

Agriculture and Agri-Food Canada

2004-2005

Departmental Performance Report



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

Canada

HOW TO READ THIS REPORT

This Departmental Performance Report presents results of Agriculture and Agri-Food Canada's program activities during the fiscal year 2004-2005 against commitments stated in its 2004-2005 Report on Plans and Priorities. The report's structure is as follows:

Section I, Overview, contains an introductory message from the Minister of Agriculture and Agri-Food. The message summarizes the department's performance. This section also contains: summaries of the department's vision, mandate and strategic outcomes, and benefits accruing to Canadians from its activities; highlights of performance accomplishments by program activities that contribute towards ongoing departmental priorities; and discussion of the management framework that the department uses to deliver results.

The 2004-2005 Report on Plans and Priorities was based on strategic outcomes and business lines structure; the department now manages and reports against the new Program Activity Architecture. This Departmental Performance Report includes a "crosswalk" to both help explain to the reader changes in the reporting structure and to ensure consistency with the financial information contained in the 2004-2005 Estimates and Public Accounts.

Section II, Analysis and Performance, provides detailed analysis of performance by the department's three strategic outcomes: *Security of the Food System*, *Health of the Environment* and *Innovation for Growth*. The section also describes results of the Rural Secretariat and the Co-operatives Secretariat and of the two agencies that report to Parliament through the department: the Canadian Pari-Mutuel Agency and the National Farm Products Council.

Section III, Supplementary Information, contains Financial Tables, Horizontal Initiatives Information, Key Government-wide Themes, Statutory Annual Reports, and Parliamentary Committee Reports and audits and evaluations that apply to the work of the department during the reporting year.

Section IV is Other Items of Interest. These include the portfolio's organizational chart and contacts, and Legislation and Acts administered by the Minister of Agriculture and Food and other agencies in the portfolio. Also, the section has appendices providing acronyms used in the report and links to electronic resources for further information.

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

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

We are committed to continuous improvement in our reporting. We therefore welcome receiving your comments on this report. Please send us your comments:

By Mail:
Strategic Management
Corporate Management Branch
Agriculture and Agri-Food Canada
Sir John Carling Building
Floor 8, Room 818
930 Carling Avenue,
Ottawa, Ontario, K1A 0C5

By Fax:
(613)-759-6729

By Email:
courcyc@agr.gc.ca

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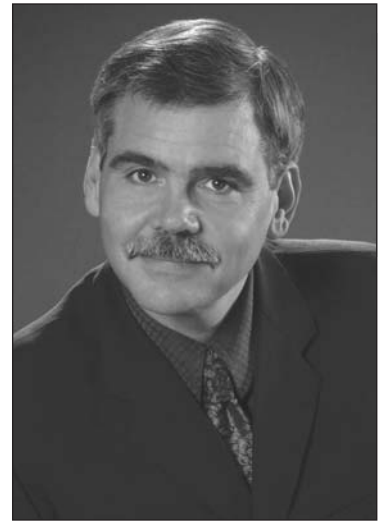
Minister's Message

It is my pleasure to present to Parliament and to Canadians my department's Performance Report for the fiscal year 2004-2005.

The agriculture and agri-food sector is a powerful driver of Canada's economy, generating eight per cent of our gross domestic product (GDP) and creating one in eight Canadian jobs, building and sustaining rural and remote communities across Canada. It provides Canadians with an abundance of safe and nutritious food. The Government of Canada is committed to working to secure the success of this vital Canadian economic sector by creating an environment that allows our farmers to earn a profitable living.

This commitment was especially evident over the months reviewed in this report. Disruptions in trade due to the Bovine Spongiform Encephalopathy (BSE) situation, avian influenza, drought and other adversities continued to put severe financial pressures on producers in 2004-2005. Canadian farm incomes fell to levels never before experienced.

Governments responded to the farm income situation with record program payments of almost \$5 billion to producers in 2004. The Farm Income Payment program, announced by the Government of Canada in March 2005, put a further \$1 billion into the hands of hard-hit Canadian producers. We will continue to stand by our producers in their time of need.



