



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

AAFC's

Report on Plans and Priorities

2004
2005



Canada

Table of Contents

PART I	1
Message from the Minister	1
Management Representation	3
PART II	4
Planning Overview	4
Introduction	4
Operating Environment	5
Our Strategic Response	7
Our Management Framework	13
PART III	16
Agriculture and Agri-Food Canada's Strategic Plans	16
Security of the Food System	16
Health of the Environment	23
Innovation for Growth	27
Horizontal Initiatives and Key Government Themes	33
Rural Development	33
Co-operatives Secretariat	35
Sustainable Development Strategy	37
Service Improvement Initiative	38
Supplementary Information	39
Canadian Pari-Mutuel Agency	39
National Farm Products Council	40
Financial Information	42
Departmental Planned Spending	42
Financial Tables	44
Annex I	56
Further Information	56
Agriculture and Agri-Food Portfolio	56
How to Reach Us	57
Legislation Administered by the Minister of Agriculture and Agri-Food	59

Message from the Minister

As Canada's new Minister of Agriculture and Agri-Food, I am pleased to present to Parliament and to Canadians my department's *Report on Plans and Priorities (2004-2005)*. This report charts the fiscal and strategic roadmap that Agriculture and Agri-Food Canada (AAFC) will pursue over the next three years.

Agriculture and the rural communities across Canada are powerful components of our country's economic engine. Composed of agri-production, processing, distribution and retail, Canada's agriculture sector represents \$81 billion of the total Canadian economy. It generates eight percent of Canada's gross domestic product; it provides one in eight jobs for Canadians across the country; it remains an important economic generator from coast to coast; and it contributes to the health and well-being of consumers by providing safe, high-quality food produced in an environmentally sustainable way.

Agriculture's contribution to Canada's economy is driven by strong sales at home and beyond our borders. Between 1995 and 2002, agri-food and seafood exports increased by nearly \$10 billion, reaching a record total of more than \$30 billion.

Nevertheless, there are challenges. Every day the sector faces a range of risks that are unique to the business of agriculture. In the past year, we have seen severe pressures that have brought hardships for Canada's farm families, in particular to the beef and poultry industries following the discovery of BSE in May 2003 and avian influenza in February 2004 respectively. Adding to these risks are new demands and expectations from consumers, increasing globalization and rapid technological change, all of which are contributing to the challenges facing the agri-food sector today.

To help deal with these pressing issues, the Government of Canada, the provinces, the territories and the industry have implemented the Agricultural Policy Framework (APF), Canada's first *national* agricultural policy. The APF aims to position Canada as a global leader in safe, high-quality and innovative food products produced in an environmentally responsible way.



In June 2002, the federal government announced a historic five-year investment of \$5.2 billion in Canadian agriculture. All provinces and two territories have signed the APF implementation agreements and are now moving forward on program delivery. This report outlines how, over the next three years, AAFC investments will contribute to the achievement of three strategic outcomes:

1. Security of the Food System
2. Health of the Environment
3. Innovation for Growth

Areas of particular focus will include:

- continuing to implement the Agricultural Policy Framework;
- responding to consumer demands for food safety and quality by developing a national food safety and animal health strategy;
- assisting the sector to deal with increasing competition in international markets by resolving disputes through the World Trade Organization, eliminating trade distorting subsidies, securing market access, and safeguarding our domestic supply management regimes as well as our system of single-desk selling of wheat and barley; and
- enhancing consideration of rural issues and priorities in developing programs and options.

In addition, AAFC will continue to help the sector meet the challenges of sustainable development through national land and water services. My department will also help the sector manage technological change through research and development, and implementation of a broad strategy on regulatory and marketplace issues.

As AAFC moves forward on this ambitious agenda, we must continue to listen to the concerns of all Canadians. Accordingly, there will be an annual review of APF programming to ensure we remain on the established course.

An integral part of our vision will be securing a strong future for rural Canada, a commitment I bring to the portfolio from my time as Secretary of State for Rural Development. Canada's foundation in the past, as in the future, can be traced to the strength and vitality of its rural communities. The ongoing sustainability of rural Canada is in the best interest of all Canadians.

With this roadmap in hand, I look forward to working with Canadians as we put our country first in food safety, food quality, innovation and environmental stewardship.

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

Management Representation Statement

I submit, for tabling in Parliament, the *Report on Plans and Priorities (2004-2005)* for Agriculture and Agri-Food Canada. This document has been prepared according to the reporting principles and disclosure requirements contained in the *Guide to the Preparation of the 2004-2005 Report on Plans and Priorities*.

This report accurately portrays the department's plans and priorities. Planned spending information in this document is consistent with directions provided in the Minister of Finance's Budget and by Treasury Board Secretariat. Information in the report is comprehensive and accurate, and is based on sound underlying departmental information and management systems.

The reporting structure on which this document is based has been approved by Treasury Board Ministers and is the basis for accountability for the results achieved with the resources and authorities provided.



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

Date:

Planning Overview

INTRODUCTION

All provinces and two territories have now signed the Agricultural Policy Framework (APF) and finalized their respective implementation agreements. This significant milestone contributes to the Government of Canada's commitment to move agriculture beyond crisis management to a stable future. With this comprehensive framework in place, Agriculture and Agri-Food Canada (AAFC) is now in a stronger position to help the agriculture industry grow and prosper. Equally important, the APF provides a built-in capacity to update departmental policies as the agriculture and agri-food industry evolves in the face of new challenges and an ever-shifting business climate.

The pressures experienced by the industry in 2003, ranging from Bovine Spongiform Encephalopathy (BSE) to weather, grasshoppers and low prices, reinforced the soundness of the APF. The framework is a single, integrated platform that brings together five key agricultural elements:

1. Business risk management
2. Food safety and quality

3. Environment
4. Sectoral renewal
5. Science and innovation

The APF is designed to help Canadian agriculture maximize new opportunities internationally by promoting safeguards of, and enhancements to, food safety and quality systems in Canada. This worthy goal will be accomplished through science and by expanding the use of environmentally sound agricultural practices. Given the changing global context, the international component of the APF is intended to assist the industry to translate opportunities arising from domestic progress into success in global markets.

The coming fiscal year will see the work of the department shift from finalizing implementation

agreements and program design to delivery and continuous improvement of new programs. Making use of the open and transparent review and reporting requirements included in the implementation agreements will help measure program performance and identify areas for improvement. This shift will be achieved through an annual review of all elements of the APF by a panel of eminent industry stakeholders and experts. In delivering on departmental priorities, which are based on APF elements, AAFC will make a substantial contribution to ensure that the agriculture and agri-food industry, as well as rural communities and cooperatives, remain sustainable and the sector profitable. Moreover, the department's efforts will help



ensure the industry constitutes a key building block of Canada's economy and brings competitive advantage to Canadian agricultural exports on the global stage.

Report Structure

The balance of this part outlines key issues in agriculture and agri-food, presents general policy directions, and highlights AAFC's key approaches to policies and programs for 2004-2005. Detailed descriptions of departmental plans to generate economic strength for the industry and improve the quality of life of all Canadians, as well as links to further information, can be found in *Part III: Agriculture and Agri-Food Canada's Strategic Plans*, which is organized according to strategic outcomes. Logic models have also been provided. These models provide detail regarding departmental priorities that contribute to each strategic outcome, commitments by departmental priority, and benefits to Canadians of each departmental priority.

Horizontal Initiatives and Key Government Themes focuses on AAFC's role in multi-departmental coordination and co-operation. Specific initiatives and themes

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

covered in this section are the Rural Secretariat, Co-operatives Secretariat sustainable development and service improvement. Plans and priorities of two agencies within AAFC (Canadian Pari-Mutuel Agency and National Farm Products Council) are included in the next segment: Supplementary Information. Finally, detailed financial tables are provided along with an annex on further information.

OPERATING ENVIRONMENT

The agriculture and agri-food industry plays an important role in the Canadian and provincial economies, providing one in eight jobs and accounting for 8.2 percent of this country's total gross domestic product (GDP). Canada is the world's fourth largest agri-food exporter behind the United States, the European Union and Brazil. The industry contributes some \$3.72 billion to Canada's annual trade balance, which represents about 20.4 percent of the total Canadian trade surplus.

While primary agriculture is at the heart of the agriculture and agri-food system, the system is much more than just agricultural production. The system encompasses processing and distribution activities as well. Food processing, which includes beverage and tobacco processing, is the second largest contributor to the manufacturing GDP in Canada. Food expenditures is the second largest consumer goods expenditures category; food service is the third largest service expenditure item.

Despite its importance, agriculture and agri-food remains an inherently risky business. The sector is vulnerable to a host of natural risks, such as drought, hail, floods, frost,

insects, and animal and plant diseases. Some of these risks are likely to be exacerbated by climate change. At the same time, Canadian farmers must contend with a number of other risks, not the least of which are market conditions.

Rising consumer demands

One such risk is rising consumer expectations. Consumers demand high value processed food products, and assurances that the food they eat is being produced according to the highest safety and quality standards. This demand presents an opportunity for producers who can act first to meet market expectations. Furthermore, with some 90 percent of Canadians living in areas that contribute to the country's agricultural production, it is not surprising to find high levels of public awareness regarding the need to manage and protect environmental resources involved in agriculture. As part of a renewable resource industry, producers must continue to take public concerns seriously by using environmentally responsible production practices.

Fierce global competition

Clearly, consumers are setting the agriculture agenda—domestically and internationally. The industry is driven by their needs and concerns. As a trading nation, with almost half of its agriculture production being exported, Canadian agriculture is influenced heavily by this consumer-driven agenda. While Canada has been a strong player in world commodity markets, where competition has largely been price-based, a number of low-cost suppliers have emerged as major competitors. Not only is the number of suppliers on world markets increasing, but the number of potential customers has also risen. These buyers demand more specific quality attributes and greater variety.

Furthermore, the international agricultural trading system remains distorted by large subsidies and market access barriers. Canada, therefore, continues to press for a more level playing field, where the country's producers and processors can trade on the basis of their competitive advantage.

This competitive global environment is also a catalyst and opportunity for growth. Canada can thrive in this new environment by:

- developing food and other related agricultural products and services that capture opportunities in intertwined, diversified domestic and global markets;
- translating improvements to domestic production into increased exports;
- building the Canadian brand through a sustained campaign that strengthens Canada's reputation for high quality and safe agriculture and agri-food products;
- engaging in advocacy to advance Canada's views in development of international technical standards and policies; and
- launching major branding initiatives in collaboration with industry;

Rapid technological change

Scientific and technological advances hold the key to meet many consumer demands and take advantage of new opportunities—even though these advances create added pressure on producers to learn and develop new skills. Increasingly, distinct scientific disciplines are merging,



providing fresh insights into the composition, production and use of plants and animals. Creating a whole new range of food and non-food products gives Canadian producers an edge in emerging markets at home and abroad. New knowledge and technology must be developed and utilized by the Canadian industry at a rapid rate. At the same time, work that increases values of traditional commodities must continue.

The BSE challenge

New issues continue to emerge in this already complex operating environment. For example, the closing of export markets for Canadian beef and cattle following the discovery of a BSE-infected cow in Alberta in May 2003, resulted in considerable economic hardship for the beef industry. The poultry industry faced pressures and hardship following an outbreak of avian influenza in British Columbia in February 2004. To their great credit, the business community and individual Canadians proudly stood by the respective industry. For example, domestic beef

Domestic beef consumption actually increased during the summer of 2003 as Canadians organized barbeques, and restaurants launched special promotions to demonstrate their confidence in the safety of Canada's beef.

consumption actually increased during the summer of 2003 as Canadians organized barbeques and launched special promotions to demonstrate confidence and support in Canada's beef industry. This confidence and domestic pride in the safety of Canada's food system could well be Canada's strongest competitive advantage.

Technical trade issues

Canada's BSE challenge, and its trade repercussions, highlighted the need for a science-based trade-response system for future disease incidents. Such a system will reduce unnecessary economic damage and ensure fair treatment to a reporting country. Looking at the issue more broadly, while international customers seek greater assurances of food safety and environmental responsibility, governments are often more strict regarding human, animal and plant health protection standards. As tariffs decline, these new requirements can sometimes lead to technical trade barriers because they do not follow the spirit of international protocol.

OUR STRATEGIC RESPONSE

Recent pressures support the need for a comprehensive strategy to tackle the critical issues facing the industry. In fact, the key challenges confronting the industry—consumer demands related to food safety and quality, environmental practices, globalization of markets, and rapid technological change—were well known four years ago, as the department's response was being developed.

The APF—the department's response—is articulated in a framework accord signed by federal, provincial and territorial governments, and implemented through bilateral agreements. All provinces and two territories have now signed the APF and finalized their respective implementation agreements. Indeed, as Canada's first national agricultural policy, the APF marks a new era in partnership among governments, the sector and other stakeholders.

As a result of the APF, many new programs for the agriculture and agri-food industry are being introduced. Together, these initiatives form an integrated, sustainable and effective suite of programs to help the industry grow and prosper.

Major aspects of the APF are incorporated in AAFC's three strategic outcomes:

1. Security of the Food System
2. Health of the Environment
3. Innovation for Growth

To achieve these Strategic Outcomes, all AAFC activities are aligned to five Departmental priorities:

- Business Risk Management
- Food Safety and Quality

- Environment
- Innovation and Renewal
- International Issues

Security of the Food System

A secure food system provides reliability to consumers and profitability to business. To achieve a secure system, the department must ensure that consumers are confident in the safety and quality of products, farmers have the tools needed to manage inherent risks, and Canadian products have unfettered access to international markets.

Food safety and quality—the key to economic security

Canada's agriculture and agri-food industry is regarded internationally as a source of safe, high quality food. Producers' commitment to safe production practices has played a major part in achieving this favourable reputation. But now, as consumers desire more information and greater assurances about the safety and quality of the food they eat, governments and the industry are collaborating to address these needs, and augment the industry's capacity to meet or exceed market requirements.

NET PLANNED SPENDING AND FULL TIME EQUIVALENTS

Security of the Food System

Forecast Spending 2003-2004*		Planned Spending 2004-2005		Planned Spending 2005-2006		Planned Spending 2006-2007	
\$ millions	FTE	\$ millions	FTE	\$ millions	FTE	\$ millions	FTE
4,171.0	1,482	1,433.0	1,751	1,336.0	1,782	1,323.2	1,782

* Reflects the best forecast of total planned spending authorities to the end of the fiscal year including adjustments totaling \$3,383.5 million in Supplementary Estimates and other adjustments.

2003-2004's Forecast Spending is higher than future Planned Spending for several reasons: special transition funding, special funding to address the impact of BSE, and increased statutory payments due to increased need in 2003-2004. Similarly, future Planned Spending will vary based on need.

Over the next three years, a key goal for AAFC is to achieve an enhanced, nationally integrated agri-food safety and quality system. With this in mind, measures will be put in place to encourage the use of Hazard Analysis of Critical Control Points (HACCP) based food safety systems for food production—from farms through to consumers. In addition, tracking and tracing tools to ensure standards are maintained throughout the system will be developed. The department is also assisting industry to adopt innovative technologies and processes that contribute to safer and higher quality products by ensuring the timely transfer of new tools to industry. In turn, these tools will contribute to enhanced growth and competitiveness of the industry, as well as generate information to brand Canada at home and abroad.

Part and parcel of maintaining and enhancing confidence is encouraging common understanding of current measures in the agri-food safety and quality system and encouraging refinements from stakeholders. To this end, a communications strategy will be developed to enhance the department's understanding of consumer concerns regarding food safety and quality.

Business risk management— more options for producers

To produce food that satisfies the evolving preferences of consumers and changing market conditions, producers must manage risks and make business decisions in a proactive manner, and improve the viability of their farms through

change and innovation. Today's complex business environment requires producers to think of risk management more comprehensively—beyond participating in income-stabilization programs. An integrated approach that involves swift adoption of improved food safety and environmental practices; expansion and diversification to capitalize on value-added opportunities and burgeoning markets for new products; and development of stronger farm management and planning skills is vital to ensure the future prosperity of farming operations.

For farmers, long-term risk management programming is fundamental to realizing a more stable and predictable business-planning environment. To address issues such as gaps in coverage and the equity and fairness of established programs in different parts of the country, new business risk management programs are being put in place to provide equitable treatment for producers of all commodities. In the new system, funds are directed to clear needs. In addition, funding is guided by five-year targets, so that levels can fluctuate from year to year in response to changing circumstances.

