based programs are mandatory for fish and seafood production, where a quality management system is a regulatory requirement for federally registered fish processing

establishments. The CFIA is also in the process of amending the Meat Inspection Regulations to require mandatory application of HACCP in all federally registered meat and poultry establishments.

However, the adoption of HACCP-based systems remains voluntary for the majority of federally registered facilities. As a result, HACCP implementation is dependent upon the industries' willingness to adopt these approaches and the CFIA's capacity to review and recognize each industry's HACCP-based systems.

Federally Recognized HACCP Based Program Implementation by Food Program

Program	CFIA Inspection Approach	Federally Registered Facilities 2003–04**	HACCP-Recognized 2002–03	HACCP-Recognized 2003–04
Meat Hygiene* (Meat)	Food Safety Enhancement Program (FSEP) (voluntary)	689	351	402
Meat Hygiene (Poultry)	Modern Poultry Inspection Program (voluntary)	58	12	14
Fish and Seafood (domestic)	Quality Management Program (mandatory)	935	945	935
Fish and Seafood (imports)	Quality Management Program for Importers (voluntary)	1069***	18	18
Processed Products	FSEP (voluntary)	614	38	47
Egg	FSEP (voluntary)	343	14	14
Honey	FSEP (voluntary)	188	2	3
Dairy	FSEP (voluntary)	289	47	52

* The pending mandatory HACCP and the requirements of importing countries contribute to the high rate of HACCP implementation in the meat sector.

** The number of federally registered facilities can change daily as new facilities are registered and others are deregistered.

*** Registered importers

The table above demonstrates different levels of HACCP-based program implementation by various industry sectors. Federally registered meat establishments, for example, have a high level of HACCP recognition (55 percent) relative to other voluntary programs. A further 210 meat establishments (28 percent) are currently in the process of gaining HACCP recognition. This high rate of HACCP implementation is expected as the industry prepares for the introduction of mandatory HACCP requirements. HACCP implementation is also promoted by the requirements of importing countries, such as the U.S.

The domestic Quality Management Program for fish and seafood products is a mandatory program, and as a result, has 100 percent implementation. The Quality Management Program for importers of fish and seafood products remains voluntary. However, of the 1069 registered fish and seafood importers, the 18 who have implemented this program account for approximately 20 percent of fish and seafood imports into Canada.

The implementation of HACCP-based systems in the egg, dairy, honey and processed products sectors remains voluntary at this time. The number of establishments completing recognition in these programs is still relatively low; however, there are a number of establishments currently working through the recognition process. A steady increase in domestic and international market pressures may see the number of recognized establishments continue to rise.

In addition to the implementation of HACCP in processing and production establishments, the Agency has developed and currently manages a recognition process for industry-developed on-farm food safety (OFFS) programs in support of the Agricultural Policy Framework objectives. The adoption of the OFFS approach is voluntary and requires industry to develop a program using HACCP principles as a guide. Of the 18 national producer organizations expected to participate in the OFFS program, five started the first stage of the OFFS recognition process, the technical review, in 2003–04. Over the next year, the CFIA anticipates that a total of nine national producer associations will have completed a technical review. The program is currently progressing well.

3.4.1.4 Food Safety Emergencies and Incidents Are Effectively Managed

One of the CFIA's top priorities is to protect Canadians from preventable health risks such as those associated with unsafe food. These risks can be posed by the presence of allergens not declared on food labels, microbiological pathogens, extraneous materials, non-permitted additives, or chemical contaminants.

Food recall and the improvement of emergency response procedures are the key components of managing food safety emergencies and incidents effectively.

Food recall

A food recall is a tool used by the CFIA to manage risks posed by unsafe food, potential adulteration, or undeclared ingredients (e.g., an allergen). Recalls may be conducted at the trade or consumer level and are aimed at removing from sale, distribution and consumption foods that may pose an unacceptable food safety risk to consumers.

Safeguarding Food During the Blackout

During the power outage that enveloped many parts of Ontario in August 2003, CFIA staff worked from their homes and effectively coordinated a number of food safety investigations and issued four recalls.

Trend analysis of food recalls is one element used in the update or development of policies in the various CFIA food programs.

Most food recalls are conducted with the voluntary participation of the recalling firm. These recalls may be triggered by industry or other government organizations informing the Agency of a situation, or by test results received as part of a sampling program. They may also be triggered by information gathered by field inspectors and compliance officers or through consumer complaints.

Food Safety Investigations and Recalls in 2001–04

Year	Number of Investigations	Recalls
2001–02	4462	474
2002–03	4961	381
2003–04	4526	343

The Minister of Agriculture and Agri-Food can, pursuant to the *Canadian Food Inspection Agency Act*, order a firm to recall a product where the Minister believes that the product poses a risk to public, animal or plant health. Of the 2233 recalls coordinated by the CFIA since 1997, only six required mandatory recall orders. This indicates a high level of co-operation between the CFIA and the food industry when a risk to human health is identified.

One of the key measures used by the CFIA in assessing its performance in managing food safety risks is the timeliness of the Agency's response to situations requiring a Class I recall. A Class I recall is undertaken when there is a reasonable probability that the use of, or exposure to, a food product in violation of standards will cause adverse health consequences or death. The established standard on response timeliness for issuing Class I recall public warnings is within 24 hours of a recall decision. The CFIA met this target 100 percent of the time, with 92 percent of public warnings being issued in less than eight hours.

During the 2003–04 fiscal year, the CFIA coordinated 4526 food safety, labelling and fraud investigations, which resulted in 343 recalls. The Agency analyzes recall trends by product groups and reason for recall, as opposed to the overall recall numbers.

In 2003–04, compared to 2002–03, the distribution of recalls in different product groups was as follows:

Recalls by Product Group

	Number of Recalls 2003–04	Number of Recalls 2002–03
Confectionery and Nuts	62 (18.1%)	92 (24.1%)
Meat and Poultry	62 (18.1%)	37 (9.7%)
Processed Fruits and Vegetables	50 (14.6%)	73 (19.2%)
Spices and Condiments	39 (11.4%)	13 (3.4%)
Grain and Bakery Products	32 (9.3%)	46 (12.1%)
Marine Products	32 (9.3%)	27 (7.1%)
Beverages	19 (5.5%)	15 (3.9%)

Maple	16 (4.7%)	14 (3.7%)
Dairy	14 (4.1%)	16 (4.2%)
Other (e.g., Infant Foods, Herbal Products)	9 (2.6%)	15 (3.9%)
Honey	5 (1.5%)	27 (7.1%)
Fresh Vegetables	3 (0.9%)	5 (1.3%)
Egg and Egg Products	0 (0%)	1 (0.3%)
Total	**343**	**381**

The reasons for the recalls, compared with data from the previous year, are:

Distribution of Food Product Recalls by Hazard

Hazard	Number of Recalls 2003–04	Number of Recalls 2002–03
Allergen	105 (31%)	158 (41%)
Chemical	96 (28%)	89 (23%)
Microbiological	55 (16%)	78 (21%)
Extraneous	48 (14%)	38 (10%)
Other	39 (11%)	18 (5%)
Total	**343**	**381**

There can be significant fluctuations in the distribution of recalls from year to year. However, it is worth noting that in both 2002–03 and 2003–04, the highest number of recalls was in the confectionery and nuts product group. A review of the cause of recall in each product group demonstrates that most recalls in the confectionery and nuts product group were associated with undeclared allergens.

Chemical contamination was the second leading cause of recalls during the 2003–04 fiscal year, mainly due to the presence of patulin (a mycotoxin associated with mold) detected in some samples of apple cider, as well as instances of 3-MCPD (a potential carcinogen) in soy sauces.

In 2003–04, the leading causes for microbiological contamination were *Salmonella* and *Listeria*. *Salmonella* was found in foods such as sesame seeds, alfalfa

On December 22, 2003, a major retailer in western Canada notified the CFIA of an unconfirmed threat of tampering with frozen turkeys. The retailer immediately began inspecting its turkeys, and contacted the police and the CFIA. All three parties worked together to investigate this matter and advise consumers of the potential risk. As a result, on December 23, 2003, the retailer issued a public warning, which was posted on the CFIA Web site, advising consumers about the unconfirmed tampering threat.

sprouts and processed tahini. *Listeria* was found in ready-to-eat foods such as cheese, smoked salmon, and meat and poultry products. There were three recalls involving *E. coli O157:H7* in meat products during the 2003–04 fiscal year, compared with seven the previous year.

The analysis of recall data is used by the Agency as a component of risk-based priority setting. For instance, recall data are used in the Agency's food safety science committee process to assist in the identification of risks, and the likely prevalence of such risks. The information from recalls is further used in the development of projects and strategies. One such example in 2003–04 is the CFIA's post-recall follow-up project, which focused on those firms identified as having had recalls in the past. The objective of the project was to verify that firms involved in a past recall have taken appropriate actions to correct the situation that led to the recall, and have established ongoing measures to ensure compliance with food safety requirements in the future.

Following a recall, the CFIA monitors the actions taken by recalling firms in removing affected products from the Canadian marketplace by conducting recall effectiveness checks. These checks provide an added level of consumer protection by verifying that retailers and distributors have been notified of the recall and have removed the affected product from sale.

During 2003–04, the CFIA conducted 9056 recall effectiveness checks. In most cases, the CFIA found that affected product had been removed from the marketplace in a timely and effective manner. In the cases where recalled product was found for sale, or a retailer had not been notified of the recall, the product was removed from sale and the recalling firm was requested to take corrective action.

To improve the efficiency and effectiveness of the CFIA's recall effectiveness checks, the Agency undertook a review of the policy. This review resulted in a reduction in the required level of recall effectiveness checks and refocused the Agency's efforts on retail establishments where improvements are needed.

Additional information on food recalls can be found on the CFIA's Web site at:
http://www.inspection.gc.ca/english/corpaffr/educ/alerte.shtml

Managing food safety emergencies

Food safety emergencies are accidental or deliberate events that affect the food supply and that require that the Agency be engaged in large-scale emergency response activities with other departments for an extended period of time.

In 2003–04, no food safety emergencies took place. However, the CFIA was involved in a number of activities aimed at improving emergency response procedures.

For instance, the CFIA and AAFC worked with the Department of the Solicitor General and the provinces to evaluate and strengthen, where necessary, the existing capability to respond to potential terrorist threats to the agriculture and food sectors. The result was the development of a Food and Agriculture Emergency Response System, which provides a policy and planning framework to manage agricultural emergencies. This system is designed to link federal, provincial and private sectors in an emergency response.

In addition, the U.S. State Department invited Canada to participate in a three-day counter-terrorism exercise in May 2003. This bilateral exercise demonstrated Canada–U.S. co-operation on security matters and provided an opportunity to practise domestic crisis and consequence management arrangements.

3.4.1.5 STAKEHOLDERS UNDERSTAND AND ARE COMMITTED TO REGULATIONS AND POLICIES

The CFIA is committed to engaging stakeholders in the development and implementation of regulations and policies. The Agency employs a number of tools such as education and awareness, consultations and surveys to encourage the collaborative involvement of stakeholders.

Education and awareness
In 2003–04, at least six food safety programs delivered some form of education or awareness activities to enhance the industry's understanding of current regulations and standards.

For instance, the Processed Products Program delivered presentations to a maple association and the apple industry. The focus of the presentations was to inform them of current policies and direction with respect to producing safe products. Similarly, the Fair Labelling Practices Program gave a series of presentations on nutrition labelling requirements to the food industry. The Agency also established a 1-800 telephone number and nutrition labelling e-mail address to facilitate communication with stakeholders.

The CFIA also developed or provided materials such as guides or manuals to assist industry in understanding fundamental aspects of the safe production and distribution of food products. In 2003, the CFIA updated its *Guide to Food Labelling and Advertising* to reflect new nutrition labelling requirements. To assist industry in their development of On-Farm Food Safety programs, the Agency also developed and distributed a technical review manual.

Consultations
In 2003–04, the CFIA conducted several food safety-related stakeholder consultations in areas such as labelling and standards development. For instance, on the topic of highlighted ingredients and flavours, the Agency held two series of consultations to identify and discuss policy options and to develop a proposal to address these labelling issues. These consultations contributed to industry's understanding of the proposal and engaged stakeholders in an active and productive manner.

Also during the 2003–04 fiscal year, the Agency held a series of consultations as part of the development of the CFIA-led On-Farm Food Safety Recognition program. These consultations contributed to stakeholder understanding and productive involvement in the recognition program. In the dairy sector, the CFIA also held consultations on proposed amendments to the *Dairy Products Regulations*. These amendments are intended to align dairy product composition standards with the *Codex Alimentarius* standards and the *National Dairy Regulations* and Code. Informal consultations and discussions with stakeholders indicated a lack of consensus on significant issues regarding the proposed regulatory amendments. As a result, the CFIA will continue to make efforts to resolve outstanding stakeholder concerns in 2004–05.

Surveys
In 2003–04, as part of the process to clarify rules for labels or advertisements highlighting or stressing one or more ingredients in a food, the CFIA commissioned a public opinion survey from Decima Research Inc.. The purpose of the survey was to gather information on consumer understanding, expectations and opinions regarding the labelling of highlighted food ingredients and flavours. This exercise provided valuable

insight into consumers' understanding and perceptions of highlighted ingredients and flavours. Information from the survey will be used by the Agency to guide future policy development and consumer awareness activities.

3.4.1.6 PUBLIC IS AWARE OF AND CONTRIBUTES TO FOOD SAFETY

The Agency provides information to help Canadians contribute to food safety by handling food properly and understanding potential dangers.

The outcome in this area is increased public awareness of food safety. Indicators of performance include the number of CFIA special activities aimed at heightening public awareness, the amount of interest in food safety Web information pages, as well as the results of public opinion research.

Activities aimed at heightening public awareness
The following are descriptions of some of the major projects undertaken by the CFIA in 2003–04 to raise public awareness of food safety.

Canadian Partnership for Consumer Food Safety Education — The CFIA is a founding member of the Canadian Partnership for Consumer Food Safety Education (the Partnership). The Partnership launched a new education campaign in 2003–04 called "Mrs. Cookwell." The objective of the campaign was to provide relevant information on safe food handling to young adults, especially those living on their own for the first time.

Mrs. Cookwell is a fictional character based on a typical mother figure — nurturing, tough and wise. She is used to show consumers that there are several things they can do in their own home to prevent themselves and others from getting sick due to foodborne illness. The Partnership's Education Committee, of which the CFIA is a member, launched "Mrs. Cookwell" as a pilot project on six university campuses across Canada. The Agency anticipates that the results of this pilot will allow the Partnership to launch the initiative nationally in 2004–05.

More information on this initiative is available at:
http://www.canfightbac.org/mrs_cookwell/index.shtml

Food Safety Activity book for children — Developed by the CFIA with assistance from a non-profit educational organization, the Food Safety Activity book was developed for children aged five to eight. The bilingual book is a follow-up activity to the CFIA's School Outreach program, and includes information about the CFIA, general food safety, and the Food Recall/Allergy Alert program. These books are distributed at various events attended by the CFIA and have been posted on the Food Recall Resource Centre section of the Agency Web site at:
http://www.inspection.gc.ca/english/corpaffr/educ/active5-8e.shtml

Food Safety Wheel — The Food Safety Wheel is an interactive educational food safety game that has been used at various events to engage consumers in discussions about food safety. The wheel contains four sections that focus on the key consumer food safety messages: "clean," "cook," "chill" and "separate." When visitors approach the exhibit, Agency staff can take the opportunity to quiz them on food safety, distribute information materials and answer any questions that they may have.

This resource was developed by the CFIA with the assistance of Health Canada, and it has been made available to both Health Canada and the Canadian Partnership for Consumer Food Safety Education for use at their events.

A Web version of the Food Safety Wheel is available on the CFIA's Web site at:
http://www.inspection.gc.ca/english/corpaffr/educ/gamejeu/wheeroue.shtml

Food Safety Pamphlets (audio format) — Working with the Canadian National Institute for the Blind (CNIB), the CFIA has taken several food safety, allergy alerts and food recall pamphlets and transferred them into an audio format to make them accessible to a wider audience. The audio recording of "Food Safety Tips and Facts" is available on compact disk or cassette, free of charge through the Agency.

Library Food Safety Outreach Program — In March 2004, the CFIA distributed Food Safety Outreach materials to close to 2700 public libraries across Canada. The bilingual package of materials sent to the libraries included Food Recall materials (tips sheet, pamphlets, poster and bookmarks) and several consumer-friendly food safety pamphlets.

By sending food safety materials to libraries, the Agency hopes to encourage libraries and library patrons to subscribe to the CFIA's free Food Recall/Allergy Alert e-mail subscription service, to access the CFIA as a source of food safety information, and to share this knowledge with others. This initiative has led to an increase in the number of subscriptions to the CFIA Food Recall listserv from 6377 in 2002–03 to 9498 in 2003–04.

CFIA's Web site
The Agency's Web site features prominent food safety issues as well as information on food safety programs. CFIA Web site monitoring for 2003–04 shows an interest in the following food safety information pages:

Food Recalls -1 297 024 page views (English and French)
Food recalls information continues to be of great interest at the industry and consumer levels. The CFIA provides information on recalls caused by unsafe food, potential adulterations and undeclared ingredients (e.g., an allergen) at the following Web site:
http://www.inspection.gc.ca/english/corpaffr/recarapp/recaltoce.shtml

Hazard Analysis Critical Control Point (HACCP) pages (including on-farm food safety) - 602 736 page views (English and French)
The Agency has been encouraging food industry adoption of HACCP-type systems for several years and has expanded support for HACCP to the farm level with the development of on-farm HACCP programs. More information is available at:
http://www.inspection.gc.ca/english/fssa/polstrat/haccp/haccpe.shtml

Food Safety Fact Sheets - 309 353 page views (English and French)
Informing consumers about their role in food safety is an important objective of the Agency. The fact sheets provide a range of information about common causes of food borne illnesses and specific risks. More information is available at:
http://www.inspection.gc.ca/english/corpaffr/foodfacts/fftoce.shtml

Guide to Importing Food Commercially/Good Importing Practices – 34 618 page views (English and French)
The Guide to Importing Food Commercially is a guideline to aid Canadian importers in finding appropriate contacts within the Canadian government to deal

with imported food issues. More information is available at: **http://www.inspection.gc.ca/english/corpaffr/publications/com_import/toce.shtml.** The Good Importing Practices is a tool used by the CFIA in the assessment of Canadian importers' controls on imported foods, which are primarily regulated under the *Food and Drugs Act* and *Regulations*. More information is available at: **http://www.inspection.gc.ca/english/fssa/labeti/inform/impprae.shtml**

Public opinion research

In 2003–04, the CFIA commissioned Ekos Research to conduct a survey focusing on public perceptions relating to BSE. In this survey, almost nine out of ten Canadians indicated that they believe that eating Canadian beef is safe. Furthermore, 73 percent of respondents indicated that they believe there is little chance that any food in Canada has been or will be contaminated by BSE. Close to one-third of Canadians reported that their confidence in the food safety system has been strengthened by how the BSE incident was handled, while two in three Canadians indicated that they have confidence in their food safety system.

Summary of 2003–04 Specified Priorities and Results

In addition to carrying out its core regulatory activities, the Agency also addressed specific priorities that were outlined in the CFIA's *2003–04 Report on Plans and Priorities*. The CFIA's performance in meeting those commitments is summarized in the following table:

Food Safety Key Results and Achievements in 2003–04

Key Result	CFIA Priorities (listed in RPP)	Results Achieved in 2003–04
Food industry adopts risk management practices	Development and adoption of risk management strategies for emerging hazards and new technologies:	
	• Expansion or implementation of hazard/pathogen (e.g., *E. coli 0157:H7* in beef) reduction initiatives.	Ongoing Established mandatory validation by industry of slaughter and processing steps to reduce the risk of *E. coli O157:H7*.
	Development or enhancement of food strategies, such as:	
	• Development of HACCP-based inspection for hog slaughter;	Completed development of HACCP-based inspection for hog slaughter strategy.
	• Implementation of mandatory Food Safety Enhancement Program (FSEP) for registered meat establishments;	Ongoing 84 percent of federally registered establishments have implemented or are in the process of implementing FSEP.
	• Implementation of Canadian Partners in Quality (C-PIQ) Program; and	Completed pilot program and implementation of C-PIQ. 530 shipments of potatoes were exported to the U.S. under the C-PIQ Program.
	• Recognition of on-farm food safety programs, as part of the Government of Canada's Agricultural Policy Framework.	Ongoing Refer to Section 3.4.1.1
Food meets domestic and trading partner requirements	Expansion and implementation of import policy:	
	• Development and provision of good importing practices to importers.	Developed the Good Import Practices Guide to assist Canadian importers in controlling risks and meeting legislative requirements. Provided importers with an Importer Labelling Protocol Form to assist importers in establishing control systems to improve compliance with Canadian legislative requirements.
	Enhanced focus on international collaboration and involvement:	
	• Assessment of foreign exporting countries' capacity to meet Canadian legislative requirements;	Ongoing Refer to Section 3.4.1.2

	● Strengthening of collaborative relationships with other national governments, including emphasis on shared information and intelligence gathering; and	Ongoing Maintained involvement in the Quadrilateral Discussion on Food Safety (FS Quad), which provides a forum for the systematic exchange on issues of mutual interest and to facilitate harmonization of inspection and certification systems and food safety standards between the participating countries. Continued to develop collaborative approaches and share information within international fora such as North American Free Trade Agreement (NAFTA) and *Codex Alimentarius*.
	● Provision of input and advice on international science-based standards.	Ongoing Led with HC Canada's participation in *Codex Alimentarius*, the international standard-setting body for food. In this role, the CFIA chaired or participated in 37 working groups and led or contributed to the development of a number of international food standards, guidelines and related texts.
Food safety emergencies and incidents are effectively managed	Comprehensive assessment of potential threats related to agri-food terrorism: ● Development and testing of a food safety emergency preparedness and response plan in collaboration with Health Canada and other provincial and territorial agencies; and	Completed Revised and updated with Health Canada a national Foodborne Illness Outbreak Response Protocol (FIORP). FIORP will be reviewed by a federal/provincial/territory committee in 2004–05.
	● Enhanced co-operation with the U.S. on emergency preparedness and the implementation of food security measures.	Participated in Canada–U.S. food counter-terrorism exercise in May 2003. This exercise demonstrated Canada–U.S. co-operation on security matters and provided an opportunity to practise domestic crisis and consequence management arrangements.
Industry complies with regulations	Development and implementation of innovative compliance and enforcement approaches to address both new and existing legislative requirements: ● Enhancement of inspection, investigation and enforcement capacities of personnel;	Delivered training activities for protecting Canadians from preventable health risks in the food safety program, which ranged across most commodity groups and programs. Delivered an enhanced multi-commodity group training for the Food Safety Enhancement Program, a "Partners-in-Quality" training program for fresh vegetables, and a program for grower issuance of seed potato shipping documents.

	• Updating of inspection and laboratory procedures and manuals to improve effectiveness and consistency; and	Ongoing Developed guidance for inspectors on nutritional labelling.
	• Strengthening of training programs for inspection staff.	Ongoing Invested $6.4 million in training, a 23 percent increase over 2002–03. Implemented over 100 national science-based training events through the delivery of training to trainers or end-users.
	Increased co-operation and collaboration among relevant federal, provincial and territorial agencies to improve compliance in the non-registered sector.	Finalized the Code of Practice, General Principles of Food Hygiene, which clearly identifies the appropriate food safety and consumer protection controls required for the non-registered sector. The document will be considered by a federal, provincial and territorial committee in 2004–05.
Stakeholders understand and are committed to regulations and policies	Strengthening of consultative relationships with stakeholders to encourage collaborative involvement in developing and implementing new and existing food safety and labelling requirements.	Ongoing Refer to Section 3.4.1.5
Public is aware of and contributes to food safety	Development of educational materials in collaboration with the Canadian Partnership for Consumer Food Safety.	Completed Refer to Section 3.4.1.6
	Evaluation and appropriate implementation of labelling requirements as a public health tool to provide better information to Canadians (in consultation with Health Canada).	Ongoing Contributed to Health Canada's policy on the development of public health tools.
	Development and communication of food safety and labelling messages to consumers (e.g., allergy alerts).	Ongoing Refer to Section 3.4.1.6 Issued 61 allergy alerts.

Audit and Evaluation Findings

In 2003-2004 the CFIA conducted the following reviews or evaluations with respect to programs and activities delivered under the Food Safety business line:

- *Evaluation of CFIA's Compliance and Enforcement Activities Related to the* Food and Drugs Act*;*
- *Review of Consistency in Program Delivery*.

The objective of the *Evaluation of CFIA's Compliance and Enforcement Activities Related* to the Food and Drugs Act was to assess the effectiveness of the CFIA's *Food and Drugs Act* (FDA) compliance and enforcement activities. The FDA is a core federal statute which provides enabling authority for a significant portion of the CFIA's food

safety programming. The administration and enforcement of the FDA is shared between Health Canada and the CFIA. In March 2000, the CFIA reorganized its FDA compliance and enforcement activities in order to consolidate food safety and labelling activities and to introduce an updated science and risk-based inspection approach. The three lines of enquiry examined in this evaluation study included: governance, organization, decision making and resources; relationships with key partners; and coverage of the non-registered sector.

The overall conclusions of the evaluation study were that the revised program represents a solid approach to delivering the CFIA's compliance and enforcement activities related to the FDA. Significant progress has been achieved on working relationships with partners; however, further improvements are needed in some areas. The study also noted that while progress has been made with respect to clarifying roles and responsibilities pertaining to the non-registered sectors, further policy development and bilateral agreements are still required.

The *Review of Consistency in Program Delivery* assessed the level of consistency in the CFIA's program delivery and recommended changes for improvement. The scope of this review included all aspects of CFIA programming, including policy, approach, delivery and oversight. Consistency of delivery was assessed for 37 unique programs and sub-programs (inspection and regulatory activities). Efforts were made to identify opportunities to improve consistency in program delivery. The overall findings of the review were that inconsistencies in program delivery exist in all programs and sub-programs, but the extent and risk associated with these inconsistencies vary. The review noted that a sustained effort is required to continue progress towards improving consistency.

The *Canadian Food Inspection Agency Act* gives Health Canada the responsibility of assessing the effectiveness of the CFIA's activities related to food safety. Pursuant to this mandate, Health Canada routinely conducts assessments of the CFIA's food safety activities with the dual objectives of: providing advice and guidance to the CFIA on its food safety activities; and providing feedback to assist Health Canada in carrying out its role of developing food safety and nutrition policies and standards.

In 2003-04, Health Canada developed an evaluation framework for the Canadian Food Inspection Agency's Modernized Poultry Inspection Program (MPIP). MPIP is a CFIA initiative aimed at addressing the microbiological, chemical or physical hazards associated with raw poultry. The evaluation planning document outlines key evaluation questions and examines the type of data that needs to be collected to answer those questions. The document also provides the CFIA with an evaluation strategy for a future assessment of the effectiveness of MPIP.