**The Honourable
Andy Mitchell**

While Agriculture and Agri-Food Canada (AAFC) addressed these unprecedented pressures, partnerships and collaborative work continued on the foundation for the industry's long-term sustainability, profitability and success through the Agricultural Policy Framework's (APF) (http://www.agr.gc.ca/cb/apf/index_e.php) action areas:

- putting in place a new **business risk management (BRM)** framework;
- responding to consumer demands for **food safety and quality**;
- assisting the sector in dealing with increasing competition in **international** markets;
- helping the sector meet the challenges of sustainable development through **environmental** farm plans (EFPs) and improved agriculture management;
- harnessing **innovation** to create new bio-products and knowledge-based systems; and
- through **renewal programming**, helping farmers keep pace with advances in new technology and in acquiring the skills and resources they need to succeed.

Rural Canada is of critical importance to our success as a nation. I am pleased to also report on the achievements in the past year by the Rural Secretariat and the Co-operatives Secretariat. The Rural Secretariat made positive progress in enhancing access to opportunities for rural Canadians and their communities. The Co-operatives Secretariat promoted the use of the co-operative model through delivery of the Co-operative Development Initiative (CDI).

The Government of Canada fully understands the importance and value of a healthy agricultural industry and the importance and value of Canada's farmers. My Parliamentary Secretary for Agriculture, the Honourable Wayne Easter, and I remain committed to working with our partners — provincial and territorial governments, producers and their organizations, processors, exporters and retailers — to help the industry deal with short-term pressures, while continuing to strengthen its prospects for the long run.

The Honourable Andy Mitchell,
Minister of Agriculture and Agri-Food

Management Representation Statement

We submit, for tabling in Parliament, the 2004-2005 Departmental Performance Report (DPR) for AAFC.

This report has been prepared based on the reporting principles and other requirements in the *Guide for the Preparation of 2004-2005 DPR* and represents, to the best of our knowledge, a comprehensive, balanced and transparent picture of the department's performance for fiscal year 2004-2005.



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

- It adheres to the specific reporting requirements;
- It reports against an approved Program Activity Architecture (PAA);
- It provides a basis of accountability for the results pursued with the resources and authorities entrusted to the department; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.



Christiane Ouimet
Associate Deputy Minister
Agriculture and Agri-Food Canada



Leonard J. Edwards
Deputy Minister



Christiane Ouimet
Associate Deputy Minister

Summary Information

VISION

A competitive and innovative sector where partners work together to be the world leader in agriculture and agri-food, meeting domestic and global customer needs while respecting the environment.


MANDATE

AAFC provides information, research and technology, and policies and programs to achieve its three strategic outcomes:

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

Benefits for Canadians

- Reliable supply of safe and high-quality agri-food products;
- Economic, social and environmental contributions from a competitive and sustainable food system;
- Enhanced compatibility between nature and agriculture;
- Increased opportunities for growth in rural communities; and
- Increased international recognition for quality Canadian products and expertise.

The department's Report on Plans and Priorities (RPP)  for 2004-2005 was structured according to strategic outcomes and priorities. **The department has changed to managing and reporting against the new PAA in accordance with the Treasury Board Secretariat's Management of Resources and Results Structure (MRRS)** that provides an inventory of departmental programs and activities and shows their relationship to the strategic outcomes. The following crosswalk is provided to illuminate the changes in the reporting structure.