The new Canadian Agricultural Income Stabilization (CAIS) program, a key initiative to help farmers protect their operations, was officially launched in December 2003. CAIS replaces the existing Net Income Stabilization Account (NISA) and the Canadian Farm Income Program (CFIP). Among its advantages, CAIS provides both income stabilization and disaster assistance. CAIS is built on the

Over the next three years, a key goal for AAFC is to achieve an enhanced, nationally integrated agri-food safety and quality system.

To address issues, such as gaps in coverage and the equity and fairness of established programs in different parts of the country, new business risk management programs are being put in place to provide equitable treatment for producers of all commodities.

premise that the deeper a producer's loss, the greater the government share of the cost to cover those losses. Negotiations to develop additional features of CAIS are ongoing.

Furthermore, crop insurance, which is the main programming vehicle to help offset the impact of crop losses caused by natural hazards, is being expanded to a new production insurance program that covers more commodities and provides a broader range of program choices for producers. Development of the new production insurance program is ongoing. Some of the new production insurance tools are expected to be ready before the start of the 2005 production year, while others might be launched in 2006.

AAFC will: continue to promote Canadian positions and approaches in trade negotiations; focus on establishing key strategic alliances; use advocacy strategies and, when necessary, trade dispute mechanisms to promote and defend Canadian interests.

Environmental programming under the APF, which will be further developed over the next three years, will contribute to improved environmental performance through the adoption of beneficial practices on farms across Canada, leading to enhanced environmental benefits in air, water, land and biodiversity.

International issues—capitalizing on a coordinated domestic strategy

A more coordinated domestic strategy to improve food safety and quality, encourage environmentally responsible production, and bring new, desirable products to market will lay the groundwork for Canada's success internationally. Given the intensity of global competition, Canada must leverage its competitive advantage to solidify long-term growth and industry profitability. This leveraging process will include a commercialization strategy whereby scientific research is captured as intellectual capital

and transferred to Canadian companies to assist them in capturing global opportunities.

To publicize Canada's status as the world leader in food production and the quality of Canadian products, the department's efforts will include:

- devising a strategic approach to market research based on an in-depth understanding of market opportunities and challenges;
- launching major branding initiatives in collaboration with industry;
- providing enhanced and expanded technical marketing assistance to raise awareness among foreign buyers of Canada's high standards and ability to meet demands;
- developing strategies geared to priority and important emerging markets; and
- strengthening support to Canadian exporters abroad by placing specialists in key foreign markets.

Equally important is ensuring that the Canadian agriculture industry is on a more level playing field in export markets by establishing clear international trade rules and gaining maximum access to foreign markets.

To this end, AAFC will:

- promote Canadian positions and approaches in trade negotiations;
- focus on establishing key strategic alliances;
- utilize advocacy strategies and, when necessary, trade dispute mechanisms to promote and defend Canadian interests; and

- expand the depth and scope of consultations on agricultural trade policy issues to reflect the increasingly diverse concerns of Canadian stakeholders.

Health of the Environment

A commitment to environmental stewardship

Farmers are renowned for their commitment to environmental stewardship. By managing the effects of agriculture on the environment, producers know they can enhance the sustainability of their operations over the long term and improve their bottom lines.

Through the environment element of the APF, AAFC is building on a strong tradition of environmentally sound production practices. Environmental programming under the APF, which will be developed over the next three years, will contribute to improved air, water and soil quality, biodiversity, and the government's efforts to meet its Kyoto Protocol commitment. This work will help to position Canada as the world leader in producing food and non-food products in an environmentally responsible manner, creating new markets for Canadian goods and services around the world. The result of these efforts will be a cleaner environment, healthier living conditions for all Canadians, and growth and increased prosperity for the industry.

NET PLANNED SPENDING AND FULL TIME EQUIVALENTS

Health of the Environment


Forecast Spending 2003-2004*		Planned Spending 2004-2005		Planned Spending 2005-2006		Planned Spending 2006-2007	
\$ millions	FTE	\$ millions	FTE	\$ millions	FTE	\$ millions	FTE
274.8	1,780	302.2	1,691	285.1	1,665	259.4	1,665

* Reflects the best forecast of total planned spending authorities to the end of the fiscal year including adjustments totaling **\$111.6** million in Supplementary Estimates and other adjustments.

Net Planned Spending in 2004-2005 is shown as increasing mainly due to an increase in Contributions for Agriculture and Agri-Food Sector Assistance - Environment.

Managing environmental risk

The department's efforts to reduce agricultural risks to the environment emphasize on-farm action, enhanced knowledge and information about environmental impacts, and improved performance measurement methods. Using environmental scans, governments are working together to identify areas of higher, agriculture-related environmental risk. Through environmental farm plans (EFPs), producers are identifying environmental risks posed by agricultural activities and developing action plans to mitigate these risks. To help offset the costs of taking action to reduce the risks identified in EFPs, an incentive program will make funds available to producers on a shared cost basis.

Our changing climate must be considered as part of these risk management activities. AAFC's National Agro-climate Information Service (NAIS)  will provide knowledge and information to support decision making on farms, including decisions related to EFPs.

Innovation for Growth

Equipping the sector with new products, knowledge and strategies

Through the years, scientific breakthroughs have contributed greatly to the many successes of Canadian agriculture. Today, as the frontiers of traditional research are being pushed further and further, the future growth, success and prosperity of the

As part of its commitment to ensure clear accountability for results, AAFC has defined clear roles and responsibilities for managing science and research activities nationally and horizontally across the priorities of the department.

industry will hinge on producers and processors working closely with researchers in laboratories and test plots across the country.

NET PLANNED SPENDING AND FULL TIME EQUIVALENTS

Innovation for Growth

Forecast Spending 2003-2004*		Planned Spending 2004-2005		Planned Spending 2005-2006		Planned Spending 2006-2007	
\$ millions	FTE	\$ millions	FTE	\$ millions	FTE	\$ millions	FTE
431.6	2,908	422.9	2,728	408.8	2,653	375.6	2,653

* Reflects the best forecast of total planned spending authorities to the end of the fiscal year including adjustments totaling **\$73.6** million in Supplementary Estimates and other adjustments.


Net Planned Spending is shown as decreasing over the next three years mainly as a result of the sunseting of the Prairie Grain Roads Program in 2005-2006.



By collaborating with scientists, producers could grow commodities with special characteristics that meet producers' specifications to generate innovative products for new markets. Such items might include not only new foods, but also a wider range of new non-food products. In fact, agriculture can serve as a source of products in fields such as medicine, health and nutrition, energy, and building materials. Farming products could become the base of whole new industries in Canada and help brighten the sector's profit picture considerably. Indeed, science and innovation will spark new investments and added income throughout the value chain, benefiting all stakeholders involved in bringing agri-food products to market. These initiatives and possibilities are in addition to the considerable amount of ongoing work that increases the value of traditional commodities.

With new bio-products and more advanced production systems, the industry will be better equipped to seize opportunities and manage change. These enhancements will ultimately help AAFC achieve its objective of making Canada the world leader in the development of food and agricultural products and services that capture value-added opportunities. The use of science to support the APF elements of food safety and quality, and environmental sustainability will further enhance the branding of Canadian products internationally.

As part of its commitment to ensure clear accountability for results, AAFC has defined clear roles and responsibilities for managing science and research activities nationally and horizontally across the priorities of the department.

AAFC has established four National Science Programs: 

1. Food Safety and Food Quality
2. Environmental Health
3. Sustainable Production Systems
4. Bio-Products and Bio-Processes

These programs provide:

- food safety and quality research;
- environment research;
- sustainable production systems research; and
- bio-products and bio-processes research.

Each National Science Program team supports departmental priorities through the horizontal team and Board of Directors structure, ensuring strategic alignment of science and research activities.

With the national programs in place, the department is revising its research themes. To simplify moving science and technology from the lab bench to the farmer's field, an Intellectual Property Office has been launched.

Although agricultural research is the cornerstone of industry success, research remains a costly undertaking. Attracting public and private sector investors outside of agriculture—both in Canada and elsewhere—is vital to ensure science has sufficient resources to tackle new challenges. To this end, over the next three years, AAFC will continue to realign and increase investments to support science and innovation in the research provided by the national programs.

An action plan to realign public-sector investment will be in place by December 2004. By 2005, a strategy will be developed to enhance investment in Canada's agricultural bio-based economy.

Renewal—managing change and seizing opportunities

Advances in science and technology provide opportunities to address environmental, food safety and food quality issues, and to create new products that satisfy consumer demands. On the other hand, these advances present new management challenges and opportunities, and increase the need to engage in continuous learning. To meet these challenges, the Canadian Farm Business Advisory Services (CFBAS) and other renewal programs help farmers make business decisions related to the future of their farming operations.

As the business of farming becomes more complex, and as operations expand, farmers are putting greater energy into managing financial and human resources, as well as making strategic decisions on future directions for long-term success. To make sound choices, producers need to have an enhanced understanding of proven management practices. The renewal component of APF provides producers with the tools and services to enhance their knowledge of, and access to, innovative production practices and technologies that reflect the demands of today's marketplace.

Under renewal, producers have access to a confidential on-line benchmarking tool that enables them to compare their farm data with other farms of similar specialization and size within their regions. An Agricultural Services website supplies producers with further sources of information—through links to on-farm management clubs, mentoring and peer support, and other agricultural services—to keep producers abreast of new trends, beneficial practices, and innovations within the industry. Renewal also helps farmers and their families attain their business and personal goals through:

- Canadian Farm Business Advisory Services (CFBAS)—a single point of entry for professional business planning services;
- Planning and Assessment for Value-added Enterprise (PAVE), which provides funds for producers considering establishing or expanding a value-added enterprise; and

The Canadian Farm Business Advisory Services (CFBAS) and other renewal programs help farmers make business decisions related to the future of farming operations.

- Canadian Agricultural Skills Service (CASS), being designed in partnership with the provinces, territories and Human Resources and Skills Development Canada to offer producers assistance for skills assessment and training.

To address farmers' challenges in gaining access to capital in today's business climate, baseline studies will be undertaken and federal-provincial-territorial strategies will be developed to deal with barriers impeding farmers from accessing capital, especially for beginning farmers and agribusiness.



Our Management Framework – Taking Action for Results

Evolving governance system

As the APF evolved, AAFC's management structure evolved to support implementation of the APF. An effective governance system is the foundation of the strategic direction in the APF. AAFC's governance system is based on providing the structures and processes needed to collaborate on horizontal policy issues and make informed decisions. A team-based organization, built around the priorities found in the APF and governed by boards of Assistant Deputy Ministers, reinforces the need to work collaboratively as one department and share responsibility for achieving results.

Integrating planning

The APF is a framework designed to manage today's issues and respond to changing priorities. In this respect, the APF is as much about the future as it is the present. If the APF represents what we as a department are doing, our planning architecture drives how objectives will be achieved. The planning architecture is comprised of projects that are defined in terms of the results to which they contribute, and are linked together to form a detailed plan for achieving the results of the APF.

These deliverables provide a basis for accountability, performance measurement, decision making and action. Advantages of this

planning approach include increased transparency, improved strategic alignment, clarity of roles and responsibilities, and a framework to manage resources.

Improving management of resources

With this one-department, project-based approach, AAFC has a framework to assign and manage resources—people, money, assets—according to priorities. Linking strategic and operational planning in this fashion yields a wealth of information to AAFC senior management, project leaders and team members.

In the course of APF implementation, the department will be able to track resources used and progress made to an extent never before possible. This transparent and detailed information will aid decision making—not only for setting direction, but also for making required course corrections and resource reallocation choices. The overall result will be more effective and accountable management and more responsible stewardship of public resources.

Enhancing decision support

Timely access to performance information can have a significant effect on the quality of management decision making at all levels. To improve access, AAFC will establish a fully integrated information management, decision support system. The department is updating existing data, as well as corporate business processes that generate data, to ensure the accuracy of information.

While understanding information at the operational level is critically important, so is the ability to aggregate information. With this enhanced information processing, all levels of management can plan, monitor, adjust, report and make decisions with the support of timely and relevant information. In the end, there will be greater transparency in the department's work and its cost.

A number of actions are being taken to obtain a comprehensive understanding of managers' information requirements, and to deliver data in a practical way. The department is also addressing the issue of data integrity by updating existing data and corporate business processes that generate data. Finally, a series of system upgrades is being examined to enhance the department's ability to access integrated information. Thanks to these enhancements, starting in 2004-2005, AAFC will be capable of integrating information for decision making, and monitoring and reporting work at the project level.

Modernizing human resources—The People Framework

All AAFC work—policies, programs, gains in science, international efforts and other initiatives—depends on people. AAFC's human resources strategy is to build on the strengths of the department's collaborative, team-based organization. To function effectively as teams, departmental staff must have the environment and tools needed to work together in providing the best advice to government and the best service to Canadians.

The People Framework is a systematic and integrated approach to leverage the collective efforts and talents of everyone at AAFC to achieve departmental goals. The framework defines the tools, mechanisms, policies and processes required by AAFC to make the most of employees' abilities and to meet objectives.

The People Framework brings together a number of initiatives. Combined, these initiatives will:

- create an inclusive environment where all employees contribute;
- offer learning and development opportunities to build targeted skills and competencies;
- create flexible, efficient staffing processes; and
- integrate human resources information into broader departmental information to promote improved corporate planning.

Integrated Risk Management

Integrated risk management is a continuous, pro-active and systemic process to understand, manage and communicate risk from an organization-wide perspective.

In 2003, AAFC conducted an extensive review of risk management practices and principles. The result was a new four-step Integrated Risk Management process, which is understood and used throughout

the department to identify, assess, treat and monitor risk.

Integrated with existing operational procedures, and built into the AAFC's planning cycle, this process enables the department to capture risks at three horizontal levels spanning all AAFC activity, and then deal with those risks at the right level. Risk profiles developed for individual outcome projects feed into the team risk profiles, which in turn inform development of the corporate risk profile.

AAFC will continue to increase departmental capacity, focusing on provision of further training and risk assessment support to individuals and teams. AAFC will refine the process and support systems in light of experience gained over the past year, and will continue to provide accurate and comprehensive risk information for decision making.

Conclusion

Taken together, AAFC's three strategic outcomes—Security of the Food System, Health of the Environment and Innovation for Growth—form a cohesive action plan that works for the benefit of all Canadians. As the department works toward achieving these outcomes, the Canadian agriculture and agri-food sector will enjoy enhanced business stability, while consumers will appreciate greater assurance about the safety and quality of their food and the environmentally responsible methods used to

produce that food. Canadians will also welcome a broad range of new food and non-food products that will improve their day-to-day quality of life. Moreover, a stronger Canadian agriculture and agri-food sector will strengthen the Canadian economy as a whole.

Implementing a new policy architecture for the 21st century necessitates major shifts throughout the department, as AAFC evolves from an activities-based organization to a results-based one. All of AAFC's resources are now aligned to support this new policy direction, while the department's work is structured according to teams delivering on APF priorities.

On the next page, AAFC's Strategic Framework graphically represents this integrated, one-department approach. Outcome projects or deliverables connect to outcomes or results, which, in turn, support departmental priorities. These priorities define the mandates of the various teams. The departmental priorities then link to the three AAFC strategic outcomes, which contribute to fulfilling the department's vision and its overarching goal of achieving the best quality of life for all Canadians.

AAFC'S STRATEGIC FRAMEWORK

BEST QUALITY OF LIFE FOR ALL CANADIANS

Mandate

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

Vision

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

AAFC Strategic Outcomes

Security of the Food System

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

Health of the Environment

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

Innovation for Growth

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

Departmental Priorities

Business Risk Management

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

Food Safety and Quality

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

Environment

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

Innovation and Renewal

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

International Issues

Expanding international opportunities for the Canadian agri-food sector.



Agriculture and Agri-Food Canada's Strategic Plans

This section of the report highlights the department's priorities for fiscal year 2004-2005 and states how these priorities will contribute to achieving the department's vision and three strategic outcomes.