For a copy of this report, as well as previous food safety assessments conducted by Health Canada, please visit the following Web site:
http://www.hc-sc.gc.ca/food-aliment/fsa-esa/e_index.html

3.4.2 Animal Health

Contribution to Canadians

Protection of the animal livestock sector is integral to food safety, public health, protection of the resource base, and national and international confidence in Canadian agricultural products. This resource must be protected from serious animal diseases and chemical and microbial contamination. Some animal diseases also threaten the health of Canadians.

Protection of the animal livestock sector is essential for Canadian food production. The animal livestock sector is a significant part of Canada's food-manufacturing industry, contributing almost half of the total farm receipts in Canada. An animal disease outbreak can therefore cause multi-million dollar losses. The marketability of our animals, their products and by-products is significantly enhanced by Canada's reputation for being free of certain serious diseases.

Summary of Animal Health Programs Activities and Expenditures

Program	Authority	Activities	2003–04 Expenditures
Animal Health	*Health of Animals Act*	• Monitor, test, inspect, negotiate and quarantine to prevent, control or eradicate regulated animal diseases; and • Regulate transportation of animals and production inputs such as animal vaccines	Total Program cost: $145.4 million (24.1 percent of CFIA spending)
Livestock Feed	*Feeds Act*	• Protect livestock from chemical contamination and microbial hazards through the regulation of livestock feed ingredients; and • Verify that livestock feeds, including rendered products manufactured and sold in Canada or imported to Canada, are safe, effective and labelled appropriately.	Total Program cost: $10.5 million (1.7 percent of CFIA spending)

Animal Health Key Partners

Other federal departments and agencies: Working in close collaboration with other federal government partners such as Agriculture and Agri-Food Canada, Fisheries and Oceans and Environment Canada, the CFIA shares expert advice, develops regulatory policies and sets standards.

Provincial and territorial governments: At the provincial level, CFIA staff work with the ministries of agriculture, fisheries and the environment on activities similar to those undertaken with federal departments and agencies.

Non-government stakeholders: The CFIA partners with national agri-food producers and others in the review, development and implementation of animal health and food safety policies and programs. The Canadian Animal Health Consultative Committee (CAHCC) comprises national industry associations, federal/provincial/territorial governments, academia and veterinarians, and has assisted in this work, as have

commodity associations and those representing animal welfare and environmental interests.

Research institutions: The CFIA collaborates with Canada's academic veterinary institutions to identify strategic directions in scientific research.

International organizations and trading partners: The CFIA works with a number of international organizations and committees in an effort to influence the development of international science-based animal health regulations, and collaborate on the development of regulatory policy objectives and strategies. Key committees and organizations include the Animal Health Quadrilateral Group, the North American Animal Health Committee, and the World Organization for Animal Health (OIE), WTO and NAFTA committees. With respect to livestock feed, the CFIA works with international organizations such as the *Codex Alimentarius* Commission, the Organisation for Economic Co-operation and Development (OECD), and the Association of American Feed Control Officials (AAFCO).

2003–04 Performance by Key Result

3.4.2.1 Entry Into Canada of Regulated Diseases Is Mitigated

To accomplish this key result, the CFIA regulates the entry of all imported animals and animal products into Canada. The Agency also carries out surveillance activities and conducts scientific risk evaluations to guide its import policies.

Canada belongs to the World Organization for Animal Health (OIE), the international standard-setting body for animal health. Canada's OIE membership provides access to early notification of animal disease outbreaks. The CFIA regulates animal diseases through the *Reportable Diseases Regulations.* These include all OIE-classed "List A" diseases, which have the potential to spread rapidly and cause serious socio-economic or public health problems, and the OIE-classed "List B" diseases that are of concern to Canada. The regulations require any such diseases to be reported to the CFIA. Canada's list of reportable diseases is posted on the CFIA's Web site at **www.inspection.gc.ca/english/anima/heasan/disemala/guidee.shtml**

Examples of OIE List A and List B Diseases

List A*	List B
Foot-and-mouth disease	Bovine spongiform encephalopathy
Highly pathogenic avian influenza	Bovine tuberculosis
Newcastle disease	Rabies

* For a complete list, visit **http://www.oie.int**

Controlling animal imports

Importing animals and animal products may increase the risk of diseases entering Canada. The CFIA establishes the conditions for the entry of these higher-risk shipments, which may include import permits, pre-entry and post-entry testing, quarantines and export certification.

Border inspections also target high-risk animals in which there may be visible signs of disease. Animals that are not in compliance with import requirements or that pose a threat to Canada's animal health status are refused entry or may be ordered destroyed. Most live animals from countries other than the United States require quarantines, which are enforced by the CFIA staff.

In 2003–04, the CFIA, through the services of the Canada Revenue Agency and the Canada Border Services Agency (formerly the Canada Customs and Revenue Agency), controlled the entry of more than 20.8 million farm animals. This is a significant drop in imports from previous years, and is attributed to an outbreak of Newcastle disease affecting exports of U.S. poultry to Canada and Canada's case of BSE affecting ruminant imports (cattle, sheep and goats). Of the imported animals, 686 were rejected at the port of entry in 2003–04. The number of rejected animals, although significantly lower than the 2002–03 figure of 10 476, is consistent, in relative terms, with that of previous years. The 2002-03 rejection figure was attributed to a high number of individual animals in a single rejected load of imported poultry.

Evaluating the risks

As an additional measure to control the entry of regulated animal diseases, the CFIA conducts scientific risk evaluations of both the commodity and the disease status of the exporting country. These risk evaluations provide objective information to support regulatory decisions. The following table lists some of the key risk evaluations conducted last year to guide import policies.

Key Risk Evaluations 2003–04

Risk Evaluation	Impact
Import risk analysis concerning the potential introduction of bluetongue and anaplasmosis by U.S. feeder cattle.	The CFIA revised its import policy to permit year-round imports of U.S. feeder cattle into Canadian feedlots.
Import risk analysis on the status of Spain and Austria related to classical swine fever (CSF).	A three-phase mission to the (European Union) EU is underway to collect additional information on the control and eradication measures of this and other swine diseases, and to consider these diseases as a model for evaluating EU regionalization programs.
Import risk analysis concerning importation of fresh/frozen pork from Germany, specifically from CSF-free zones.	Same as above.

The CFIA revises import conditions when a country's disease status changes. In 2003–04, Canada suspended trade with the United States in ruminants and ruminant products following the occurrence of bovine spongiform encephalopathy (BSE) in a Canadian-born cow that was slaughtered in the United States in December 2003. Canada also suspended trade with Korea, Japan, China, Hong Kong, and Vietnam in birds and bird products following an outbreak of highly pathogenic avian influenza in those countries.

3.4.2.2 Spread of Regulated Animal Diseases Is Mitigated

Disease control programs are designed to prevent or mitigate the effects of disease outbreaks, with disease eradication as the principal goal. To encourage early reporting, the CFIA also provides a financial incentive by administering a compensation program under the authority of the *Health of Animals Act*. The following describes some of the animal disease control programs delivered by the CFIA in 2003–04. (Last year's BSE and avian influenza incidents are discussed in Section 3.4.2.3). A full list is available at:
http://www.inspection.gc.ca/english/anima/heasan/disemala/disemalae.shtml

Chronic wasting disease
Chronic wasting disease (CWD) is a member of the transmissible spongiform encephalopathy (TSE) family and is a progressive, fatal disease of the nervous system of cervids (such as deer and elk). There is no known treatment or vaccine. The CFIA's national disease eradication program for CWD involves the co-operation of federal and provincial governments, the cervid industry, veterinary colleges and veterinarians. In 2003, no positive cases of CWD in farmed cervids were identified, following testing of 16 476 animals under mandatory provincial surveillance programs in Alberta, Saskatchewan, Manitoba and the Yukon. This indicates that the CFIA's quarantine program is effective in controlling the disease and that CWD may be eradicated in this sector. CWD was last identified in farmed elk in March 2002 and in farmed deer in November 2002.

Of the 10 427 tests performed on wild cervids, 16 positive samples were found in Saskatchewan. Continued surveillance and testing is still required, given the long incubation period of this disease and the potential for wild cervids to affect farmed animals. More information on CWD is available at:
http://www.inspection.gc.ca/english/anima/heasan/disemala/cwdmdc/cwdmdcfse.shtml

Scrapie
Scrapie is a TSE disease affecting sheep and goats. The CFIA's scrapie control program requires animals exposed to this disease to be destroyed and prevented from entering the food chain. In 2003, scrapie was diagnosed in 12 sheep flocks. The Agency's follow-up investigations resulted in 5360 sheep from 36 premises being destroyed. Although scrapie was only diagnosed in four flocks in 2002, the level of detection in 2003 is consistent with results in years prior to 2002.

To further control this disease, the sheep identification program came into effect in January 2004. Similar to the Canadian Cattle Identification Program, this national mandatory program will be enforced by the CFIA. The program will increase the CFIA's ability to trace animals associated with disease incidents. As additional improvements to the eradication program are introduced, the CFIA expects to see an increase in the number of sheep found positive for scrapie. More information on scrapie is available at:
http://www.inspection.gc.ca/english/anima/heasan/disemala/scrtre/scrtree.shtml

Zoonotic diseases

Diseases that can be carried by animals and transmitted to humans, either through contact or via the food chain, are called "zoonotics." To protect the health of Canadians, it is critical that the CFIA carry out timely and effective surveillance, testing and control activities for these diseases. The following are examples of some of the CFIA's control programs for zoonotic diseases.

Bovine tuberculosis
Surveillance of bovine tuberculosis is ongoing, as this disease nears eradication in Canadian cattle, farmed bison and cervids. All areas of Canada except the Riding Mountain Eradication Area in Manitoba are considered to be free of tuberculosis. In 2003–04, one tuberculosis-infected herd was found in southeastern Manitoba. This herd acquired the disease through the movement of untested cattle from the Riding Mountain area before eradication measures, which include testing and movement permits, were put in place in January 2003.

Last year, the CFIA worked with Parks Canada, the Government of Manitoba, and a number of multi-stakeholder working groups to meet additional objectives of the tuberculosis program in the Riding Mountain area. Through the laboratory testing of more than 500 samples, the CFIA contributed to defining the distribution and prevalence of tuberculosis in wildlife in the area, and to the removal of wild elk considered to be at greatest risk of being infected. More information is available at: **http://www.inspection.gc.ca/english/anima/heasan/disemala/tuber/tubere.shtml**

Rabies
Provincial governments are responsible for controlling rabies in wild animals. As the disease has the potential to be transmitted to humans or domestic livestock, the CFIA also undertakes activities to control the spread of rabies in Canada. These activities include the diagnosis of reported suspect cases of rabies; requiring proof of vaccination against rabies for all cats and dogs over three months of age entering Canada; ongoing research; and licensing of rabies vaccines.

In 2003, the Agency tested 11 992 specimens for rabies, compared with 11 308 in 2002. Of the specimens tested in 2003, 265 were positive. The CFIA maintains a rabies Web site that contains quarterly and annual reports on the positive rabies cases, listed by species and province. The site also provides comprehensive information on the disease and the CFIA rabies control program. Finally, the CFIA publishes a rabies information pamphlet, which is made available to pet owners and livestock producers.

More information on the rabies control program is available on the CFIA's Web site at:
http://www.inspection.gc.ca/english/anima/heasan/disemala/rabrag/rabrage.shtml

West Nile virus
West Nile virus can be transmitted from animals to people through the bite of an infected mosquito. Since 2002, the West Nile virus has been considered an indigenous disease in Canada. In May 2003, the West Nile virus became an immediately notifiable disease under the *Health of Animals Act* and *Reportable Diseases Regulations*. As a result, all veterinary laboratories in Canada are now required to report to the CFIA upon suspicion or diagnosis of the West Nile virus in all domestic animals. The CFIA gathers and compiles the data reported by laboratories and transfers it to Health Canada to assist in the tracking, recording and mapping of positive West Nile virus cases. In 2003, there were 445 cases of the West Nile virus reported in domestic animals from six provinces.

More information on Canada's response to the threat of the West Nile virus is available at: **http://www.hc-sc.gc.ca/english/westnile/index.html**

3.4.2.3 ANIMAL HEALTH AND LIVESTOCK FEED EMERGENCIES AND INCIDENTS ARE EFFECTIVELY MANAGED

Last year was one of significance in terms of animal disease outbreaks in North America, requiring extraordinary action on the part of the CFIA. The following section outlines the Agency's response to two of the most significant animal health incidents for Canada: BSE and avian influenza. Also described below are some of the CFIA's ongoing animal health emergency preparedness activities.

Bovine spongiform encephalopathy

Following the May 20, 2003 detection of a BSE-infected animal in Canada, the CFIA launched a comprehensive and exhaustive investigation. Efforts spanned four provinces and two countries and included feed investigations and the tracing of the movement of animals.

On December 23, 2003 when the origin of a BSE-positive cow from the state of Washington was traced to Alberta, a similar response was needed. The CFIA's extensive investigation determined the herd of origin of the BSE-positive cow found in Washington State, traced its movement to the U.S., and identified other animals from the birth herd in Canada that may have had similar exposure to BSE.

The CFIA also conducted an investigation of feed sources for the herds in question, which included a review of feed purchasing, production and distribution records covering the period of 1996 to 1998. As part of the investigation, the Agency reviewed information related to feed and rendering facilities that may have been part of the production chain for feeds used on the farm under investigation. The investigation has revealed that, in both cases, the most probable source of infection was contaminated feed consumed early in the animals' life, and before the introduction of Canada's ruminant feed ban regulations in August 1997.

An integrated national animal health response, led by the CFIA, brought together various federal departments and agencies, provincial government and non-government agencies, industry and municipalities. Throughout the investigation and response activities, the CFIA and its partners provided timely communications to help Canadians understand the disease and how they were being protected. According to public opinion research conducted in January 2004 by Ekos Research, despite the discovery of a second case of BSE linked to Canada, 78 percent of Canadians felt that Canadian beef was safe to eat. A panel of international BSE experts commended the CFIA's management of this issue but, in light of Canada's changed circumstances as to its BSE status, also made some recommendations for regulation policy enhancements.

Between the fall of 2003 and January 2004, the CFIA received an additional $99 million[2] in funding over five years, towards enhancements to four elements of the BSE program. These elements are: enhanced BSE surveillance testing; removal of specified risk

[2] Amount rounded to nearest million.

material (SRM)[3] from the food supply; enhanced tracking and tracing; and enhanced export certification.

Enhanced surveillance for BSE has become a top CFIA priority. In 2003, over 5700 samples were tested for BSE, representing an increase of 70 percent from the previous year. In January 2004, Canada announced that BSE surveillance would be increased to more accurately assess the prevalence of BSE and to verify the effectiveness of preventive measures taken. Using a phased approach, the number of animals tested annually will be increased from a minimum of 8000 animals the first year to 30 000 samples in subsequent years. Testing will continue to focus on animals most at risk of being found positive for BSE, including those that demonstrate clinical signs of this disease, are over 30 months of age and unable to stand, die on-farm, are diseased or must be destroyed because of serious illness. A sample of other older animals outside these risk classes will also be tested. The CFIA is working with provinces and industry to develop the necessary infrastructure to achieve Canada's surveillance objectives. BSE surveillance will continue to reflect international guidelines and the demographics of the adult cattle population in Canada.

In July 2003, Canada implemented the single most effective measure to protect human health by prohibiting SRM from the human food supply. SRM are tissues — such as the brain and spinal cord — that, in BSE-infected cattle, have been shown to contain the agent that is associated with the transmission of the disease. To prevent SRM from entering the human food supply, amendments were made to the *Food and Drug Regulations* and the *Health of Animals Regulations* on July 18, 2003. These requirements set out in these amendments went into effect in federally registered meat establishments on July 24, 2003 by way of a CFIA directive and were extended to all other beef produced in or imported into Canada on August 23, 2003.

The 1997 ban on feeding ruminant animal protein to other ruminants, originally introduced as a secondary line of defense behind import controls, is now the key to preventing further transmission of BSE in the Canadian herd. The international team of experts strongly endorsed the additional measure of excluding SRM from all animal feed as a means to protect animal health by reducing infectivity in meat and bone meal generally. In response, the Government of Canada is examining a number of options to enhance Canada's existing animal feed ban, and SRM removal is being actively considered. Extensive consultations continue with the scientific community, international trading partners, the provinces, and industry as Canada wants to be sure that any adjustments to the feed ban are appropriate, defensible and properly implemented.

The ability to trace animals epidemiologically linked to the BSE incidences in 2003 demonstrated the utility of the current Canadian Cattle Identification Program. However, it also demonstrated the need for further enhancements if Canada is to meet growing international expectations in this area. As a result, policy enhancements are being introduced by the CFIA to strengthen Canada's cattle identification program. Enforcement of the program is being increased, as will research into new technologies.

[3] Specified risk material includes parts of bovine animals that may contain BSE infectivity in an affected animal. They include the brain skull, spinal cord, tonsils, distal ileum (a part of the small intestine), eyes and other nervous tissues, namely the trigeminal ganglia and dorsal root ganglia. In July 2003, in accordance with a recommendation of an international panel of BSE experts, the Government of Canada implemented policies and regulations to prohibit the use of cattle SRM in human food as a public health precaution.

Links and integration with provinces, territories, industry and trading partners will also be enhanced.

In 2003–04, the CFIA strengthened its capability to respond to importing countries' BSE-related requirements for increased certification of food, feed and other products containing, or potentially containing, bovine ingredients. For example, before the detection of BSE in Canada, animal feeds and animal by-products could move freely into the United States without CFIA certification. In May 2003, the United States imposed import conditions on these commodities, requiring inspection and certification by the CFIA to verify compliance with new BSE-related conditions. It is estimated that the CFIA will be required to produce up to 25 000 export certificates annually and complete ongoing feed mill reviews to meet these new requirements.

For a country that has had to deal with a domestic case of BSE, Canada's re-entry into export markets has been unprecedented. By the end of summer 2003, Canadian exporters had regained access to North American markets for boneless meat from cattle under 30 months of age (12 months in the case of sheep and goats). In the months that followed, Canada regained at least partial access to a number of other foreign markets for a range of ruminant animal products. However, a general lack of export market access for live ruminant animals, whether for slaughter, feeding or breeding, remains a serious problem. Also, insufficient general access to international markets for bone-in meat products and a range of other products (including variety meats) is reducing the overall value generated per carcass. The CFIA continues to work vigorously, in co-ordination with its federal, provincial and territorial partners, and the industry, to develop reasonable and science-based technical and regulatory conditions of trade to enable improved access to international markets for Canadian livestock and meat products.

More information on the CFIA's response to BSE is available on the CFIA's Web site at: **http://www.inspection.gc.ca/english/anima/heasan/disemala/bseesb/bseesbe.shtml**

Avian influenza

Just as Canada was beginning to recover from BSE, it faced another hurdle. The CFIA identified the presence of avian influenza on a poultry farm in the Fraser Valley of southern British Columbia on February 18, 2004. The farm was immediately quarantined and, once the disease was confirmed on February 19, all infected birds on the farm were euthanized.

Canada's response to the situation was immediate and comprehensive, given the contagious nature of this disease and the perceived threat to human health. When it was determined that the virus isolated from the Fraser Valley farm was considered "highly pathogenic" by international definitions, a control area was established to prevent further spread of the disease. The CFIA began a surveillance program and established movement restrictions for birds and bird products within the area. By April 2, a total of 18 farms had been confirmed with the presence of avian influenza. On April 5, the CFIA announced the depopulation of all birds in the control area. Compensation was provided under the *Health of Animals Act* to the owners of birds ordered destroyed.

By late May, the CFIA and its partners had brought the avian influenza situation under control. Ongoing surveillance efforts resulted in the testing of more than 1100 premises within the control area — the majority of which showed no presence of avian influenza.

This national emergency, which unfolded in British Columbia, was managed successfully through the combined efforts of federal, provincial and municipal animal health and public health authorities. The CFIA-led animal health response was fully supported by

other federal departments and agencies, provincial and municipal governments, industry and international organizations.

More information on the CFIA's response to avian influenza is available on the CFIA's Web site at:
http://www.inspection.gc.ca/english/anima/heasan/disemala/avflu/avflue.shtml

Risk analysis supports regulatory decision making
In addition to coordinating an operational response to these two outbreaks, the CFIA conducted a number of risk assessments to support science-based decision making. In the case of BSE, the CFIA undertook a scientific assessment of the safety of commodities derived from Canadian cattle, such as tallow, gelatin, hides, embryos, semen, and bovine serum. The Agency also conducted a risk analysis on the safety of Canadian bovine serum and albumin in the context of export and domestic use of these products. Risk analyses were used to estimate the level of potential feed contamination from rendering, following the May 2003 case, and to verify the safe disposal of BSE test-negative cattle in landfill.

In managing the avian influenza outbreak, the CFIA scientists analyzed the susceptibility of pigeons, quail, ostriches, emus, ducks, geese, guinea hens and many species of pet birds to the infection. This information was taken into consideration in the decision to depopulate backyard flocks. Decisions related to the composting of carcasses and eggs following the depopulation of infected flocks, as well as management of manure with respect to virus survival times, were based on science provided by CFIA risk analysts. The role of wild birds as a source of infection was also assessed, as was airborne transmission to other flocks. Finally, the role of wooden palettes used on poultry layer farms for the shipment of table eggs was assessed with respect to the dissemination of the disease.

Animal health emergency preparedness
The CFIA plans and conducts emergency preparedness activities in collaboration with other Canadian and international agencies, such as the Office of Critical Infrastructure Protection and Emergency Preparedness, to prepare for an effective and well co-ordinated response to possible animal health or livestock feed emergencies.

CFIA activities in this area include emergency simulations, assessments of potential threats and evaluation of emerging technologies and tools to help the Agency better manage its emergency response. Some examples of these activities include:

North American disease modelling exercise
The CFIA, along with the USDA, Colorado State University, the University of Guelph, and the Ontario Ministry of Agriculture and Food, is taking part in a four-year project to develop a supercomputer simulation model for highly contagious diseases of animals.

This year's activities include validating the model through a peer review process, comparing the model's results with actual outbreaks, and comparing the model with other existing and accepted disease models. The overall objective of the project is to develop a predictive tool to improve preparedness for an outbreak of highly contagious disease in livestock such as foot-and-mouth disease (FMD).

North American FMD Vaccine Bank
In 2003-04, the Commissioners and Technical Committee of the North American FMD Vaccine Bank (comprising the CFIA and federal partners in the United

States and Mexico) met to discuss the addition of further FMD antigens to the Bank in response to the changing global FMD situation, particularly related to countries with which the members of the Bank have significant trading arrangements. This meeting took place prior to the FMD simulation exercise (referenced below) and resulted in decisions regarding new antigens being added to the Vaccine Bank.

FMD simulation exercises
In 2003–04, the North American Animal Health Committee (comprising the CFIA and federal partners in the United States and Mexico) completed the second of four exercises that simulate cross-border foreign animal disease events involving FMD. Three objectives were identified for this program: to exercise early communication related to suspicion and confirmation of FMD; to exercise vaccine decision making; and to facilitate discussion of FMD response plans between countries. Part three of the FMD program has been delayed until March 2005 because of operational priorities following the finding of BSE in North America.

Canadian Animal Disease Emergency Management System Database
The CFIA has adapted an American emergency management response system for foreign or emerging animal disease outbreaks as an interim measure for use in Canada. This data system, known as the Canadian Emergency Management Response System, is now available throughout most of the country. This system was tested during the recent BSE and avian influenza situations, where it was proven to be an effective data management tool.

3.4.2.4 CANADIAN ANIMALS AND THEIR PRODUCTS MEET DOMESTIC AND INTERNATIONAL ANIMAL HEALTH REQUIREMENTS

The CFIA facilitates the export of Canadian animals and animal genetics by negotiating protocols with prospective global trading partners. CFIA export certificates attest to the health of Canadian livestock that meet importing countries' requirements.

In 2003–04, the CFIA negotiated 21 new export certificates and restored or improved access to markets by revising or updating export agreements. Examples include export certificates negotiated for the export of bovine genetics (semen and embryos) to Algeria, South Africa, Zimbabwe and Norway, and the export of porcine blood to Mexico. Certificates were restored to resume exports of bovine semen to Brazil, Argentina, and Korea, following Canada's BSE finding. These markets contributed to the increase in Canadian bovine semen exports from 3.7 million exports in 2002–2003 to 3.8 million in 2003–2004.

Many countries base their import requirements for animals and animal products on a country's animal health status or specific disease testing activities. In Canada, surveillance activities are conducted in accordance with OIE standards, which form the basis for establishing disease freedom. For example, the CFIA periodically conducts a bovine serum survey to demonstrate that Canada is free of brucellosis. Accordingly, Canadian embryo exporters access markets based on the country's disease freedom status rather than the more costly testing requirements.

In the past, Canadians travelling abroad with pets such as cats and dogs have had their pets subject to lengthy quarantines in some countries. Since December 2002, pets accompanying Canadians travelling to the U.K. can qualify under the Canadian Pet

Travel Scheme to enter without quarantine. Last year, CFIA veterinarians began to endorse certificates verifying that the program requirements, as negotiated between the CFIA and U.K. authorities, are met. Pets are required to be microchipped and vaccinated against rabies, and to have a confirmatory blood sample taken by a veterinarian six months prior to their entry into the U.K. As a result of these activities, Canadian travellers to the U.K. are now realizing the benefits of facilitated access for their pets. The CFIA's Web site was updated to provide information on this popular program.

More information on this program is available on the CFIA's Web site at:
http://www.inspection.gc.ca/english/anima/heasan/export/uk-rue.shtml

3.4.2.5 INDUSTRY COMPLIES WITH REGULATIONS

The CFIA is committed to working with the Canadian livestock and feed industries to promote regulatory compliance with the *Health of Animals Act* and the *Feeds Act*, as well as the associated regulations. To this end, the Agency carries out activities to inform industry about current or modified legislative requirements.

To promote compliance, the Agency also develops and delivers animal health and livestock feed programs that may include ongoing monitoring, targeted investigations and, when required, enforcement actions such as fines or prosecutions.

Health of Animals Act
The CFIA enforces the *Health of Animals Act* and *Regulations* by verifying that animals and animal products imported into Canada present a minimal risk of disease entry. This is accomplished through a range of activities, from the monitoring of other countries' disease status to the control of importations, including the certification of import documentation, border inspections, testing and quarantine.

Through its monitoring, inspection, surveillance and testing activities, the CFIA enforces disease control measures as demonstrated in the Agency's response to the avian influenza outbreak in B.C. Additional information regarding the CFIA's enforcement of the *Health of Animals Act* is provided in Sections 3.4.2.2 and 3.4.2.3.

Feeds Act
The CFIA verifies that livestock feeds, including products manufactured and sold in Canada, or imported into Canada, are safe, effective and appropriately labelled.

The *Feeds Act* and *Regulations* require pre-market approval of all new livestock ingredients, and registration of specialty mixed feeds. Last year the CFIA received and completed a review of 692 submissions for ingredient approval, new registration or renewal of registration. Of these submissions, 631 (91 percent) met legislative requirements and were approved, which is an effective indicator that clients are aware of the program and the required elements for compliance. Average turnaround time for completion of reviews was 60 days, compared to 64 days in 2002–03, which is in keeping with the CFIA's service standard of 90 days for new feed registrations.