2004-2005 Total Financial Resources for Agriculture and Agri-Food Canada

(\$ millions) - Net

Planned Spending	Total Authorities	Actual Spending
2,158.1	3,579.1	3,343.4

2004-2005 Total Human Resources for Agriculture and Agri-Food Canada

Planned FTEs	Actual FTEs	Difference
6,170	6,216	46

Summary of Performance in Relationship to Departmental Program Activities

(\$ millions) - Net

Program Activities	Type	Planned Spending	Actual Spending	Expected Results and Current Status
Business Risk Management	Ongoing	1,301.9	2,583.1	<ul style="list-style-type: none"> Increased utilization of risk management tools; and Increased participation in BRM programs. Current Status: Successfully met
Food Safety and Food Quality	Ongoing	77.1	57.7	<ul style="list-style-type: none"> Increase in the level of consumer confidence in food produced in Canada; Improvements in relative performance of Canadian agri-companies in meeting or exceeding market requirements for food safety and quality; and New markets as a result of the adoption of the Canadian food safety and quality system. Current Status: Successfully met
Environment	Ongoing	311.4	261.9	<ul style="list-style-type: none"> 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 (BMPs); and Improved water supply capacity. Current Status: Successfully met and exceeded in some areas
Innovation and Renewal	Ongoing	329.2	303.3	<ul style="list-style-type: none"> Information on AAFC research results and inventions available through the Internet; Leading-edge production and processing systems demonstrated; Research programs include information dissemination and technology transfer considerations; Centres of expertise developed; and Industry and government investment in bio-products and bio-products research. Current Status: Successfully met
International Issues	Ongoing	117.5	119.3	<ul style="list-style-type: none"> Reduced trade barriers; Increased market access protocols negotiated with key trading partners; Increased recognition and improved perception of Canadian agricultural products and processes; Increased recognition of Canada as a place for agri-food investment; Changes in international partners' support for Canada's positions at negotiating sessions; and Increased value of sales by the industry. Sector generates annual sales of about \$130 billion, including \$30.9 billion in agriculture and food exports (including seafood), contributing close to \$5.8 billion to Canada's overall trade surplus. Current Status: Successfully met
Rural & Co-operatives Secretariats	Ongoing	18.4	15.9	<ul style="list-style-type: none"> Enhanced opportunities for rural Canadians and their communities. Current Status: Successfully met
Canadian Pari-Mutuel Agency	Ongoing	-	(0.1)	<ul style="list-style-type: none"> Confidence-building 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; Providing Agency Officers with new, leading automated monitoring technologies; and Self-sufficient Revolving Fund. Current Status: Successfully met
National Farm Products Council	Ongoing	2.6	2.3	<ul style="list-style-type: none"> Receive draft FPT agreements by the three national agencies for broiler hatching eggs, turkey, and eggs; Initiate stakeholder consultations on a review of the Farm Products Agencies Act; Continue its work with industry and government to develop a reliable markets information database; Improve industry awareness of the grocery, food service and distribution sectors; Approve the implementation by the Beef Cattle Agency of a levy collection scheme for beef cattle; and Complete implementation of the first phase of modern management practices by developing a planning and performance measurement framework. Current Status: Successfully met
Total		2,158.1	3,343.4	

CROSSWALK BETWEEN PROGRAM ACTIVITIES AND STRATEGIC OUTCOMES

(\$ millions) - Net

2004-2005 Strategic Outcomes

Program Activities	Security of the Food System	Health of the Environment	Innovation for Growth	TOTAL
Business Risk Management				
Main Estimates	1,264.5	-	-	1,264.5
Planned Spending	1,301.9	-	-	1,301.9
Authorities	2,698.0	-	-	2,698.0
Actual Spending	2,583.1	-	-	2,583.1
Food Safety and Food Quality				
Main Estimates	77.1	-	-	77.1
Planned Spending	77.1	-	-	77.1
Authorities	79.6	-	-	79.6
Actual Spending	57.7	-	-	57.7
Environment				
Main Estimates	-	301.7	9.2	310.9
Planned Spending	-	302.2	9.2	311.4
Authorities	-	309.6	13.9	323.5
Actual Spending	-	232.0	29.9	261.9
Innovation and Renewal				
Main Estimates	-	-	319.8	319.8
Planned Spending	-	-	329.2	329.2
Authorities	-	-	330.6	330.6
Actual Spending	-	-	303.3	303.3
International Issues				
Main Estimates	42.1	-	75.5	117.5
Planned Spending	51.5	-	66.1	117.5
Authorities	67.9	-	54.4	122.2
Actual Spending	83.5	-	35.8	119.3
Rural & Co-operatives Secretariats				
Main Estimates	-	-	18.4	18.4
Planned Spending	-	-	18.4	18.4
Authorities	-	-	19.1	19.1
Actual Spending	-	-	15.9	15.9
Canadian Pari-Mutuel Agency				
Main Estimates	-	-	-	-
Planned Spending	-	-	-	-
Authorities	-	-	3.0	3.0
Actual Spending	-	-	(0.1)	(0.1)
National Farm Products Council				
Main Estimates	2.6	-	-	2.6
Planned Spending	2.6	-	-	2.6
Authorities	3.0	-	-	3.0
Actual Spending	2.3	-	-	2.3
Total Main Estimates	1,386.2	301.7	422.9	2,110.8
Total Planned Spending	1,433.0	302.2	422.9	2,158.1
Total Authorities	2,848.5	309.6	421.0	3,579.1
Total Actual Spending	2,726.6	232.0	384.8	3,343.4

Note: The Corporate Services Program Activity is not reported separately, rather it has been pro-rated to the other Program Activities.