Also contained in this section are descriptions of other key areas in which the department plays a role:

- Rural Development
- Co-operatives Secretariat
- Sustainable Development
- Service Improvement

SECURITY OF THE FOOD SYSTEM

Introduction

Securing the food system

Producing and distributing food involves many players, processes and activities. At every step along the production and distribution continuum, the food system is vulnerable to risks from natural, social and economic forces that affect:

- Quantity, quality, variety, flow, supply and affordability of food products;
- Production costs and income for producers and suppliers;
- Quality of the resource base and health of the environment; and

- Profitability, sustainability and reliability of the agri-food enterprise.

To address these risks, and their implications for the security of the food system, AAFC pursues a strategy that aims to make Canada the world leader in producing, processing and distributing safe and reliable food.

Operating Environment

Challenges and opportunities

Food production responds to the basic human need for a safe, reliable and adequate supply of food. In addition, the agriculture and agri-food industry contributes directly not only to the economic security of the one in eight Canadians who depend on it for

their livelihood, but also to the quality of life of all citizens.

A large country with a relatively small population, Canada's lifeblood is trade. The agriculture and agri-food industry is a prime example of the country's trade dependency. Canada exports almost half of its domestic production, either directly as primary products or indirectly as part of processed products. In an era of instant communications, abundant information and globalized markets, consumers increasingly ask more of the food system in terms of safety and quality, and environmentally responsible production.

As the APF is implemented, Canadian products will enjoy a competitive advantage in a number of markets. To succeed over the long term, however, the industry must satisfy evolving expectations of domestic and foreign markets, as well as maximize opportunities provided by increasing numbers of customers, demand for specific quality attributes, and fast-growing markets in developing countries for value-added food products.

Although the opportunities are enormous, so are the challenges, given the industry's inherently risky business environment. The range of risks is wide—from natural hazards, including drought, floods and animal diseases, to consumer-driven market forces and competition from emerging low-cost suppliers. A well-coordinated strategy will safeguard the food system from isolated incidents and more widespread risks, and enhance Canada's reputation as a reliable supplier of safe, high quality products.

Strategic Response

To achieve the Strategic Outcome of "Security of the Food System", AAFC works primarily through three departmental priorities: Business Risk Management, Food Safety and Quality and International Issues.

Business Risk Management

Building capacity, and consolidating and expanding opportunities

While aggregate farm income is relatively stable, individual farms often experience wide annual variations. Factors contributing to this variability include natural forces, such as weather-related risks, and market forces, such as fluctuating commodity prices. Although these factors are beyond producers' control, farmers can improve their income prospects by actively managing risks instead of simply reacting to them. Farmers can promote income stability by improving production and management decisions and practices, marketing in a strategic manner, learning continuously,

and controlling costs of production. But with few private sector instruments available, public investment in risk management is crucial.

To this end, the federal, provincial and territorial governments have committed, under the APF, to improve business risk management (BRM) within the agriculture industry. In consultation with industry stakeholders, governments have been working to refine BRM programming. In 2000 and 2001, comprehensive reviews of existing programming identified issues that are now being addressed in a suite of BRM programs under the APF. The goal of these reviews is to reduce variability in farm income by enhancing producers' capacity to manage risk and produce food that meets the rapidly evolving requirements of consumers at home and abroad. In doing so, the industry can expect greater profitability in the long term.

Producers of milk, poultry and eggs primarily use supply management to stabilize their revenues. The supply-managed system provides mechanisms to allow individual producers of supply-managed commodities to manage most business risk.

Supply-managed sectors are eligible for financial assistance, under the new Canadian Agricultural Income Stabilization, (CAIS) program, whenever their margins in a year fall by more than 30%.

BRM programs assist all producers to manage farm income risks.

Income Stabilization and Disaster Assistance

Filling gaps, empowering producers, and enhancing viability and profitability

Following the 2000 and 2001 reviews, the Net Income Stabilization Account, which aimed to enhance farm income stability, and the Canadian Farm Income Program, which was geared to delivering disaster assistance, were consolidated into the Canadian Agricultural Income Stabilization (CAIS) program. Launched in December 2003, CAIS involves producers more actively in the management of risk, with government assistance focusing on demonstrated need. Specifically, the CAIS program will provide reliable and permanent disaster coverage, enhanced income stability and equitable treatment for all farmers.

Production Insurance

Increased comprehensive coverage and greater equity

Crop insurance is the main instrument producers use to deal with crop losses caused by natural perils such as drought and flood. Under the provincially-administered crop insurance program (CIP), producers buy coverage to guarantee a percentage of probable yields for specific crops. AAFC is building on the CIP platform to create a new Production Insurance Program that is more comprehensive, equitable and easier to administer. The system will also link to CAIS to avoid program duplication.

The food safety and quality component of the APF aims to:

- *minimize the risk and impact of food-borne hazards on human health,*
- *increase consumer confidence in the safety and quality of Canadian agriculture and agri-food products,*
- *improve the industry's ability to meet or exceed market requirements for products, and*
- *provide value-added opportunities through the adoption of food safety and food quality systems.*

Highlights of Production Insurance include:

- Implementing a consistent federal cost-share of premiums across Canada by 2006;
- Offering more flexibility in design of insurance plans for crops that have traditionally been difficult to insure;
- Offering catastrophic coverage at no additional cost to producers; and

- Implementing a whole-farm option to reduce program costs to producers in 2005.

In addition, a feasibility study is being conducted to determine producers' needs with respect to extending coverage to livestock.

Cash Advances □

Integration and greater flexibility

Two cash advance programs are in place for the benefit of producers: the Advance Payments Program (APP) and Spring Credit Advance Program (SCAP). SCAP provides advances each spring to assist with input costs, while APP facilitates access to credit for producers after harvest. During a review of the programs, completed in 2002, industry emphasized the need for ongoing cash advance programs that provide access to credit to assist long-term business planning. The review also pointed to the importance of integrating APP and SCAP into a more flexible program that provides loans to more producers.

Private Sector Risk Management Partnerships Program □

Government enabling partnership

The APF also recognizes the need to foster the use of private sector risk management tools. Private sector insurers have been reluctant to cover non-traditional risks, such as animal diseases, not addressed by the Canadian Food Inspection Agency. Although they are reasonably common, farm risks such as business interruption, asset loss and

income loss often appear to insurers as isolated problems. However, the impact on individual operations can be potentially devastating. Insurance companies are concerned about the investment required to gather and analyze necessary data. To encourage private sector involvement, the Private Sector Risk Management Partnerships Program has been developed to assist commodity groups in working with private insurers to address non-traditional risks.

Provincial Programming Provisions

Meeting provincial needs

Another facet of the APF is continuous improvement. For example, existing provincial programs must be consolidated by 2006-2007. Programming will be evaluated and agreements developed for programs found to make a significant contribution to managing risks. Initiatives not meeting the APF's objectives and priorities will be phased out. In shifting to the new approach, each province or territory will be allocated federal funds for programming specific to its needs. Transition funding will wind down starting April 1, 2006. After this date, provincial or territorial programming outside the set will not qualify for federal cost sharing and will not be counted towards that jurisdiction's overall 40-percent funding commitment.

Food Safety and Quality

Fulfilling consumer expectations through science

Consumers in Canada and abroad are helping to raise the bar on agri-food products in terms of quality and variety by demanding greater accountability from the agriculture and agri-food industry. Consumers expect products to meet the same high food safety and quality standards throughout Canada. They also expect governments, particularly the federal government, to resolve jurisdictional issues and provide a platform for stakeholders to collaborate in building a national food safety and quality system. Finally, they expect the federal government to provide leadership towards an integrated national strategy for research into food safety and quality, which will help the industry to capitalize on market opportunities and improve its global competitiveness.

With these expectations in mind, the food safety and quality component of the APF aims to:

- Minimize the risk and impact of food-borne hazards on human health;
- Increase consumer confidence in the safety and quality of Canadian agriculture and agri-food products;
- Improve the industry's ability to meet or exceed market requirements for products; and
- Provide value-added opportunities through the adoption of food safety and food quality systems.

Food safety and quality objectives will be attained through:

- Enhancement of a national integrated agriculture and agri-food safety and quality system;

- Adoption of a set of new knowledge, tools and technologies to improve the safety and quality of agri-food produced and processed in Canada;
- Understanding of the elements of Canada's national food safety and quality system; and
- Encouragement of all partners in the food system to play their parts in the refinement of this system.

Fully attaining these objectives requires that AAFC work with other government departments as well as other jurisdictions.

To ensure future success and growth, additional capacity is required to identify and direct resources toward emerging issues and opportunities. Ongoing investment is required to build on the work of the APF and look to the future.

To this end, the goal of future programming beyond the Canadian Adaptation and Rural Development (CARD) Fund (whose mandate expired March 31, 2004), will be to position Canada's agriculture and agri-food industry at the leading edge of developments in the marketplace. New programming will build on the strengths of the previous CARD Fund by continuing to use an industry-led approach, with the flexibility to address issues at both the national and regional levels. The new program will also use a forward-looking approach to identify and address emerging issues facing the industry, and help the industry maximize opportunities.

New food safety programs will strengthen Canada's standing as a world leader in food safety, with a goal of making 80 percent of the country's value chain traceable within the next four years.

AAFC activities toward achieving these outcomes will include:

- Developing, in consultation with provincial and territorial governments, a framework to facilitate a concerted decision-making process for food safety issues in Canada;
- Developing, in consultation with governments, industry and stakeholders, a common vision and an overarching strategy for food safety and quality in Canada, with specific policies on animal welfare, food quality standards, and plant, animal and fish health;
- Helping industry design and implement Hazard Analysis and Critical Control Point-based on-farm and off-farm food safety systems, which will encourage industry development of a national food safety and food quality strategy;
- Designing a strategy for the timely transfer of knowledge, tools, technologies and processes; and

- Collaborating in development and implementation of a communications strategy to increase consumer confidence in Canadian products' safety and quality.

Canada is already moving aggressively on food safety research and implementation. New food safety programs will strengthen Canada's standing as the world leader in food safety—with a goal of making 80 percent of the country's value chain traceable within the next four years.

International Issues

Gaining recognition, gaining ground

Clearly, the APF is laying the groundwork domestically for success internationally. With an integrated strategy in place to improve food safety and quality, increase environmental farm management, and develop new and innovative products, processes, technologies and services, Canada will be poised to expand its four-percent share of the world's agriculture and agri-food export market. Stronger partnerships with industry are also critical to achieving market success. The use of value chain roundtables will ensure a broader, more integrated approach to industry consultations and facilitate activities.

Taking advantage of the APF's benefits will depend on strengthening Canada's market development capacity and gaining recognition for Canada's ability to meet the demands of highly segmented and increasingly competitive global markets. To this

end, AAFC has adopted four broad themes for enhancing Canada's position in world markets:

1. Gaining Recognition and Building Markets
2. Improving Market Access
3. Overcoming Technical Barriers
4. Enhancing International Development

The themes Improving Market Access and Overcoming Technical Barriers are outlined below; the other themes are outlined in the section Innovation for Growth.

Improving Market Access

Levelling the playing field

By establishing clear international trade rules and securing unfettered access to foreign markets, Canadian producers and processors can translate international recognition for the quality of their products into increased export sales. Strategically defining and advancing Canada's trade policy objectives will strengthen the country's ability to influence key agricultural trade negotiations and resolve specific trade access issues. While the World Trade Organization is the only forum where Canada can address the high levels of trade-distorting spending by some trading partners, we are undertaking complementary regional and bilateral negotiations as well. Major elements of our approach to enhancing market access will include:

- Focusing on the establishment of key strategic alliances;
- Engaging in advocacy efforts to press for greater trade liberalization;

- Challenging trade barriers;
- Influencing domestic policy in key countries; and
- Expanding consultations on agricultural trade policy to reflect the diverse interests of stakeholders.

Overcoming Technical Barriers

Shaping standards and challenging trade requirements

Although adherence to scientific principles is one of Canada's tenets of trade, some countries' trade requirements are not based on science. Such technical trade barriers can be disruptive to global trade. Accordingly, Canada will work to develop international technical standards and policies, and challenge measures put in place by other countries, if necessary. AAFC will work with partners to implement a stronger strategic approach to technical trade-related issues and negotiation of Market Access Protocols, which are bilateral agreements facilitating trade in specific agri-food products. This approach will put in place rules governing technical requirements, and promote Canadian interests in international standard-setting organizations and technical fora. The department will strive to shape debate in international organizations and form alliances with other countries on multilateral approaches to key issues aligned with the APF's food safety, food quality and environmental priorities. Linked with Canada's advocacy efforts, emphasis will also be placed on tackling bilateral trade barriers. In addition, AAFC will develop an early-warning system on emerging

technical trade issues, disseminate intelligence to domestic stakeholders, prepare Canadian positions, and adjust national standards, as appropriate.

Performance Measurement

A variety of performance measurements pertinent to components of the security of the food system will be devised.

For the business risk management component, performance indicators (national and provincial) will include:

- Reduced variability of farm income and operating margin over time;
- Increased farm income and operating margin; and
- Increased farm capital investments over time.

For food safety and quality, performance indicators will include:

- Reduction of exposure to agri-food hazards;
- Increase in the level of consumer confidence in the safety and quality of Canadian food;
- Improvement in the relative performance of Canadian companies compared to foreign companies in meeting or exceeding market requirements for food safety and food quality; and
- New markets made available as a result of the adoption of the Canadian food safety and quality systems.

For the international component, the performance indicator will be change in international market share of Canadian exports.

Benefits for Canadians

The food system is subject to a host of natural, social and economic risks. Achieving security of the food system will ensure a reliable supply of safe and high quality agriculture and agri-food products for Canadians. The two North American incidents of BSE in Canada and the United States in 2003 underline the urgency of putting in place a national strategy to address food safety and quality issues. The industry is also an important contributor to the Canadian economy and society. A secure food system is essential for the industry to remain viable, competitive domestically and globally, profitable, and sustainable over the long run. With strong prospects for the future, the agriculture and agri-food industry can continue to enhance the well being of all Canadians.



Priority: Business Risk Management*Enhancing producers' capacity to manage risk, and increasing the industry's viability***Commitments 2004-2005**

- CAIS program development
- Create a new production insurance system based on the Crop Insurance Program platform
- Modify the Cash Advance Programs
- Encourage private-sector involvement through the Private Sector Risk Management Partnerships Program
- Environmental analysis of BRM policies
- Re-design FIMCLA

Expected Results

- Increased utilization of risk management tools
- Increased participation in BRM programs

Priority: Food Safety and Quality*Minimizing the risk and impact of food-borne hazards on human health, increasing consumer confidence, and improving the industry's ability to meet or exceed market requirements for food products***Commitments 2004-2005**

- Enhance and integrate national policy for food safety and quality, including animal and plant health
- Develop innovative technologies and processes that contribute to safer and higher quality foods
- Increase awareness and recognition of the safety and quality of food produced in Canada

Expected Results

- Increase in the level of consumer confidence in food produced in Canada
- Improvement in relative performance of Canadian agri-companies in meeting or exceeding market requirements for food safety and quality
- New markets available as a result of the adoption of the Canadian food safety and quality systems
- Change in international market share of Canadian exports
- Change in the volume and value of domestic and foreign investment in Canada's agriculture and agri-food industry
- Changes in international partners' support for Canada's positions at negotiating sessions

Priority: International Issues*Expanding international opportunities for the Canadian agri-food industry***Commitments 2004-2005**

- Improve market access
- Overcome technical trade barriers
- Enhance international development

Expected Results

- Reduction in the number of trade barriers
- Increase in the number of Market Access Protocols negotiated with key trading partners

Benefits for Canadians

- Reliable supply of safe and high quality agri-food products
- A competitive and sustainable food system

These commitments also contribute to the Innovation and Renewal and Environmental priorities. A breakdown of planned spending by priority can be found on page 32.

HEALTH OF THE ENVIRONMENT

Introduction

Caring for the environment in agriculture

Canadians have become increasingly aware of the necessity to manage and protect natural resources involved in agriculture to ensure a safe, high quality food supply, enhance biodiversity, improve water use efficiency, protect water quality, and preserve air quality. Federal and provincial ministers of agriculture responded to these public priorities and pressures by including an environmental component in the APF agreement. Key areas of this component include:

- Water quality protection by managing nutrients, pathogens and pesticides;
- Soil protection by conserving organic matter and reducing wind and water erosion;
- Air quality enhancement by reducing particulate emissions, odours and emission of greenhouse gases;
- Biodiversity enhancement by increasing habitat, protecting species at risk and addressing economic damage from wildlife; and
- Improved stewardship by agricultural producers of our natural resources.