The CFIA regulates rendering plants and issues their operating permits. The plants process animal and food by-product materials, producing a number of products, including high-quality protein meals and fats. These products are not allowed for human food use, but can be used in the manufacture of livestock feed and pet food under standards designed to prevent the spread of animal diseases such as BSE.

Last year, all of Canada's 29 rendering facilities were inspected and found to be in compliance with the ruminant-to-ruminant feed ban regulations. After the finding of BSE in May 2003, operators of several plants across Canada voluntarily changed their plant operations to reduce the risk of non-compliance. Accordingly, the CFIA conducted additional inspections at five facilities to verify that the facilities remained in compliance following the appropriate changes to procedures and records.

Medicated Feed Regulations

In late 2003–04, the Agency received approximately $4.1 million in additional funding to develop and enforce new *Regulations Respecting the Making of Medicated Feed*. These regulations will apply to all manufacturers of medicated feed for food animals and contain standards for the manufacture of medicated feeds to better protect animal health and food safety.

Since February 2000, the CFIA has conducted a series of pilot projects on farms across Canada to assess the impact of the legislative requirements, and has drafted a Manual of Procedures.

A three-year phase-in process has been proposed for the implementation of the new regulations, which would allow the commercial feed and livestock sectors to adapt to the program requirements. Information sessions for stakeholders were held across Canada in April and May of 2004.

Veterinary biologics

The CFIA regulates veterinary biologics in Canada, which include animal health products such as vaccines, antibody products and diagnostic tests. The CFIA's responsibilities in this area involve the licensing of veterinary biologics and veterinary biologics manufacturers or importers, as well as post-licensure monitoring and facility inspection. The CFIA also investigates consumer complaints regarding suspected adverse reactions to veterinary biologics.

To meet Canadian licensing requirements, veterinary biologics must be shown to be pure, potent, safe and effective when used according to the manufacturer's label recommendations. In recent years, there has been a shift in the animal health products industry towards increased reliance on veterinary biologics for disease prevention and diagnosis. This trend, along with other factors, has resulted in an increased workload and an increase in the volume and complexity of new product submissions. As a result, the CFIA has increasingly encountered difficulties meeting the service standard timelines established for this function. For example, in 2003, the average time to complete the initial review for a new product licensing submission increased to 214 days, which exceeded the target of 180 days. In 2001, the average time for this activity was 159 days. The CFIA is taking steps to address this backlog by streamlining the approval process for certain classes of product.

The CFIA licensed 45 new products in 2003, completed the initial review of 46 new product submissions, and issued 230 import permits for "restricted use" products. For example, following the finding of BSE, permits were issued to authorize the importation and restricted distribution of two rapid tests for the diagnosis of BSE in cattle.

The CFIA initiated a new service delivery model for the Veterinary Biologics program in 2003. As a result, the Agency has increased its capacity for conducting facility inspections, from a historical average of seven facilities inspected per year to 44 completed inspections. In 2003, inspection activities focused on reducing the backlog of

Canadian commercial importers that had not previously been inspected, resulting in 21 of 29 (72 percent) such facilities being inspected.

Enforcement actions
Under the authority of the *Health of Animals Act* and the *Feeds Act*, 247 cases of non-compliance were investigated last year, resulting in 14 prosecutions and six convictions. The total value of the fines assessed by the courts was $35 900. Convictions pertained to violations relating to the transportation of animals, the failure to present high-risk products for inspection, and the sale of feed with undeclared ingredients.

3.4.2.6 STAKEHOLDERS UNDERSTAND AND ARE COMMITTED TO REGULATIONS AND POLICIES

The CFIA strives to achieve higher compliance levels among stakeholders by providing specific information on new regulations, safety and enforcement to target groups, including on-farm livestock producers, processors, and others within the agri-food community. In addition to targeted distribution, information on animal health and feed regulations and policies is posted on the CFIA's Web site.

More information on animal health is available on the CFIA's Web site at:
http://www.inspection.gc.ca/english/index/ahsae.shtml

Some specific examples of areas where the CFIA worked in 2003–04 to build stakeholder commitment to, and understanding of, regulations and policies are as follows:

Canadian Animal Health Consultative Committee
The CFIA continued to hold annual meetings with the Canadian Animal Health Consultative Committee (CAHCC), and advise animal industry associations of changes to international standards for animal health. Information on changes to animal health programs and information on OIE developments that may affect trade were shared and discussed.

More information on the CAHCC meetings is available on the CFIA's Web site at:
http://www.inspection.gc.ca/english/anima/heasan/cahcc/cahcc_e.shtml

Development of a regulatory framework for animal biotechnology
The CFIA, Environment Canada and Health Canada are working together to develop a regulatory framework for animals derived from biotechnology. In February 2004, the CFIA hosted a consultation on animal biotechnology. The discussions focused on the development of Notification Guidelines and tracking capability for biotechnology-derived animals.

Feed information publications
This year, the CFIA published the second of two brochures to increase compliance with the feed ban, which prohibits the feeding of certain materials to ruminants to prevent the spread of diseases such as BSE. This brochure targets livestock feed retail outlets to raise retailers' awareness of the feed ban requirements for labelling, handling, storage and documentation.

A brochure on the *Regulation of Novel Feeds* was also published to explain the requirements of this program to developers, researchers, importers or marketers of novel feeds or by-products that are novel feeds.

3.4.2.7 PUBLIC IS AWARE OF AND CONTRIBUTES TO ANIMAL HEALTH

Each year, the CFIA responds to thousands of public, industry and media inquiries, and publishes fact sheets and information brochures concerning animal health control measures.

Public interest in animal disease issues was heightened by media coverage of Canada's finding of BSE in an Alberta cow and its subsequent investigation in 2003, along with the February 2004 avian influenza outbreak in British Columbia. Providing information to the public is key to effectively managing animal health emergencies and maintaining public confidence in the safety and quality of animal products.

The Agency is meeting the needs of the public by providing animal importers with clear information on the import requirements for this commodity. This claim is supported by animal import data — they show that few animals are refused entry (686 in 2003–04).

CFIA's Web site

The Agency's Web site features prominent animal health issues, as well as information on animal disease programs. The CFIA Web site monitoring for 2003–04 shows an interest in the following animal health information pages:

BSE – 618 803 page views (English and French)
The CFIA's detection of a BSE-infected animal in Canada resulted in a great many inquiries from the public. For several months during the critical investigation phase, the BSE investigation was featured under Hot Topics on the CFIA's main page at: **http://www.inspection.gc.ca/english/toce.shtml**

Pet Imports - 219 640 page views (English and French)
The importation of pet animals (dogs, cats, birds) continues to be a significant source of public inquiries. *Pet Imports* is listed under the CFIA's Hot Topics at: **http://www.inspection.gc.ca/english/anima/heasan/import/petse.shtml**

Humane Transport - 53 486 page views (English and French)
Humane transport pages were added to the site in 2003-04. There is growing public interest in humane transport in Canada. The site also features information on the CFIA's national consultations on non-ambulatory livestock. More information is available at:
http://www.inspection.gc.ca/english/anima/heasan/transport/indexe.shtml

Rabies - 10 280 page views (English and French)
Rabies is an endemic disease of wildlife that is of interest to Canadians because it can affect livestock, domestic animals and humans. More information is available at:
http://www.inspection.gc.ca/english/anima/heasan/disemala/rabrag/rabrage.shtml

Summary of 2003–04 Specific Priorities and Results

In addition to carrying out its core regulatory activities, the Agency also addressed specific priorities that were outlined in the CFIA's 2003–04 RPP. The CFIA's performance in meeting those commitments is summarized in the following table.

Animal Health Key Results and Achievements in 2003–04

Key Result	CFIA Priorities (listed in RPP)	Results Achieved in 2003–04
Entry into Canada of regulated diseases is mitigated	Increased emphasis on risk assessment and mitigation, such as: ● Development of enhanced intelligence gathering resources; and	Provided early warning services in collaboration with disease surveillance partners through the Canadian Animal Health network.
	● Conducting of risk pathway analysis and assessments of country of origin for imports.	Conducted risk assessments of animal and animal product importations and country disease status. These assessments contributed to the development of import policies.
	Development of innovative inspection and enforcement strategies, such as: ● Development of strategies expressly tailored to consider agri-terrorist threats;	Provided security advice to farm and food establishments, and enhanced surveillance and detection capabilities, border control activities and laboratory biosecurity. Enacted disease modelling project, a predictive tool to improve preparedness for an outbreak of highly contagious disease in livestock, whether introduced by terrorist activity or inadvertently.
	● Conducting of targeted inspections of high-risk imports (e.g., containers, international garbage and military equipment); and	Targeted high-risk imports, with a focus on previous offenders, for enhanced inspection. Sent advisories to border staff issued during disease outbreaks (e.g., Asian outbreak of highly pathogenic avian influenza).
	● Development of new enforcement tools.	Adopted "on-the-spot" Administrative Monetary Penalties (AMPs) in Ontario for violations of the *Health of Animals Act* and *Regulations* with regard to imports and cattle identification.
Spread of regulated animal diseases is mitigated	Enhanced emphasis on intelligence and information gathering, such as: ● Strengthening of early detection efforts through the efficient and rapid sharing of relevant information; and	Developed distribution lists to allow timely provision of disease information.

	• Continued direction of resources towards traceability and identification programs.	Facilitated introduction of Sheep Identification Program in January 2004. Made enhancements to bovine identification inspection, negotiated and drafted regulatory changes to remove exemptions. Conducted exercises regarding traceability in animals and animal products such as feed.
Animal health emergencies and incidents are effectively managed	Increased recognition of the importance of improving preparedness, such as: • Conducting of timely investigations and epidemiological assessments;	Postponed the North American FMD exercise until March 2005 due to operational priorities following the finding of BSE.
	• Conducting of simulations in collaboration with the relevant agencies to enhance preparedness;	Canada's BSE investigation commended by a panel of international experts.
	• Further development of regionalization, Geographic Information Systems (GIS) and data management systems; and	Guided industry and provincial and territorial partners to a consensus on a GIS-enabled national demographic and animal identification database of animal agri-business production, marketing and processing sites. Guided same stakeholders to production of a discussion paper, which will serve as the basis for decision making on application of Canada's first zoning boundary.
	• Assurance of the availability of tools critical to effective intervention and prevention strategies (e.g., vaccination strategies and approvals).	Finalizing regulatory framework changes to strengthen control in instances of contamination along the food production continuum. This will allow the CFIA to take action on livestock feeds, veterinary biologics or foods where animals have been contaminated by toxic substances such as veterinary drugs, pest control agents or environmental contaminants.
Canadian animals and their products meet domestic and international animal health requirements	Development of programs and activities to address domestic requirements, such as: • Achievement of established surveillance targets; and	Market access issues following BSE incident have affected the number of slaughter cattle available for surveys. Triennial surveys for *brucellosis*, bovine tuberculosis are on target.
	• Comprehensive review of scope and oversight of accredited veterinary activities.	Completed amendments to the *Accredited Veterinarians Manual*. Revisions to accredited veterinarians agreement underway.
	Development of programs and activities to address international requirements, such as: • Enhancement of the effectiveness of negotiation, communication and implementation of science-based requirements; and	Participated in AAFC's consultative group known as the Beef Round Table. The CFIA negotiators travelled to Asia and northern Africa to resolve export issues involving animals, semen, embryos and animal products. Worked closely with international trade experts and this year received missions from Chile, Korea, China and Vietnam.

		Suspended import permits and product licences for ruminant vaccines and antibody products following the diagnosis of BSE in a cow in the U.S. Manufacturers provided supplemental documentation to ensure that no specified risk material was used in the preparation of these products. The CFIA reviewed the information and reissued product licences and import permits, ensuring the continued availability of vaccines.
	● Adoption of an industry export quality assurance program.	Participated in an industry-led (Canadian Livestock Genetics Association, Canadian Beef Breeds Council) Quality Management System working group to develop standards for exports.
Industry complies with regulations	Continued development of positive and effective relationships with industry, such as: ● Enhanced communication and consultation to ensure proper understanding;	Held post-BSE consultations with the Beef Value Chain industry representatives regarding BSE response measures.
	● Adoption by industry of good management practices for biosecurity, record keeping and identification;	Published a brochure to increase compliance with the feed ban by raising retailers' awareness of the labelling, handling, storage, and documentation requirements. Published a brochure on the regulation of novel feeds to explain the program requirements to developers, researchers, importers or marketers of novel feeds or by-products.
	● Implementation of measures to improve consistency in compliance and enforcement efforts across all sectors;	Delivered the On-Farm Food Safety Recognition Program (see Section 3.4.1.3) Drafted Feed Ban Enforcement Guidelines and SRM Enforcement Strategy. Continued delivery of cattle-identification and enforcement training to the CFIA inspection staff.
	● Increased emphasis on the assurance of the completeness of product registration submissions and feeds; and	Shifted emphasis on the completeness of product registration submissions for feeds given the priority to manage BSE issues.
	● Renewed commitment to the active investigation of complaints.	Responded to 75 consumer complaints; including consultations with experts, discussions with complainants and manufacturers, evidence collection, follow-up and enforcement.

	Development of programs to increase regulatory capacities and responsibilities, such as: ● Implementation of targeted investigation and verification activities with emphasis on follow-up corrective actions (feed/rendering for TSEs);	Feed ban traceback/forward inspection program became part of the operational response.
	● Development and implementation of a medicated feed regulatory program, as part of the Government of Canada's Agricultural Policy Framework; and	Funding (approximately $4.1 million) was awarded in February 2004; info sessions held across Canada in April and May 2004.
	● Development and implementation of programs to deal with products or modern biotechnology (e.g., transgenic animals and novel feed products).	Drafted notification guidelines for environmental assessment of biotechnology-derived livestock animals and consulted stakeholders on animal biotechnology issues.
Stakeholders understand and are committed to regulations and policies	Cultivation of collaborative relationships with relevant stakeholders, such as: ● Development and maintenance of Memorandum of Understanding (MOUs) with provincial agencies on disease information sharing;	Priorities imposed by BSE and Avian Influenza (AI) delayed progress on this file. However, the CFIA is developing agreements with the provinces concerning honeybee import information.
	● Development of a clear statement of the CFIA's role in regulating the pet food industry;	A committee has been formed to explore the possibility of moving these services to a third party to deliver.
	● Strengthening of collaborative research relationships with universities;	Priorities imposed by BSE and AI delayed progress on this initiative.
	● Conducting of inclusive consultations; and	Held Canadian Animal Health Consultative Committee annual meeting to discuss changes to program and international requirements.
	● Development of focused communications strategies to promote compliance.	Distributed brochure targeting producers through dairy organizations and beef industry to ensure compliance with the ruminant feed ban.
Public is aware of and contributes to animal health	● Implementation of targeted communications (e.g., Tourism Canada, flight videos, passport inserts);	Updated the CFIA Web site continuously to provide public with access to information on animal health and animal disease issues.
	● Implementation of detector dog and visible awareness programs at airports; and	The Detector Dog Program is being used in airports. This program was recently transferred to the CBSA.
	● Development of programs to increase awareness of public health issues related to animal health.	Continued partnership with Health Canada and other public health authorities on public health issues related to animal health. The CFIA Web site information on BSE and AI links to Health Canada on potential public health issues.

Audit and Evaluation Findings

In 2003-2004, the CFIA conducted one review with respect to programs and activities delivered under the Animal Health business line:

- *Review of Consistency in Program Delivery*. For more information, refer to information provided under the Food Safety Performance section 3.4.1.

The CFIA also developed a **Results-based Management and Accountability Framework (RMAF) for Enhanced BSE Programming** as part of an Integrated Risk Management Strategy by the Government of Canada to enhance protection to human and animal health by minimizing the risks of BSE. In accordance with Treasury Board Secretariat policy requirements, the CFIA established a performance measurement framework and detailed implementation plan to support the delivery of Enhanced BSE Programming. The RMAF clarifies the objectives of the new program and describes how the CFIA intends to measure and report on the program's performance. The RMAF is currently being implemented, and performance information will be available in 2004-05.

3.4.3 Plant Protection

Contribution to Canadians

Maintenance of Canada's plant resource base is critical to the well-being of all Canadians. Two of the country's five largest industries — forestry, and agriculture and agri-food — rely on its protection, as do millions of Canadians whose livelihoods are linked to it.

The Agency engages in a number of activities and programs that benefit Canadians, including controlling and eradicating pests and diseases, regulating inputs such as seeds (including plants with novel traits) and fertilizers, and protecting the rights of plant breeders.

Plant Protection Programs

Summary of Plant Protection Programs, Activities and Expenditures

Program	Authority	Activities	2003–04 Expenditures
Plant Protection	*Plant Protection Act* *Seeds Act*	• Monitor, test, inspect, survey, negotiate and regulate, to prevent the entry of, control the spread of, or eradicate plant pests. • Certify Exports	Total program cost: $ 74.5 million (12.4 percent of CFIA's spending)
Seed	*Seeds Act* *Canada Agricultural Products Act* *Plant Breeders' Rights Act*	• Verify that the seed industry complies with legislative requirements by inspecting seed imports, conducting marketplace surveillance and certifying exports. • Verify that plants with novel traits (PNTs) meet legislative requirements, before they are imported or released into the environment. • Protect the work of plant breeders.	Total program cost: $ 12.5 million (2.1 percent of CFIA's spending)
Fertilizer	*Fertilizers Act*	• Verify that fertilizers and supplements imported into or sold in Canada are safe, effective and properly labelled.	Total program cost: $ 2.8 million (0.5 percent of CFIA's spending

Plant Protection Key Partners

The CFIA works with others to achieve the protection of the plant resource base and to regulate inputs. Its key partners include:

Federal departments and agencies: The CFIA works with other federal departments and agencies (such as NRCan, AAFC, and EC) to enhance the knowledge required for policy and standard setting, regulation and program development, regulatory market access agreements, scientific risk assessments, surveillance, intelligence gathering, inspection and scientific risk mitigation. With the creation of the Canadian Border Services Agency in December 2003, the CFIA began work with a new key partner at the federal level.

Provincial and territorial governments: At the provincial level, the CFIA works closely with the ministries of Agriculture, Environment and Forestry. Activities undertaken with these partners mirror those undertaken with federal departments and agencies.

Municipal governments and partners: At the municipal level, the CFIA works with municipal, regional and city officials, most notably to achieve eradication of specific forest pests. Activities undertaken with these partners include surveys, treatments or control, removal/disposition of regulated products and communication with the public.

Non-government stakeholders: The CFIA consults with a range of stakeholders regarding regulatory policies, programs and activities, and seeks co-operation in research, and input on inspection and certification systems. These stakeholders include commodity associations, scientific institutes, brokers, importer and exporter associations, environmental organizations, scientists and specialists at universities and research organizations, and others.

Trading partners and international organizations: The CFIA works with a number of Canada's trading partners, as well as with international organizations, in an effort to maximize the effectiveness of Canada's legislation and regulations within the international system. Key partners include the United States Department of Agriculture's Animal and Plant Health Inspection Service, the Food and Agriculture Organization, the International Plant Protection Convention (IPPC) and its regional body, the North American Plant Protection Organization (NAPPO), the International Union for the Protection of New Varieties of Plants, and the World Trade Organization and North American Free Trade Agreement (NAFTA) committees on the application of sanitary and phytosanitary measures.

2003–04 Performance by Key Result

3.4.3.1 Entry Into Canada of Regulated Diseases and Pests Is Managed

The CFIA's efforts to control the entry of regulated diseases and pests include activities such as conducting risk analyses and implementing effective import controls. The latter range from issuing plant health import permits and inspecting imported commodities to conducting surveillance of confined field trials of plants with novel traits. Information systems contribute to the efficiency of these activities by enhancing information availability among countries and by making performance information available to Agency staff.

Pest Risk Assessment

A Pest Risk Assessment (PRA) provides the scientific basis for the overall management of risk. This process identifies hazards and characterizes the associated risks of introduction and establishment, as well as the severity of economic and environmental impacts.

In 2003–04, the CFIA produced 37 new or revised PRAs and related outputs, compared with a range of 39 to 65 per year over the previous three years. Given the Plant Protection program strategic direction to require PRAs for regulated commodities from new foreign sources, demand for PRAs is expected to increase. In response to this expected challenge, the CFIA continues to develop and evaluate processes to improve efficiency. For example, the CFIA is utilizing PRA data from other North American Plant Protection Organization (NAPPO) and International Plant Protection Convention (IPPC) member countries.

Plant health import permits and import inspections at ports of entry
In 2003–04, the CFIA issued 4600 plant health import permits for plants and plant products (excluding amendments to existing, valid permits), compared with 6123 in 2002–03. Changes in 2003–04 permit requirements for the identification of export sources in the United States and of destinations within Canada are reducing the number of new permits required. In addition, enhancements were made in 2003–04 to the permit processing systems to generate automatic acknowledgment for the receipt of importers' applications sent by facsimile, saving time and reducing costs for Canadian importers.

CFIA inspectors carried out more than 28 000 import inspections to confirm compliance with federal Acts and regulations. The number of inspections was similar to the number conducted in 2002–03, which was 27 759.

3.4.3.2 Spread of Regulated Diseases and Pests Is Mitigated

Various quarantine pests, such as the pine shoot beetle, have become established in parts of Canada. In addition, a number of other pests that are not established, such as plum pox virus (PPV) and brown spruce long-horn beetle (BSLB), have caused outbreaks, and are undergoing active eradication. Regulated commodities in the areas where both types of pests are found are subject to domestic movement controls, to try to limit the spread of the pests. In 2003–04, the CFIA continued to develop new approaches, such as certification programs and partnerships, to prevent further spread of regulated pests and diseases. The Agency continues to cultivate partnerships and co-operative relationships with provincial governments and potentially affected industry sectors through organizations such as the provincial Plant Protection Advisory Councils.

Plant pest surveillance and eradication
Surveys in various regions of Canada are used to detect exotic pest introductions, define boundaries of areas infested by regulated pests and justify phytosanitary import requirements. The information helps measure the success of eradication programs and allows the CFIA to certify exports.

In 2003–04, the CFIA surveyed several thousand sites across Canada for the presence of specific insects, fungi, viruses or nematodes. Of the 21 pests for which surveys were conducted, the largest efforts focused on plum pox virus, the brown spruce long-horn beetle, the emerald ash borer, the Asian long-horned beetle, and potato wart (PW).

The support and co-operation of federal, provincial, municipal and/or industry partners is invaluable to surveillance and eradication efforts. Examples of such co-operative partnerships are found in the examples that follow.

Plum pox virus
Plum pox virus is a serious disease of stone fruit trees, such as peach, nectarine, plum and apricot. It affects fruit quality, size and quantity, requiring that the infected trees be removed. After PPV was confirmed to be present near Niagara-on-the-Lake, Ontario in June 2000, and later in the Annapolis area in Nova Scotia, the CFIA led an eradication program. The aim of this three-year program, which began in 2001, was to contain and eradicate the disease while maintaining the stone fruit industry.

The CFIA has never detected PPV in British Columbia or Quebec and these areas are declared to be PPV-free. The main quarantine area remains the Niagara region of Ontario. There are four other isolated quarantine areas in Ontario.

PPV has not been found in the Annapolis quarantine area since the first find in 2000 and is now declared eradicated from that area. However, in 2003, a new, positive site for PPV was found near Wolfville, Nova Scotia.

The Foreign Expert Panel, during its 2003 annual review of the PPV program, recognized that the levels of PPV in the quarantine zones appear to be declining. In 2003–04, the CFIA and Agriculture and Agri-Food Canada developed a proposal for a seven-year program to eradicate PPV from Canada, and it is intended to build on the progress made toward eradication since the inception of the PPV control program in 2001. More information is available at:
http://www.inspection.gc.ca/english/plaveg/protect/pestrava/ppv/infoe.shtml

Brown spruce long-horn beetle
In spring 2000, the Canadian Forest Service (CFS) identified the brown spruce long-horn beetle (BSLB) as the causal agent of black, red, white and Norway spruce mortality in Point Pleasant Park in Halifax. In response to this threat, the CFIA led an extensive survey and eradication program, beginning in 2000.

The CFIA continued its program to eradicate the brown spruce long-horn beetle in 2003–04. The reduction in the number of infested trees found within the quarantine area, and the fact that there have been only five isolated finds slightly beyond the quarantine area indicate that progress is being made toward the goal of eradicating this invasive, introduced forest pest.

On September 29, 2003 Hurricane Juan came ashore in the Halifax region of Nova Scotia. This event greatly complicated the BSLB survey and eradication efforts. Since that time, the CFIA has been involved in increased surveillance, enforcement and public awareness activities within the BSLB-infested area. The CFIA has engaged industry and municipal, provincial and federal partners in identifying options for cleanup, while mitigating the potential for spread of BSLB. More information is available at:
http://www.inspection.gc.ca/english/plaveg/protect/pestrava/bslb/bslbfse.shtml

Potato wart
The presence of potato wart (PW), a soil borne fungal disease of quarantine significance, has been confirmed in potato fields in two Prince Edward Island (P.E.I.) farming units since October 2000.

In 2003, the CFIA completed a third year of intensive surveillance of all fields in P.E.I. used for potato production. No new cases have been detected; thus, measures taken have been successful in controlling the spread of the disease. The legislative requirements related to the control of PW in P.E.I. over the past three years were addressed in collaboration with the various stakeholders from the industry and the provincial government. The vast majority of P.E.I. potatoes are presently allowed entry into the U.S. under the same conditions as potatoes from other areas of Canada. More information is available at: **http://www.inspection.gc.ca/english/sci/surv/data/synende.shtml**

3.4.3.3 Plant Protection Emergencies and Incidents Are Effectively Managed

Incursions of regulated pests and diseases may pose significant risks to Canada's natural environment and plant resources. Public awareness of plant pests can contribute significantly to the success of responses to emergencies and incidents. To prepare for incursions and manage them effectively, the CFIA continued to prepare and test critical

introduction and emergency response plans, both internally and with key partners. The Agency also managed incidents involving the introduction of significant plant pests. As is the case with efforts to control the spread of plant pests, federal, provincial, municipal and industry partners are key to the success of these efforts.

The following examples highlight the Agency's efforts in dealing with pest and disease incidents.

Emerald ash borer

In July 2002, the emerald ash borer (EAB) was discovered in Windsor, Ontario and Michigan State, U.S.A. If allowed to spread, this pest could further devastate Ontario's ash tree population, which is estimated at over one billion trees.

In 2003–04, surveys were undertaken in southwestern Ontario to determine the extent of the EAB infestation. The survey data directly contributed to the development of regulatory actions and policies governing controls for this pest.

To stop the eastern spread of EAB, the CFIA expanded the quarantine zone to regulate ash wood and nursery materials, and established a 10-kilometre ash-free band at the leading edge of the infested zone in Chatham-Kent.