Main Estimates figures are as reported in the 2004-2005 Main Estimates Part II.

Planned figures are as reported in the 2004-2005 Report on Plans and Priorities (RPP).

Authorities are 2004-2005 Main Estimates plus Supplementary Estimates and Allotment transfers received during the 2004-2005 fiscal year, as well as internal adjustments and transfers.

Actual figures represent the actual expenditures incurred during the 2004-2005 fiscal year, as reported in the 2004-2005 Public Accounts. In certain cases, where Authorized amounts are unspent, they can be reprofiled for use in future years.

Overall Departmental Performance

OPERATING ENVIRONMENT

The agriculture and food industry, consisting of primary farming, processing, distribution and retail, plays a crucial role in Canada. It accounts for eight per cent of the GDP and provides one in eight jobs for Canadians. Further, it generates \$130 billion in sales, including \$30.9 billion in agriculture and food (including seafood) exports, contributing close to \$5.8 billion to Canada's overall trade surplus.

Equally important, the industry is instrumental in building and sustaining rural and remote communities.

The agriculture and food industry also provides a reliable supply of safe, nutritious and high-quality foods and it is making significant progress in producing this food in ways that are increasingly sustainable. **The industry has the potential for improved performance, competitiveness and profitability. Exciting new opportunities resulting from advances in science and technology to develop innovative food and non-food products exist within the sector.** From the agriculture and food industry will come even more diverse and healthier products, as well as environmental benefits, further contributing to a better quality of life for all Canadians.

As a case in point, the food industry is under a global microscope as consumers are becoming more demanding with regard to the nutritional attributes of its products. Consequently, the food industry is taking action in health and nutrition areas that create new opportunities and meet arising challenges. The industry is responding in various ways including, for example, product reformulation, the reduction and elimination of trans fat, and through obesity and healthy living strategies such as in the food services area, by offering lighter menu items.


CONTEXT

FORMIDABLE PRESSURES

While the sector makes an important contribution to Canadian society and to the Canadian economy, agriculture faces a host of pressures, many of which are beyond the control of producers. These pressures include *production risks* such as adverse weather, pests and animal diseases, and *market risks* owing to ever-changing global market conditions and trade challenges. Other *competitive risks* are linked to rapid changes in science and technology and new entrants into the market as a result of globalization.







Three cases of BSE in Alberta (one in May 2003 and two in January 2005), and the outbreak of avian influenza in British Columbia (B.C.) in February 2004, posed special challenges for the industry and governments during the reporting period. These incidents led to closures of many national borders, such as the United States, Japan and Korea, to Canadian cattle, beef and poultry products. Combined with other strains, this contributed to record-low farm incomes and crisis situations for many producers and others in the industry over the past two years. **The Government of Canada, in partnership with provincial and territorial governments, was fully committed to alleviating short-term income pressures, while creating and sustaining a business climate in which producers can earn a profitable living over the long term.**

MAPPING THE FUTURE

Recognizing the importance of agriculture to Canada and the imposing pressures the sector faces, the Government of Canada has made this industry a top priority. The blueprint and driver for the sector is the federal-provincial-territorial *Framework Agreement on Agriculture and Agri-Food Policy for the Twenty-First Century*. This landmark framework was endorsed by Ministers of Agriculture in Whitehorse on June 29, 2001, and signed in Halifax on June 27, 2002. More commonly known as the APF, it came into effect April 1, 2003. **The APF is a forward-looking, national strategy and partnership that aims to make Canada a world leader in food safety, innovation and environmentally responsible agricultural production.** With its integrated environmental, economic and social components, the APF is presented as AAFC's third sustainable development strategy, *Sustainable Agriculture: Our Path Forward*. 





In the "Canada We Want" *Speech from the Throne* of September 30, 2002, and reinforced in the October 5, 2004 *Throne Speech*, the federal government committed to implement the APF and related measures to promote innovation in the agriculture and agri-food industry. To deliver on this commitment, the government made an historic investment of \$5.2 billion in the initiative.