Strategic Response

To achieve the Strategic Outcome of "Health of the Environment" AAFC works primarily through its Environment priority.

Improving stewardship by adopting environmentally beneficial practices

Farmers, of course, have always understood the connection between a vibrant agriculture and agri-food

industry and a healthy natural environment. AAFC will continue to position Canada as the world leader in environmentally responsible food production by improving the environmental and economic sustainability of agricultural operations while reducing the industry's impact on the environment.

A number of programs have been developed to help achieve the environmental goals of the APF. These programs build on the fundamental strengths of current government and industry initiatives that focus on priority issues, such as manure and nutrient management, water quality, soil organic matter loss, soil erosion caused by water, wind or tillage, and emissions of gases that contribute to global warming.

In 2004-2005, programs will be refined further through consultations with provinces, producers and key stakeholder groups. Programming will also foster direct actions by producers to enhance compatibility between biodiversity and agriculture by addressing key areas such as habitat availability and species at risk.

Programming commitments fall under three broad categories:

1. Policy and Strategy Development
2. Knowledge and Information
3. On-farm Results

Policy and Strategy Development

Strengthening decision-making capacity

Strengthening the capacity of the agriculture and agri-food industry to encourage sound environmental decision making—both within the industry and in individual farm operations—will continue to be supported by a number of programs, notably National Land and Water Information Service (NLWIS) and National Agri-

environmental Health Analysis and Reporting Program (NAHARP).

NLWIS is currently in the project definition phase. When it is implemented in phases starting in 2005, it will provide data on land, soil, water, air and biodiversity and decision support services to encourage improved decision making. NLWIS also includes climate data in support of AAFC's activities in adaptation to climate variability/climate change as developed by the National Agroclimate Information Service (NAIS).

NLWIS will be conducted in two phases. Phase I: 2003-2004 will be devoted to system design, and will consist of an inventory of existing databases, program design, and identification of partners. Phase II: 2005-2008 will focus on constructing information systems, linking databases, and developing information tools and applications.

NLWIS will be a collaborative effort, with AAFC taking the lead role. Key collaborators on various NLWIS components could include: Environment Canada, Natural Resources Canada, Health Canada, and provincial ministries of environment and agriculture.

NAHARP will build on work initiated in 1993, and will update and improve the current suite of 14 agri-environmental indicators and develop 12 new indicators to address existing gaps. The objective of the program is to establish a departmental capacity for development and continuous improvement of agri-environmental indicators and policy tools that integrate the environment and the economy.

Under the Farming Systems and Practices Component, research and development will be conducted to increase scientific understanding of the interactions between agriculture and the environment, leading to generation of new knowledge and development of environmentally beneficial agricultural technologies.

AAFC will take a lead role in delivering NAHARP, but the department will coordinate with partners and stakeholders to maximize the value of this work. Key collaborators on various NAHARP components could include: Natural Resources Canada, Statistics Canada, Health Canada and provincial ministries of environment and agriculture. Some non-government organizations, such as Ducks Unlimited, World Wildlife Fund and industry groups, may also participate.

Knowledge and Information

Coordinating approaches and developing common standards
Today's consumers expect

environmental standards for food production to be more stringent than ever. Increased use of regulatory instruments, however, heightens the importance of coordinating approaches across jurisdictions and sharing best practices. As a first step toward development of agricultural standards, a national study of regulations governing agriculture and the environment will be conducted to identify common features and differences in approach.

New actions to enhance environmental stewardship will translate into economic and social benefits for both urban and rural communities. To ensure that the agriculture industry realizes these benefits, initiatives in several areas will be undertaken.

Gaining a Better Understanding of Agriculture-Environment Relationships

A major focus of the Environmental Health National Research Program (EHNP) is to provide the knowledge and tools to advise policy makers, land resource and extension specialists, and producers on more effective land management practices and how we can more effectively characterize and quantify the effect of agriculture production on soil, water, air and biodiversity. The EHNP will develop

technologies which will aid in the development of NLWIS, Agri-environmental Performance Indicators and support the development of better management practices. EHNP will work with Environment Canada on national standards, Health Canada on water quality surveillance and the Pest Management Review Agency on Minor Use of Pesticides.

Research to Identify gaps in information on water and nutrient management (GAPS)

New knowledge in the areas of water and nutrients is required to decrease the risk from intensive livestock operations and cropping systems. Under the Farming Systems and Practices component, research and development will be conducted to increase scientific understanding of the interactions between agriculture and the environment, leading to generation of new knowledge and development of environmentally beneficial agricultural technologies.

This will result in the development of new management practices to improve water quality, enhance nutrient management and environmental benefits to the sector. Research projects will be multi-disciplinary, national in scope and, where possible, will augment ongoing efforts directed at key priority areas of the APF's environmental element.



In addition, AAFC's expertise in the areas of sustainable agriculture will be shared with developing countries to assist in increasing food security and reducing poverty.

Environmental Technology Assessment for Agriculture Program (ETAA)

In cooperation with the private sector, the Technology Assessment Program will assess and provide information on the impact of state-of-the-art technologies on the quality of soils, water, air and biodiversity as well as promote efficient energy use, greater use of renewable energy, and enhance compatibility between agriculture and environment.

Water quality surveillance program

A water quality surveillance program will be developed to identify, investigate, monitor, assess and control human exposures to existing and emerging pathogenic microorganisms in waters exposed to agricultural run-off. Few data related to microbiological contaminants from agricultural effluent are currently available. This activity links APF objectives related to environmental farm planning and manure management strategies, including development of indicators for these two components.

On-farm Results

Economic stability of agricultural operations

New technology transfer methods will be explored to increase the awareness of environmentally friendly practices. Adoption of environmentally beneficial practices in the management of nutrients, pests, land and water, and biodiversity will improve the environmental and economic stability of agricultural operations. These actions will also contribute to a cleaner environment, healthier living conditions for all Canadians, and the government's efforts to

meet commitments under the Kyoto Protocol. To accomplish these goals, a number of programs have been implemented.

While many provinces are currently undertaking Environmental Farm Planning (EFP), additional work is needed to develop a comprehensive and integrated national EFP system. The department's EFP efforts will help to identify areas of environmental risk and the need for targeted actions on individual farms.

National Farm Stewardship Program (NFSP) is supported by development of Beneficial Management Practices (BMPs), research and development, and technology assessment. Producer groups or community organizations will receive financial assistance for projects involving agricultural BMPs or actions implemented on a regional basis through Equivalent Agri-Environmental Planning (EAEP).

Greencover Canada Program provides financial and technical resources to encourage immediate conversion of environmentally sensitive land from annual crop production to permanent cover such as forages and trees.

National Water Supply Expansion Program (NWSEP) is designed to improve producers' capacity to deal with drought situations through expanded water supply. NWSEP provides financial assistance to develop solutions to agricultural water supply issues.

New Pesticide Risk Reduction and Minor-Use Programs help Canadian farmers and consumers benefit from reduced risk and minor-use pesticides, and improved pest management practices. AAFC is working with provincial and

industry partners to gather information on priority crops, to identify gaps in the range of available pest management tools, and to help design and implement solutions that reduce the risks of pesticides and contribute to a cleaner environment. This work will enhance the environmental stewardship of Canadian producers, make it easier for them to compete in global markets, and provide safer food for Canadians.

Performance Measurement

Measuring progress and being accountable to Canadians

The APF federal-provincial bilateral agreement is being negotiated to include specific environmental outcome targets for each province. Agri-environmental indicators and associated models will be used to measure provinces' progress toward these targets.

Key performance indicators for the Policy and Program Strategy Development component will include:

- Non-regulatory agri-environmental performance standards to guide stewardship efforts; and
- Development of a suite of science-based agri-environmental indicators and tools to integrate into decision making.

Key performance indicators for the Knowledge and Information component will include:

- The number of collaborative agreements with partners for the development, maintenance, sharing and use of land, water and climate information databases and products across Canada; and

- The number of innovative environmental technologies, genetic resources and biological information assessed and utilized by agricultural producers to minimize their impact on soil, water, air and biodiversity.

Key performance indicators for the On-Farm Results component will include:

- Level of coverage by provincial scans of agricultural land in Canada;
- The number of completed EFPs/EAEPs and number of Beneficial Management Practices (BMPs) adopted by agricultural producers;

- The number of hectares of environmentally sensitive crop land converted to perennial cover & water projects completed by agricultural producers; and

- The number of hectares protected through the establishment of wood plants for habitat enhancement, carbon sequestration, soil protection and riparian protection.

Benefits for Canadians

All Canadians appreciate the importance of protecting and preserving the environment for future generations. They expect all sectors of the economy, including

agriculture and agri-food, to respect the natural environment. Farmers are conscious of their stewardship responsibilities and are increasingly adopting environmentally sustainable practices.

While a healthier environment will benefit everyone, farmers will also enjoy a business advantage. As more consumers demand food produced in a way that does not harm the environment, environmental stewardship will be critical to increasing profits and growth, and ensuring long-term prosperity for the industry.

Priority: Environment

Achieving environmental sustainability of the industry and progress in soil, water, air and biodiversity

Commitments 2004-2005:

- Enhance capacity of the agriculture and agri-food industry to understand the agri-environmental interactions, and mitigation approaches to encourage sound environmental policy and decision making
- Strengthen collaborative partnerships between industry and government to promote stronger support for the agriculture industry among Canadians
- Provide knowledge and tools to advise policy makers, land resource specialists and producers on more effective land-management practices
- Adopt new technologies, practices and processes for agricultural producers that reduce agricultural risks and increase environmental benefits
- Adopt environmentally beneficial management practices by agricultural producers in the management of land, soil, water, air and biodiversity
- Improve capacity of agricultural producers to deal with drought

Expected Results:

- A comprehensive set of environmental indicators
- Improved levels of awareness, acceptance of policies, environmental performance and /or adoption levels
- Establishment of national standards to be used to measure agricultural producers contribution to environmental sustainability
- Increased capacity of policy makers, land resource specialists and producers in terms of effective land management
- New environmental technologies available to producers
- Increased adoption of beneficial management practices
- Improved water supply capacity

Benefits for Canadians

- Cleaner environment
- Reduced agricultural risks
- Enhanced compatibility between biodiversity and agriculture, with emphasis on key priority areas: habitat availability, species at risk and economic damage to agriculture from wildlife

These commitments also contribute to the Innovation and Renewal priority. A breakdown of planned spending by priority can be found on page 32.

INNOVATION FOR GROWTH

Introduction

The New Agricultural Revolution

The information revolution and advances in science and technology are driving today's economy and rapidly transforming agriculture in fundamental ways. These forces of change place a premium on knowledge. Farmers facing new management challenges and opportunities, therefore, must commit to continuous learning to succeed.

Science is a key to success. With the capacity in place to create a range of new food and non-food products, science will help Canadian producers seize new markets by addressing changing consumer preferences, demands and expectations.

Although future prospects are bright, Canada's competitors have been quick to take advantage of scientific gains. So new knowledge and technology must be developed and put in the hands of Canadian producers at a rapid pace.

Operating Environment

Rapid change is occurring in an industry that is an important contributor to Canada. Agriculture and agri-food is one of the oldest industries in the economy. Deeply rooted in Canadian history and culture, agriculture has become one of the most dynamic and innovative industries in Canada. Indeed, the industry is part of the very fabric of Canadian society, and plays a major role in the quality of life of all Canadians—farmers and rural communities in particular.

Although Canadian producers are renowned for their resilience, the agriculture and agri-food industry remains susceptible to risks from

natural hazards, such as droughts, hail and insects, and emerging diseases, such as bovine spongiform encephalopathy (BSE), as well as from changing consumer requirements. While globalization and the nature, pace and scope of scientific and technological change contribute to the industry's vitality, significant challenges to long-term sustainability and profitability, such as concerns over productivity and competitiveness, have emerged.

Strategic Response

To achieve the Strategic Outcome of "Innovation for Growth" AAFC works primarily through its Innovation and Renewal and International priorities.

Governments have long helped farmers deal with risks through programs that reduce the negative impacts of farm income fluctuations. In the current international agricultural environment, Canada's challenge is to ensure that programs encourage growth as well as protect Canadian farmers. This goal is best attained through unified purpose among the chain of key players and stakeholders, and a suite of coordinated, mutually reinforcing programs. With input from stakeholders, the Government of Canada and its provincial and territorial partners have developed a range of key initiatives to manage business risks, and strengthen and increase the industry's profitability.

Innovation and Renewal

Science and innovation in the bio-economy-driven 21st century

The bio-economy, made possible by the convergence of sciences, is a key feature of the 21st century, and has significant implications

for the agriculture and agri-food industry. With this in mind, AAFC has made science the cornerstone of all APF activities. The department's aim is to make Canada the world leader in agricultural innovation by developing food and other related agricultural products and services that capture opportunities in diversified, consumer-driven domestic and global markets.

Current activities for the science and innovation priority under the APF emphasize:

- priority setting;
- realigning investments in science and innovation to support other APF elements; and
- co-ordinating efforts across governments, industry organizations and private research institutions to achieve growth and maximum return on investments.

The department's overall objectives are to position science and innovation as a catalyst for new investment and added income all along the innovation value chain, and support other APF elements with a view to enhancing the Canada Brand. These objectives will be accomplished by:

- improving priority setting to attract additional public and private sector investment;
- enhancing coordination among researchers, suppliers, producers and consumers to realize benefits for all stakeholders; and
- creating a climate of innovation to ensure that financial and human resources are not only attracted but also retained.

Specific programming activities

Canola Industry

A significant aspect in this now traditional crop is development of yellow (versus black) seeded varieties that are at an advanced stage of development. Yellow seeded canola will bring more value to farms and will give Canada a competitive advantage in world markets. □ There are similar examples for wheat and soya beans. In addition to crop research, animal-welfare research will lead to production systems that are less dependent on chemical inputs, such as antibiotics, potentially lowering costs and increasing returns.

will be carried out through research and development conducted by two National Science Programs □: Sustainable Production Systems and Bio-products and Bio-processes. Furthermore, activities within these programs will be broken down into specific themes.

Sustainable Production Systems involves research to develop systems of crop (including new crops) and livestock production that are economically and environmentally sustainable and improve the competitiveness of Canadian agri-food products in domestic and international markets. Themes under this program include: cultivar development and genetic enhancement, grains and oilseeds,

field crops, high-value crops, livestock-production systems, animal behaviour and welfare.

Bio-products and Bio-processes involves research to discover and develop value-added bio-based products and processes. Themes under this program include: bio-based products and processes, genomics, bio-informatics and other bio-information.

A number of supporting activities will also be undertaken, including: strategic planning (priority setting); knowledge sharing and technology transfer; market analyses; and economic studies (macro and micro analyses).

These activities will enable AAFC to furnish the industry with new bio-products, knowledge-based systems and strategies to capture opportunities and manage change. New food and other agricultural products and services will give the industry a competitive edge in diversified domestic and global markets. Canada's leadership position in the world will be assured.

Future prospects for the industry depend not only on capitalizing on innovation in new areas, but also on ongoing work aimed at increasing the value of traditional commodities.

Building farm management capacity through renewal

Although advances in science and technology provide exciting opportunities and create new products, they also present new management challenges, and increase the need for continuous learning. Success of the science and innovation priority initiatives, therefore, is closely linked to the renewal priority. The renewal priority is intended to help farmers upgrade their management and technical skills,

including those skills relating to new products and markets, and science and innovation.

The renewal priority is also intended to increase the number of farmers who employ beneficial management practices and skills. These practices and skills will help farmers:

- manage risks associated with agriculture;
- compete in a knowledge-based economy;
- meet and exceed market and regulatory demands; and
- diversify from traditional commodities and markets to higher-value commodities and markets, improving farmers' long-term viability and ability to adapt to change.

The need for farm management practices and skills is particularly urgent as the nature, pace and scope of change in agriculture increases. Despite scientific progress, and the scope of possibilities that science promises, the agriculture and agri-food industry remains vulnerable to natural and market forces largely beyond producers' control. Research and analyses, however, suggest that financial success is highly influenced by on-farm practices and circumstances. In particular, improved farm management tools are crucial to enhance industry performance by increasing farmers' capacity to manage risk, acquire innovative skills and earn greater income.