The CFIA will continue to work with federal, provincial and municipal departments and agencies to combat EAB via surveys to establish quarantine zones and initiate the removal of infested trees. The CFIA is also actively working with regulatory and scientific experts in the United States to identify new control methods and to promote research initiatives to protect the valuable ash stands in North America.

More information on the EAB is available on the CFIA's Web site at:
http://www.inspection.gc.ca/english/plaveg/protect/pestrava/ashfre/agrplae.shtml

Asian long-horned beetle

Partnerships among governments and agencies were successfully established and maintained in 2003–04 during emergency responses to this forest pest in Ontario. For example, more than eight government departments developed an effective Emergency Response Program (ERP) under challenging conditions and deadlines to address the eradication of the Asian long-horned beetle (ALHB) in the Toronto area. These partners included the Canadian Forest Service (CFS) of Natural Resources Canada, the Ontario Ministry of Agriculture and Food, the Ontario Ministry of Natural Resources, and the local conservation authorities and municipal governments within cities and regions.

On September 8, 2003 the CFIA confirmed the first find of an ALHB infestation in Canada. The Asian long-horned beetle represents a significant threat to Canadian hardwood forests, especially sugar maple stands.

Collaboration enabled the ALHB Operations Team to draw upon the expertise of municipal and provincial urban/rural foresters and CFS researchers and to utilize their knowledge in a coordinated fashion. Significant human and capital resources were provided by all partners. Through extensive consultation, it was decided that an aggressive eradication approach was required for this invasive and destructive pest.

The eradication program was supported by intensive survey and disposal work throughout the fall and winter of 2003–04. The first phase of the program was completed on March 31, 2004. Results from surveys to be conducted in the regulated area in 2004-05 will be used to gauge the success of the actions taken to date.

More information and updates on ALHB are available on the CFIA's Web site at:
http://www.inspection.gc.ca/english/plaveg/protect/pestrava/asialong/asialonge.shtml

Sudden oak death
Sudden oak death is a fungal disease of plants and trees that had not been identified previously in Canada. In June of 2003, the disease was detected on several plants at a nursery in British Columbia, as part of an official follow-up of imported material. Once identified as infected, the plant material was destroyed.

In September 2003, the nursery was released from quarantine as no new infections had been detected. The origin of the disease in British Columbia remains unclear. It is apparent, however, that the infection was detected at an early stage and eradication efforts were successful. The CFIA sampled other Canadian nurseries as part of a national sudden oak death survey plan and no infections were detected.

Then, in March of 2004, as part of a second official follow-up on imported plant material, the disease was detected on camellia plants in Canada. The CFIA initiated and will continue with quarantine measures to trace out potentially infected plants and order destruction of that material.

More information and updates on SOD are available at:
http://www.pestalert.org/notifications.cfm

Ralstonia
Ralstonia solanacearum race 3-biovar 2 (R3B2) is a serious quarantine pest and is the causal agent of brown rot in potatoes and bacterial wilt in geraniums and tomatoes. Because of its ability to cause disease at cooler temperatures, race 3-biovar 2 of this pathogen poses the greatest risk to Canada, particularly with regard to potato production.

Since February 2003, the CFIA has taken regulatory actions at 12 greenhouse sites in Canada. Following the CFIA action, including surveys to verify control, all sites were released from quarantine.

The source of the disease was plant material received from infected foreign greenhouses. The CFIA continues to evolve its policy regarding imports of geraniums, potatoes and related material to reduce risks of future introduction of R3B2 into Canada.

3.4.3.4 PLANTS AND PLANT PRODUCTS MEET DOMESTIC AND INTERNATIONAL LEGISLATIVE REQUIREMENTS

The Agency conducts many varied activities to verify that products and commodities regulated under the Plant Protection programs meet domestic and international legislative requirements. The CFIA's resources are allocated among efforts to address both domestic and international requirements. For domestic programs, priority areas within this key result include marketplace surveillance. On the international front, activities include inspection and certification of products for export, and contributions to the development and implementation of clear, science-based international standards.

Domestic Requirements

Marketplace surveillance

Seed

As part of the Seed Program, CFIA inspectors conducted marketplace and establishment inspections, targeting establishments with poor compliance records and those that had been the subject of complaints. Results showed that for the period from July 1, 2002 to June 30, 2003, 95 percent of pedigreed seed, 86 percent of non-pedigreed seed and 97 percent of imported seed met standards. This compares favourably with results averaged over the nine-year period during which data have been collected. In cases of non-compliance, the CFIA inspectors take necessary enforcement action to ensure that seed that does not meet Canadian standards is not offered for sale.

The CFIA staff inspects seed crops from late June through late September for the Canadian Seed Growers Association (CSGA). Last year, more than 1300 varieties of pedigreed seed were grown by 3574 pedigreed seed growers. Agency inspectors and the CFIA-accredited private crop inspectors conducted inspections on 502 859 hectares and found that only two percent of inspected acreage failed to meet CSGA standards. Seed crops that do not meet CSGA standards are not issued crop certificates and, as a result, are not certified as pedigreed seed.

The CFIA seed laboratories conducted 10 775 tests on 10 343 seed samples primarily for mechanical and varietal purity, germination and disease. The seed testing service supports the Agency's seed inspection and enforcement program and the issuance of International Seed Lot Certificates for seed exports. The number of laboratory tests and samples for 2003–04 is about five percent lower than in 2002–03. This is due, in part, to the discontinuation of germination testing services for federal government plant breeders.

The CFIA registers varieties of most agricultural crops in Canada, a function that is critical to the seed certification system. The CFIA Web site provides the seed industry and the agri-food sector with up-to-date information on the registration status of plant varieties. During the past year, the CFIA registered 172 varieties of agricultural crops, including the first Clearfield imidazolinone-tolerant, spring, hybrid canola varieties and the first winter hybrid canola varieties in Canada. This number represents a 14 percent reduction from the number registered in 2002–03, and reflects a drop in applications for this demand-driven activity.

Surveillance of confined field trials

The CFIA is responsible for regulating plants with novel traits (PNTs) for import or release into the environment in Canada. PNTs can be produced using various plant breeding techniques, such as genetic engineering, mutagenesis breeding or conventional crossbreeding.

Confined research field trials give developers of PNTs the opportunity to conduct research on their products to understand the plants' interactions in the environment. Field trials were conducted under specific terms and conditions set by the CFIA to mitigate the potential environmental impact of the PNTs and minimize gene flow from the trial. Compliance problems that were identified during the 2003–04 fiscal year were corrected and did not pose environmental or safety concerns. Compared to last year, a lower percentage of the inspected trials had compliance problems, indicating that developers of PNTs are becoming more familiar with legislative requirements.

Confined Field Trials for PNTs Inspection Results

	2003 Current Year Trial Sites*	2002 Fall Seeded Trial Sites**	2003 Post-Harvest Trial Sites***
Number of trials conducted	94	2	336
Number of trials inspected	94	2	146
Percentage of trials inspected	100%	100%	43.5%
Number of trials with compliance problems	5	0	5
Percentage of trials inspected with compliance problems	5.3%	0%	3.4%

* Current year trials were planted in the spring of 2003 and inspected in the summer of 2003.

** Fall seeded trials were planted in the fall of 2002, overwintered, and were inspected in the summer of 2003.

*** Post-harvest inspections determine whether the developers are complying with the terms and conditions that apply after the field trial has been terminated. In 2003, 336 trial sites were under post-harvest land use restriction.

PNTs for unconfined release

In addition to conducting assessment and surveillance of confined field trials of PNTs, the CFIA must also approve PNTs for unconfined release before they can be commercialized and grown in Canada. The time required to complete environmental safety assessments of PNTs submitted for unconfined environmental release varies in length, but is typically one year or longer. During the 2003–04 fiscal year, four new submissions were received, and no submissions were approved or withdrawn. At the end of the fiscal year, the number of PNTs approved for unconfined environmental release in Canada remained at 39.

More information about these PNTs is available on the CFIA's Web site at:
http:// www.inspection.gc.ca/english/plaveg/bio/pntvcne.shtml

Fertilizer and supplement active ingredients

As part of the fertilizer program, the CFIA monitored bulk-blend fertilizers produced at some of the more than 1200 blenders across Canada. In 2003–04, a total of 912 samples of these products were analyzed to verify guarantees for nitrogen, phosphorus and/or potassium. The compliance rate was virtually identical to last year at 83.8 percent. Due to the timeframe in which bulk-blended fertilizer is produced and used, effective follow-up action on non-compliant product is challenging. Since non-compliant product is rarely available when analytical results are issued, letters to blenders, informing them of the non-compliance, and follow-up activities at facilities to determine corrective actions, are the most common responses to non-compliance. Sampling bulk-blended fertilizers during the next production season at locations where non-compliant products were previously sampled is among the priorities for the CFIA inspectors.

The CFIA inspectors took 207 samples of legume inoculants (which contain nitrogen-fixing bacteria) and pre-inoculated seed products to determine whether the products met

minimum requirements for active ingredients. The compliance rates for legume inoculants and pre-inoculated seed products were 100 percent and 79.3 percent, respectively. This represented a drop in the rate of compliance for pre-inoculated seed, compared to 2002–03 results. The largest proportion of the difference is accounted for by a high proportion of non-compliant product among several seed types that were sampled in 2003–04, but not in 2002–03. For the non-compliant pre-inoculated seed products, follow-up actions included detention and letters to producers, advising them to either remove the tags indicating the seeds were inoculated, or re-inoculate the seeds.

The CFIA monitors fertilizer pesticide products to verify that levels of pesticides are neither too high nor too low, compared to guarantees. In 2003–04, 126 samples were analyzed. This is more than a three-fold increase over the average number of samples taken in the previous three years. This increase in response is due, in part, to concerns expressed by the public about pesticides. The non-compliance rate for fertilizer-pesticide products was 29 percent, up 11 percent from last year (18.4 percent).

Pesticide guarantee compliance rates for fertilizer-pesticide products have been highly variable over the past four years, possibly due to the inherent variability imposed by small sample numbers. An analysis of the data, to determine whether there are identifiable trends in non-compliance, will be completed early in 2004–05. However, additional data, collected during 2004–05, will be necessary in order to verify trends. Recorded follow-up action on non-compliant products included product detention and warning letters sent to manufacturers. As with many other types of fertilizer and supplement products, several of the non-compliant products had been sold before analytical results were obtained.

Fertilizer and supplement contaminants

The CFIA tests products such as processed sewage sludge and compost for microbial contaminants, using *Salmonella* and fecal coliform as indicators. Testing is necessary because of the potential carry-over of microorganisms from waste materials, including sewage, manure and food wastes. In 2003–04, 52 valid samples were collected and analyzed. The compliance rate was 94 percent. Although year-over-year changes in compliance are not statistically significant[4], the overall trend of improvements in compliance is attributable to the increased emphasis on testing of this type of product, which began in 2000[5]. The CFIA's response to the incidents of non-compliance includes product detention and/or follow-up with producers.

Level of Sampling and Compliance for Pathogen Testing

	2000	2001	2002	2003
Number of samples	44	55	53	52
Compliance	77%	82%	91%	94%

[4] 95 % confidence interval

[5] The 2000 and 2004 compliance rates are significantly different using a 90 % confidence interval.

In 2003–04, 127 samples of fertilizers and supplements were collected and analyzed to determine whether products met label guarantees for micronutrients and complied with heavy metal limits; however, only 119 samples were accompanied by adequate information to make that determination. The compliance rate was 55.5 percent, which was not statistically different[6] from the 2002–03 compliance rate. The non-compliant products had either guarantee or metal contaminant problems, or both. The CFIA actions in cases of non-compliance included detentions and warning letters sent to retailers, manufacturers and registrants. The CFIA continues to work with industry to try to improve the level of compliance through follow-up action and the registration process.

International requirements

The CFIA certifies that Canada's seed, cereal, fruits and vegetables, and nursery, greenhouse and forestry products meet other countries' import requirements, including the requirement that they are free of quarantine pests that may be of concern to the importer. This assurance facilitates international trade and helps to maintain the excellent international reputation of Canadian plants and plant products. An indicator of the CFIA's performance in this area is the ability of CFIA-certified products to meet the requirements of importing countries.

Phytosanitary certification

Phytosanitary certificates, which state that the import requirements of a foreign country have been met, facilitate the entry of plants and plant products into foreign countries. In 2003–04, the CFIA issued 68 703 phytosanitary certificates, compared with 62 515 in 2002–03, and 67 742 in 2001–02. The CFIA received 97 notifications that Canadian products did not meet requirements of an importing country. Over half of these involved fumigation and release of non-compliant grain shipments by Mexico. This low incidence of non-compliance with foreign country requirements (<0.2 percent) remains consistent with previous years and indicates that the CFIA continues to deliver a high standard of phytosanitary certification.

International standards

In 2003–04, the CFIA continued to participate in international committees, contribute to multilateral agreements, and influence international standard-setting and procedures. The Agency represented North America in international plant health standard-setting committees established by the IPPC. The IPPC, which currently has a membership of 127 countries, adopted five new international standards or supplements, including a standard on pest risk analysis for living modified organisms. The CFIA also continued to be a strong partner of the NAPPO, chairing a number of panels to set plant health standards, and serving on numerous panels and Technical Advisory Groups.

3.4.3.5 INDUSTRY COMPLIES WITH REGULATIONS

Enhancing industry compliance with relevant Acts and regulations is a key objective of the CFIA programs. The ongoing development and maintenance of positive and effective working relationships with industry, and the development of programs to increase regulatory capacity are critical to this objective. The CFIA continued to use consultative working groups, which are effective in communicating industry roles and responsibilities for compliance with relevant regulations, policies and standards (see Key Results table for examples). In addition, the Agency continued to grant Plant Breeders' Rights and to engage industry in co-operative approaches to compliance verification.

[6] 95 % confidence interval

Plant breeders' rights

Plant breeders submit applications to the CFIA for the right to control the multiplication and sale of the reproductive material of new varieties. The applicant must demonstrate that the variety under consideration is new, distinct, uniform and stable (see table below for application details). Examination requirements must be met before final rights are granted. This may take several years to complete, depending on the plant species.

Summary of Applications for Plant Breeders' Rights

	Applications for Rights Protection	Approved	Renewals*	Agency Revenues for Service
Calendar 2002	474	228	708	$714 200
Calendar 2003	503	370	836	$811 005

* Varieties previously approved for grant of rights and renewed during the calendar year.

Canadian Seed Institute Partnership

The CFIA and Canadian Seed Institute (CSI) oversee a seed laboratory accreditation program that includes 44 private labs and about 120 analysts who provide industry seed testing services.

The CSI has been in operation as a third-party conformity verification body since 1997. CSI's letter of agreement to provide third-party assessment and accreditation services on behalf of the CFIA was renewed in June 2003 for a two-year period.

As part of this agreement, the CSI is required to provide the CFIA with an annual report on CSI conformity assessments of registered seed establishments. When establishments fail to meet the requirements for corrective action on major non-conformances, the CFIA inspectors visit the facility to take enforcement action. As a result of the CSI's report on 372 establishments[7], the CFIA initiated inspections of 20 facilities. Assessments of seed from Canadian establishments indicated that 97.3 percent of seed sampled by the assessors met the labelled grade.

These results provide a snapshot of the Canadian seed quality and compliance and suggest that Canadian seed continues to meet high-quality standards.

In addition to CSI audit and verification activities, the CFIA staff took 251 actions in response to incidents of non-compliance or complaints. Actions included the issuance of 176 education/warning letters, 34 detentions, 11 refusals of entry and the referral of five cases towards prosecution.

Canadian Fertilizer Quality Assurance Program

Last year, the CFIA reviewed analyses of fertilizer products containing nitrogen, phosphorus and/or potassium that were sampled and tested under the Canadian Fertilizer Quality Assurance Program (CFQAP). This voluntary industry-government program requires fertilizer blenders to take samples for analysis by accredited laboratories and submit results to the CFIA. The Agency compiles results and publishes blend plant ratings annually. The 80.5 percent compliance rate for the industry samples is consistent

[7] These figures cover the period from November 2002 to October 2003.

with results obtained during each of the previous two years, but is 3.3 percent lower than the compliance rate for products monitored by the CFIA (see Section 3.4.3.4). The reasons for this small[8] but consistent difference are unclear.

Canadian Fertilizer Quality Assurance Program (CFQAP) Results

	1999	2000	2001	2002	2003
Industry samples	3273	2887	2804	2527*	2034*
Compliance	84.4%	84.5%	80.0%	79.0%	80.5%

* The drop in samples is attributable to the variable number of voluntary participants in the CFQAP. In 2004–05, the Agency will work through industry associations to try to improve the level of participation.

International Plant Protection Convention standards

IPPC standards apply to products being exported from Canada. The CFIA worked to improve the domestic industry's understanding of these standards through Consultative Working Groups composed of various stakeholders. These consultations with industry have proven effective for communicating roles and responsibilities for compliance with regulations, policies and standards.

Enforcement actions

The CFIA intervenes with regulated parties by taking enforcement actions to gain compliance or to improve the level of compliance. The number and type of actions taken indicate the state of compliance of regulated parties, as well as providing one indication of how the CFIA is fulfilling its mandate to improve levels of compliance.

The CFIA conducted 49 investigations under the *Plant Protection Act*, the *Seeds Act* and the *Fertilizers Act*, leading to 44 charges against companies or individuals. These charges resulted in 10 prosecutions, five convictions and a total of $21 000 in fines assessed by the courts.

Green Meadows Farms Sentenced to $9000 in Fines for Violating the *Seeds Act*

On April 17, 2003, Reitze Polstra, doing business as Green Meadows Farms, located in Morell, P.E.I., pleaded guilty in Provincial Court in Georgetown, P.E.I., to two counts of violating the *Seeds Act*. The defendant was sentenced to fines totalling $9000 plus the applicable court costs, as well as the forfeiture of a quantity of seed with a value of $3000.

Between April 15 and May 23, 2002, the accused provided statements to a CFIA inspector that imported ryegrass seed had been procured for his own use (seeding) and not for resale. Additional inspections revealed that the accused had sold the seed to two other individuals. An investigation subsequently resulted in charges for violations of Subsection 7.(2) and paragraph 3.1(b) of the *Seeds Act*.

[8] Not statistically significant based on a 95% confidence interval, but significant based on a 90% confidence interval.

3.4.3.6 STAKEHOLDERS UNDERSTAND AND ARE COMMITTED TO REGULATIONS AND POLICIES

To enhance stakeholder understanding and commitment to regulations and policies, the CFIA develops and communicates plant health and production messages to the public and other stakeholders. This is accomplished by responding to consumer and media inquiries and complaints and by reviewing, developing and maintaining information resources to provide domestic and foreign industry and consumers with current information on the requirements related to plant protection, seed, plants with novel traits, plant breeders' rights and fertilizers.

3.4.3.7 PUBLIC IS AWARE OF AND CONTRIBUTES TO PLANT PROTECTION

Public awareness of CFIA programs and legislative requirements is key to the success of the Agency's activities and programs. Among the most important are enlisting the co-operation of air passengers in trying to prevent the introduction of pests of quarantine significance and educating citizens to enable them to identify and report regulated pests that have been introduced into Canada.

Air passengers

The CFIA's *Be Aware and Declare* brochure for air passengers arriving at international airports in Canada contributes to public awareness of plant pests. Soil, plants and plant products, including seeds, fruit, vegetables and plant cuttings, can introduce foreign diseases or pests into the country. A single incident can pose a serious risk to Canada's plant health status and endanger agricultural and forestry production, in turn affecting the economy and the environment.

In 2003, approximately 15.7 million international air passengers arrived in Canada. The CFIA conducted interviews with the passengers referred by the Canada Customs and Revenue Agency on the basis of declarations for agricultural products that all air passengers are required to complete. Of the 232 447 referrals of passengers to secondary inspection that occurred at all airports in Canada, 23 874 resulted in interceptions of soil, plants and plant products.

Although 2003–04 saw a decline in international air passenger arrivals in Canada, from approximately 16.9 million passengers in 2002–03, there was an increase in interceptions of declared and undeclared plants and plant products. The causes of this increase were several, including increased utilization of new detector dog teams trained in the previous year (and now transferred to the CBSA), increased public and inter-governmental awareness of global pest and disease issues, and increased interceptions of wood and wood products suspected of being infested. This increase led to the development, in 2003–04, of a disposal bin program at airports. When implemented in 2004–05, this program will give air passengers the opportunity to dispose of suspect or prohibited plants and plant products, before being cleared into Canada.

On behalf of the CFIA, Ekos Research conducted a public opinion research with international travellers in 2003. Part of this research was to help gauge awareness of regulations to prevent the introduction of pests and/or diseases into Canada. Seventy-two percent of travellers indicated they had not brought foods, animals, plants, soil or insects back into Canada from their international travel.

The CFIA also asked Canadian international airports to provide links to the CFIA's Web site to help provide information to travellers.

CFIA's Web site

The Agency's Web site features information regarding prominent plant protection issues as well as information on plant protection programs. The CFIA Web site monitoring for 2003-04 shows an interest in the following plant protection information pages:

Wood Packaging – 124 889 page views (English and French)
Wood packaging information is a good example of the Agency taking a proactive approach to dealing with emerging issues and developing a strategy to deal with pest threats.

Asian Long-Horned Beetle – 53 504 page views (English and French)
ALHB has been a major operational and communications challenge for the Agency. The Web site has provided support to communications efforts, such as public notices and posters.

Emerald Ash Borer – 20 687 page views (English and French)
EAB has been a major operational and communications challenge for the Agency. The Web site has provided support to communications efforts, such as public notices and posters.

Plants with Novel Traits (Decision Documents/Status) – 24 257 page views (English and French)
The decision documents provide the rationale for CFIA approval of plants with novel traits. They provide technical information for the industry and proof of careful review for consumers.

More information on the above plant protection issues is available at:
http://www.inspection.gc.ca/english/index/pppve.shtml

Summary of 2003–04 Specific Priorities and Results

In addition to carrying out its core regulatory activities, the Agency also addressed specific priorities that were outlined in the CFIA's 2003–04 RPP. The CFIA's performance in meeting those commitments is summarized in the following table:

Plant Protection Key Results and Achievements in 2003–04

Key Result	CFIA Priorities (listed in RPP)	Results Achieved in 2003–04
Entry into Canada of regulated diseases and pests is managed	Risk analysis and effective import control programs, such as: ● Program re-design based on risk pathway analysis (i.e. analysis of what constitutes high-risk commodities, source of origin, mode of transmission, and foreign assessments - for example, sudden oak death certification in California);	Continued program design, based on risk pathway analysis, in a number of areas. Examples of re-design initiatives: Developed policies concerning imports from new sources with high pest risk or significant levels of non-compliance with requirements (i.e. proposed pre-clearance activities for fresh fruit, nursery stock and cereal imports into Canada). Implemented a requirement for pre-importation pest risk assessment of regulated plant species from new, off-continent sources. Implemented requirements for decorative floral branches from regulated fruit trees, in order to reduce the risk of such material being used for propagation. Conducted assessments of high-risk foreign sites as part of on-site technical evaluations of foreign certification systems (e.g., proposed Penjing exports from China). Analyzed the pathways by which invasive alien species enter Canada, and co-chaired the working group that drafted an operational plan for invasive terrestrial plants and their pests.
	● Targeted inspections of high-risk imports; and	Continued to gear target inspection frequencies to commodity and source risk. Inspected 53 facilities with, or seeking, approval to import soil under the Import Permit program.
	● Surveillance of confined research trials.	(see Section 3.4.3.4)
	Development of information systems to maximize efficiency and availability of relevant information, such as: ● Development of information systems to notify foreign countries of non-compliance; and	Contributed to the implementation of an international network of pest risk assessors for the exchange via an electronic system of technical information and best practices in plant health risk assessments. Contributed to the development of the NAPPO Pest Alert System, which provides information on recent pest outbreaks and situations around the world. In 2003, the three NAPPO member countries agreed to use the system as the vehicle to issue official pest reports as outlined in the IPPC standard.

	● Development of an information system to collect and review performance data (e.g., Import Control Tracking System).	Not complete; however, development of an electronic performance management system is ongoing and implementation of at least some system capabilities is expected in 2004–05.
Spread of regulated diseases and pests is mitigated	Enhanced emphasis on intelligence and information gathering, such as: ● Conducting of surveys and movement control and eradication activities;	Increased surveillance, movement and eradication activities in response to critical pest introductions. (see Section 3.4.3.2) Used survey data obtained in 2003–04, to conduct a Japanese Beetle Control Program Review and to modify the ongoing plum pox virus survey. Conducted 64 082 lab-based and bioassay tests, excluding tests completed in support of surveys under the pest specific summaries, such as PPV, and maintained 23 472 plants in support of the post-entry quarantine facility activities.
	● Continued emphasis on traceability and identification programs (e.g., exported wood packaging materials); and	Further developed and implemented systems in support of export programs, such as the Canadian Heat Treatment Wood Products Certification Program and the Canadian Wood Packaging Certification Program.
	● Joint research with partners (e.g., AAFC and NRCan–Forest Service) on control and treatment methods.	Continued research projects designed to develop new technology for use in detection and identification of pests, including those related to pest survey methodology, new quarantine treatments and pest identification via molecular biology.
Plant protection emergencies and incidents are effectively managed	Conducting of activities to ensure efficiency of collaborative activity and preparedness, such as: ● Strengthening of early detection efforts through public awareness of plant pests;	Set up “1 800” lines for reporting of sightings of EAB and ALHB by members of the public; assessment indicated, however, that they were not effective for this purpose and the public used them primarily as a source of information.
	● Development and simulation testing of emergency response plans for the effective control of high-risk pests; and	Continued development of the Plant Pest Emergency Response Functional Plan to prevent the spread of pests to unaffected areas; and participated in Emergency Response Team simulations conducted in Quebec by the CFIA and the Province, and which included Plant Protection components.
	● Cultivation of co-operative relationships with relevant partners and governments through MOUs and other joint activities.	Efficiency of collaboration was enhanced via response to critical pest introductions; also, strengthened early detection efforts by, for example, enlisting the co-operation of Provincial extension specialists in the detection of soybean rust.