AAFC supports Canadian agriculture through five program activities based on the APF, the national vision and roadmap to the future of the industry. These activities contribute toward achieving the three strategic outcomes under which this report is organized: Security of the Food System, Health of the Environment and Innovation for Growth. These activities are:

- **BRM**  – helping producers manage risk to increase viability and profits;
- **Food Safety and Food Quality (FSFQ)**  – minimizing risks, increasing consumer confidence and exceeding market requirements for food products;
- **Environment**  – addressing sustainability in soil, water, air, and biodiversity;
- **Innovation**  and **Renewal**  – equipping the sector with new business and management skills, and knowledge-based production systems and strategies to capture opportunities and manage change; and
- **International Issues**  – expanding international opportunities for the Canadian food sector.

AAFC's program activities in the reporting period reflected and supported the Government of Canada's broad priorities and goals to manage and grow the economy, protect and enhance the environment, and safeguard and contribute to the health of all Canadians. The federal report *Canada's Performance, 2005*, notes AAFC's substantial contribution to the government's strategic outcomes listed under the "Sustainable Economy" chapter as well as under "Canada's Place in the World" and "Canada's Social Foundations" chapters. The department worked with producers, stakeholders and other levels of government to help ensure that the sector is competitive domestically and internationally, viable and prosperous, and contributing to a strong economy, while protecting and promoting integrity of the environment.

AAFC's program activities during the past year had major achievements on two fronts: (1) helping producers deal immediately with extraordinary pressures, and (2) building significantly on the APF framework that will lead toward the long-term sustainability, profitability and success of the agriculture and agri-food industry.

This DPR presents the detailed results of departmental program activities, reporting against commitments stated in the department's 2004-2005 RPP. The report also describes results of the **Rural Secretariat**  and **Co-operatives Secretariat**  and of the two agencies that report to Parliament through AAFC, the **Canadian Pari-Mutuel Agency (CPMA)**  and the **National Farm Products Council (NFPC)**. 

The RPP for 2004-2005 was based on strategic outcomes and business lines structure; AAFC now manages and reports against the new PAA. To assist the reader, this DPR includes a "crosswalk" to help explain changes in the reporting structure and to ensure consistency with the financial information contained in the 2004-2005 Estimates and Public Accounts.

Ongoing Departmental Priorities by Program Activity Architecture

The tables below summarize AAFC's progress and performance against commitments made in the department's 2004-2005 RPP. Further details on the program

activities under each Strategic Outcome can be found in Section II.

Program Activity: BRM	
Helping producers manage risk to increase viability and profits	
<p>Expected Results in 2004-2005:</p> <ul style="list-style-type: none"> Increased utilization of risk management tools; and Increased participation in BRM programs. <p>Summary of Key Results: Using a wide range of risk management programs and options, in 2004-2005 AAFC focussed its efforts on increasing utilization of risk management tools and participation in BRM programs. While these efforts were challenging given the extraordinary pressures on farm incomes, the commitments were met: the Canadian Agricultural Income Stabilization (CAIS) program was launched; there has been significant participation in the program; and adjustments to make the program work better for producers in addressing short- and long-term challenges are being explored with significant progress.</p>	
Commitments in 2004-2005	Key Results
<ul style="list-style-type: none"> Develop the CAIS program Create a new production insurance (PI) system based on the Crop Insurance Program (CIP) platform Modify the Cash Advance Programs Encourage private-sector involvement through the Private Sector Risk Management Partnership Program (PSRMPP) Re-design <i>Farm Improvement and Marketing Cooperatives Loan Act (FIMCLA)</i> 	<p>Commitments met</p> <ul style="list-style-type: none"> Successfully launched CAIS program, and Net Income Stabilization Account (NISA) and Canadian Farm Income Program (CFIP) wind-down progressed Continued to make progress in improving CAIS to better meet producer needs Received 53,792 complete applications for federally delivered CAIS Introduced new insurance, the PI, based on old CIP. PI covers more commodities and offers new tools and products Began exploring changes to cash advances 19 PSRMPP proposals submitted for review, and nine contribution agreements signed Drafted strategic environmental assessment (SEA) of BRM Completed evaluation of FIMCLA
Other BRM support	<ul style="list-style-type: none"> Negotiated and signed three agreements with financial institutions for the Ruminant Slaughter Loan Loss Reserve Program (RSLLRP) Introduced bridging measures until market demand requires more slaughter and/or slaughter capacity increases Made progress in eliminating Plum Pox in Canada: 606,000 samples taken showed lower infection rates, while 60,000 trees were destroyed. Tobacco Adjustment Assistance Program (TAAP) was designed to help ease the transition of quota holders out of the industry while improving the viability of those remaining Contributed to the economic analysis of the avian influenza outbreak and the development of biosecurity and response activities, and gave CFIA information used to determine compensation rates for specialty birds