Accordingly, governments agreed in the APF to:

- provide farmers with access to public and private sector programs and services;

- enable farmers to make choices about income sources;
- help farmers meet market and consumer demands for food safety and quality, and environmentally responsible production; and
- help farmers take advantage of opportunities provided by science and innovation.

Using a variety of management skills and practices to assess their situations, define goals and implement change, farmers can positively influence their operations' bottom lines. Among the various factors contributing to farm success, three distinct skill areas emerge:

1. Acquiring, organizing and assessing information;
2. Making good business decisions; and
3. Using and organizing resources to implement decisions.

Renewal activities at the federal level will focus on the following key areas:

- awareness raising;
- farm business advisory services;
- opportunities;
- skills and development; and
- access to capital.

International

Looking beyond Canada's borders

Almost half of Canadian domestic agriculture and agri-food production is exported to the global market. The future of the industry, therefore, depends on success in meeting demands at home and abroad. Success in all markets is best assured through a well co-ordinated, cohesive strategy

to improve food safety, food quality and environmental farm management, and develop new and innovative products, processes, technologies and services.

The international priority aims at translating improvements to domestic agriculture and agri-food production into increased exports, increased investments in the industry, and increased influence in development of international technical standards and policies. These outcomes are achievable by expanding market opportunities through an integrated set of initiatives including:

- gaining recognition of Canadian agriculture and food products in the international marketplace;
- increasing foreign market services to the Canadian industry;
- ensuring Canada has a business climate conducive to investment;
- enhancing international development; and
- fostering strong industry-government partnerships through value-chain roundtables.

There are a number of markets in which Canadian products will have a competitive advantage if the APF is fully implemented. At the same time, the industry faces increasing pressures from a number of areas—the two cases of BSE that surfaced in Canada and the United States in May and December 2003 being the most recent. These cases are in addition to increasing global competition, increasing consumer demands, and limited market access to developing countries.

AAFC has adopted a set of four broad themes that contribute to more than one strategic outcome:

1. Gaining Recognition and Building Markets
2. Improving Market Access
3. Overcoming Technical Barriers
4. Enhancing International Development

Two of these themes (in particular Gaining Recognition and Building Markets, and Enhancing International Development) will play a key role in realizing the aims and objectives of the international priority.

Gaining Recognition and Building Markets

Capitalizing on domestic strengths

Canada's visibility—relative to the country's share of the world export market—is extremely low. The goal of this theme is to strengthen Canada's position, and gain recognition for the high quality of Canadian products. Specifically, branding Canada as the world leader in food safety, innovation and environmentally responsible production will ensure that Canada's excellence is recognized around the world, helping Canada achieve greater success in international markets.

Increased visibility will be accomplished through an integrated and sustained approach that links domestic progress on implementing the APF with intensified marketing efforts, and builds closer partnerships with industry to foster joint action. This approach will also make optimum use of the expertise held by AAFC partners to pursue emerging market opportunities and undertake practical market research.

Enhancing International Development

Helping countries and realizing market opportunities

Given the importance of agriculture in realizing the potential of many developing countries, AAFC can play a major part in Canada's expanded commitment to international development. AAFC's efforts are geared to connecting international development activities funded by the Canadian International Development Agency and other development agencies with the goals of the APF. Specifically, AAFC will undertake research and analysis, and work with provinces and stakeholders on leadership initiatives in international fora. As well, the department will partner with development agencies on international technical assistance projects in key emerging markets. To maximize gains developed by this strategy, AAFC will work with industry to seize market development opportunities arising from international development work and use trade-related technical assistance to strengthen alliances on trade policy issues.

To capture opportunities in both domestic and international markets, the department will work with its partners to better coordinate and promote efforts by:

- raising awareness of Canadian products and services;
- promoting the industry's ability to respond to market demands, enabling new and emerging sectors to seize market opportunities;

- improving the business climate for investors through policy and regulatory changes; and
- increasing awareness of Canada as a preferred business location.

An integrated approach to market development, investment, technical assistance, trade policy and international development will be utilized to enhance opportunities at home and abroad. A strong working relationship with the provinces, industry and other federal partners will be key to Canada's success.

Performance Measurement

Key performance indicators for the Science and Innovation component include:

- market share of bio-products produced in Canada;
- impact of investments on rural economic development;
- economic activity in bio-products and priority areas;
- employers' access to skilled labour in the bio-based economy; and
- number of people employed in bio-based economy.

Key performance indicators for the International component include:

- change in international market share of Canadian exports;
- change in volume and value of domestic and foreign investment in Canada's agriculture and agri-food industry by market and province/territory of origin; and

- changes in international partners' support for Canada's positions at agricultural negotiating sessions and other multilateral fora.

While the Federal-Provincial-Territorial Framework Agreement and Implementation Agreement specified indicators for the Renewal component, performance indicators for the component have not been developed. It is expected that these indicators will be created over time.

Benefits for Canadians

Innovative agricultural products will have a positive impact on the everyday lives of Canadians, transforming fields as diverse as medicine and construction. For farmers, development of new products will encourage diversification, enhance income prospects and lower production risks. Not only will the industry become more productive and competitive, but all Canadians will also enjoy an improved quality of life.

The Renewal priority will help farmers through the capture of value-added opportunities. Rural areas will be bolstered by economic investment. Canadians, as a whole, will benefit from increased employment arising from a growing share of international markets for bio-products.

The International priority, on the other hand, will benefit the industry through opportunities arising from an increased Canadian share of the global market of agriculture and agri-food products. These opportunities include growth in domestic and foreign investments, making the industry more profitable and sustainable.

Priority: Innovation and Renewal

Equipping the industry with new business and management skills, bio-products, knowledge-based production systems and strategies to capture opportunities and manage change

Commitments 2004-2005

- Create effective public information and technology-transfer mechanisms
- Increase research in bio-products and bio-processes

Expected Results

- Information on AAFC research results and inventions available via the Internet
- Leading-edge production and processing systems demonstrated
- Research programs include information dissemination and technology transfer considerations
- Centres of expertise developed
- Industry and government investment in bio-products and bio-processes research

Priority: International Issues

Expanding international opportunities for the Canadian agri-food industry

Commitments 2004-2005

- Increase use of market information to focus research on value-added opportunities

Expected Results

- Increased recognition and improved perception of Canadian agricultural products and processes
- Increase in the value and volume of sales by the industry

Benefits for Canadians

- Increased income and profitability for farmers
- Increased growth for the agricultural and agri-food industry and rural communities
- Increased market share for the agriculture and agri-food industry
- Increased recognition internationally of the expertise in the Canadian agriculture agri-food industry

These commitments also contribute to the Environmental priority. A breakdown of planned spending by priority can be found on page 32.

The following tables show the breakdown of resources (net of spendable revenue) for each Strategic Outcome by priority for the three year reporting period. Due to rounding figures may not add to the totals shown.

Plans and Priorities by Strategic Outcome
Resources (net of spendable revenue) allocated for the three year reporting period 2004-2005 to 2006-2007

(\$ millions)

2004-2005		Strategic Outcomes			TOTAL
Priorities	Type of Priority	Security of the Food System	Health of the Environment	Innovation for Growth	
Business Risk Management	Ongoing	1,146.9	–	–	1,146.9
Food Safety and Quality	Ongoing	129.4	–	–	129.4
Environment	Ongoing	26.8	262.9	50.0	339.7
Innovation and Renewal	Ongoing	17.3	38.8	347.6	403.6
International Issues	Ongoing	65.8	–	25.3	91.1
TOTAL		1,386.2	301.7	422.9	2,110.8

2005-2006		Strategic Outcomes			TOTAL
Priorities	Type of Priority	Security of the Food System	Health of the Environment	Innovation for Growth	
Business Risk Management	Ongoing	1,116.5	–	–	1,116.5
Food Safety and Quality	Ongoing	77.9	–	–	77.9
Environment	Ongoing	26.4	245.8	39.4	311.6
Innovation and Renewal	Ongoing	17.1	38.8	338.6	394.4
International Issues	Ongoing	64.4	–	24.9	89.3
TOTAL		1,302.4	284.6	402.8	1,989.8

2006-2007		Strategic Outcomes			TOTAL
Priorities	Type of Priority	Security of the Food System	Health of the Environment	Innovation for Growth	
Business Risk Management	Ongoing	1,114.0	–	–	1,114.0
Food Safety and Quality	Ongoing	69.3	–	–	69.3
Environment	Ongoing	26.4	221.2	5.4	253.1
Innovation and Renewal	Ongoing	17.1	38.2	339.3	394.6
International Issues	Ongoing	64.4	–	24.8	89.2
TOTAL		1,291.2	259.4	369.5	1,920.2

Horizontal Initiatives and Key Government Themes

Horizontal Initiatives and Key Government Themes describes a more collaborative approach to achieving results for Canadians in the 21st century. Built on a framework of multi-departmental coordination and co-operation, these initiatives involve federal government departments and agencies collaborating to deliver policies, programs and services in an efficient and timely manner. The initiatives serve as examples of partnerships in fields that are critical to success in the global economy.

The horizontal initiatives and key government themes in which AAFC is involved include:

- Rural Development
- Co-operatives Secretariat
- Sustainable Development
- Service Improvement

RURAL DEVELOPMENT

Introduction

Statistics indicate that rural Canada is a major but often overlooked player in the nation's economy. In fact, the 31 percent of Canadians who live in rural communities account for 26 percent of total employment and contribute 24 percent to the GDP. Of course, the overwhelming majority of Canada's natural and environmental resources are found in rural Canada and the natural environment has increasingly valuable economic benefits to Canadians in areas such as tourism. Moreover, a significant interdependence often exists between rural and urban economies. A healthy economy in rural Canada, therefore, is good news for urban Canadians, and vice versa.

Operating Environment

Rural Canadians must contend with a variety of challenges unique to their circumstances, including distance from urban markets, low population density, and reliance on primary sector industries susceptible to sharp, cyclical downturns. While there are signs that the rural economy is gaining strength, the rural unemployment rate remains 1.4 percentage point higher than the urban rate. The gap between post-secondary education levels for rural and urban youth is closing; however, youth continue to leave rural areas in significant numbers to find education and employment opportunities.

The out-migration of young people from rural areas results in long-term consequences to rural Canada, where an aging

population is less prepared for the demands of a knowledge-based economy. Although rural households are becoming more connected to the Internet, the "digital divide" between urban and rural areas grows wider, owing to a lack of technological skills and access issues, such as availability of high-speed connections and cost.

In addition, access to health care can be difficult in rural areas, with about half the number of physicians per 1,000 people in rural and small-town Canada compared to urban centres.

Strategic Response

The Rural Secretariat of AAFC is mandated by the Government of Canada to lead a national, co-ordinated, cross-government



effort in Rural Development and address the challenges and issues of rural Canada. In 2002, five-year funding of \$55 million was provided through the Agricultural Policy Framework for renewal and enhancement of the Canadian Rural Partnership (CRP) while \$5 million was provided for Community Capacity Building (CCB).

The Rural Secretariat uses a number of mechanisms to ensure co-ordination on the rural file among federal departments and agencies. At the national level, the federal partnership is managed in co-operation with an Interdepartmental Working Group, consisting of representatives of 32 federal departments and agencies, and an Assistant Deputy Minister (ADM) Steering Committee. Regionally, Rural Teams are in place in each province and territory. Rural Teams are composed of federal officials from Canada's regions, and generally include provincial or territorial representatives and sectoral stakeholders. At the inter-governmental level, a Federal-Provincial-Territorial Working Group on Rural Issues comprises members from all provinces and territories. The inaugural meeting of federal-provincial-territorial ministers was held in April 2003, during which agreement was reached to develop a comprehensive approach through a National Rural Policy Framework for collaborative and complementary rural initiatives focused on creating viable and sustainable rural communities.

Rural Development strives to enhance access by rural Canadians and communities to opportunities that will allow them to contribute to, and benefit from, Canada's prosperity. Key themes of the

Rural Secretariat's work in horizontal management, partnerships and citizen engagement, and some particular areas of emphasis for 2004-05 include:

Influence government policies, programs and services to increase opportunities and mitigate barriers to rural development

Under the Rural Lens, which promotes greater consideration of rural issues and concerns in the design and delivery of federal policies and programs, the Rural Secretariat will:

- analyze federal policies, services, programs and legislation, and provide advice for Cabinet decisions;
- network with federal departments and other players across diverse functions;
- find ways to expand application of the Rural Lens; and
- involve federal partners and others in rural research.

Enhancing federal collaboration and federal-provincial-territorial collaboration will be a major thrust over the next year. The Rural Secretariat will engage federal departments, and provincial and territorial government to develop the National Rural Policy Framework, under which inter- and intra-government policies can be aligned. Federal collaboration mechanisms will be renewed, while efforts will be made to support, develop and manage Rural Teams, including a Rural Team network, cross-team strategy and team action plans that respond to local challenges.

Provide an opportunity for rural citizens to have a stronger and more effective voice through conferences, roundtables, town hall meetings and other outreach activities

As part of a commitment to an ongoing dialogue with rural Canadians, the Government of Canada is hosting the third National Rural Conference in Red Deer, Alberta on October 21-23, 2004. In addition, other citizen engagement tools, such as networks, will be developed and alternative models for citizen engagement will be examined. As well, the Advisory Committee on Rural Issues will provide context by providing a range of rural development expertise from across Canada.

Undertake research and analysis that will provide empirical evidence for governments and rural communities to make more informed decisions

Historically, one of the challenges in rural policy development is the lack of sound research and analytical data on which to base decisions. The Rural Secretariat's research and analysis focus aims to increase understanding of the dynamics of rural Canada, and to undertake research and analysis to ensure decision making is grounded on empirical evidence. Research will examine the differences and similarities within rural Canada, as well as issues regarding community capacity building and quality of life. In 2004-2005, the Rural Secretariat will implement collaborative regional and national rural research initiatives. Information and analysis will be developed on a host of issues, including participatory development approaches.

Equally important to developing useful empirical evidence is ensuring that this information is made available in a user-friendly way. With this in mind, a number of initiatives are geared to sharing knowledge with rural communities. For instance, the Canadian Rural Information Service's products respond to enquiries and address the public's information needs. The Government On-Line Rural Cluster provides a single window for timely rural information through the Internet. As well, more traditional information activities, such as regional newsletters, publications and seminars, are instrumental in disseminating statistical and analytical material directly to citizens.

An example is the *Rural and Small Town Analysis Bulletin*, an occasional publication produced by Statistics Canada with funding from the Rural Secretariat. The bulletins, which are free of charge, document the structure and trends in rural Canada. In recognition of the growing importance of managing risk in all areas of planning, a risk management tool kit for rural communities will be developed.

Enhance the development capacity of rural Canada through a contribution program to test and evaluate development initiatives

In today's economy, communities need every possible advantage to adapt to global trends. Community capacity building could hold the key to keeping pace with dynamic markets. Rural development through economic and social renewal is critical to establishing sustainable communities in rural Canada. To foster community capacity building and

development for rural communities, programs to research and test the effectiveness of policy responses will be implemented in 2004-2005 .

Performance Measurement

Key performance indicators regarding Rural Development include:

- government decisions that consider the impact on rural communities;
- rural citizen and stakeholder satisfaction with engagement activities;
- change in available research pertinent to rural Canada;
- use of or reference to research and tools; and
- creation of evidence-based knowledge generated regarding community capacity building and rural development.

Benefits for Canadians

Rural Development will add to the quality of life in rural communities and enhance their prospects of competing and thriving in the global economy. Through an understanding of initiatives for community capacity building and rural development which provide an environment for success, communities will be in a stronger position to set priorities and manage change. Enhanced collaboration within governments and greater emphasis on policy and program development aimed at addressing rural priorities are laying a firm foundation for rural development. Communities will also benefit from improved information sharing. A robust rural economy and well-adapted rural communities will benefit all Canadians in the long run.

CO-OPERATIVES SECRETARIAT

Introduction

Co-operatives are important to the economic and social fabric of Canada, playing a major role in the retail, banking, housing and service industries, as well as the agriculture and agri-food industry. There are approximately 10,000 co-operatives in Canada serving over 10 million citizens. Altogether, co-operatives engage 70,000 volunteers and employ more than 150,000 people. They are a pivotal component of urban and rural communities, offering key services to Canadians, such as affordable housing, childcare and financial services. Moreover, co-ops are based on ethical values and principles, including self-help, democracy, equality and concern for community. They empower people and encourage healthier communities by enabling people to pool their resources, share risks and achieve common goals.