Plants and plant products meet domestic and international legislative requirements	Development of strategies and activities to address domestic requirements, such as: ● Surveillance of the marketplace;	(see Section 3.4.3.4)
	● Conducting of effective technical training of personnel;	Completed; Agency-wide investment in training and development increased 23 percent versus the 2002–03 level. Continued development and implementation of certification programs (e.g., trained and certified a number of CFIA staff in seed sampling).
	● Enhancement of regulatory policy for products of biotechnology; and	Accomplished via a number of activities. Examples: Posted a draft revision of regulatory directive Dir94-08, Assessment Criteria for Determining the Environmental Safety of Plants with Novel Traits on the CFIA Web site to collect input from experts, stakeholders and other interested Canadians. Continued to work with other federal government departments to clarify the implications should Canada ratify the Cartagena Protocol on Biosafety.
	● Strengthening of environmental assessment capability.	Contracted short-term research projects to assist in developing regulatory policy and decision making; research topics included gene flow from PNTs to wild relatives, non-intentional effects of transgene insertion, insect-resistance management, herbicide tolerance management and pollen flow modelling. Worked within the NAPPO Biotech Panel to develop elements of the NAPPO standard on the release of transgenic plants.
	Development of strategies and activities to address international requirements, such as: ● Inspection and certification of Canadian plants, plant products and inputs for export;	Continued to consider candidate programs for certification related to exports of forest, horticultural, potato, grain and seed products to reduce shipment-by-shipment inspection and enhance efficient use of inspection resources. Consulted with major trading partners and reached approval in principle for the acceptance of a government-to-government exchange of export phytosanitary certificate information.
	● Effective negotiation and implementation of clear, science-based international requirements; and	Established technical agreements and work plans with major trading partners in an effort to address technical barriers to trade (e.g., negotiated a revised

		phytosanitary agreement that allowed the continued movement of seed potatoes from Canada into Uruguay, Mexico and Cuba). Conducted bilateral and multilateral consultations and negotiations to influence the adoption of the preferred Canadian approach to standards and systems development.
	● Implementation of quality management system requirements under international arrangement (e.g., Authorized Certification Officials Program).	Not completed; no new international arrangements regarding quality management systems were scheduled for implementation or implemented in 2003–04.
Industry complies with regulations	Continued development of positive and effective relationships with industry, such as: ● Enhanced communication with importers, manufacturers, distributors and retailers to ensure proper understanding of Canadian legislative requirements;	Numerous examples, such as: Acting as a consultant to industry during development of a quality management program for cut flower exports from Canada to the United States; and posted the ABCs of seed importation — a clear communication of import requirements — on the CFIA Web site to assist importers in improving compliance.
	Active investigation of complaints; and	(see Section 3.4.3.5)
	Continued protection of the intellectual property of plant breeders.	(see Section 3.4.3.5)
	Development of programs to increase regulatory capacities, such as: Conducting of program redesign for efficient program delivery and effective compliance with legislative requirements;	Undertook program re-design in a number of relevant areas. Outcomes included: Implementation of a quality management system for hay exports, and updating of the plant protection facility and grower establishment approval program, which includes wood packaging manufacturers, forest products processors, and greenhouses.
	Updating of information systems to ensure that information on legislative requirements is current; and	(see examples above under “Enhanced communication with importers, manufacturers....”)
	Conducting of audit, verification and compliance activities with emphasis on corrective follow-up actions.	(see Sections 3.4.3.1 and 3.4.3.4)
Stakeholders understand and are committed to regulations and policies	Conducting of frequent and inclusive consultations with industry, ensuring involvement in the update and development of relevant regulations, policies and standards.	Completed a large number of industry consultations. Examples: Participated in and provided in-kind support to a one-year, comprehensive, industry-led assessment of the Canadian seed sector and seed regulatory environment. Hosted a workshop on the scientific and technical aspects of the cultivation of

		herbicide-tolerant crops, and a second consultation on plant molecular farming. In co-operation with Health Canada, held a workshop with plant breeders from academia, government and industry to further clarify the use of "novelty" as the regulatory trigger for plants with novel traits, novel feeds and novel foods. Participated in an industry-led initiative to update and enhance standards for compost.
	Development and implementation of focused communication strategies to promote compliance (e.g., soil regulations).	Published posters for Fresh Fruit and Nursery Stock plant pests and made them available to nurseries, orchard growers and fruit-packing facilities, through the local CFIA offices.
Public is aware of and contributes to plant protection	Implementation of targeted communications (e.g., Tourism Canada, flight videos, passport inserts, public interest Web sites, posters, park and highway signage, pest fact sheets).	Developed 13 new Web pages and revised 24 existing Web pages, including the page for Prohibited Plants and Plant Materials, to make them more user-friendly for the public. Held industry working group sessions and public meetings, and produced extensive publications and posters to enhance awareness of plant pests, including EAB, ALHB, BSLB and PPV eradication programs. Utilized highway signage to advise motorists of the EAB and ALHB quarantine areas. (see Section 3.4.3.7)
	Enhanced detector dog and visible awareness programs at airports.	(see Section 3.4.3.7) Note: Detector dogs transferred to CBSA, with responsibility for the Travellers' Program.
	Development of public education strategies to increase awareness of plant protection issues (e.g., schools and universities).	No progress on development of public education strategies for schools and universities; re-evaluating the potential effectiveness of such strategies.

Audit and Evaluation Findings

In 2003-2004, the CFIA conducted one review with respect to programs and activities delivered under the Plant Protection business line:

- *Review of Consistency in Program Delivery.* For more information, refer to the Food Safety Performance section 3.4.1.

In March 2004, the Office of the Auditor General (OAG) published a value for money audit of the ***Canadian Food Inspection Agency – Regulation of Plants with Novel Traits***. This report examined whether the CFIA is meeting its responsibilities with respect to the regulation of plants with novel traits (PNTs). The audit found that the CFIA needs to improve its practices to better protect against the environmental risks posed by PNTs. The primary concern was that some imported PNTs could be escaping regulatory scrutiny and, as a result, hindering the Agency's environmental safety objectives. The Agency agreed with the findings of the audit and developed an action plan to address the recommendations contained in the report.

More information on this report is available at:
http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20040304ce.html

3.5 Horizontal Strategies

Government-Wide Initiatives

Public Security and Anti-Terrorism
In the 2001 Federal Budget, the government allocated $7.7 billion in new funds to be spent over the next five years on Public Security and Anti-Terrorism (PSAT) activities to enhance security for Canadians. As part of this government-wide exercise, the CFIA was allocated $193.1 million over six years to implement initiatives in the areas of enhanced border controls, surveillance and detection, and science and laboratory capacity.

The CFIA's border control efforts focus on preventing the entry of unsafe foods, toxic substances, foreign animal and plant pests and diseases into Canada. The creation of the Canada Border Services Agency (CBSA) in December 2003 resulted in the transfer of approximately 90 CFIA employees who were stationed at border points. This transfer included the CFIA's detector dog and handler teams, which are located at various Canadian international airports. As a result, the CFIA negotiated agreements with the CBSA respecting the ongoing regulation of passengers and imported commercial cargo into Canada.

In 2003–04, the CFIA also made progress in fulfilling its commitments to develop emergency plans, negotiate agreements with border authorities and implement a national targeted inspection strategy for commercial seaport containers. Further to its PSAT commitments, the Agency also implemented plans to enhance biosecurity at its laboratory sites and to enhance laboratory capacity to respond to potential threats to the food supply, such as foreign animal disease incursions, food pathogens and toxins.

More information on the Government of Canada's public security and anti-terrorism activities is available on the Public Safety and Emergency Preparedness Canada Web site at: **http://www.psepc-sppcc.gc.ca**

Chemical, Biological, Radiological and Nuclear Research and Technology Initiative
The Chemical, Biological, Radiological and Nuclear Research and Technology Initiative (CRTI) is a national initiative administered by the Department of National Defence to strengthen emergency preparedness by improving Canada's ability to respond to chemical, biological, radiological and nuclear incidents. This initiative involves building capacity within federal laboratories, as well as with external partners, to prepare for and respond to a potential terrorist attack.

The CFIA has used CRTI funding to build capacity in the following key areas:

- The implementation of the Canadian Animal Disease Emergency Response and the Crisis Information Management System Database;
- The purchase of a state-of-the-art risk analysis modelling system which will help predict the spread of a foreign animal disease incursion;
- The development of rapid tests against the highest risk foreign animal pathogens, and the testing of ready-to-use test kits for foot-and-mouth disease (FMD), hog cholera and avian influenza; and
- The purchase of equipment to enhance testing for shellfish toxins and to support the rapid identification of pesticide residues, plant pests or pathogens.

A key element of the CRTI concept is to create clusters of federal and other government laboratories that contribute to the national preparedness for response to a potential terrorist attack. In 2003–04 the CFIA played a major role in the development of the Chemistry and Biological laboratory clusters. Within each cluster, the Agency contributed to the development and testing of emergency response plans, identified critical gaps and vulnerabilities, and analysed key priorities.

More information on the Government of Canada's CRTI initiative is available at: **http://www.crti.drdc-rddc.gc.ca**

Research Partnership Strategy

The Research Partnership Strategy (RPS) is a new collaborative research initiative implemented in 2003–04 to address priority technology development needs of the Agency in food safety, animal health and plant protection. For 2003–04, the funding was allocated through a competitive process. The total value of the 32 projects approved amounted to approximately $2 million, with an equivalent amount contributed by collaborative partners. The research partnerships included initiatives with other federal departments, such as plant health-related research in Agriculture and Agri-Food Canada and food safety-related research in Health Canada. Other research partners included industry, industry associations, universities and provincial organizations.

More information on the RPS is available on the CFIA's Web site at: **http://www.inspection.gc.ca/english/sci/tech/teche.shtml**

Biotechnology

The Canadian Biotechnology Strategy (CBS) guides domestic and international activities that lead to increased capacity of the Canadian biotechnology sector to mitigate risk to Canadians, biodiversity and the environment, and to address social and ethical challenges. The CFIA has been involved in several activities, as described in the CBS report on biotechnology (1998–2003), *Biotechnology Transforming Society — Creating an Innovative Economy and a Higher Quality of Life*, which is posted on the CBS Web site at: **http://www.biotech.gc.ca**

Canadian Regulatory System for Biotechnology key activities

Under the umbrella of the Canadian Regulatory System for Biotechnology (CRSB), the CFIA achieved progress in a number of key strategic areas of its national biotechnology program in 2003–04:

National Biotechnology Program Achievements, 2003–04

Maintaining effective and strict regulatory oversight of current biotechnology products	• The CRSB revised its performance management framework, which allowed for better strategic alignment with the Agency's goals and objectives for the regulation of agricultural products of biotechnology. • The CFIA engaged in numerous activities related to regulated commodities (see Section 3.4)
Modernizing Canada's biotechnology regulatory framework to keep pace with changes in science and regulation	• The CFIA hosted a technical workshop on the segregation and handling of potential commercial plant molecular farming products and by-products, which was a first step in developing an appropriate regulatory framework for commercial plant molecular farming in Canada.
Influencing the evolution of the international regulatory framework for biotechnology	• The CFIA continued to act as a model non-Party by continuing to prepare for the international implementation of the requirements of the Cartagena Protocol on Biosafety. The Protocol mandated the establishment of a Biosafety Clearing-House, an Internet-based mechanism, to facilitate the international exchange of information on living modified organisms. • The Agency also contributed to the development of the Canadian node of this site and is in the process of finalizing information on its regulatory authorities and decisions. • The CFIA contributed to Canada's first written submission to the World Trade Organization in collaboration with the U.S. and Argentina, in support of the Government of Canada's WTO challenge against the EU for failure to implement its approval process for biotechnology-derived foods.
Providing information to the public and engaging Canadians in dialogue about biotechnology regulation	• The CFIA and Health Canada launched a pilot project to post industry "Notice of Submission" documents on the CFIA Web site for public comment. • The CFIA continued its efforts with the Canadian General Standards Board to work toward the *Standard for Voluntary Labelling and Advertising of Foods That Are and Are Not Products of Genetic Engineering*, which was adopted as a National Standard of Canada in April 2004.

Framework for science and technology advice

The CFIA is developing a Science Framework that will articulate how the Agency is linked internally and externally to identify, conduct and harness the science required to influence decision making in support of its mandate. This is in line with other Government of Canada initiatives regarding science advice. The Framework will include a tool that can be used by Agency staff to facilitate the provision of science advice and

other scientific input in support of the Agency's regulatory activities. It will reflect the Agency's commitment to current and future Government direction in support of effective science. A draft of the framework was developed in 2003–04 and will be completed in 2004–05.

More information on federal science and technology reports is available at:
http://www.innovation.gc.ca/s-tinfo

CFIA-Wide Initiatives

Emergency management
Under the *Emergency Preparedness Act*, the CFIA is mandated to prepare for, and respond to, emergencies involving food safety, animal health and plant protection. Effective emergency response management has always been a priority for the Agency, but new challenges include increased threat awareness, greater consumer expectations, the need for heightened vigilance in detecting new hazards, and the need to strengthen government, industry and international agency partnerships in emergency preparedness.

In January 2003, the agency finalized *The CFIA Emergency Book*, which describes the foundation of emergency management in the Agency, including concepts, structure, organization and operations for internal and external reference. It includes updates to internal emergency plans related to food safety, animal disease outbreaks and plant pest eradication. The Agency held an Emergency Preparedness Workshop in March 2003 to review the CFIA's emergency preparedness program, and suggest improvements.

The CFIA secured additional funding to help deal with the Agency's growing number of resource-intensive emergency responses. Treasury Board Ministers directed that $20 million of the $50 million incremental annual spending announced in the 2003 Federal Budget be reserved to cover such costs.

The Agency continued to work with its key partners, provincial and territorial governments, industry stakeholders, international emergency management committees and federal government departments and agencies to develop emergency plans.

Representing Canada on Global Issues

Canadians benefit from safe food, healthy plants and animals, and a protected environment through science-based rules applied in a predictable, transparent and non-discriminatory manner. Remaining at the forefront of scientific developments and advancing sound, science-based decisions and policies at the global level, requires that the CFIA work with a number of international partners. In 2003–04, the CFIA made significant contributions to the development of international rules and standards through its negotiations at meetings of various scientific and regulatory organizations.

Multilaterally

The CFIA led Canada's participation in international regulatory fora such as the International Plant Protection Convention (IPPC), the OIE, and the World Trade Organization and North American Free Trade Agreement Sanitary and Phytosanitary (SPS) committees.

On BSE, for example, Canada worked with key partners to review the OIE's BSE standards, including country categorization. Canada regularly briefed World Trade Organization members on the status of Canada's BSE cases through SPS Committee meetings and called for the removal of unscientific measures against Canadian exports. Activities on this front have resulted in changes to rules domestically, within North America, and internationally.

The Agency co-led, with Health Canada, Canada's participation in the *Codex Alimentarius* Commission. As a result, the Agency was able to contribute to the development of draft standards on GM labelling, and the adoption of *Guidelines on the Judgement of Equivalence of Sanitary Measures Associated with Food Inspection and Certification Systems, etc.…*. Canada also participated in the strategic and organizational evaluation of *Codex* to ensure it remains relevant, modern, and well equipped to deal with emerging issues.

Pursuant to its mandate, and working with domestic partners, the Agency actively participated in a variety of other international fora, such as the:

- Asia-Pacific Economic Co-operation
- Organisation for Economic Co-operation and Development (OECD)
- United Nations Environment Program Convention on Biological Diversity, including the Cartagena Protocol on Biosafety.

Bilaterally

Working with partners in Health Canada, International Trade Canada, Foreign Affairs Canada, and Agriculture and Agri-Food Canada, the Agency:

- Coordinated, on behalf of the Government, Canadian comments that secured significant amendments to proposed U.S. Food and Drug Administration's bioterrorism regulations;
- Coordinated the Government's position on biosecurity and sanitary and phytosanitary measures under the Smart Border initiative, which involved the development of an action plan for enhancing biosecurity co-operation with the U.S.;
- Reviewed the mandates of North American Free Trade Agreement (NAFTA) technical working groups under the NAFTA SPS Committee section and adopted an issue-specific approach with clearer objectives and time lines;
- Established a bilateral mechanism to discuss and resolve sanitary and phytosanitary issues with Brazil; and
- Refocused efforts to implement the Canada-EU Veterinary Agreement.

To influence the development of science-based regulatory systems around the world, the CFIA embarked in 2003-04 on a prioritized program of technical assistance in the regulatory area. Over the next five years, the Agency, with funding from the Canadian International Development Agency (CIDA), could deliver up to $15 million in SPS technical assistance to China, Central America, and the other less developed countries within the Americas.

The CFIA's activities in these bilateral and multilateral venues serve to strengthen the effectiveness of Canada's regulatory system and to enhance Canada's economy by underpinning Canada's reputation as a supplier of safe, high-quality products throughout the world.

3.6 Human Resources Management

In 2003, the CFIA developed a new Human Resources Strategy for the period 2003–08, which identifies the human resources priorities and vision intended to guide the Agency's human resources (HR) management. The four key human resources priorities identified in this strategy are:

- To establish a sustainable workforce;
- To support effective leadership;
- To promote a productive workforce; and
- To create an enabling work environment.

The following section reports results achieved against each of these human resources management priorities.

Sustainable Workforce

The human resources challenges facing the Agency in the years ahead must dictate current actions. The Agency will stay focused on managing the skills and knowledge of employees as effectively as possible to ensure continued performance to the standards expected by Canadians.

CFIA employees are tasked with safeguarding Canada's food supply and working to prevent the introduction and spread of pests and diseases. It is therefore of the utmost importance that the Agency has an adequate number of qualified employees to support its business priorities. The Agency had 5754 employees as of March 31, 2004, representing a workforce growth of three percent over the previous year. This increase in growth is in line with the growth rate of the previous fiscal year.

Ensuring a stable workforce, where employee resources are balanced and managed effectively, is of paramount importance. The proportion of indeterminate employees[1] increased from 82.5 percent in 2002–03 to 83.3 percent in 2003–04. The scientific and professional community[2] has one of the highest indeterminate representations, at 91 percent.

Effective Leadership

The Agency supports effective leadership by ensuring that leaders and managers have the skills and competencies required for today's business environment and to sustain delivery of the Agency's mandate into the future.

In keeping with the President's commitment to ensure clear accountability for executive performance, rigorous accountability-based performance agreements were established once again for executives as part of the Agency's Executive Performance Management Program. Executive performance measures include commitments to the enhancement of official languages, employment equity, and occupational safety and health.

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[1] Indeterminate employment is an appointment for which the expected duration of employment is not fixed.

[2] For purposes of this report, all references to the scientific and professional community include the following occupational groups: Agriculture (AG), Biological Sciences (BI), Chemistry (CH), Economics, Sociology and Statistics (ES), Veterinary Medicine (VM), and Scientific Research (SE).

Succession planning
To sustain effective leadership, the Agency is preparing for the projected retirement of 42 percent of its executives, and 53 percent of its scientific, professional and technical community over the next five years. In November 2003, the first phase of the Agency's Succession Planning project was completed. Using a Web-based questionnaire, the CFIA collected data related to critical positions to identify gaps in talent, skills and experience across the organization that require immediate or longer-term solutions. A total of 313 managers across the Agency completed the critical position analysis questionnaire, assessing 1422 employees (representing 24 percent of the CFIA employees).

The positions identified as most critical were in the following occupational groups: Agriculture (AG), Biological Sciences (BI), Chemistry (CH), Scientific Research (SE), Veterinary Medicine (VM) and the Engineering and Scientific Support (EG) group. While it is important to focus on those positions that are both critical and at risk of retirement over the next five years, in 2002–03 we experienced a loss of roughly eight percent of non-management and five percent of management employees. This suggests that no significant shortfalls will occur if normal patterns continue.

The Agency now has a national picture of where succession gaps exist, in terms of occupational groups and levels and where they are located geographically, as well as replacement capacity and required training time and approach to close those gaps.

Productive Workforce

A key priority of the CFIA's HR Strategy is to focus on enhancing employee productivity. To this end, the Agency assessed key productivity measures, including organizational wellness, employee satisfaction, and employee support mechanisms.

Employee survey
To assess organizational wellness, the Agency launched its first employee survey in the fall of 2003 to establish a baseline of employee opinion information on a wide variety of workplace issues related to organizational effectiveness, workplace well-being and service delivery. The results of the survey demonstrate the areas in which the Agency is doing well, and identifies where there are opportunities for improvement. Employees gave positive responses with respect to their commitment to the success of the Agency and pride in the work they do. Employees also expressed positive feelings about official languages practices, relationships with immediate supervisors and being treated with fairness and respect. On the other hand, the survey results indicate that there is a need for improvement in the areas such as career and professional development, the classification of positions, and addressing workplace experiences of harassment and discrimination. Action plans are being developed to address the issues raised in this survey. To measure improvement on some of the issues, the senior management team has committed to re-run the survey in 2006.

This year, the Agency began tracking and reporting HR performance on a quarterly basis. The reports provide important data for managers to track workforce growth, absenteeism, attrition, grievances, and employment equity (EE) performance. To date, quarterly report results have shown minimal change in these indicators from quarter to quarter.

Employee excellence
In 2003–04, the Agency continued to showcase employee excellence. The President hosted the fifth annual President's National Awards ceremony in the fall of 2003, recognizing the extraordinary contributions of 53 CFIA employees. In December 2003, the President travelled across the country to thank employees for their outstanding contributions to the BSE investigation and response. Also in December 2003, the CFIA was honoured with the Treasury Board Secretariat's Head of the Public Service Award for its role on the interdepartmental BSE Investigation and Response Team.

Enabling Work Environment

The CFIA's enabling work environment encompasses everything from having adequate training to ensuring a safe work environment and access to the proper equipment. In addition, the Agency will continue efforts to ensure that it is a truly inclusive employer, one that reflects the diverse cultural, ethnic and linguistic nature of the society that it serves.

Training and development
Building an environment where continuous learning is encouraged, supported and rewarded is a sound business investment that enhances overall performance. However, the CFIA Employee Survey results indicated that only 62 percent of CFIA respondents felt they received the training they need to do their job, compared with 75 percent of respondents in the Public Service overall. This result demonstrates that the Agency needs to continue to invest in training and professional development for employees.

In 2003–04, the Agency invested $6.4 million in training and development, an increase of 23 percent over the previous year, indicating a commitment to improvement in this area. Progress has been made towards the implementation of the Peoplesoft training module used to track training performance information. Quarterly reporting from data captured in Peoplesoft will begin in 2004. Additionally, a Learning Strategy and revised Learning Policy were launched. The Learning Policy established the benchmarks toward which the Agency will move over the next few years. Educational Assistance Guidelines were also developed to provide managers with a framework for ensuring that consistent and fair consideration is given to employees who wish to pursue formal education and/or training.

The right equipment and tools
Agency employees are highly skilled, with close to 70 percent working in a scientific, professional or technical capacity. As such, it is critical that all employees be provided with the appropriate equipment and tools to enable them to carry out their work. Employee survey results demonstrate that the Agency is doing well on this front with 82 percent of Agency respondents indicating that they have the materials and equipment they need to do their job.

Employment equity

The Agency continued efforts to ensure a diverse and representative workforce, where linguistic duality and employment equity principles are valued and supported. During 2003–04, progress was made in narrowing gaps in employment equity (EE) representation versus Labour Market Availability (LMA) in all four designated groups.

Employment Equity

	Percent of Labour Market Availability*	Percent of the CFIA Workforce March 31	
		2003	2004
Women	44.6	44.9	46.0
Aboriginal Peoples	1.7	1.5	1.8
Persons with Disabilities	4.6	2.9	3.5
Visible Minorities	8.6	6.6	7.4

* Based on 1996 Statistics Canada census data and the 1991 Health and Activities Limitations Survey (HALS), using Labour Market Availability information for the CFIA's occupational groups only.

The CFIA is committed to employment equity. The goal is to have a representative workforce and to achieve equitable participation for all four designated groups — women, aboriginal peoples, persons with disabilities and persons in a visible minorities group. Data obtained through the use of self-identification questionnaires, enables the Agency to assess designated group representation in different occupational groups and levels, and to set goals and monitor progress towards reducing employment equity gaps.

A priority in 2003–04 was to improve the return rate of self-identification questionnaires, and a target of 80 percent was set. In order to reach this target, the Atlantic and Quebec areas conducted successful campaigns through which they exceeded the target. The National Capital Region (NCR) will conduct a similar campaign in the new fiscal year and it is expected that the Ontario and Western areas will follow suit.

To support further advances in employment equity, a new CFIA Employment Equity Plan (2004–07), developed in consultation with stakeholders and bargaining agents, was released this year. The proposed measures, contained within the EE Plan, outline the work that will need to be completed at the Agency to ensure that we achieve our EE goals.

Official Languages Program

As outlined in the HR Strategy for 2003–08, the Agency is committed to revitalizing the Official Languages Program over the next five years. The Francophone representation at the Agency remains unchanged from last year, at 26 percent, compared to a 23 percent Francophone population in the overall Canadian population (Census 2001). The Employee Survey included six questions related to Official Languages. Responses to these questions were positive and results were comparable to (and in some cases more positive than) the Public Service survey results. However, employees whose first language was French indicated a slightly lower satisfaction rate with their ability to communicate in their first official language. The survey results will form the basis of follow-up actions on this file.

Prevention of harassment and discrimination
The Agency recognizes the importance of having appropriate training and response mechanisms in place to ensure a workplace that is free from harassment and discrimination. The Agency issued a Policy on the Prevention and Resolution of Harassment in the Workplace on April 1, 2003. Training on this matter has been delivered to some Agency managers and work will continue to ensure delivery of training to managers and supervisors Agency-wide. Training for employees is being co-developed with bargaining agents and will be made available to all employees in the new fiscal year.

Conclusion

The CFIA can report significant progress on the implementation of its Human Resources Strategy 2003–08. From the creation of a baseline of employee survey information to the Agency-wide assessment of succession planning needs, and the implementation of a Learning Policy, many important initiatives were launched in 2003–04. In addition, the CFIA recognizes the importance of measuring performance, and introduced quarterly performance reporting on key indicators related to effective human resources management.

To meet the challenges in the coming year, the Agency will continue to work on the implementation of strategic human resources priorities. The valuable information that was provided by survey respondents will enable the Agency to focus on those areas requiring development and improvement. Specifically, work will continue on the career and professional development of employees, classification, and harassment and discrimination.

The next year will be a challenging one, as the CFIA continues to respond to increasing demands resulting from international events that impact the safety of Canada's food supply and agricultural resource base. The Agency will concentrate on strong leadership and a sustaining commitment to creating a highly desirable workplace for all employees.

3.7 Modern Management Initiatives

In line with the Government of Canada's Modern Comptrollership initiative, the CFIA developed in 2003 an integrated Modern Management Improvement (MMI) Action Plan, consisting of 15 management improvement projects. The projects have been grouped into four management improvement areas:

Modern Management Improvement Projects, 2003–04

Improvement Area	MMI Project
Risk management, planning and accountability	Integrated Risk-Based Planning
	Integrated Risk Management Strategy
	Enhanced Performance Management Framework
	Strengthened Information Management/Information Technology (IM/IT) Capacity
	Organizational Review
Human resource management	Revisit Agency Values and Ethics
	Employee Survey
	Enhanced Training Program
	Succession Planning
Quality of service delivery	Delivery Excellence
	Management of Partnerships and Stakeholder Consultation Framework
	Quality Assurance/Management
Stewardship	Resource Management Framework
	Asset Life Cycle Management Strategy
	Manager's Financial Toolkit

The MMI Action Plan identified a series of initiatives designed to improve the CFIA's management practices and facilitate effective, integrated decision making. These projects support the Agency's strategic goal of "Sound Agency Management," as described in the CFIA's *Corporate Business Plan 2003–2008.*

Additional information on these projects can be found at:
http://www.inspection.gc.ca/english/audit/mod/plane.shtml

In its 2003–04 RPP, the CFIA committed to improvements in six specific areas. The following details the Agency's performance against these commitments.