Program Activity: FSFQ

Minimizing risks, increasing consumer confidence and exceeding market requirements for food products

Expected Results in 2004-2005:

- Increase in the level of consumer confidence in food produced in Canada;
- Improvements in relative performance of Canadian agri-companies in meeting or exceeding market requirements for food safety and quality; and
- New markets as a result of the adoption of the Canadian food safety and quality system.

Summary of Key Results: AAFC activities resulted in an enhanced and integrated national policy for food safety and quality, including animal and plant health. Collaborative initiatives (including research) among key players and stakeholders, continued. BSE presented a major challenge to the Security of the Food System strategic outcome; AAFC responded with a number of initiatives on a variety of fronts.

Commitments in 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
- Initiate and sustain efforts to increase awareness and recognition of the safety and quality of food produced in Canada
- Develop the On-Farm Implementation element of the Canadian Food Safety and Quality Program (CFSQP)
- Support various tracking and tracing initiatives to address the BSE situation
- Encourage a multi-livestock forum for tracking and tracing initiatives

Key Results

Commitments met

- Developed Strategic Plan for Food Safety Research
- Set up collaborative networks in food-borne mycotoxin research, allergen research and virology research in Canada
- Created two working groups to guide the development of a coordinated national food policy, one consisting of federal representatives (AAFC, Canadian Food Inspection Agency (CFIA), Health Canada (HC), Public Health Agency of Canada (PHAC), Department of Fisheries and Oceans (DFO) and one consisting of Federal-Provincial-Territorial (FPT) health and agriculture representatives (AAFC, CFIA, HC, PHAC, DFO, British Columbia, Quebec, Nova Scotia). An ADM FPT steering group has been established to direct the work of these two groups
- Held FPT Workshop to discuss possible elements of coordinated food policy
- Further progress made in the development of national quality standards
- According to the *Globescan 2004* report, an annual syndicated survey of international public opinion on issues concerning the production and consumption of food, a high level of confidence was expressed in Canada's food quality and quality standards
- Developed regulatory options for organic agriculture and wine, and business and communication plans for animal welfare
- Finished a study that examines the obstacles facing the Canadian food industry in the context of the *Food and Drugs Act*. The study makes recommendations to improve the regulatory environment to enable food industry growth and innovation
- Completed major benchmark survey of Canadian consumer knowledge and attitudes toward food safety and quality
- Completed survey of the knowledge and attitudes of doctors and nurses toward functional foods and nutraceuticals
- Completed the report "Canadian Food Trends to 2020" that provides data and analysis on the evolution of the Canadian population and the impacts the evolution will have on Canadian food demand over the next 15 years
- Completed an analysis of international food safety and related health-risk messages to assist in defining food safety messaging for Canadians
- Successfully launched the On-Farm Implementation element
- Most agri-food sectors finished strategic analysis and traceability system design
- Drafted an FPT Traceability Policy
- 48 applications for food safety, food quality and traceability projects were approved for a total commitment of \$8.5M throughout the fiscal year
- Approved \$1.2M to enhance the tracking and tracing capabilities of the Canadian Cattle Identification Agency
- Established the Canadian Livestock Identification Agency to develop common standards for tracking and tracing (approved \$630,000)
- Supported the creation of an animal care council to advance animal welfare issues

Program Activity: Environment

Addressing sustainability in soil, water, air, and biodiversity

Expected Results in 2004-2005:

- 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 (BMPs); and
- Improved water supply capacity.

Summary of Key Results: AAFC made significant contributions toward helping the sector achieve environmental sustainability, making progress in safeguarding and improving soil, water and air, while seeking to understand and preserve Canada's biodiversity. Agri-environmental indicators (AEIs) were updated and progress made on new ones. Many collaborative projects were initiated, carried out or completed, and results shared or adopted. Industry-government partnerships helped strengthen support for the industry from Canadians.