Operating Environment

Today's globalized markets demand constant innovation and productivity gains. Citizen involvement and sharing the benefits of innovation are crucial to success in the rapidly changing business environment. Co-operatives provide a means for primary producers and others to share the risks and benefits of cutting-edge economic endeavours.

As markets evolve and some resource-based industries wane, communities often turn to local leaders to face a variety of economic and social issues. The co-operative model is an option for communities to utilize in coming together, taking on projects, and adapting to market forces.

In addition, evolving demographics, advancing technology and shifting retail habits put increasing pressure on private and social services. Here, too, communities can make use of the co-operative model to meet changing service requirements.

Strategic Response

The Co-operatives Secretariat  in AAFC ensures a strong government focus on the co-operative sector. The Secretariat acts as a link to improve the relationship between Canadian co-operatives and the numerous federal departments and agencies that have legislation or policies affecting co-operatives. The Secretariat also advises the government on policies that have an impact on co-operatives, coordinates the implementation of such policies, and acts as a centre of expertise on co-operatives within the federal government. Although located within AAFC, the Secretariat's mandate covers all types of co-operatives in Canada, including economic co-operatives (such as marketing, consumer, production and worker co-operatives); social co-operatives (such as housing, health care and recreation); and financial co-operatives (such as credit unions and caisses populaires).

The Co-operatives Secretariat pursues an expanded use of the co-operative model to enhance economic growth and social development of Canadian rural and urban society. To further this goal, the Secretariat focuses on the following priorities:

Ensure the needs of the co-operative sector are taken into account by the federal government, especially when developing policies, programs and legislation

In 2004-2005, the Co-operatives Secretariat will manage the Interdepartmental Committee on Co-operatives and lead federal departments and agencies in preparing an action plan to incorporate the co-operative model in community economic development.

Inform stakeholders within federal, provincial and territorial governments, and the Canadian public about the role and potential of co-operatives to contribute to economic and social development

In the interest of partnership, the Secretariat will facilitate the work of the federal-provincial-territorial Committee of Officials Responsible for Co-operatives, which includes three sub-committees on data, development and legislation.

Foster and facilitate interaction of co-operative organizations with the Government of Canada

In 2004-2005, the Secretariat will promote relations between the government and the sector, including involvement with national and regional co-operative organizations and individual co-operatives.

Develop and disseminate new information, knowledge and tools that will help co-operatives and governments make informed decisions

The Secretariat will implement a co-operative research strategy to support policy priorities. As well, through closer collaboration with provincial governments, greater emphasis will be placed on collecting, inputting and generating reports on co-operative statistics.

Enhance development capacity for co-operatives through delivery of the Co-operative Development Initiative (CDI)

A \$15-million contribution program provided through the Agricultural Policy Framework, the CDI will support co-operative development until 2008. There are two main components of the program. Advisory services, which is managed jointly by the Canadian Co-operative Association and the Conseil Canadien de la Coopération, provides expert assistance to help with co-op start-up or management. The other programming element, innovation and research projects, is run by the Co-operatives Secretariat, with the objective of studying and demonstrating how co-ops can be used in new ways. CDI implementation will be ongoing in 2004-2005, including the work of the CDI Steering Committee, whose members are drawn from the co-operative sector and the business, agricultural, academic and professional communities.

Performance Measurement

Key performance indicators regarding co-operatives include:

- government initiatives that include co-operatives;
- partnerships established and maintained to address co-operative issues;
- change in available research pertinent to co-operative development;
- use of or reference to research and tools;
- number of co-operatives developed from Co-operative Development Initiative (CDI) investment; and
- level of co-operative development service provided by the sector.



Benefits for Canadians

Co-operative development sustains communities, while enabling people to provide essential services. Through co-operatives, people acquire useful job skills, which boost their employment prospects and enable them to make greater contributions to their communities. For primary producers, co-operatives have proven to be valuable tools in marketing and sharing risk, creating employment, enhancing local leadership and investment, and filling gaps in services.

Through strategic investments in partnership with the co-operative sector, the Government of Canada is enhancing the capacity of co-operatives to contribute to the Canadian economy and society. New co-operatives will help respond to current and emerging needs of citizens in areas such as access to health care and home care, rural economic development, value-added opportunities in agriculture, development of Aboriginal communities, integration of immigrants into Canadian communities and identification of community solutions to environmental challenges.

SUSTAINABLE DEVELOPMENT STRATEGY

Introduction

In 1995, Parliament amended the *Auditor General Act* to require certain federal departments and agencies, including AAFC, to prepare sustainable development strategies, table them in Parliament, and update them at least every three years. The Government of Canada also established the position of Commissioner of the Environment and Sustainable Development to monitor and report on the progress made on this front. In February 2004, AAFC's third sustainable development strategy, entitled *Sustainable Agriculture: Our Path Forward*  was tabled in Parliament.

Operating Environment

Sustainable development integrates environmental, economic and social interests in a way that allows today's needs to be met while respecting the ability of future generations to meet theirs. For agriculture and agri-food, sustainable development strives to balance the long-range challenges and opportunities of agricultural production and

processing with the high quality of life enjoyed in Canada today.

Specifically, sustainable agriculture:

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

Strategic Response

AAFC's third sustainable development strategy takes a new approach. The Agricultural Policy Framework (APF), with its integrated environmental, economic and social components, is the department's sustainable development strategy. In fact, the APF was born out of the realization that sustainable development, with its long-term view of agricultural production and processing, is the only alternative for the industry's security and growth. In addressing all three pillars of sustainable development—environmental, economic and social—the APF makes for a sound sustainable development strategy.

AAFC is also integrating sustainable development principles into its operations by:

- adopting green procurement practices;
- enhancing management of waste, water and waste-water;
- upgrading building energy efficiency;

- improving vehicle use by reducing the use and size of vehicles, using proper vehicles for work, acquiring alternate fuels vehicles, and using “green fuels”; and
- adopting best practices related to land management, such as piloting development of environmental farm plans for AAFC lands, and taking appropriate steps to manage contaminated sites, storage tanks and halocarbons.

As well, AAFC is working horizontally with other departments and agencies on a number of sustainable development action areas. Three key examples are AAFC's:

- participation in developing a federal freshwater strategy;
- inter-departmental co-operation in applying the government document *Sustainable Development in Government Operations: A Coordinated Approach* to green operations in procurement, waste, water, energy, vehicle fleet and land; and
- participation in developing a coordinated federal strategy for Canada to address, implement and report on the Johannesburg Plan of Implementation (committed to by heads of state at the Johannesburg World Summit on Sustainable Development in September 2002).

By recognizing the APF as the department's sustainable development strategy, AAFC ensures that a solid management model backs efforts towards sustainable development—in its operations and the industry. With sustainable development the department's overarching priority, requirements for accountability

and reporting are streamlined. Targets in support of sustainable development strategy goals and objectives are departmental targets.

Most importantly, in fully committing to the sustainable development strategy, AAFC is doing its part to realize a vision of sustainable agriculture in Canada. As well, the department is making a significant contribution to the government's efforts to meet Canada's commitment under the Kyoto Protocol. In managing the many assets it owns and operates—research centres, farms, community pastures, water supply systems, and a diverse fleet of on- and off-road vehicles—AAFC aims to reduce its ecological footprint by reducing reliance on natural resources and minimizing the impact of departmental operations on the environment.

THE SERVICE IMPROVEMENT INITIATIVE

Toward meeting citizens' expectations at AAFC

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

With the department focused on implementing the APF through new and modified programs, the timing is right to incorporate objectives of the Service Improvement Initiative in departmental plans. Accordingly, in 2004-2005, AAFC intends to implement a service delivery strategy that includes development of a single-window

Helping Communities Help Themselves - Voluntary Sector Initiative

To raise awareness and implementation of the Voluntary Sector Initiative's Accord and Codes, AAFC has established a horizontal working team. In addition, AAFC is managing Sector Involvement in Departmental Policy Development (SIDPD) projects which are anticipated to influence future policy design. □

Internet service portal for all AAFC programs, service standards for a number of new programs, and a client survey policy.

Key elements of this work will include training and professional-development services for program managers to ensure that they have the skills needed to meet service expectations. The department will also adapt the Common Measurements Tool to fit AAFC's programs, and integrate the plan to report on service results with the department's current approach to reporting. This work will be fundamental in helping AAFC deliver its programs within a framework of continuous improvement (see AAFC Strategic Framework at the end of the Overview).

Supplementary Information

The Canadian Pari-Mutuel Agency (CPMA) and the National Farm Products Council (NFPC) are two agencies that report to Parliament through Agriculture and Agri-Food Canada (AAFC).



**CANADIAN
PARI-MUTUEL
AGENCY**

Introduction

CPMA is a special operating agency within AAFC that regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada. CPMA enjoys an excellent reputation among the Canadian betting public, provincial regulatory bodies and the horse racing industry.

Operating Environment

Statutory authority for CPMA is found in the *Criminal Code*, s. 204, which gives the Minister of Agriculture and Agri-Food responsibility for policy and

regulatory functions regarding pari-mutuel betting. The Code enables the Minister to delegate these responsibilities to a designated officer—the Executive Director of CPMA. Section 204 also allows Canadians to bet money on the outcome of horse races and ensures the integrity of these races.

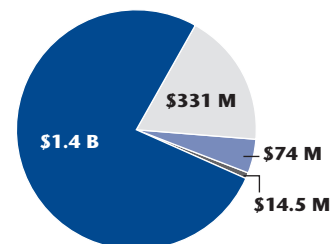
Since 1921, costs associated with activities of CPMA have been fully recovered; CPMA's Revolving Fund has been self-sufficient since 1980. CPMA's financial resource base is derived from a levy, currently set at 0.8 percent on every dollar bet in Canada. Canadian taxpayers bear no cost for operations of CPMA.

Strategic Response

CPMA's strategic plans are focused on maintaining the highest standards for pari-mutuel wagering and surveillance. CPMA's mandate is derived from the *Pari-Mutuel Betting Supervision Regulations*

pursuant to s. 204 of the *Criminal Code*.

2003-2004 Gross Bet \$1.81 Billion



■ Winners ■ Racetracks
■ Federal Levy ■ Provincial tax

In 2004-2005, CPMA plans to spend \$15.3 million to fulfill these commitments. Planned spending requirements for fiscal years 2003-2004 to 2006-2007 are summarized in the following table.

www.cpma-acpm-gc.ca

Priority: Business Risk Management

Enhancing CPMA's capacity to manage risk in pari-mutuel betting, thereby helping to enhance the viability of the Canadian horse racing industry.

Commitments 2004-2005

- Provide effective pari-mutuel supervision
- Deliver effective and efficient surveillance activities
- Develop innovative systems to promote effective risk management
- Well managed Revolving Fund
- Strengthen collaborative alliances with the provincial regulatory bodies and the horse racing industry

Expected Results

- Confidence from the betting public in pari-mutuel wagering
- Detection of performance affecting drugs in horses and any irregularities during the race; and determination of the exact order of the finish of a race
- New, leading automated monitoring technologies available to Agency Officers
- Self-sufficient Revolving Fund
- Improved levels of awareness and acceptance of regulations and policies; and strong federal/provincial partnerships

Benefits for Canadians

- Integrity maintained in pari-mutuel betting
- No cost to the Canadian taxpayer, only to the betting public

Planned Spending: Canadian Pari-Mutuel Agency

(\$ Millions)	Forecast Spending 2003-2004	Planned Spending 2004-2005	Planned Spending 2005-2006	Planned Spending 2006-2007
Revenues/Expenditures ¹	15.3	15.4	15.4	15.4

Revenues and Expenditures are dictated by collecting a levy of 8/10th of 1 cent on every \$1.00 bet in Canada. All revenue generated is from the betting public and there is no cost to the Canadian taxpayer.



NATIONAL FARM PRODUCTS COUNCIL

Introduction

The National Farm Products Council (NFPC) was established in 1972 through the Farm Products Agencies Act (FPAA). The Act combines the marketing powers of the federal government, which has authority over inter-provincial and international trade, and provincial governments, which are restricted to intra-provincial trade. This enabling legislation provided for the establishment of national marketing agencies and, in 1993, was amended to provide for the establishment of national promotion research agencies.

NFPC undertakes activities to promote the competitiveness of sectors that it oversees. NFPC is committed to work with the agriculture and agri-food industry to meet the challenges and opportunities that arise from substantial changes in agri-food policies, business trends and market requirements at home and abroad.

Operating Environment

In developing the Strategic Plan, NFPC took into account many trends and developments in the Canadian agriculture and agri-food industry. Broadly, the five agencies overseen by NFPC deal with issues concerning:

- poultry and egg products consumption trends;
- drought that affects feed supplies for the beef cattle, poultry and egg industries;
- favourable economic conditions such as continued growth and a broad-based rise in farm incomes;
- rising productivity and increased use of technology;
- scale of operations of agricultural enterprises;
- grocery industry; and
- international trade.

NFPC activities also support federal, provincial and territorial governments in the implementation of the Agricultural Policy Framework (APF).

National Farm Product Council Mission Statement

To ensure that the national supply management systems for poultry and eggs and national check-off systems for farm products work in the balanced interests of all stakeholders and to promote the strength of the agri-food sectors for which Council has responsibility. □

Strategic Response

In 2004-2005, the second year of its strategic plan, NFPC will focus on the priorities and commitments outlined in the following tables. These tables also describe how these commitments link to the APF.

For more details on these linkages, see NFPC's website at:

www.nfpc-cnpa.gc.ca/english/publications/strategicplan.html

Planned Spending

(\$ Millions)	Forecast Spending 2003-2004 ¹	Planned Spending 2004-2005	Planned Spending 2005-2006	Planned Spending 2006-2007
Total Main Estimates ²	2.1	2.5	2.6	2.7
Notes:				
1. Reflects the best forecast of total planned spending to the end of the fiscal year.				
2. These amounts are included in the Votes of Agriculture and Agri-Food Canada and include \$200,000 in grants and contributions but do not reflect employee benefits. Services provided without charge include: accommodation provided by Public Works and Government Services Canada; and corporate services such as financial systems, security, information technology, human-resource advice and services provided by Agriculture and Agri-Food Canada. These amounts are not reflected in the program costs.				

Priority: Work in the balanced interest of all stakeholders of the marketing and promotion research agencies operating under the Farm Products Agencies Act

Commitments

- Complete renewal of the federal-provincial-territorial agreements between marketing agencies and governments
- Conduct a review of the *Farm Products Agencies Act*

Expected results

- Receipt of draft federal-provincial territorial agreements by the three national agencies
- Initiation of stakeholder consultations

Priority: Improve strength, competitiveness, market-responsiveness and profitability of Canadian agriculture and the agri-food industry

Commitments

- Continue to work with AAFC and CFIA to explore ways of improving current methods of data collection that will lead to development of an industry database that will provide consistent, reliable and accessible information to all industry participants
- In May 2004, poultry and egg producers, processors and further processors, provincial supervisory board representatives, and grocery and food service industry representatives will be brought together to discuss the trends and developments in the food distribution and retail sector, and where the poultry and egg sector fits into this value chain

Expected results

- Improved data collection methods for the 2003 poultry industry data handbook
- Final report from the poultry industry working group on data needs
- Improved awareness of the producer, grocery and food service industry linkages through:
 - holding of the Forum
 - issuing of a Forum report, and
 - establishment of a value chain working group

Priority: Provide efficient, transparent and responsible management of NFPC operations

Commitments

- Implement modern management practices in step with Government of Canada initiatives such as Modern Comptrollership, Audit and Evaluation, Values and Ethics, Human Resource Management and Common Look and Feel
- Develop a Performance Framework under the Modern Comptrollership initiative

Expected results

- Completion of the first phase of implementation projects
- Complete the Framework in this fiscal year

Benefits for Canadians

- An efficient and competitive agriculture industry
- More effective marketing of farm products in inter-provincial and export trade

Financial Information

Departmental Planned Spending

In the fiscal year 2004-2005, the Department plans to spend \$2,197.4 million (gross) to achieve our three Strategic Outcomes. Detailed financial tables are included in Annex 1 of this report.