Enhanced Planning

Significant progress has been made in the past year in developing and implementing a more integrated risk-based planning and reporting framework. This framework was designed to suit the management needs at the Agency, while at the same time reflecting the expectations of a number of TBS initiatives, including: modern comptrollership, the new Management Accountability Framework and the Integrated Risk Management Framework.

In the Fall, 2003, CFIA's 2003-08 Corporate Business Plan was tabled. This risk-based plan clearly articulates CFIA's strategic direction for the next five years. It is comprised of five strategic goals, each of which directly supports Government of Canada priorities. CFIA's annual *Report on Plans and Priorities* will reflect this strategic plan for the next several years.

In an effort to enhance the Agency's capacity to meet the commitments presented in these plans, CFIA launched an integrated internal planning and reporting framework and process last Spring. This process directly links commitments made to Parliament in planning documents to an integrated internal planning, resource allocation and performance reporting process.

Finally, in the Winter, 2003-04, CFIA completed an in-depth risk identification and analysis. This rigorous process reconfirmed and validated much of what was known about CFIA's risks and challenges. The ten key strategic risks, along with planned strategies for mitigating those risks, are presented in CFIA's 2004-05 *Report on Plans and Priorities*. Progress against those plans will be presented in next year's Annual Report and Departmental *Performance Report*.

Performance Management Framework

Last year, significant efforts were made to enhance the ability to measure performance in each of the Agency's programs and corporate activities. Of primary importance was the launch of a staged implementation of the Agency's Performance Management Framework (PMF). Performance indicators were confirmed and data collection strategies developed in several program priority areas, as well as in Human Resources and Financial Services. Throughout the year, working groups in these areas developed and began implementing strategies for electronic and manual data collection, performance reporting and performance management.

In 2004–05, the Agency will continue to implement, expand and align the PMF with the Agency's new planning and reporting framework. The implementation plan for 2004–05 includes expansion to all business programs and additional corporate support activities. To support ongoing performance reporting, an IM/IT tool will be completed to allow distribution of performance information reports to multiple levels of Agency management. The CFIA will also continue to share its results and lessons learned with other federal regulatory agencies and departments. Over 150 indicators have been identified and will be measured in order to assess the Agency's performance.

Improved Financial and Asset Management

Financial management

In response to the need for improved managerial information and enhanced corporate stewardship within the CFIA, a Web-based Manager's Financial Toolkit was developed and implemented across the Agency in 2003–04, with training sessions directed at various managerial levels. This reporting tool, available on each manager's desktop, provides key budget, forecasting and accrual reports that will lead to improved decision making. To ensure the continuing value of the toolkit, a module was also included in the Agency's orientation course for new managers.

The rollout of the Manager's Financial Toolkit will also facilitate the expansion of the CFIA's Active Monitoring Program and will allow for systematic reviews at the manager

level. Consistent with the Treasury Board Active Monitoring Policy released in 2002–03, the Agency continued to monitor financial activities, and in 2003–04 conducted reviews in several key areas (e.g., salary, travel, hospitality and financial delegation of authorities). These reviews monitor the effectiveness of financial controls, with respect to business processes, and implementation of Treasury Board policies within the CFIA.

Finally, in 2003–04, improvements were made to the Agency's costing regime by updating the allocation methodology in the financial system to reflect changes in the Agency's organizational structure. These changes will allow for an accurate allocation of expenditures against the activities of the Agency, leading to improved analysis and reporting of expenditure information by activity.

Asset management

In 2003–04, the CFIA began the process of establishing integrated asset management planning, which has advanced considerably through the development of the Agency's 2004–09 Long-Term Capital Plan (LTCP). These development efforts have focused on consolidating moveable and fixed assets categories (e.g., real property, fleet, IM/IT, and scientific equipment) and defining their specific linkages to corporate priorities. Once completed, the LTCP will include a comprehensive assessment and a prioritization plan for the Agency's capital expenditures.

Central to an improved governance regime for capital investments has been the development of a Real Property Management Framework (RPMF). The RPMF was begun in 2003–04 and will be completed in 2005–06. Fundamental to the RPMF is the development of the National Realty Information System (NRIS), which will aid management of real property and forecast the Agency's investment requirements. The CFIA's development of the NRIS began in 2003–04, and will continue in 2004–05.

Information Management/Information Technology

In 2003–04, the CFIA continued to develop and improve its national information systems and supporting infrastructure. IM/IT priorities were reviewed through the Agency's governance processes. Investment projects were selected to enhance the data collection and reporting requirements of inspection, laboratory, import/export and emergency management systems, and to upgrade the operating systems and commercial software of all Agency desktops and server computers. When completed in mid 2004–05, these more modern systems and office tools will benefit Agency staff by providing more functionality and a wider support of new software and hardware accessories, and by increasing communication with other stakeholders, both at government (federal, provincial, international) and industry levels.

In 2003–04, the Agency made improvements in how it acquires, maintains and disposes of information and IT assets. Work has begun on developing the IM/IT component of the Agency's first Long-Term Capital Plan and a procurement process was put in place to review and procure IT assets for the Agency. The procurement process provided an opportunity to review options and to acquire assets through bulk purchasing, thereby achieving discounts on volume.

Consistent with the government-wide agenda for Information Management and the requirement to implement the new Management of Government Information policy, the Agency conducted an Information Management Capacity Check. As a result of this

review, the Agency was able to develop a prioritized action plan and focus efforts on the areas of highest risk.

The Agency's participation in the Government On-Line initiative continued to focus on providing key information to stakeholders electronically via e-mail and its Web site. The CFIA Web site continued to be an important point of contact with the public for the Agency with approximately 20.3 million pages viewed in 2003–04 and just over 13 000 e-mail inquiries received. The Agency also continued to provide 15 different e-mail notification services. The e-mail services alert users about updates to the Agency Web site, including immediate notifications of food recalls and allergy alerts. At the end of 2003–04, there were approximately 33 000 subscribers to Agency lists, including 9498 subscribers to the recall alerts.

Finally, in addition to supporting the Agency's information and technology needs to deliver its mandate, new or adapted solutions and services were provided to respond quickly and efficiently to multiple emergencies related to plant and animal health.

Quality Management System

In keeping with its commitment to enhancing the efficiency and effectiveness of federal inspection and related services, the Agency completed a comprehensive review of current quality assurance practices in regulatory agencies. Based on identified best practices, an action plan was developed to integrate the principles of Quality Management Systems into the Agency's program design and delivery activities. As a next step, the development of a CFIA Quality Management Policy has been initiated and is expected to be finalized in the fall of 2004.

Enhanced Communications

A Communications Strategy was developed and implemented in 2003–04 to raise awareness among Agency employees of the Modern Management Initiative. A variety of communications tools were used to provide employees with information about the CFIA's commitments and progress in this area. The Treasury Board Secretariat (TBS) provided communications materials, which were distributed across the Agency. The TBS also provided funding to enable development of promotional materials specifically aimed at promoting the Agency's MMI Action Plan projects. In order to sustain communications with respect to the MMI, the CFIA also developed an Internet MMI Web page.

The Modern Management Initiative progressed well in 2003–04. Most projects advanced according to plan with only minor delays in deliverables and timelines.

4. REGULATORY INITIATIVES

Regulatory Accomplishments 2003–04

The CFIA enforces 38 sets of regulations relating to food safety, animal health and plant protection. Regulations are amended as needed to provide a more flexible, responsive and efficient legislative and regulatory base.

The following regulatory amendments were promulgated during 2003–04:

Regulatory Amendments Promulgated in 2003–04

Animals of the Family Bovidae and Their Products Importation Prohibition Regulations	This regulatory amendment formalized the emergency direction that was implemented immediately upon learning of the discovery of a potential case of BSE in a dairy cow in Washington State. It was enacted to mitigate the risk of importing infected animals or animal by-products that might carry an unacceptable risk of BSE.
Regulations Amending the Health of Animals Regulations **(Specified Risk Materials)**	This amendment effected removal of specified risk material (SRM) from cattle at the point of slaughter to mitigate the risk of consumers being exposed to potentially infected tissues and to prevent these higher risk tissues from entering the animal food chain.
Prairie Dog and Certain Other Rodents Importation Prohibition Regulations	These regulations were enacted to prevent the entry of monkeypox (a rare viral disease found mainly in the rainforest countries of central and West Africa) into Canada via animals suspected of transmitting the virus, by placing a permanent ban on the importation of all such animals.
***Regulations Amending the Potato Wart Compensation Regulations*.**	The promulgation of this amendment to the *Potato Wart Compensation Regulations* allowed for compensation to be provided to all growers who owned or leased affected land and who suffered losses as a result of actions taken in order to comply with the phytosanitary measures ordered by the CFIA under the authority of the *Plant Protection Act*.
Agriculture and Agri-Food Administrative Monetary Penalties Regulations **(Enforcement of Movement Permits and Edible Residual Materials)**	This omnibus regulatory amendment incorporated violations of permit requirements for the movement of cattle and farmed bison from areas of lower status for bovine tuberculosis or brucellosis, to areas of higher status into the *Agriculture and Agri-Food Administrative Monetary Penalties (AMPs) Regulations,* so that CFIA inspectors can issue monetary penalties in the event of non-compliance. It also removes from AMPs regulations the violation for slaughter pigs to be fed edible residual material other than at a federally or provincially inspected establishment. This is a redundancy, since the act of feeding edible residual material to pigs is illegal.
Regulations Amending the Health of Animals Regulations **(Sheep ID)**	This regulatory amendment created a mandatory sheep identification (Sheep ID) program, facilitating efficient and effective disease management in the event of an outbreak of scrapie or foot-and-mouth disease. It also will reassure consumers and the international community of the integrity of the Canadian sheep industry.

Regulations Amending the Agriculture and Agri-Food Administrative Monetary Penalties Regulations. **(Sheep ID)**	This amendment incorporated violations of the provisions of the new sheep identification program into the AMPs Regulations, so that the CFIA regional directors have the authority to issue monetary penalties in the event of non-compliance.
Regulations Amending the Health of Animals Regulations. **(Notifiable Diseases)**	This amendment created two distinct lists, an "immediately notifiable list" and an "annual notifiable list," to name diseases that the CFIA should be aware of for public health and trade purposes. The creation of these lists demonstrates an assertive approach to surveillance for potentially damaging diseases and presents a strong surveillance case to our trading partners.
Regulations Amending the Reportable Diseases Regulations	This amendment placed four horse diseases: dourine, eastern and western encephalomyelitis and glanders, back on the reportable disease list in order to rectify a certification requirement, thereby allowing the export of Canadian horses to the EU.
Agriculture and Agri-Food Administrative Monetary Penalties Regulations **(Import Provisions)**	This amendment makes the AMPs penalty scheme available for a number of animal health import provisions dealing with quarantine, disease control, record-keeping and identification requirements, enabling more efficient and effective enforcement and corrective action.
Regulations Amending and Repealing Certain Instruments Administered and Enforced by the Canadian Food Inspection Agency **(Miscellaneous Program)**	This regulatory amendment corrected two spelling errors in the *Compensation for Destroyed Animals Regulations*, amended the French title of the *Agriculture and Agri-Food Administrative Monetary Penalties Regulations*, repealed the redundant *Reportable Disease (Pseudorabies) Order*, and repealed a prohibition order that contained a sunset clause that had expired.
Regulations Repealing Certain Orders Made Under the Animal Disease and Protection Act **(Miscellaneous Program)**	This amendment repealed four reportable disease orders made under the *Animal Disease and Protection Act* (1985), which were subsequently included in the *Reportable Disease Regulations of the Health of Animals Act*, rendering the previous orders redundant.

Major Regulatory Initiatives 2004–05*

There are approximately 57 amendments to regulations being developed during 2004–05. Three of these proposals will be major changes. When significant regulatory initiatives are proposed, a major cost-benefit analysis is completed. Proposed major regulatory initiatives are listed below.

Proposed Major Regulatory Initiatives for 2004–05

Enhanced Feed Ban (*Health of Animals Regulations* and *Feeds Regulations*)	Modifications to the existing feeding ban regulations are being considered to further prevent the potential spread of BSE to humans and other animals (i.e. remove exemptions and permitted practices in current ban, etc.).
Medicated Feeds Regulations (*Health of Animals Act*)	New regulations are being developed under the Health of Animals Act that propose to regulate how feeds are manufactured, and implement manufacturing controls to ensure that finished products meet regulatory standards. These regulations will apply to both commercial and non-commercial manufacturing operations that wish to manufacture any kind of medicated feed on their premises.
Mandatory FSEP (*Meat Inspection Act*)	FSEP is the CFIA's approach to encourage and support the development, implementation and maintenance of HACCP systems. The primary reason for implementing mandatory FSEP is to enhance the safety of food produced in and imported into Canada, which will enable the CFIA to provide more effective and uniform means to verify conformance in the meat sector.

More information on these initiatives is available on the CFIA's Web site at:
http://www.inspection.gc.ca/english/reg/rege.shtml

* According to the Treasury Board definition, a "major" regulation is one that costs more than $50M or costs between $100K and $50M and has a low degree of public acceptance.

5. ASSESSMENT OF PERFORMANCE INFORMATION

5.1 Management Representation Statement

The Canadian Food Inspection Agency's (CFIA) Annual Report for the year ending March 31, 2004, was prepared under the direction of the President of the CFIA and approved by the Minister of Agriculture and Agri-Food Canada. In accordance with the *Canadian Food Inspection Agency Act*, this report also includes an assessment of the fairness and reliability of the performance information prepared by the Auditor General of Canada.

This Annual Report provides a comprehensive, transparent and balanced picture of the Agency's performance for fiscal year 2003-04. The full range of the Agency's key results, activities and achievements are addressed. In addition, this report provides an overview of the ongoing risks and challenges faced by the CFIA, as well as the Agency's role in supporting key Government of Canada priorities. As noted in this report, this year has been a particularly challenging one for the Agency, due to two major animal health incidents (bovine spongiform encephalopathy and avian influenza). The Agency's response to these significant events and the impact on other Agency priorities has been well described.

CFIA management is responsible for the accuracy and completeness of the information presented in this Annual Report. To fulfil this responsibility, the CFIA maintains financial and management control systems and practices that provide reasonable assurance that the information presented is accurate and complete. Unless otherwise indicated, the data provided in this Annual Report was obtained from the CFIA's manual or computerized information management systems. The Agency conducted a quality assurance process which confirmed that the information contained in this report agrees with supporting documentation derived from these systems. While many of these systems have not been subject to a recent audit, the performance information included in this report is the best information currently available and CFIA management considers it to be adequate for our purposes. Some of the performance information analysis provided in this report is based on management's best estimates and judgments.

The CFIA remains committed to ensuring that management has the information it needs to support planning, decision making and reporting. We anticipate that through our sustained efforts, and using the feedback contained in the assessment prepared by the Office of the Auditor General, the Agency's performance reporting will continue to improve.

Tom Beaver
Executive Director,
Corporate Planning, Reporting and Accountability

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR GENERAL'S ASSESSMENT
of Performance Information in the 2003-2004 Annual Report

To the President of the Canadian Food Inspection Agency and the Minister of Agriculture and Agri-Food

PURPOSE AND SCOPE

The *Canadian Food Inspection Agency Act* requires the Auditor General to assess the fairness and reliability of the performance information in the Agency's annual report, with respect to the annual and overall objectives established in its corporate business plan.

My assessment relates to the performance information contained in the 2003-04 Annual Report and not to information referenced by Web site links.

The corporate business plan and the performance information in the annual report are the responsibility of the Agency's management. My responsibility is to provide an assessment of the fairness and reliability of the performance information in the Agency's 2003-04 Annual Report. To do so, I assessed the performance information against the criteria for fairness and reliability that were discussed with the Agency and that are described in Annex 2. My assessment was conducted to a review level of assurance and was made in accordance with Canadian generally accepted standards for review engagements. Accordingly it consisted primarily of enquiry, analytical procedures and discussion related to the performance information supplied to me by the Agency. An assessment to a review level of assurance does not constitute an audit and consequently I do not express an audit opinion on the Agency's performance information. I did not assess or comment on the Agency's actual performance.

CONCLUSION

I appreciate that this has been a challenging year for the Agency, with important issues to deal with including BSE and Avian Influenza. In addition, I understand that the Agency has continued to focus its efforts on developing stronger internal processes in key areas such as risk management, quality assurance, and performance measurement. When implemented, these processes could provide a solid foundation for stronger external reporting. Nevertheless, I believe there are significant improvements that the Agency could make to the annual report with the information it currently has available.

Based on my review, although the annual report provides useful activity information about what the Agency has done, given the weaknesses noted in Annex 1, it does not yet report adequately, in a fair and reliable manner, what the Agency has achieved in accordance with the criteria set out in Annex 2. I have summarized in Annex 1 some strengths and weaknesses in the performance information.

Sheila Fraser

Sheila Fraser, FCA

Ottawa, Canada
August 27, 2004

ANNEX 1
STRENGTHS AND WEAKNESSES BY CRITERION NOTED DURING THE AUDITOR GENERAL'S ASSESSMENT

RELEVANT

Strengths:

- Program context and overall objectives are generally well-described, including the description of logical relationships.

Weaknesses:

- The accomplishments are mainly focussed on activities rather than outcomes.
- The significance of the reported information is not always adequately explained.
- There is insufficient financial information and analyses to link financial and non financial performance.

MEANINGFUL

Strengths:

- The report provides useful activity information about what the Agency has done.

Weaknesses:

- The report lacks clear and concrete performance expectations against which performance can be measured. Therefore, Canadians are not able to compare actual performance against expectations that are clearly defined.
- The performance information does not communicate a clear performance story. For example, there is often inadequate explanation of the reasons for the gaps between actual and planned performance.
- Trend information is insufficiently reported and analyzed, which makes it difficult for Canadians to understand whether, how, and why performance has changed over time.
- The report seldom discusses lessons learned in relation to the performance information.

ATTRIBUTABLE

Strengths:

- There are general explanations of the roles of key partners.

Weaknesses:

- There is limited explanation of the extent to which the Agency's activities and performance contribute to reported results.

ACCURATE

Strengths:

- The information agrees with supporting documentation derived from manual or computerized systems.

Weaknesses:

- The report does not fully indicate the data sources for the performance information, including the extent to which such sources are reliable.
- The report does not fully explain the statistical validity and variability of the reported information.

BALANCED

Strengths:

- There is broad coverage of the Agency's objectives.

Weaknesses:

- The report seldom clearly communicates to readers whether the reported results are good or bad.
- The performance information does not sufficiently emphasize certain critical aspects, such as key risks and challenges, and it provides too much information on some less critical areas.
- There are several changes to reported performance information this year that are not adequately explained. For example, the discussion on verification delivery rates, which I noted as an improvement in balanced reporting last year, has been deleted from this year's annual report.

ANNEX 2

CRITERIA FOR THE ASSESSMENT OF FAIRNESS AND RELIABILITY
OFFICE OF THE AUDITOR GENERAL

The following criteria were developed to assess the faimess and reliability of the information about the Agency's performance with respect to the objectives in its corporate business plan. Two key issues were addressed: Has the Agency reported on its performance with respect to its objectives? Is that information fair and reliable? Performance information with respect to objectives is fair and reliable if it enables Parliament and the public to judge how well the entity or program in question is performing against the objectives it set out to accomplish.

RELEVANT	The performance information reports in context, tangible, and important accomplishments against objectives and costs.
MEANINGFUL	The performance information tells a clear performance story, describing expectations and benchmarks against which performance is compared.
ATTRIBUTABLE	The performance information demonstrates, in a reasonable fashion, why the program made a difference.
ACCURATE	The performance information adequately reflects the facts, to an appropriate level of accuracy.
BALANCED	A representative yet clear picture of the full range of performance is presented, which does not mislead the reader.

More information on the criteria is available on our Web site at www.oag-bvg.gc.ca.

6. FINANCIAL PERFORMANCE

6.1 Reporting on Parliamentary Appropriations

Financial Overview

The following narratives and tables are presented to provide an overview of the CFIA's 2003–04 approved resources, utilization of resources and comparative information with prior years.

CFIA spending has increased by approximately $30 million or seven percent over the past three years, due primarily to incremental funding for the following initiatives: approximately $28 million for base operating requirements; $25 million in Public Security and Anti-Terrorism funding; approximately $7.5 million for emergency response to animal and plant diseases; and more than $13 million incremental funding for collective agreement settlements; offset by decreases of $18.2 million in statutory authorities; $15.5 million in carry-forward authorities; and smaller decreases for various other initiatives.

In 2003–04, total Agency authorities were $81.8 million greater than Main Estimates due to: a net increase of $41 million resulting from the $50 million announced in the 2003 Federal Budget to enable the Agency to perform its central role in ensuring food safety; $11.6 million for Canada's continued response to bovine spongiform encephalopathy; a $10.6 million capital reprofile (carry-forward) from 2002–03 to facilitate the completion of approved capital projects; a $7.4 million increase in statutory authorities for compensation of animal herd and orchard owners required to destroy animals and trees due to disease; a $6.5 million increase related to the Food Safety and Food Quality component of the Agricultural Policy Framework; and a $4.7 million for various smaller initiatives and collective agreement settlements.

Overall in 2003–04, the CFIA had unexpended resources totaling $36.9 million. However, the CFIA did not have significant base operating funding lapses. The operating lapse of $23.4 million related primarily to unexpended funding for the following initiatives: $10.9 million related to BSE; $5.6 million of Public Security and Anti-Terrorism funding; $4.8 million related to the Agricultural Policy Framework; and $1.2 million of Canadian Biotechnology Strategy funding.

The Agency did not undertake significant capital projects in 2003–04 in order to maximize the 2003–04 unexpended capital funding available for reprofiling into 2004-05. The movement of the $13.4 million capital funding from 2003–04 to 2004–05 will support the upcoming requirements of the Agency's Long-Term Capital Plan, which is scheduled for approval in 2004–05. All the CFIA unexpended resources in 2003–04 will be carried forward to 2004–05 to facilitate delivery of Agency programs.

Table 1 — Summary of Voted Appropriations

The following table outlines the 2003–04 Agency resources that Parliament approved at the beginning of the year (Main Estimates) and at year end (Total Authorities), and the Agency's 2003–04 actual expenditures.

Financial Requirements by Authority ($ millions) [1]

		Total Main Estimates	Total Planned Spending	2003-04 Total Authorities	Total Authorities Received or Transferred as a result of December 12, 2003[2]	Revised Authorities
Vote	**Canadian Food Inspection Agency**					
30	Operating Expenditures[3]	353.7	405.0	418.0	(8.3)	409.7
35	Capital Expenditures	9.4	9.4	20.0	0.0	20.0
(S)	Contributions to Employee Benefit Plans	58.6	58.6	57.6	(1.2)	56.4
(S)	Spending of proceeds from the disposal of surplus Crown Assets	-	-	0.5	-	0.5
(S)	Refunds of amounts credited to revenues in previous years[4]	-	-	-	-	0.0
(S)	Collection Agency Fees[4]	-	-	-	-	0.0
(S)	Compensation Payments in accordance with requirements established by Regulations under the *Health of Animals Act* and the *Plant Protection Act* and authorized pursuant to the *Canadian Food Inspection Agency Act.*	1.5	1.5	8.9	0.0	8.9
	Total Agency	**423.2**	**474.5**	**505.0**	**(9.5)**	**495.5**

Notes:

[1] These figures are net of Respendable Revenues.

[2] Numbers in brackets ( ) refer to "Total Estimated Authorities for the Entire Year".

[3] Total voted contributions are less than $250 000, therefore included in Operating Expenditures Vote.

[4] Total "Refunds of amounts credited to revenues in previous years" and "Collection Agency Fees" are less than $100,000 and therefore are not shown on this table.

Table 1.1 – Expenditures by Authorities

Expenditures by Authority ($ millions) [1]

		Total Actual Spending	Total Actual Spending for authorities and responsibilities transferred as a results of December 12, 2003 (Entire Fiscal Year)	Revised Total Spending
Vote	**Canadian Food Inspection Agency**			
30	Operating Expenditures[2]	394.6	(7.8)	386.8
35	Capital Expenditures	6.6	-	6.6
(S)	Contributions to Employee Benefit Plans	57.6	(1.2)	56.4
(S)	Spending of proceeds from the disposal of surplus Crown Assets	0.4	-	0.4
(S)	Refunds of amounts credited to revenues in previous years[3]	-	-	-
(S)	Collection Agency Fees[3]	-	-	-
(S)	Compensation Payments in accordance with requirements established by Regulations under the *Health of Animals Act* and the *Plant Protection Act* and authorized pursuant to the *Canadian Food Inspection Agency Act.*	8.9	-	8.9
	Total Agency	**468.1**	**(9.0)**	**459.1**

Notes:

[1] These figures are net of Respendable Revenues.

[2] Total voted contributions are less than $250 000, therefore included in Operating Expenditures Vote.

[3] Total "Refunds of amounts credited to revenues in previous years" and "Collection Agency Fees" are less than $100,000 and therefore are not shown on this table.

Table 1.2 – Impact of December 12, 2003 Announcements

Impact of December 12, 2003 Announcements ($ millions)			
	Total Estimated Authorities transferred or received	**Total Actual Spending for authorities and responsibilities transferred or received for fiscal year 2003-04**	**FTEs**
Canada Border Services Agency Operating Expenditures	9.5	9.0	108.0
Canadian Food Inspection Agency Vote 30 – Operating Expenditures	(9.5)	(9.0)	(108.0)
Total Transferred / Received	-	-	-

Table 2 — Comparison of Total Planned Spending to Actual Spending

The following table provides Business Line details on the Agency allocations for Main Estimates, Total Authorities and the Agency's Actual Expenditures.

Agency Planned versus Actual Spending by Business Line ($ millions) [1]

Business Line	FTEs	Operating	Capital	Transfer Payments	Total Gross Expenditures	Less: Respendable Revenues	Total Net Expenditures
Food Safety							
Total Main Estimates	3578	308.3	4.4	0.1	312.8	35.5	277.3
Total Authorities	*3966*	*346.3*	*11.6*	*0.6*	*358.5*	*41.0*	*317.5*
Actuals	**4093**	**381.0**	**6.6**	**0.6**	**388.2**	**41.0**	**347.2**
Animal Health							
Total Main Estimates	963	84.2	3.8	1.4	89.4	7.0	82.4
Total Authorities	*1112*	*113.3*	5.8	*8.6*	*127.7*	*8.8*	*118.9*
Actuals	**783**	**66.6**	**0.0**	**8.6**	**75.2**	**8.8**	**66.4**
Plant Protection							
Total Main Estimates	815	69.6	1.2	0.2	71.0	7.5	63.5
Total Authorities	*871*	*75.5*	*2.6*	*0.3*	*78.4*	*9.8*	*68.6*
Actuals	**640**	**64.0**	**0.0**	**0.3**	**64.3**	**9.8**	**54.5**
Total							
Total Main Estimates	5356	462.1	9.4	1.7	473.2	50.0	423.2
Total Authorities	*5949*	*535.1*	*20.0*	*9.5*	*564.6*	*59.6*	*505.0*
Actuals	**5516**	**511.6**	**6.6**	**9.5**	**527.7**	**59.6**	**468.1**

OTHER REVENUES AND EXPENDITURES	
Less non–respendable revenues	
Total Main Estimates	0.0
Total Authorities	*0.5*
Actuals	0.4
Plus cost of services provided by other departments	
Total Main Estimates	37.7
Total Authorities	*43.6*
Actuals	**43.3**
Net cost of the program	
Total Main Estimates	460.9
Total Authorities	*548.1*
Actuals	**511.0**

[1] Included in CFIA's financial information is $9.5 million of 2003–04 authorities and $9.0 million of 2003-04 actual expenditures related to activities transferred from CFIA to CBSA effective December 12th, 2003. These amounts represent estimates for the entire 2003–04 fiscal year. They are included in CFIA's authorities and expenditures since resource negotiations between CFIA and CBSA are not complete and to maintain consistent reporting with 2003–04 CFIA Public Accounts.