The majority of the Department's approved 2004-2005 resources have been allocated to Security of the Food System (65 percent), followed by Innovation for Growth (20 percent) and Health of the Environment (15 percent). More than 86 percent of the resources for the Security of the Food System Strategic Outcome are transfer payments to other parties, including producers and provinces. The majority of the resources of Innovation for Growth and Health of the Environment are in operating costs (70 percent and 59 percent, respectively), reflecting the more labour-intensive nature of these strategic outcomes.

(\$ millions)	Forecast Spending 2003-2004 ¹	Planned Spending 2004-2005	Planned Spending 2005-2006	Planned Spending 2006-2007
Security of the Food System	811.6	1,410.4	1,326.6	1,315.5
Health of the Environment	177.7	316.7	299.6	274.4
Innovation for Growth	358.0	422.9	402.8	369.5
Main Estimates (gross)	1,347.4	2,150.1	2,029.0	1,959.4
Less: Respendable Revenue	38.7	39.3	39.3	39.3
Total Main Estimates	1,308.7	2,110.8	1,989.8	1,920.2
<i>Adjustments (Planned Spending not in Main Estimates)²</i>				
Implementation of the Agricultural Policy Framework	298.2	25.0	25.0	25.0
Implementation of the Agricultural Policy Framework - Business Risk Management	1,174.2	-	-	-
Transition to the Agricultural Policy Framework - Business Risk Management	598.9	-	-	-
Bovine Spongiform Encephalopathy	363.6	5.8	-	-
Transitional Industry Support Program	928.0	6.6	-	-
Additional funding for the Spring Credit Advance Program	59.9	-	-	-
Rural Community Capacity Building	14.0	-	-	-
Canadian Farm Income Program	97.9	-	-	-
Operating budget carry forward	13.2	-	-	-
Province-based agricultural risk management programming, and research and development initiatives	11.4	-	-	-
Expansion and upgrade of the Lethbridge Research Centre	1.3	-	-	-
Assessment, management and remediation of contaminated sites	0.1	-	-	-
Biotechnology	-	-	6.0	6.0
Climate Change - Partnering Support	-	0.5	0.5	-
Plum Pox Eradication Program	-	9.4	8.6	7.0
Other	7.9	-	-	-
<i>Total Adjustments</i>	<i>3,568.6</i>	<i>47.3</i>	<i>40.2</i>	<i>38.0</i>
Net Planned Spending	4,877.4	2,158.1	2,029.9	1,958.2

continued from previous page

Less: Non-Respendable Revenue	136.4	34.4	34.4	34.4
Plus: Cost of Services received without charge ³	41.5	43.4	44.0	45.4
Net cost of Program	4,782.4	2,167.2	2,039.5	1,969.2
Full Time Equivalents⁴	6,170	6,170	6,100	6,100

2003-2004's Forecast Spending is higher than future Planned Spending for several reasons: special transition funding, special funding to address the impact of BSE, and increased statutory payments due to increased need in 2003-2004. Similarly, future Planned Spending will vary based on need.

¹ Reflects the best forecast of authorized funding to the end of the fiscal year.

² Adjustments for 2003-2004 reflect Supplementary Estimates (A), (B) and other adjustments. Adjustments for 2004-2005 to 2006-2007 reflect initiatives for which the Department can seek up to the amount shown through Supplementary Estimates, once approved. Not included is funding that is yet to be reprofiled from one year to the next, nor any new authorities that may be sought.

³ Cost of services provided by other departments include accommodation provided by Public Works and Government Services Canada (PWGSC), contributions covering employers' share of employees' insurance premiums and expenditures paid by Treasury Board Secretariat (TBS), Worker's compensation coverage provided by Human Resources Canada and salary and associated expenditures of legal services provided by Justice Canada. See details in Table 8.

⁴ In addition to the FTEs noted above, in 2003-2004 there were 419 FTEs employed by AAFC for research projects funded through collaborative agreements with industry, and other activities not funded through appropriations. Also, 187 FTEs were employed as students. Data for 2004-2005 to 2006-2007 similarly does not make provision for staff funded through collaborative agreements.

Note: Planned spending reflects funds currently approved in the government fiscal plan.

Financial Tables

TABLE 1 <i>Summary of Capital Spending by Strategic Outcome</i>	45
TABLE 2 <i>Details on Project Spending</i>	46
TABLE 3 <i>Status Report on Major Crown Projects</i>	47
TABLE 4 <i>Summary of Transfer Payments</i>	47
TABLE 5 <i>Details on Transfer Payments Programs</i>	48
TABLE 6 <i>Sources of Respendable and Non-Respendable Revenue</i>	51
TABLE 7 <i>External Charging</i>	53
TABLE 8 <i>Net Cost of Program for the Estimates Year (2004-2005)</i>	54
TABLE 9 <i>Canadian Pari-Mutuel Revolving Fund - Statement of Operations</i>	55
TABLE 10 <i>Canadian Pari-Mutuel Revolving Fund - Statement of Cash Flows</i>	55
TABLE 11 <i>Canadian Pari-Mutuel Revolving Fund - Projected Use of Authority</i>	55

NOTE: In the following tables, **forecast spending** reflects the best forecast of authorized funding to the end of the fiscal year (not necessarily forecast expenditures). **Planned spending** reflects funds already brought into the department's reference levels through the Annual Reference Level Update exercise, as well as adjustments in future years for funding approved in the government fiscal plan, but yet to be brought into the Department's reference levels.

The figures have been rounded to the nearest millions of dollars. Figures that cannot be listed in millions of dollars are shown as 0.0.

The information in the financial tables in this Annex is presented by Strategic Outcome, where applicable. Agriculture and Agri-Food Canada's Strategic Outcomes are equivalent to its Business Lines.

Table 1: Summary of Capital Spending by Strategic Outcome

(\$ millions)	Forecast Spending 2003-2004	Planned Spending 2004-2005	Planned Spending 2005-2006	Planned Spending 2006-2007
Security of the Food System	20.1	0.1	–	–
Health of the Environment	5.3	4.3	2.4	2.4
Innovation for Growth	33.6	32.3	28.3	28.3
Total Capital Spending in Main Estimates	59.1	36.6	30.6	30.6

The decrease in Planned Spending is mainly a function of the APF Business Risk Management service delivery improvement capital funding of \$20 million in 2003-2004's forecast authorized spending, while similar amounts for future years have not yet been brought into the Department's reference levels. In addition, 2004-2005 is the last of the five years of \$6 million per year Program Integrity Health and Safety capital funding.

Table 2: Details on Project Spending

(\$ millions)	Current Estimated Total Cost ¹	Forecast Spending to March 31, 2004 ²	Planned Spending 2004-2005	Planned Spending 2005-2006	Planned Spending 2006-2007	Future Year Spending Requirement
Projects over \$5 million						
Security of the Food System						
Business Risk Management Service Delivery Improvement (Project Definition Phase)(PPA)	125.0	8.9	– ³	– ³	– ³	–
Total Security of the Food System	125.0	8.9	–	–	–	–
Health of the Environment						
Saskatchewan (Swift Current), Duncairn Dam, (Project Implementation Phase)(S)	10.0	1.8	8.2	–	–	0.0
National Land and Water Information Service (NLWIS), (Project Definition Phase)(PPA)	100.1	3.0	15.1	25.6	25.6	30.8
Total Health of the Environment	110.1	4.8	23.3	25.6	25.6	30.8
Innovation for Growth						
N.B. (Fredericton), Facility retrofit (Project Close-out Phase)(S)	21.7	21.7	–	–	–	–
Quebec (Lennoxville), Dairy Research Facility (Initial Planning and Identification Phase)(I)	10.6	–	0.9	3.7	6.0	–
Ontario (Ottawa) Greenhouse and Growth Chamber Facility (Initial Planning and Identification Phase)(I)	10.6	–	0.8	1.7	8.1	–
Manitoba (Winnipeg), Facility retrofit (Initial Planning and Identification Phase)(PPA)	24.0	1.2	–	–	–	22.8
Alberta (Lethbride), New multi-purpose facility (Project Close-out Phase)(S)	29.9	29.9	–	–	–	0.0
Total Innovation for Growth	96.8	52.8	1.7	5.4	14.1	22.8
Total in Main Estimates for Projects over \$5 million	331.9	66.5	25.0	31.0	39.7	53.6

¹ The Current Estimated Total Cost number includes both expenditures made in previous years and expenditures forecast for 2003-2004 and beyond.

² Forecast Spending to March 31, 2004 includes expenditures incurred in prior years.

³ Future years' Planned Spending for the Business Risk Management Service Delivery Improvement project is anticipated to total \$116.1 million, for an Estimated Total Cost of \$125.0 million. However, these resources have yet to be brought into the Department's reference levels.

Classes:

(S) denotes a Substantive Estimate

(I) denotes an Indicative Estimate

(PPA) denotes Preliminary Project Approval

(EPA) denotes Effective Project Approval

Table 3: Status Report on Major Crown Projects

Following is the title of Agriculture and Agri-Food Canada's Major Crown Project with an associated internet address for more detailed information including: Description; Project Phase; Leading and participating Departments and Agencies; Prime and Major Sub-Contractors; Major Milestones; Progress Report and Explanations of Variances; Industrial Benefits.

Project Name: National Land and Water Information Service (NLWIS)

Internet Address: http://www.agr.gc.ca/nlwis/main_e.htm

Table 4: Summary of Transfer Payments

(\$ millions)	Forecast Spending 2003-2004	Planned Spending 2004-2005	Planned Spending 2005-2006 ¹	Planned Spending 2006-2007 ¹
Grants				
Security of the Food System	848.3	3.9	3.9	3.9
Health of the Environment	8.2	9.8	9.8	9.8
Innovation for Growth	17.8	17.8	17.8	17.8
Total Grants	874.3	31.5	31.5	31.5
Contributions				
Security of the Food System	3,104.0	1,215.8	1,128.2	1,119.3
Health of the Environment	82.9	114.6	103.6	80.4
Innovation for Growth	64.4	78.4	70.6	37.4
Total Contributions	3,251.3	1,408.8	1,302.4	1,237.1
Total Grants and Contributions in Main Estimates	4,125.6	1,440.3	1,333.9	1,268.6

¹ Not included is Transfer Payment funding that is yet to be reprofiled from one year to the next, nor any new authorities that may be sought.

2003-2004's Forecast Spending is higher than future Planned Spending for several reasons: special transition funding, special funding to address the impact of BSE, and increased statutory payments due to increased need in 2003-2004. Similarly, future Planned Spending will vary based on need.

Table 5: Details on Transfer Payments Programs

Grants and Contributions

Security of the Food System

The transfer payment programs in support of the Security of the Food System strategic outcome for 2004-2005 include:

Program	Planned Spending 2004-2005 (\$ millions)
Business Risk Management	
Contributions under the Agricultural Policy Framework	378.9
Crop Insurance Program	227.3
Net Income Stabilization Account	212.6
Province-Based Programs	147.5
Contributions to the Bovine Spongiform Encephalopathy (BSE) Recovery Program	69.4
Payments in connection with the Agricultural Marketing Programs Act (AMPA)	65.5
Contributions for agricultural risk management - Spring Credit Advance Program	57.2
Loan guarantees under the Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA)	4.0
Private Sector Risk Management Partnership	2.5
<i>Total Business Risk management</i>	<i>1,164.9</i>
Contributions for Agriculture and Agri-food Sector Assistance:	
Food Safety & Food Quality	30.1
International	20.8
Other	3.9
Total in Main Estimates	1,219.7

Objective - To bring the decision-maker closer to citizens, a more cost efficient government and the agricultural sector's desire for more direct involvement in funding decisions will be accomplished through the funding of industry-led initiatives.

Planned Results - An agriculture and agri-food sector that is able to manage financial, supply, market, health, and environmental risks; a secure domestic and international marketplace for Canadian agricultural products; and to maintain a high level of consumer confidence in the quality, safety and production of Canadian food.

Indicators - Reduced downside variability of farm income and operating margin over time will be measured by comparing; farm income with and without program payments, operating margin of farmers who participate in programs to those who do not, and the variability between program options, and with other instruments including supply management systems. Increased sector farm income and operating margin over time. Increased value of farm capital investments over time. Reduction of exposure to agri-food hazards. Increase in the level of consumer confidence in the safety and quality of food produced in Canada. Improvement in relative performance of Canadian companies when compared to foreign companies in meeting or exceeding market requirements for food safety and quality.

Table 5: Details on Transfer Payments Programs (continued)

Grants and Contributions

Health of the Environment

The transfer payment programs in support of the Health of the Environment strategic outcome for 2004-2005 include:

Program	Planned Spending 2004-2005 (\$ millions)
Contributions for Agriculture and Agri-food Sector Assistance - Environment	109.4
Contributions towards the implementation of the Climate Change Action Plan	4.5
Other	10.5
Total in Main Estimates	124.4

Objective - Provide relevant and accurate environmental information to foster open and informed dialogue, and to help all parties involved to make sound decisions through public investment to protect water, air, soil and biodiversity.

Planned Results - The provision of relevant and accurate environmental information to foster open and informed dialogue and to help citizens, government, farmers and the agri-food sector, make sound decisions for today's and future generations; and to realize environmental benefits and reduce environmental risks by leading the development and implementation of economically sustainable best management practices, within a supportive business climate, for adoption by the agriculture and agri-food industry, government and the general public.

Indicators - Level of adoption of Integrated Pest Management and of conservation or no-till systems. Proportion of farms that have established riparian buffer strips near watercourses and of farms that restrict or control access of livestock to watercourses. Share of farmland at different levels of residual nitrogen and phosphorous. Level of bare soil days on farmland. Level of efficiency of freshwater resource use by irrigation to produce primary agricultural products. Change in the level of General Public recognition and support for government and agricultural sector policies and actions that encourage the adoption of sustainable production practices.

Table 5: Details on Transfer Payments Programs (continued)

Grants and Contributions

Innovation for Growth

The transfer payment programs in support of the Innovation for Growth strategic outcome for 2004-2005 include:

Program	Planned Spending 2004-2005 (\$ millions)
Contributions under the Prairie Grain Roads Program (PGRP)	44.4
Contributions for Agriculture and Agri-food Sector Assistance:	
Renewal and Science & Innovation	10.7
International	8.3
Contributions in support of assistance to Rural Canada and Development in the Area of Cooperatives Framework	6.4
Other	26.5
Total in Main Estimates	96.3

Objective - Fostering innovation to make Canada the world leader in developing food and other related agricultural products and services, developing and promoting the adoption of new technologies and best practices; and using public sector research infrastructure as a catalyst/incubator for private sector innovation.

Planned Results - The development and adoption of new products, processes, technologies, and services to increase our competitive edge, by investing in an environment that encourages discovery and innovation; an entrepreneurial and highly skilled workforce, and a strong investment in the sector and in rural Canada; and diversified markets captured by Canadian products and services.

Indicators - Increased; Farm family income and net farm income; share of world agri-food trade in bioproducts and agricultural value-add; contribution of bioproducts and value-added agricultural products to GDP and rural employment; and recognition of innovative Canadian products.

Table 6: Sources of Respendable and Non-Respendable Revenue

Respendable Revenue

(\$ millions)	Forecast Revenue 2003-2004	Planned Revenue 2004-2005	Planned Revenue 2005-2006	Planned Revenue 2006-2007
Security of the Food System				
Security of the Food System				
Net Income Stabilization Account - Admin. fees	8.9	8.9	8.9	8.9
Canadian Pari-Mutuel Agency Revolving Fund	15.3	15.4	15.4	15.4
Total - Security of the Food System	24.2	24.3	24.3	24.3
Health of the Environment				
Community Pastures	14.5	15.0	15.0	15.0
Total - Health of the Environment	14.5	15.0	15.0	15.0
Innovation for Growth				
Total - Innovation for Growth	-	-	-	-
Total Respendable Revenue	38.7	39.3	39.3	39.3

Table 6: Sources of Respendable and Non-Respendable Revenue (continued)

Non-Respendable Revenue

(\$ millions)	Forecast Revenue 2003-2004	Planned Revenue 2004-2005	Planned Revenue 2005-2006	Planned Revenue 2006-2007
Security of the Food System				
Refund of Previous Years' Expenditures *	104.0	0.7	0.7	0.7
Service and Service Fees	1.0	1.0	1.0	1.0
Privileges, Licences and Permits	0.1	0.1	0.1	0.1
Return on Investments **	0.1	0.2	0.2	0.2
Proceeds from Sales of Crown Assets	0.0	0.0	0.0	0.0
Other non-tax revenues	0.3	0.3	0.3	0.3
Total - Security of the Food System	105.5	2.3	2.3	2.3
Health of the Environment				
Refund of Previous Years' Expenditures *	0.2	0.2	0.2	0.2
Service and Service Fees	0.3	0.3	0.3	0.3
Privileges, Licences and Permits	0.7	0.7	0.7	0.7
Return on Investments **	0.0	0.1	0.1	0.1
Proceeds from Sales of Crown Assets	0.5	0.5	0.5	0.5
Other non-tax revenues	0.2	0.2	0.2	0.2
Total - Health of the Environment	1.9	1.9	1.9	1.9
Innovation for Growth				
Refund of Previous Years' Expenditures *	13.7	13.7	13.7	13.7
Service and Service Fees	0.1	0.1	0.1	0.1
Privileges, Licences and Permits	5.9	5.9	5.9	5.9
Return on Investments **	0.6	1.6	1.5	1.5
Proceeds from Sales of Crown Assets	1.7	1.7	1.7	1.7
Other non-tax revenues	7.1	7.1	7.1	7.1
Total - Innovation for Growth	29.1	30.1	30.1	30.1
Total Non-Respendable Revenue	136.4	34.4	34.4	34.4
Total Respendable and Non-Respendable Revenue				
	175.1	73.6	73.6	73.6
<p>* Refund of Previous Years' Expenditures for the Security of the Food System strategic outcome for 2003-2004 includes amounts recovered from Provinces for payments made by the Department, and collections of overpayments under the Canadian Farm Income Program (CFIP). Additional amounts are expected to be recovered through to 2004-2005, but cannot be estimated at this time.</p> <p>** Return on Investments includes interest on loans for the Canadian Dairy Commission and Construction of Multi-Purpose Exhibition Buildings.</p>				

Table 7: External Charging

The federal government has engaged in external charging since Confederation, and today applies external charges to a diverse range of activities. Charges are linked to a good or service that an identifiable external party receives, over and above what the general taxpayer receives, or to the costs of regulating an activity. The new Treasury Board Policy on External Charging requires greater accountability and emphasis on the establishment, amendment and on-going management of external charges. The broad theme is to improve transparency and accountability to Parliament and the public and give stakeholders real opportunities for input.

To implement this new policy, AAFC has reconstituted the Portfolio User Charge Working Group whose members are AAFC, CFIA and the CGC. Awaiting internal approval of the mandate and terms of reference, the group is to be responsible for the development and implementation of a user fee framework to guide the management in establishing user charges across the portfolio members. Work is underway to develop a program manager's guide to revenue and cost recovery which will be published on the AAFC website.

Following is a completed reporting template for AAFC's External Charging information as per the TBS External Charging Policy.

Name of Fee Activity	Fee Type	Fee Setting Authority	Reason for Fee Introduction or Amendment	Effective date of planned change to take effect	Planned Consultation & Review process
Community Pastures Program (CPP) Fees	Other Goods and Services	Section 9.1 of the <i>Prairie Farm Rehabilitation Act</i>	CPP fees are reviewed on an annual basis and set accordingly	n/a	Each pasture has a six member representative committee elected from clients of the pasture. Prior to implementation of fee increases, Pasture Advisory Committees are consulted.
<i>Net Income Stabilization Act</i> (NISA) Registration Fees	Other Goods and Services (Vote netted revenue - administrative cost share).	<i>The Farm Income Protection Act</i> (FIPA). Under Section 6.3, NISA agreement, the Minister of AAFC may adjust cost sharing fees after consultation with the National NISA Committee.	The NISA program officially begins to wind down with the last stabilization year filed 2002. A participant will not be charged the administrative cost share after the 2002 stabilization year processing.	2004-2005	The National NISA Committee assists in the administration of the Program. This committee includes a minimum of six and a maximum of ten producers to represent commodity sectors.
Business Risk Management Programs under the Agricultural Policy Framework (APF) - Canadian Agricultural Income Stabilization (CAIS) Participation Fees	Other Goods and Services (Vote netted revenue admin cost share)	<i>The Farm Income Protection Act</i> (FIPA). Under Section 6.4, Annex A Agreement Re-establishing the NISA Program of the Implementation Agreement.	Implementation of the CAIS Program	2004-2005	The annual share shall be \$55, or such other amount as is set out in the Program Guidelines. The Program Guidelines shall require the consent of Canada and at least two-thirds of the participating Provinces or Territories where those Provinces or Territories represent at least fifty per cent of the total Production Margin for participating Provinces or Territories in the most recent year for which data is available.

continued on next page

Table 7: External Charging (continued)

Name of Fee Activity	Fee Type	Fee Setting Authority	Reason for Fee Introduction or Amendment	Effective date of planned change to take effect	Planned Consultation & Review process
<i>Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA) Registration Fees</i>	Regulatory Service	FIMCLA Regulations.	n/a	n/a	A risk analysis study was undertaken on a cash and accrual basis to determine level of fees needed to break even. There is an advisory committee to review the current legislation.
Canadian Pari-Mutuel Agency Revolving Fund	Regulatory Service	Section 204 of the <i>Criminal Code</i> . The Canadian Pari Mutuel Agency became a Special Operating Agency as a result of the February 1991 Budget and was approved by Treasury Board in November 1992, in part due to the fact it had a full cost recovery structure.	n/a	n/a	The CPMA has a formalized consultation process in place and consults regularly with the Horse Racing Industry on all policy and regulatory changes. The industry includes racetracks, provincial regulatory bodies and stakeholders. Consultation with the industry would occur for proposed changes to the levy.

n/a = not applicable

Table 8: Net Cost of Program for the Estimates Year (2004-2005)

(\$ millions)	Total
Net Planned Spending (Total Main Estimates plus Adjustments)	2,158.1
<i>Plus: Services Received without Charge</i>	
Accommodation provided by Public Works and Government Services Canada (PWGSC)	13.9
Contributions covering employers' share of employees' insurance premiums and expenditures paid by TBS	26.6
Worker's compensation coverage provided by Human Resources Canada	1.9
Salary and associated expenditures of legal services provided by Justice Canada	1.1
	43.4
<i>Less: Non-responsible Revenue</i>	34.4
2004-2005 Net cost of Program	2,167.2

Table 9: Canadian Pari-Mutuel Revolving Fund - Statement of Operations

(\$ millions)	Forecast 2003-2004	Planned 2004-2005	Planned 2005-2006	Planned 2006-2007
Responsible Revenue	15.3	15.4	15.4	15.4
Expenses				
Operating:				
Salaries and employee benefits	5.0	5.1	5.1	5.1
Depreciation	0.1	0.1	0.1	0.1
Administrative and support services	9.7	9.7	9.7	9.7
Utilities, materials and supplies	0.4	0.4	0.4	0.4
Total Operating	15.3	15.4	15.4	15.4
Surplus (Deficit)	-	-	-	-

Table 10: Canadian Pari-Mutuel Revolving Fund - Statement of Cash Flows

(\$ millions)	Forecast 2003-2004	Planned 2004-2005	Planned 2005-2006	Planned 2006-2007
Surplus (Deficit)	-	-	-	-
Add non-cash items:				
Depreciation/amortisation	0.1	0.1	0.1	0.1
Investing activities:				
Acquisition of depreciable assets	(0.1)	(0.1)	(0.1)	(0.1)
Cash Surplus (requirement)	-	-	-	-

Table 11: Canadian Pari-Mutuel Revolving Fund - Projected Use of Authority

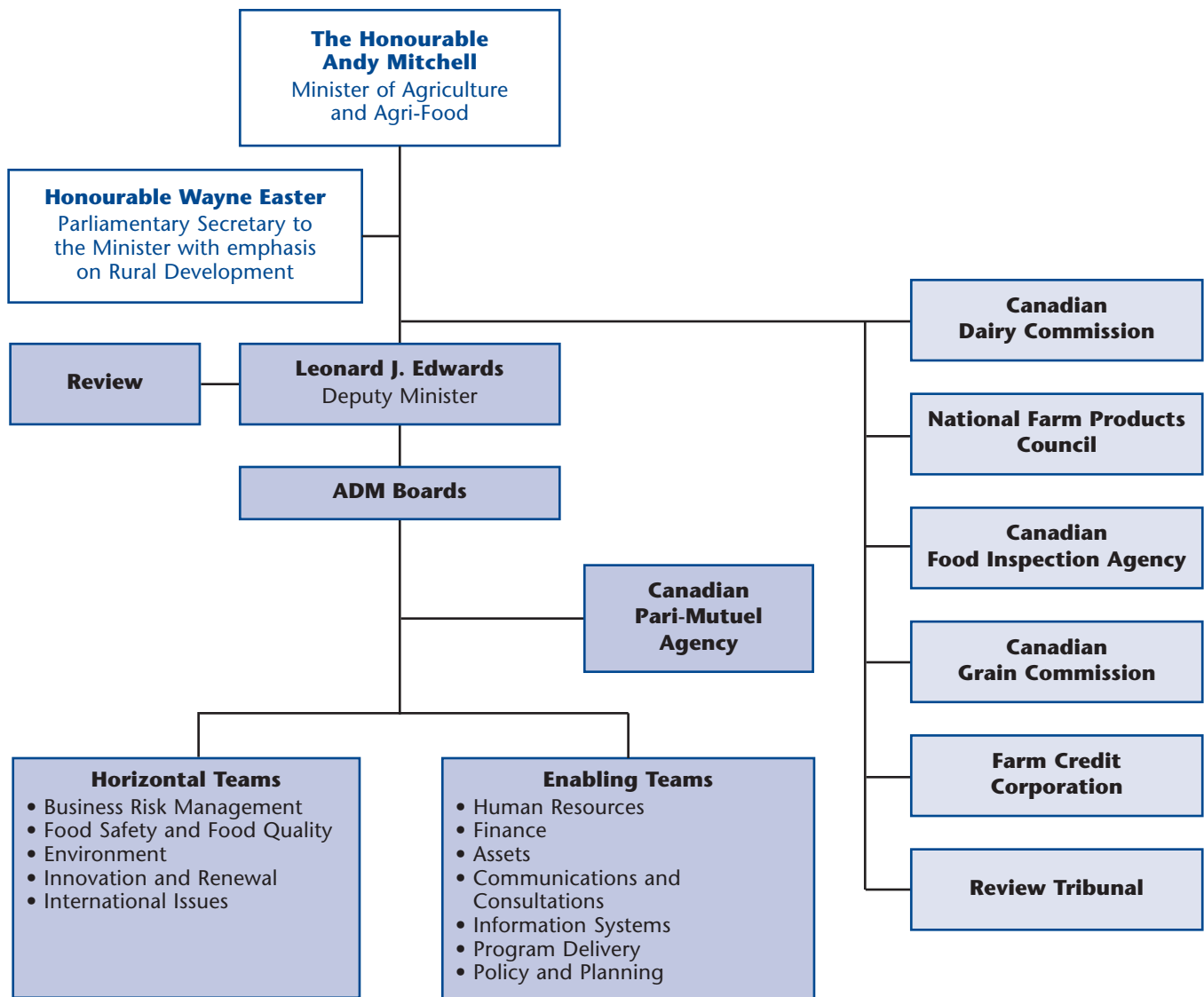
(\$ millions)	Forecast 2003-2004	Planned 2004-2005	Planned 2005-2006	Planned 2006-2007
Authority*	2.0	2.0	2.0	2.0
Drawdown:				
Balance as at April 1	1.4	1.4	1.4	1.4
Projected Surplus (Drawdown)	-	-	-	-
Total Drawdown	1.4	1.4	1.4	1.4
Projected Balance at March 31	3.4	3.4	3.4	3.4

* \$2 million is the maximum amount that may be drawn down from the Consolidated Revenue Fund (CRF) at anytime.

Annex I

Further Information

AGRICULTURE AND AGRI-FOOD PORTFOLIO – 2004-2005



HOW TO REACH US

Departmental Contacts

Agriculture and Agri-Food Canada

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

General Enquiries
930 Carling Avenue
Ottawa, Ontario
K1A 0C5
TEL: (613) 759-1000
Web: www.agr.gc.ca

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

Minister of Agriculture and Agri-Food

The Honourable Andy Mitchell
www.agr.gc.ca/minoffe.html

Parliamentary Secretary to the Minister with emphasis on Rural Development

Wayne Easter, MP
TEL: (613) 992-6188
easterw@agr.gc.ca
www.agr.gc.ca/minoffe.html

Deputy Minister of Agriculture and Agri-Food

Leonard J. Edwards
TEL: (613) 759-1101
edwardslj@agr.gc.ca
www.agr.gc.ca/cb/min/dmoe.html

BRANCH AND AGENCY HEADS

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

PORTFOLIO CONTACTS

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

Legislation Administered by the Minister of Agriculture and Agri-Food

Acts administered by Agriculture and Agri-Food Canada for which the Minister of Agriculture and Agri-Food is named in statute as the minister responsible

<i>Agricultural Marketing Programs Act</i>	S.C. 1997, c. 20
<i>Agricultural Products Marketing Act</i>	R.S.C. 1985, c. A-6
<i>Animal Pedigree Act</i>	R.S.C. 1985, c. 8 (4th Supp.)
<i>Department of Agriculture and Agri-Food Act</i>	R.S.C. 1985, c. A-9
<i>Experimental Farm Stations Act</i>	R.S.C. 1985, c. E-16
<i>Farm Debt Mediation Act</i>	S.C. 1997, c. 21
<i>Farm Improvement and Marketing Cooperatives Loans Act</i>	R.S.C. 1985, c. 25 (3rd Supp.)
<i>Farm Improvement Loans Act</i>	R.S.C. 1985, c. F-3
<i>Farm Income Protection Act</i>	S.C. 1991, c. 22
<i>Livestock Feed Assistance Act</i>	R.S.C. 1985, c. L-10
<i>Western Grain Transition Payments Act</i>	S.C. 1995, c. 17

Acts administered by Agriculture and Agri-Food Canada for which the Minister of Agriculture and Agri-Food is named in Order in Council as minister responsible

<i>Prairie Farm Rehabilitation Act</i>	R.S.C. 1985, c. P-17
--	----------------------

Acts administered by other agencies in the Agriculture and Agri-Food Canada portfolio for which the Minister of Agriculture and Agri-Food is named in statute as the minister responsible

<i>Agriculture and Agri-Food Administrative Monetary Penalties Act</i>	S.C. 1995, c. 40
<i>Canada Agricultural Products Act</i>	R.S.C. 1985, c. 20 (4th Supp.)
<i>Canadian Dairy Commission Act</i>	R.S.C. 1985, c. C-15
<i>Canadian Food Inspection Agency Act</i>	S.C. 1997, c. 6
<i>Farm Credit Canada Act</i>	S.C. 1993, c. 14
<i>Farm Products Agencies Act</i>	R.S.C. 1985, c. F-4
<i>Feeds Act</i>	R.S.C. 1985, c. F-9
<i>Fertilizers Act</i>	R.S.C. 1985, c. F-10
<i>Fish Inspection Act</i>	R.S. 1985, c. F-12
<i>Health of Animals Act</i>	S.C. 1990, c. 21
<i>Meat Inspection Act</i>	R.S.C. 1985, c. 25 (1st Supp.)
<i>Plant Breeder's Rights Act</i>	S.C. 1990, c. 20
<i>Plant Protection Act</i>	S.C. 1990, c. 22
<i>Seeds Act</i>	R.S.C. 1985, c. S-8

Acts administered by other entities in the Agriculture and Agri-Food Portfolio for which the Minister of Agriculture and Agri-Food Canada is named in Order in Council as minister responsible

Canada Grain Act

R.S.C. 1985, c. G-10

Acts that confer powers on the Minister of Agriculture and Agri-Food for which other ministers are responsible

Criminal Code (Section 204)

R.S.C. 1985, c. C-46
(Minister of Justice and
Attorney General of Canada)

Acts administered partially by Agriculture and Agri-Food Canada for which another minister is responsible

Canadian Wheat Board Act

R.S.C. 1985, c. C-24

Acts administered partially by other agencies in the Agriculture and Agri-Food Canada portfolio for which another minister is responsible

Consumer Packaging and Labelling Act

R.S.C. 1985, c-38 (Minister
of Industry/CFIA)

Food and Drugs Act

R.S.C. 1985, c. F-27 (Minister
of Health/CFIA)