Table 3 — Historical Comparison of Departmental Planned versus Actual Spending

The following table provides history of Agency spending on a Business Line basis.

Historical Comparison of Departmental Planned versus Actual Spending by Business Line ($ millions)

			2003–04		
Business Lines	**Actual 2001–02**	**Actual 2002–03**	**Main Estimates**	**Total Authorities**	**Actual Spending**
Food Safety	242.9	366.5	277.3	317.5	347.2
Animal Health	128.5	65.4	82.4	118.9	66.4
Plant Protection	66.4	44.3	63.5	68.6	54.5
Total	**437.8**	**476.2**	**423.2**	**505.0**	**468.1**

Notes: These figures are net of Respendable Revenues.

Table 4 — Revenue

The purpose of this table is to outline the revenues, by Business Line, received by the Agency from sources both internal and external to the government.

Revenues by Business Line ($ millions)

			2003–04		
	Actual 2001–02	**Actual 2002–03**	**Planned Revenues**	**Total Authorities**	**Actual Revenues**
Respendable Revenues					
Food Safety	36.5	34.9	35.5	41.0	41.0
Animal Health	8.0	8.0	7.0	8.8	8.8
Plant Protection	8.4	7.9	7.5	9.8	9.8
Total	**52.9**	**50.8**	**50.0**	**59.6**	**59.6**
Non-Respendable Revenues					
Food Safety	0.8	1.0	–	0.5	0.4
Animal Health	–	–	–	–	–
Plant Protection	–	–	–	–	–
Total	**0.8**	**1.0**	**–**	**0.5**	**0.4**
Total Revenues	**53.7**	**51.8**	**50.0**	**60.1**	**60.0**

Table 5 — Statutory Payments

(included in Financial Table 6)

Table 6 — Transfer Payments

The purpose of this table is to outline the transfer payments (grants and contributions) made by the Agency.

Transfer Payments by Business Line ($ millions)			2003–04		
CONTRIBUTIONS	**Actual 2001–02**	**Actual 2002–03**	**Main Estimates**	**Total Authorities**	**Actual**
Food Safety					
Contributions in support of those initiatives that contribute to the improvement, advancement and promotion of the federal inspection system.	1.0	1.9	0.1	0.6	0.6
Total	**1.0**	**1.9**	**0.1**	**0.6**	**0.6**
Animal Health					
Contribution to the provinces in accordance with the *Rabies Indemnification Regulations* and the *Anthrax 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 or anthrax infection.	–	–	0.1	–	–
(S) Compensation payments in accordance with requirements established by Regulations under the *Health of Animals Act* and the *Plant Protection Act*, and authorized pursuant to the *Canadian Food Inspection Agency Act.*	26.5	4.3	1.3	8.6	8.6
Total	**26.5**	**4.3**	**1.4**	**8.6**	**8.6**
Plant Protection					
(S) Compensation payments in accordance with requirements established by Regulations under the *Health of Animals Act* and the *Plant Protection Act*, and authorized pursuant to the *Canadian Food Inspection Agency Act.*	0.6	0.4	0.2	0.3	0.3
Total	**0.6**	**0.4**	**0.2**	**0.3**	**0.3**
Total Statutory Transfer Payments	27.1	4.7	1.5	8.9	8.9
Total Voted Transfer Payments	1.0	1.9	0.2	0.6	0.6
Total Transfer Payments	**28.1**	**6.6**	**1.7**	**9.5**	**9.5**

Table 7 — Projects

The purpose of this table is to identify the Agency's capital, lease, information technology, and Major Crown projects.

Projects by Business Line ($ millions)

				2003–04		
	Current Estimated Total Cost	Actual 2001–02	Actual 2002–03	Main Estimates	Total Authorities	Actual
Food Safety						
Level 3 Lab Construction – St. Hyacinthe, Quebec	9.0	-	-	0.6	-	0.0
Laboratory Expansion & Mid Life – Saskatoon, Saskatchewan	6.3	0.1	-	-	-	0.1
HQ Complex for the Agriculture Portfolio, Ontario	2.8	-	-	-	-	0.4
Total Food Safety	**18.1**	**0.1**	**-**	**0.6**	**-**	**0.5**
Animal Health						
Level 3 Lab Construction – St. Hyacinthe, Quebec	9.0	-	-	0.4	-	0.3
Laboratory Expansion & Mid Life – Saskatoon, Saskatchewan	4.2	-	-	-	-	0.1
HQ Complex for the Agriculture Portfolio, Ontario	2.8	-	-	-	-	0.4
Total Animal Health	**16.0**	**-**	**-**	**0.4**	**-**	**0.8**
Plant Protection						
HQ Complex for the Agriculture Portfolio, Ontario	2.8	-	-	-	-	0.4
Construction of Laboratory – Sidney, British Columbia	1.3	-	0.4	0.8	0.8	0.6
Total Plant Protection	**4.1**	**-**	**0.4**	**0.8**	**0.8**	**1.0**
Total Projects over $5 million	**38.2**	**0.1**	**0.4**	**1.8**	**0.8**	**2.3**

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

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

6.2 Audited Financial Statements

6.2.1 Management Responsibility for Financial Reporting

The management of the Canadian Food Inspection Agency (the "Agency") is responsible for the preparation of all information included in its financial statements and Annual Report. These reports are legislated requirements as per Section 23 of the *Canadian Food Inspection Agency Act*. The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles as per Section 31 of the *Canadian Food Inspection Agency Act*. Significant financial statement accounting policies are identified in note 2.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgement and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information and operating data contained in the ministerial statements and elsewhere in the *Public Accounts of Canada* are consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded, and that transactions are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by the careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Agency.

The Auditor General of Canada conducts an independent audit and expresses an opinion on the accompanying financial statements.

Richard B. Fadden
President

Gordon R. White
Vice-President, Corporate Services

Ottawa, Canada
August 27, 2004

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the President of the Canadian Food Inspection Agency and
the Minister of Agriculture and Agri-Food

I have audited the statement of financial position of the Canadian Food Inspection Agency as at March 31, 2004 and the statements of operations, equity of Canada and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
August 27, 2004

6.2.3 Financial Statements

CANADIAN FOOD INSPECTION AGENCY

Statement of Financial Position

As at March 31
(In thousands of dollars)

	2004	2003
Assets		
Current assets:		
Cash entitlements	$ 53,999	$ 62,288
Accounts receivable	8,324	7,383
Consumable supplies	934	981
	63,257	70,652
Property, plant and equipment (note 4)	180,340	189,307
	$ 243,597	$ 259,959
Liabilities and Equity of Canada		
Current liabilities:		
Accounts payable and accrued liabilities	$ 66,467	$ 62,445
Vacation pay	24,195	22,635
Deferred revenue (note 5)	1,673	1,924
Current portion of employee severance benefits	5,002	5,170
	97,337	92,174
Employee severance benefits	58,794	56,284
Equity of Canada	87,466	111,501
	$ 243,597	$ 259,959

Commitments and contingencies (note 10)
Subsequent event (note 11)

The accompanying notes are an integral part of these financial statements.

Approved by:

Richard B. Fadden
President

Gordon R. White
Vice-President, Corporate Services

CANADIAN FOOD INSPECTION AGENCY

Statement of Operations

Year ended March 31
(In thousands of dollars)

	2004	2003
Revenue:		
Fees, permits and certificates:		
Inspection fees	$ 41,041	$ 42,366
Registrations, permits, certificates	7,940	8,634
Miscellaneous fees and services	4,510	5,107
Establishment license fees	1,952	1,854
Grading	228	244
Other:		
Administrative monetary penalties	577	562
Interest on overdue accounts	30	67
Gain on disposal of property, plant and equipment	-	423
Total revenues	56,278	59,257
Expenses:		
Operating and administration:		
Salaries and employee benefits (note 6)	424,363	407,590
Professional and special services	56,560	40,900
Travel and relocation	21,918	21,665
Amortization of property, plant and equipment	21,195	19,372
Accommodation	20,183	18,033
Utilities, materials and supplies	17,397	16,958
Furniture and equipment	10,968	13,408
Communication	7,286	7,526
Repairs	7,084	9,282
Equipment rentals	2,595	1,977
Information	1,432	1,249
Loss on disposal of property, plant and equipment	1,308	-
Miscellaneous	915	1,046
	593,204	559,006
Grants and contributions:		
Compensation payments (note 8)	8,920	4,649
Other	575	1,913
	9,495	6,562
Total expenses	602,699	565,568
Net cost of operations	$ (546,421)	$ (506,311)

The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Statement of Equity of Canada

As at March 31
(In thousands of dollars)

	2004	2003
Equity of Canada, beginning balance	$ 111,501	$ 104,066
Net cost of operations	(546,421)	(506,311)
Parliamentary appropriations used (note 3):		
Operating	466,965	464,407
Capital	6,606	6,253
	473,571	470,660
Services provided without charge by other government departments (note 9)	48,815	43,086
Equity of Canada, ending balance (note 7)	$ 87,466	$ 111,501

The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Statement of Cash Flows

Year ended March 31
(In thousands of dollars)

	2004	2003
Cash provided by (used for):		
Operating activities:		
Net cost of operations	$ (546,421)	$ (506,311)
Non-cash items:		
Amortization of property, plant and equipment	21,195	19,372
Services provided without charge by other government departments	48,815	43,086
Loss (gain) on disposal of property, plant and equipment	1,308	(423)
Net change in non-cash working capital	4,437	8,326
Increase in employee severance benefits	2,342	8,174
	(468,324)	(427,776)
Investing activities:		
Acquisition of property, plant and equipment	(14,114)	(26,490)
Proceeds from disposal of assets	578	1,043
	(13,536)	(25,447)
Financing activities:		
Parliamentary appropriations - operating	466,965	464,407
Parliamentary appropriations - capital	6,606	6,253
	473,571	470,660
Increase (decrease) in cash entitlements for the year	(8,289)	17,437
Cash entitlements, beginning of year	62,288	44,851
Cash entitlements, end of year	$ 53,999	$ 62,288

The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Notes to Financial Statements

Year ended March 31, 2004
(Tabular amounts in thousands of dollars)

1. Authority and purposes:

The Canadian Food Inspection Agency (the "Agency") was established, effective April 1, 1997, under the *Canadian Food Inspection Agency Act*. The Act consolidates all federally mandated food and fish inspection services and federal animal and plant health activities into a single agency.

The Agency is a departmental corporation named in Schedule II to the *Financial Administration Act* and reports to Parliament through the Minister of Agriculture and Agri-Food.

The mandate of the Agency is to enhance the effectiveness and efficiency of federal inspection and related services for food and animal and plant health. The objectives of the Agency are to contribute to a safe food supply and accurate product information; to contribute to the continuing health of animals and plants; and to facilitate trade in food, animals, plants, and related products.

The Agency is responsible for the administration and enforcement of the following acts: *Agriculture and Agri-Food Administrative Monetary Penalties Act*, *Canada Agricultural Products Act*, *Canadian Food Inspection Agency Act*, *Feeds Act*, *Fertilizers Act*, *Fish Inspection Act*, *Health of Animals Act, Meat Inspection Act, Plant Breeders' Rights Act, Plant Protection Act,* and *Seeds Act.*

In addition, the Agency is responsible for enforcement of the *Consumer Packaging and Labelling Act* and the *Food and Drugs Act* as they relate to food. The Agency is also responsible for the administration of the provisions of the *Food and Drugs Act* as they relate to food, except those provisions that relate to public health, safety, or nutrition.

The Minister of Health remains responsible for establishing policies and standards relating to the safety and nutritional quality of food sold in Canada. The Minister of Health is also responsible for assessing the effectiveness of the Agency's activities related to food safety.

Operating and capital expenditures are funded by the Government of Canada through budgetary lapsing authorities. Compensation payments under the *Health of Animals Act* and the *Plant Protection Act* and employee benefits are authorized by separate statutory authorities. Revenues received through the conduct of its operations are deposited to the Consolidated Revenue Fund and are available for use by the Agency.

The financial transactions of the Agency are processed through the Consolidated Revenue Fund. The Agency does not have its own bank account. The Agency's cash entitlements represent the amount that the Agency is entitled to withdraw from the Consolidated Revenue Fund, without further authority, in order to discharge its liabilities.

2. **Significant accounting policies:**

The financial statements are prepared in accordance with Canadian generally accepted accounting principles as required under Section 31 of the *Canadian Food Inspection Agency Act.* Significant accounting policies are as follows:

(a) Parliamentary appropriations:

The Agency is mainly financed by the Government of Canada through parliamentary appropriations. Parliamentary appropriations provided and used for operating expenditures as well as those for capital expenditures are recorded directly to Equity of Canada.

(b) Revenue recognition:

Revenues for fees, permits and certificates are recognized in the accounts based on the service provided in the Agency's fiscal year.

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. Revenue from external parties for specified purposes is recognized in the period in which the related expenses are incurred.

(c) Consumable supplies:

Consumable supplies consisting of laboratory materials, supplies and livestock are recorded at cost. The cost of the consumable supplies is charged to operations in the period in which the items are consumed.

(d) Property, plant and equipment:

Property, plant and equipment are recorded at historical cost or management's estimated historical cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Useful life
Buildings	20-30 years
Machinery and equipment	5-20 years
Computer equipment and software	3-10 years
Vehicles	7-10 years
Leasehold improvements	Lease term

Amounts included in assets under construction are transferred to the appropriate asset classification when completed and in use. These amounts are then amortized according to the Agency's policy.

2. Significant accounting policies (continued):

(e) Employee severance benefits:

The Agency accrues its obligations and the related costs as the benefits accrue to employees. The Agency's liability for employee severance benefits is calculated using information derived from the results of the actuarially-determined liability for employee severance benefits for the Government as a whole.

Employee severance benefits on cessation of employment represent obligations of the Agency that are normally funded through parliamentary appropriations when the benefits are paid.

(f) Vacation pay:

Vacation pay is expensed as the benefits accrue to employees under their respective terms of employment.

The liability for vacation pay is calculated at the salary levels in effect at the end of the year for all unused vacation pay benefits accruing to employees.

Vacation pay liability payable on cessation of employment represents obligations of the Agency that are normally funded through parliamentary appropriations when the benefits are paid.

(g) Services provided without charge by other Government departments:

Estimates of amounts for employee benefits, accommodation and other services provided without charge by other Government departments are recorded as operating and administrative expenses by the Agency. A corresponding amount is credited directly to Equity of Canada.

(h) Contributions to Public Service Superannuation Plan:

The Agency's eligible employees participate in the Public Service Superannuation Plan administered by the Government of Canada. Both the employees and the Agency contribute to the cost of the Plan. Contributions by the Agency are expensed in the year incurred.

The Agency is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Plan.

2. Significant accounting policies (continued):

(i) Measurement uncertainty:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Employee severance benefits, contingencies, the valuation of property, plant and equipment and amortization are the most significant items where estimates are used. Actual amounts could differ from the current estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

3. Parliamentary appropriations:

The Agency receives the majority of its funding through parliamentary appropriations, which is based primarily on cash flow requirements. Items recognized in the statement of operations and the statement of Equity of Canada in one year may be funded through parliamentary appropriations in prior and future years. Accordingly, the Agency has different net results of operations for the year on a government funding basis than on a Canadian generally accepted accounting principles basis. These differences are reconciled below.

(a) Reconciliation of net cost of operations to total parliamentary appropriations used:

	2004	2003
Net cost of operations	$ 546,421	$ 506,311
Less: items not requiring use of appropriations:		
Amortization of property, plant and equipment	(21,195)	(19,372)
Services provided without charge by other government departments	(48,815)	(43,086)
(Loss) gain on disposal of property, plant and equipment	(1,308)	423
	475,103	444,276
Proceeds from disposal of assets	(578)	(1,043)
Net changes in future funding requirements (note 7)	(15,068)	937
Acquisitions of property, plant and equipment funded by operating appropriation	7,508	20,237
Funded by operating appropriations	466,965	464,407
Acquisitions of property, plant and equipment funded by capital appropriation	6,606	6,253
Total parliamentary appropriations used	$ 473,571	$ 470,660

3. Parliamentary appropriations (continued):

(b) Reconciliation of parliamentary appropriations voted to parliamentary appropriations used:

	2004	2003
Parliamentary appropriations - voted:		
Vote 30 - Operating expenditures	$ 423,976	$ 415,092
Statutory contributions to employee benefit plans and compensation payments	66,479	65,129
	490,455	480,221
Vote 35 - Capital expenditures	20,001	16,845
	510,456	497,066
Less:		
Lapsed appropriation - operating	(23,490)	(15,814)
Lapsed appropriation - capital	(13,395)	(10,592)
	(36,885)	(26,406)
Total parliamentary appropriations used	$ 473,571	$ 470,660

4. Property, plant and equipment:

	2004			2003		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Land	$ 3,331	$	$ 3,331	$ 3,334	$	$ 3,334
Building	242,616	124,485	118,131	243,142	118,480	124,662
Machinery and equipment	50,210	21,706	28,504	48,389	20,255	28,134
Computer equipment and software	35,759	24,167	11,592	33,091	17,821	15,270
Vehicles	23,165	12,480	10,685	22,999	12,065	10,934
Assets under construction	5,503		5,503	4,514		4,514
Leasehold improvements	5,063	2,469	2,594	3,910	1,451	2,459
	$ 365,647	$ 185,307	$ 180,340	$ 359,379	$ 170,072	$ 189,307

The cost of net acquisitions totaled $6,268,000 for the 2004 fiscal year (2003 - $22,705,000). This includes $14,114,000 (2003 - $26,490,000) of additions and $7,846,000 (2003 - $3,785,000) of disposals.

5. Deferred revenue:

The Agency conducts joint projects with external organizations related to food inspection and animal and plant health. Funds received from external organizations are administered through specified purpose accounts.

	2004	2003
Balance, beginning of year	$ 1,924	$ 1,905
Add: amounts received from external organizations	865	2,624
Less: revenues recognized in the year	(1,116)	(2,605)
Balance, end of year	$ 1,673	$ 1,924

6. Employee benefits:

Included in salaries and employee benefits are the following expenditures paid by the Agency with respect to employee future benefits related to the Public Service Superannuation Plan and severance pay:

	2004	2003
Contributions to the Public Service Superannuation Plan	$ 43,244	$ 39,349
Employee severance benefits	$ 3,857	$ 2,438

The ratio of employer to employee contributions toward the Public Service Superannuation Plan is 2.6:1 (2003 – 2.6:1).

7. Equity of Canada:

The Equity of Canada balance of $87,466,000 (2003 - $111,501,000) as at March 31 has been established by deducting $92,874,000 (2003 - $77,806,000), representing transactions incurred by the Agency to provide services with future funding requirements. Significant components of this amount are liabilities related to employee severance benefits and vacation pay liabilities. These will need to be funded through parliamentary appropriations in future years as they are paid.

8. Compensation payments:

The *Health of Animals Act* and the *Plant Protection Act* allow for the Minister, via the Agency, to compensate owners of animals and plants destroyed pursuant to the Acts. During the year, compensation payments incurred pursuant to the *Health of Animals Act* totaled $8,920,000 (2003 - $4,649,000). These payments pertained to the following diseases:

	2004	2003
Bovine Spongiform Encephalopathy (BSE)	$ 4,033	$ 98
Avian Influenza	2,400	-
Scrapie	1,511	1,137
Chronic Wasting Disease	217	1,677
Other	759	1,737
	$ 8,920	$ 4,649

9. Related party transactions:

The Agency is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises. In addition, the Agency has several agreements with Agriculture and Agri-Food Canada related to the operation of their finance and administrative systems and some administrative activities with Health Canada related to the operations and maintenance of the Winnipeg Laboratory.

Also, during the year, the Agency received utilities, services and accommodation which were obtained without charge from other government departments and agencies; the value of these services aggregated about $48,815,000 (2003 - $43,086,000).

The total value of services provided by related parties, including services provided without charge totaled $104,160,000 (2003 - $89,946,000) and are included as expenditures in the Statement of Operations. These services have been provided by the following departments and agencies:

	2004	2003
Public Works and Government Services Canada	$ 41,182	$ 42,256
Treasury Board	32,408	25,877
Agriculture and Agri-food Canada	10,763	6,636
Health Canada	5,422	5,153
National Defence	4,681	-
Canada Revenue Agency	3,658	3,450
Department of Justice	2,673	3,218
Other	3,373	3,356
	$ 104,160	$ 89,946

Accounts payable and accrued liabilities includes amounts payable of $5,107,000 (2003 - $10,578,000) for services provided by federal departments and agencies. The amounts receivable from related parties totaled $2,343,000 (2003 - $1,042,000) and are included in accounts receivable.

10. Commitments and contingencies:

(a) At March 31, 2004, the Agency had commitments relating to capital projects, operating leases and other agreements arising in the normal course of business. The minimum future payments are as follows:

	2005	2006	2007	2008	2009 and thereafter	Total
Capital projects	$ 300	$	$	$	$	$ 300
Operating leases	12	12	12	12	347	395
Other agreements	2,018	19	19	11		2,067
Total	$ 2,330	$ 31	$ 31	$ 23	$ 347	$ 2,762

(b) The Agency is a defendant in certain cases of pending and threatened litigation which arose in the normal course of operations. The total determinable amount of claims has been estimated at $258 million (2003 - $194 million). The current best estimate of the amount likely to be paid in respect of these claims and potential claims has been recorded. Management believes that final settlement will not have a material adverse effect on the financial position or results of operations of the Agency.

(c) This year, the Agency expanded its environmental assessments of potentially contaminated sites to a total of twelve sites across the country. The Agency has completed phase I of the environmental assessments at these sites, and remedial action has been carried out where required. Related remedial costs incurred during the year totaled $80,000. The amount has been recorded as an expense in the Statement of Operations.

Further evaluation has been recommended for the Lethbridge Laboratory and two Quarantine Stations (St-Bernard de Lacolle, Québec, and Mirabel, Québec) in 2005. These evaluations are required to identify the contaminants, scope and remedial costs, where applicable. However, management believes the amounts will not be significant.

(d) The Agency does not carry insurance on its property. This is in accordance with the Government of Canada policy of self insurance.

11. Subsequent event:

On April 5, 2004, the Minister responsible for the Agency announced the depopulation of 19 million birds in British Columbia in response to the presence of Avian Influenza. The related amount of compensation payments to be incurred is estimated at $63 million. These costs will be recorded in 2005.

6.3 Cost Recovery Activities and Revenues

Summary costing by business line and program

FOOD SAFETY			2003-2004						Planning Years		
User Fee Activity[1]	Fee Type	Fee Setting Authority	Date of Authority	Forecast Revenue (000's)	Actual Revenue (000's)	Estimated Full Cost to Provide Good or Service (000's)[2]	Performance Standard	Performance Result	Fiscal Year	Forecast Revenue (000's)[3]	Estimated Full Cost to Provide Good or Service (000's)[4]
Fish	R[5]	*CFIA Act*	1997	5,825	6,732	54,215	Services such as inspection and registration are provided pursuant to cost recovery agreements with registered establishments and in accordance with federal regulations.	See Food Safety Performance Section 3.4.1	2004-05 2005-06 2006-07	5,825 5,825 5,825	48,323 48,342 48,357
Dairy	R	*CFIA Act*	1997	1,080	1,248	9,251	Services such as inspection and registration are provided pursuant to cost recovery agreements with registered establishments and in accordance with federal regulations.	See Food Safety Performance Section 3.4.1	2004-05 2005-06 2006-07	1,080 1,080 1,080	8,246 8,249 8,252
Egg	R	*CFIA Act*	1997	1,046	1,208	11,137	Services such as inspection are provided pursuant to cost recovery agreements with registered establishments and in accordance with federal regulations.	See Food Safety Performance Section 3.4.1	2004-05 2005-06 2006-07	1,046 1,046 1,046	9,927 9,931 9,934
Meat Hygiene	R	*CFIA Act*	1997	21,442	24,780	189,674	Services such as inspection, overtime and licensing establishments are provided pursuant to cost recovery agreements with registered establishments and in accordance with federal regulations.	See Food Safety Performance Section 3.4.1	2004-05 2005-06 2006-07	21,442 21,442 21,442	169,061 169,128 169,181
Honey	R	*CFIA Act*	1997	83	97	2,211	Services such as inspection and registration are provided pursuant to cost recovery agreements with registered establishments and in accordance with federal regulations.	See Food Safety Performance Section 3.4.1	2004-05 2005-06 2006-07	83 83 83	1,971 1,971 1,972
Fresh Fruit and Vegetables	R	*CFIA Act*	1997	4,273	4,938	26,433	Services such as inspection are provided pursuant to cost recovery agreements with registered establishments and in accordance with federal regulations.	See Food Safety Performance Section 3.4.1	2004-05 2005-06 2006-07	4,273 4,273 4,273	23,561 23,570 23,577

FOOD SAFETY			2003-2004						Planning Years		
User Fee Activity[1]	Fee Type	Fee Setting Authority	Date of Authority	Forecast Revenue (000's)	Actual Revenue (000's)	Estimated Full Cost to Provide Good or Service (000's)[2]	Performance Standard	Performance Result	Fiscal Year	Forecast Revenue (000's)[3]	Estimated Full Cost to Provide Good or Service (000's)[4]
Processed Products	R[5]	*CFIA Act*	1997	951	1,099	16,174	Services such as inspection are provided pursuant to cost recovery agreements with registered establishments and in accordance with federal regulations.	See Food Safety Performance Section 3.4.1	2004-05 2005-06 2006-07	951 951 951	14,416 14,422 14,426
Fair Labelling Practices	R	*CFIA Act*	1997	600	693	20,226	Services such as label registration for the Meat Hygiene Program and the Processed Products Program are provided pursuant to cost recovery agreements with registered establishments and in accordance with federal regulations.	See Food Safety Performance Section 3.4.1	2004-05 2005-06 2006-07	600 600 600	18,027 18,034 18,040
Food Safety Investigation	R	*CFIA Act*	1997	200	231	27,632	n/a	See Food Safety Performance Section 3.4.1	2004-05 2005-06 2006-07	200 200 200	24,629 24,639 24,647
TOTAL FOOD SAFETY				**35,500**	**41,026**	**356,953**			2004-05 2005-06 2006-07	**35,500** **35,500** **35,500**	**318,161** **318,286** **318,386**

[1] The Agency administers over 1600 different user fees which have been grouped by the 14 Agency regulatory programs.
[2] 2003-04 estimated full cost is on an accrual accounting basis.
[3] Future years revenue forecasted at Agency annual revenue target of $50 million.
[4] Planning years estimated full cost is based on cash accounting and equals resources approved in the 2004-05 Main Estimates. Agency resources are approved on a cash basis of accounting and therefore estimated full cost is not available on an accrual basis.
[5] R = Regulatory fee

ANIMAL HEALTH				2003-2004					Planning Years		
User Fee Activity[6]	Fee Type	Fee Setting Authority	Date of Authority	Forecast Revenue (000's)	Actual Revenue (000's)	Estimated Full Cost to Provide Good or Service (000's)[7]	Performance Standard	Performance Result	Fiscal Year	Forecast Revenue (000's)[8]	Estimated Full Cost to Provide Good or Service (000's)[9]
Animal Health	R[10]	*CFIA Act*	1997	6,807	8,524	145,432	Services such as inspection and certification are provided pursuant to cost recovery agreements with registered establishments and in accordance with federal regulations.	See Animal Health Performance Section 3.4.2	2004-05 2005-06 2006-07	6,807 6,807 6,807	87,636 88,051 88,201
Feed	R	*CFIA Act*	1997	193	241	10,476	Services such as registration are provided pursuant to cost recovery agreements with registered establishments and in accordance with federal regulations.	See Animal Health Performance Section 3.4.2	2004-05 2005-06 2006-07	193 193 193	6,313 6,343 6,353
TOTAL ANIMAL HEALTH				**7,000**	**8,765**	**155,908**			2004-05 2005-06 2006-07	**7,000** **7,000** **7,000**	**93,949** **94,394** **94,554**

[6] The Agency administers over 1600 different user fees which have been grouped by the 14 Agency regulatory programs.
[7] 2003-04 estimated full cost is on an accrual accounting basis.
[8] Future years revenue forecasted at Agency annual revenue target of $50 million.
[9] Planning years estimated full cost is based on cash accounting and equals resources approved in the 2004-05 Main Estimates. Agency resources are approved on a cash basis of accounting and therefore estimated full cost is not available on an accrual basis.
[10] R = Regulatory fee

PLANT PROTECTION				2003-2004					Planning Years		
User Fee Activity[11]	Fee Type	Fee Setting Authority	Date of Authority	Forecast Revenue (000's)	Actual Revenue (000's)	Estimated Full Cost to Provide Good or Service (000's)[12]	Performance Standard	Performance Result	Fiscal Year	Forecast Revenue (000's)[13]	Estimated Full Cost to Provide Good or Service (000's)[14]
Plant Protection	R[15]	*CFIA Act*	1997	4,865	6,340	74,498	Services such as inspection are provided pursuant to cost recovery agreements with registered establishments and in accordance with federal regulations.	See Plant Protection Performance Section 3.4.3	2004-05 2005-06 2006-07	4,865 4,865 4,865	53,710 53,681 53,681
Seed	R	*CFIA Act* *Plant Breeders' Rights Regulations*	1997 1991	2,554	3,328	12,552	Services such as inspection are provided pursuant to cost recovery agreements with registered establishments and in accordance with federal regulations.	See Plant Protection Performance Section 3.4.3	2004-05 2005-06 2006-07	2,554 2,554 2,554	9,050 9,045 9,045
Fertilizer	R	*CFIA Act*	1997	81	106	2,788	Services such as registration are provided pursuant to cost recovery agreements with registered establishments and in accordance with federal regulations.	See Plant Protection Performance Section 3.4.3	2004-05 2005-06 2006-07	81 81 81	2,010 2,009 2,009
TOTAL PLANT PROTECTION				**7,500**	**9,774**	**89,838**			2004-05 2005-06 2006-07	**7,500** **7,500** **7,500**	**64,770** **64,735** **64,735**
GRAND TOTAL				**50,000**	**59,565**	**602,699**			2004-05 2005-06 2006-07	**50,000** **50,000** **50,000**	**476,880** **477,415** **477,675**

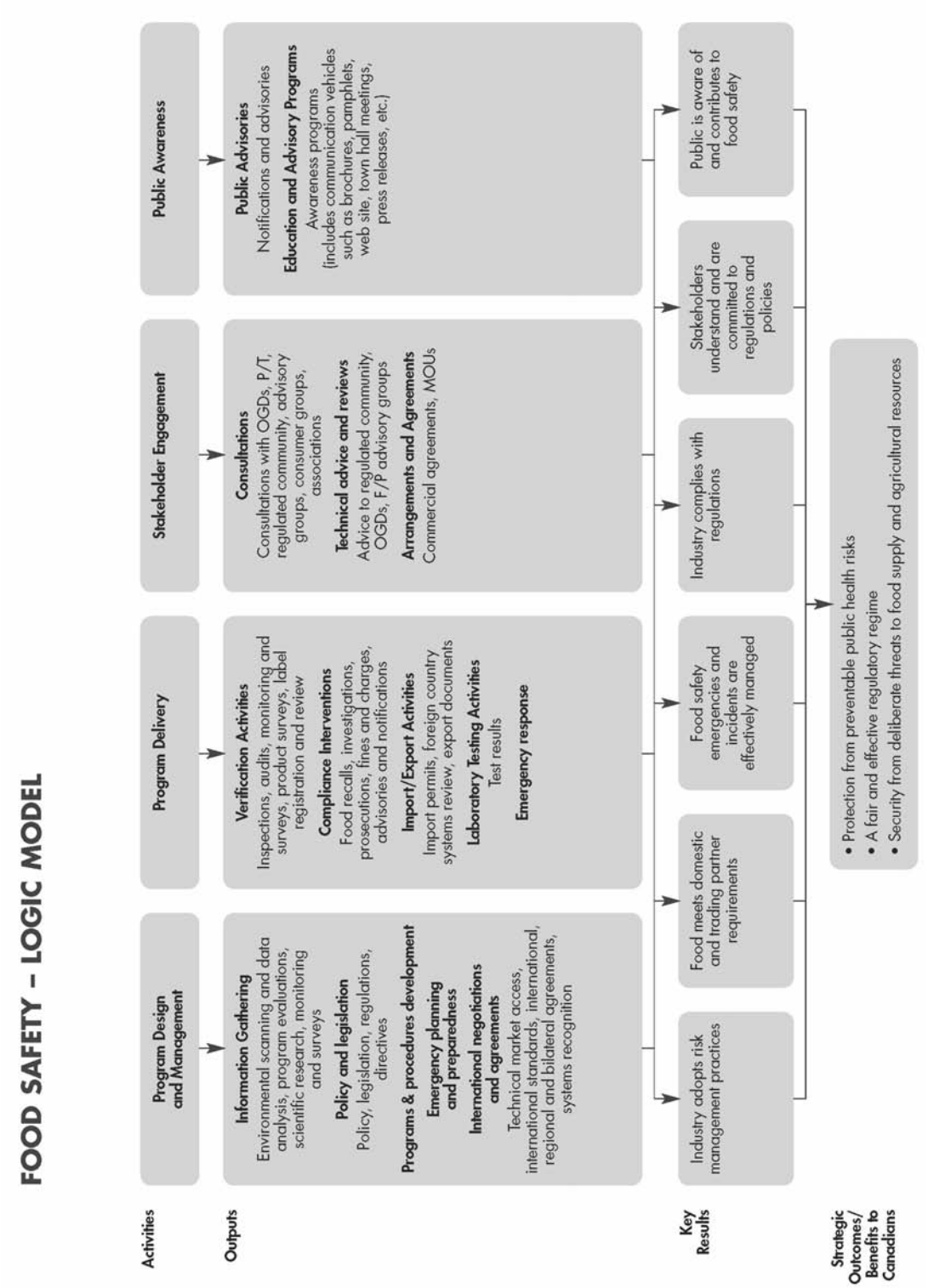
Consultation and Analysis

The Agency administers over 1600 different user fees to provide services to Canadians within 14 regulatory programs. Revenues generated through fees for inspection services do not cover the full costs associated with program delivery. The $50 million collected through cost recovery represents approximately 10 percent of total Agency expenditures. In accordance with the Treasury Board Secretariat External Charging Policy, the CFIA has developed a framework and guiding principles for consultation with stakeholders and the application of user fees.

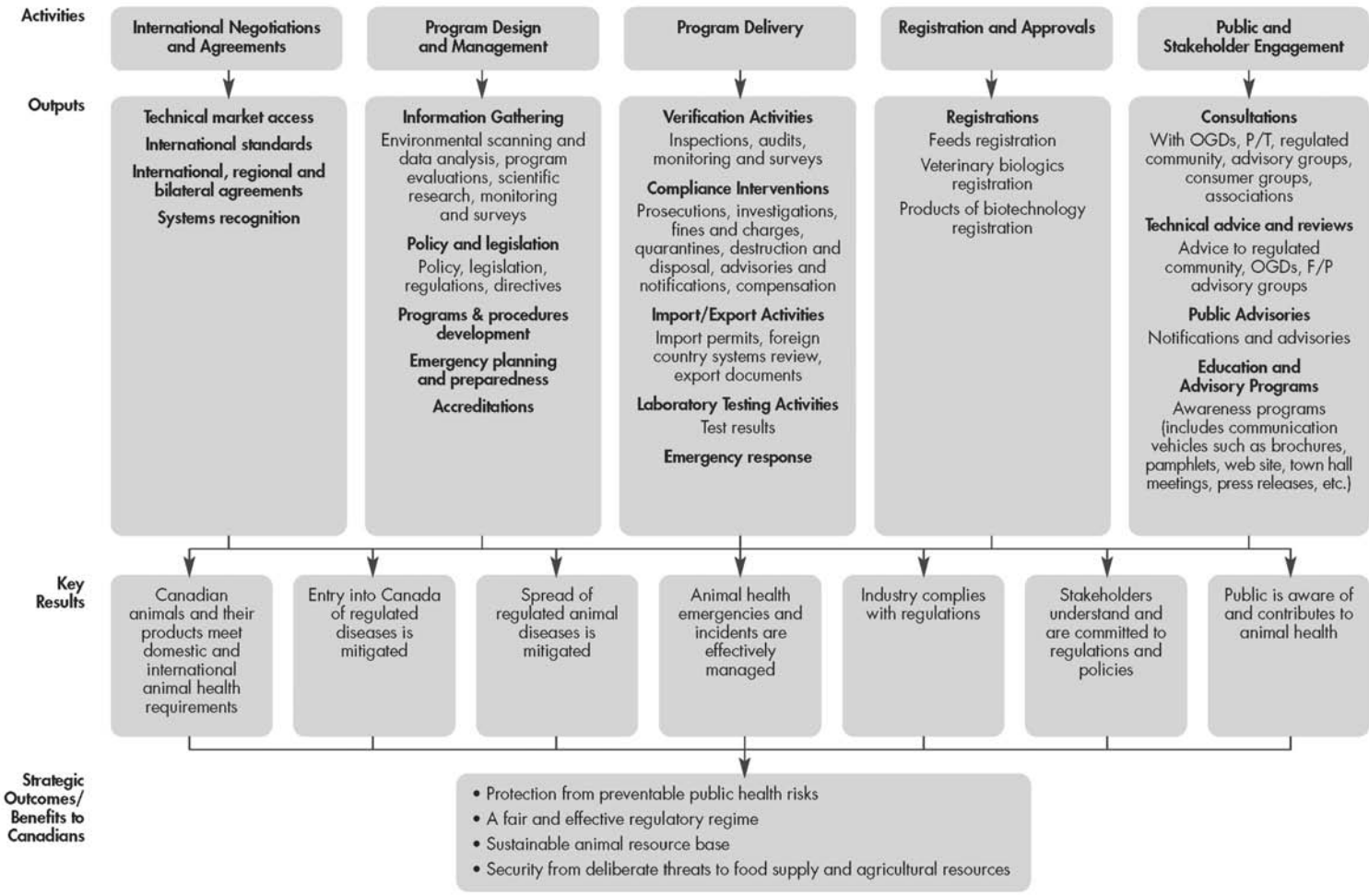
[11] The Agency administers over 1600 different user fees which have been grouped by the 14 Agency regulatory programs.
[12] 2003-04 estimated full cost is on an accrual accounting basis.
[13] Future years revenue forecasted at Agency annual revenue target of $50 million.
[14] Planning years estimated full cost is based on cash accounting and equals resources approved in the 2004-05 Main Estimates. Agency resources are approved on a cash basis of accounting and therefore estimated full cost is not available on an accrual basis.
[15] R = Regulatory fee

7. ANNEXES

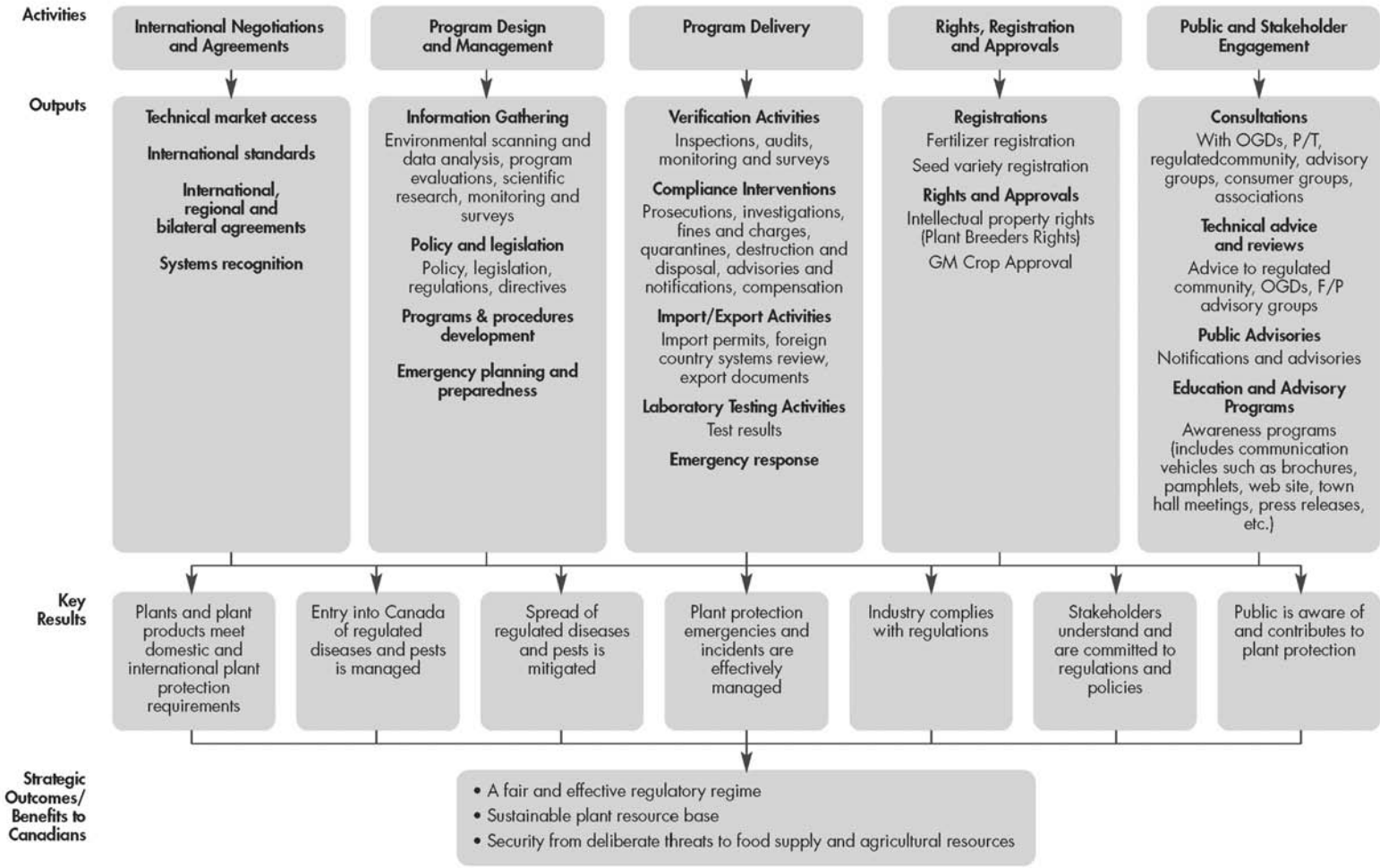
7.1 Business Line Logic Models



ANIMAL HEALTH – LOGIC MODEL



PLANT PROTECTION – LOGIC MODEL



7.2 Key Web Links for Additional Information

CFIA Web sites

Canadian Food Inspection Agency	www.inspection.gc.ca
Food Safety	www.inspection.gc.ca/english/index/fssae.shtml
Animal Health	www.inspection.gc.ca/english/index/ahsae.shtml
Plant Protection	www.inspection.gc.ca/english/index/pppve.shtml
Human Resources Strategy	www.inspection.gc.ca/english/hrrh/strat2003-08/strate.shtml
MMI Action Plan	www.inspection.gc.ca/english/audit/mod/plane.shtml
Corporate Business Plan	www.inspection.gc.ca/english/corpaffr/busplan/2003-2008/plane.shtml
Allergy Alerts and Food Recalls	www.inspection.gc.ca/english/corpaffr/educ/alerte.shtml
Animal Disease Control Programs	www.inspection.gc.ca/english/anima/heasan/disemala/disemalae.shtml
Asian Long-Horned Beetle	www.inspection.gc.ca/english/plaveg/protect/pestrava/asialong/asialonge.shtml
Avian Influenza	www.inspection.gc.ca/english/anima/heasan/disemala/avflu/avflue.shtml
Bovine Spongiform Encephalopathy	www.inspection.gc.ca/english/anima/heasan/disemala/bseesb/bseesbe.shtml
Bovine Tuberculosis	www.inspection.gc.ca/english/anima/heasan/disemala/tuber/tubere.shtml
Brown Spruce Long-Horn Beetle	www.inspection.gc.ca/english/plaveg/protect/pestrava/bslb/bslbfse.shtml
Canadian Animal Health Consultative Committee	www.inspection.gc.ca/english/anima/heasan/cahcc/cahcc_e.shtml
Chronic Wasting Disease	www.inspection.gc.ca/english/anima/heasan/disemala/cwdmdc/cwdmdcfse.shtml
Consumer Centre	www.inspection.gc.ca/english/toc/centree.shtml
Emerald Ash Borer	www.inspection.gc.ca/english/plaveg/protect/pestrava/ashfre/agrplae.shtml
Feed Program	www.inspection.gc.ca/english/anima/feebet/feebete.shtml
Food Recalls	www.inspection.gc.ca/english/corpaffr/recarapp/recaltoce.shtml

Food Safety Activity Book	www.inspection.gc.ca/english/corpaffr/educ/active5-8e.shtml
Food Safety Enhancement Program	www.inspection.gc.ca/english/fssa/polstrat/haccp//haccpe.shtml
Food Safety Fact Sheets	www.inspection.gc.ca/english/corpaffr/foodfacts/fftoce.shtml
Food Safety Projects	www.inspection.gc.ca/english/fssa/invenq/invenqe.shtml
Food Safety Web Wheel	www.inspection.gc.ca/english/corpaffr/educ/gamejeu/wheeroue.shtml
Good Importing Practices	www.inspection.gc.ca/english/fssa/abeti/inform/impprae.shtml
Guide to Importing Food Products Commercially	www.inspection.gc.ca/english/corpaffr/publications/com_import/toce.shtml
Hazard Analysis Critical Control Point	www.inspection.gc.ca/english/fssa/polstrat/haccp/haccpe.shtml
Humane Transport	www.inspection.gc.ca/english/anima/heasan/transport/transporte.shtml
Import Requirements for Mexican Cantaloupes	www.inspection.gc.ca/english/plaveg/fresh/mexcane.shtml
Pet Export to the U.K.	www.inspection.gc.ca/english/anima/heasan/export/uk-rue.shtml
Pet Imports	www.inspection.gc.ca/english/anima/heasan/import/petse.shtml
Plants with Novel Traits Decision Documents	www.inspection.gc.ca/english/plaveg/bio/dde/shtml
Plum Pox Virus	www.inspection.gc.ca/english/plaveg/protect/pestrava/ppv/infoe.shtml
Potato Wart	www.inspection.gc.ca/english/sci/surv/data/synende.shtml
Prosecution Bulletins	www.inspection.gc.ca/english/corpaffr/projud/projude.shtml
Rabies	www.inspection.gc.ca/english/anima/heasan/disemala/rabrag/rabrage.shtml
Registered Establishment List	http://active.inspection.gc.ca/active/reglst/RegResults.asp?l=E
Research Partnership Strategy	www.inspection.gc.ca/english/sci/tech/teche.shtml
Regulated Plants with Novel Traits	www.inspection.gc.ca/english/plaveg/bio/pntvcne.shtml
Reportable Diseases	www.inspection.gc.ca/english/anima/heasan/disemala/guidee.shtml
Scrapie	www.inspection.gc.ca/english/anima/heasan/disemala/scrtre/scrtree.shtml
Wood Packaging	www.inspection.gc.ca/english/plaveg/for/cwpc/wdpkge.shtml

Related Web sites

Agriculture and Agri-Food Canada	www.agr.gc.ca
Association of American Feed Control Officers	www.aafco.org
Biotechnology	www.biotech.gc.ca
Canada Border Services Agency	www.cbsa-asfc.gc.ca
Canada Revenue Agency	www.cra-arc.gc.ca
Canadian Grain Commission	www.grainscanada.gc.ca
Canadian Wildlife Service	www.cws-scf.ec.gc.ca
Chemical, Biological, Radiological and Nuclear Research and Technology Initiative	www.crti.drdc-rddc.gc.ca
Critical Infrastructure Protection and Emergency Preparedness	www.ocipep.gc.ca
Codex Alimentarius	www.codexalimentarius.net
Environment Canada	www.ec.gc.ca
Fisheries and Oceans Canada	www.dfo-mpo.gc.ca
Food and Agriculture Organization of the United Nations	www.fao.org
Foreign Affairs Canada	www.fac-aec.gc.ca
Health Canada	www.hc-sc.gc.ca
Health Canada Bureau of Food Safety Assessment	www.hc-sc.gc.ca/food-aliment/fsa-esa/e_index.htm
International Plant Protection Convention	www.ippc.int
International Trade Canada	www.itcan-cican.gc.ca
International Union for the Protection of New Varieties of Plants	www.upov.int
Mrs. Cookwell	www.canfightbac.org/mrs_cookwell/index.shtml
Natural Resources Canada	www.nrcan-rncan.gc.ca
North American Free Trade Agreement Secretariat	www.nafta-sec-alena.org
North American Plant Protection Organization	www.nappo.org
North American Plant Protection Organization Phytosanitary Alert System	www.pestalert.org/notifications.cfm
Office of the Auditor General of Canada	www.oag-bvg.gc.ca
Office of the Auditor General of Canada Report March 2004 Chapter 4	www.oag-bvg.gc.ca/domino/reports.nsf/html/20040304ce.html

Organization for Economic Co-operation and Development	www.oecd.org
Public Safety and Emergency Preparedness Canada	www.psepc-sppcc.gc.ca
Science, Technology and Innovation Policy	www.innovation.gc.ca/s-tinfo
United States Department of Agriculture	www.usda.gov
West Nile Virus	www.hc-sc.gc.ca/english/westnile/index.html
World Organisation for Animal Health	www.oie.int
World Trade Organization	www.wto.org

7.3 Acronyms and Abbreviations

AAFC	Agriculture and Agri-Food Canada
AAFCO	Association of American Feed Control Officials
ACC	Aerobic Colony Count
AI	Avian Influenza
ALHB	Asian Long-Horned Beetle
AMP	Administrative Monetary Penalties
AR	Annual Report
BSE	Bovine Spongiform Encephalopathy
BSLB	Brown Spruce Long-Horn Beetle
C-PIQ	Canadian Partners in Quality
CAHCC	Canadian Animal Health Consultative Committee
CBS	Canadian Biotechnology Strategy
CBSA	Canada Border Services Agency
CCRA	Canada Customs and Revenue Agency
CFIA	Canadian Food Inspection Agency
CFQAP	Canadian Fertilizer Quality Assurance Program
CFS	Canadian Forest Service
CIDA	Canadian International Development Agency
CIPEP	Critical Infrastructure Protection and Emergency Preparedness
CNIB	Canadian National Institute for the Blind
CRA	Canada Revenue Agency
CRSB	Canadian Regulatory System for Biotechnology
CRTI	Chemical Biological Radionuclear Research and Technology Initiative
CSF	Classical Swine Fever
CSGA	Canadian Seed Growers Association
CSI	Canadian Seed Institute
CWD	Chronic Wasting Disease
DFO	Fisheries and Oceans Canada
DPR	Departmental Performance Report

EAB	Emerald Ash Borer
EC	Environment Canada
EE	Employment Equity
ERP	Emergency Response Program
EU	European Union
FAC	Foreign Affairs Canada
FDA	Food and Drugs Act
FIORP	Foodborne Illness Outbreak Response Protocol
FMD	Foot-and-Mouth Disease
FSEP	Food Safety Enhancement Program
FS Quad	Quadrilateral Discussion on Food Safety
FVO	Food and Veterinary Office (European Commission)
GIS	Geographic Information System
GM	Genetically Modified
HACCP	Hazard Analysis and Critical Control Point(s)
HALS	Health Activities Limitations Survey
HC	Health Canada
HR	Human Resources
IM/IT	Information Management/Information Technology
IPPC	International Plant Protection Convention
ITC	International Trade Canada
LMA	Labour Market Availability
LTCP	Long-Term Capital Plan
MMI	Modern Management Initiative
MOU	Memorandum of Understanding
MPIP	Modernized Poultry Inspection Program
NAFTA	North American Free Trade Agreement
NAPPO	North American Plant Protection Organization
NCR	National Capital Region
NRCan	Natural Resources Canada
NRIS	National Realty Information System

OAG	Office of the Auditor General
OECD	Organisation for Economic Co-operation and Development
OFFS	On-Farm Food Safety
OGDs	Other Government Departments
OIE	World Organisation for Animal Health[1]
PCO	Privy Council Office
PMF	Performance Management Framework
PNT	Plant(s) With Novel Traits
PPV	Plum Pox Virus
PRA	Pest Risk Assessment
PRAS	Planning, Reporting and Accountability Structure
PSAT	Public Security and Anti-Terrorism
PSEPC	Public Safety and Emergency Preparedness Canada
PW	Potato Wart
QMP	Quality Management Program
RMAF	Results-based Management and Accountability Framework
RPMF	Real Property Management Framework
RPP	Report on Plans and Priorities
RPS	Research Partnership Strategy
SARS	Severe Acute Respiratory Syndrome
SOD	Sudden Oak Death
SPS	Sanitary and Phytosanitary
SRM	Specified Risk Material
TBS	Treasury Board Secretariat
TSE	Transmissible Spongiform Encephalopathy
USDA	United States Department of Agriculture
WTO	World Trade Organization

[1] OIE – "Office International des Épizooties" changed its name to World Organisation for Animal Health in 2003, but kept the historical acronym "OIE"