Commitments in 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 who reduce agricultural risks and increase environmental benefits
- Adopt environmentally BMPs by agricultural producers in the management of land, water, air and biodiversity
- Improve capacity of agricultural producers to deal with drought

Key Results

Commitments met (exceeded in some areas)

- Updated 13 of 14 existing indicators, made progress on six of 12 new ones
- Made significant progress on new AEIs report due in 2005-2006
- Finished Phase I of agri-environmental regulatory study
- Finished project definition phase of the National Land and Water Information Service (NLWIS); achieved effective project approval and initiated Phase 1 of project implementation
- Environmental Technology Assessment for Agriculture (ETAA) Program signed seven contribution agreements with industry
- Initiated 65 collaborative research projects with industry to develop new technologies to assess the impacts of state of art technologies on the environment
- Made extensive contribution to the Environment Canada-led, interdepartmental policy analysis and design for a domestic offset system for carbon credit trading. Also contributed extensively to the drafting of a design paper for the offset system, which is now in the final drafting stage
- Conducted numerous informal consultations and communications with agricultural stakeholders to explain the offset system concept and to receive feedback on policy and design issues for the system
- Distributed papers and strategic framework for building ecological goods and services into agri-environmental policy
- Completed and published 19 crop profiles to identify gaps in pest management strategies
- Supported 12 minor use research projects
- Conducted 23 research projects toward integrated pest management strategies and technologies
- Developed six pesticide risk reduction (PRR) strategies; supported 22 other projects to implement strategies
- Conducted over 400 field trials for new minor uses of pesticides
- Made 16 submissions to HC's Pest Management Regulatory Agency (PMRA)
- 91.5 per cent of agricultural land has had first iteration of environmental scan completed
- 8,637 farms have EFPs or Equivalent Agri-Environmental Plan implemented: current level of BMPs implementation through the NFSP totals 1,000 individual projects/producers

- An additional 51,161 hectares (ha) were enrolled in the Land Conversion component of the Greencover Canada program in 2004-2005 bringing the total area seeded to perennial cover to a total of 323,000 ha.
- 4,747,715 seedlings shipped to 8,110 applicants. This includes 4,218 km of farm-yard shelterbelts (the equivalent of 1,331 farm yards protected), 238 km of riparian shelterbelts, 849 km of field shelterbelts that will protect 19,866 ha of soils and crops. Net Present Value (NPV) of the crop benefit of these field belts is \$1.31M: the soil erosion benefit (19,866 ha X 6 T/ha/yr X 30 yrs) = 3.58 million tonnes of topsoil conserved, at \$5/tonne the total topsoil value is \$17.9M), and the creation/enhancement of 166 ha of wildlife habitat. The trees planted in 2004 can sequester 1,791,590 tonnes of CO₂ by 2054
- Technical information provided to producers through publications, research reports, workshops, field days and individual consultation in the fields of water quality, range management, irrigation, water sources, soils and agroforestry. This information aided the accelerated adoption of BMPs and assisted in ensuring they were implemented appropriately
- Development and testing of new or improved BMPs through research or field trials in the areas of agroforestry, range management, irrigation, water supplies, soils and water quality
- Delivery of National Water Supply Expansion Program

Program Activity: Innovation and Renewal

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

Expected Results in 2004-2005:

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

Summary of Key Results: AAFC explored areas for research partnerships and opportunities to integrate science and maximize Canada's overall research capacity. Scientists worked on new bio-products and knowledge-based production systems. A strategy was developed to help coordinate efforts of commodity-specific value chains — producers, processors and retailers — to recognize and respond to new opportunities in the bio-based economy. AAFC and partners reached many new and established producers across the country to help them assess their situations and options and acquire skills and resources they need to succeed.

Commitments in 2004-2005

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

Key Results

Commitments met

- Registered cultivar improvements with enhanced quality traits or improved disease or insect resistance for use by farmers
- Integrated crop management contributed to systems that reduce input and energy costs, reduce environmental impact and reduce business risk
- Research information contributed to cattle import policy decisions limiting potential of Bluetongue transmission in Alberta cattle
- Leading-edge livestock production systems reduced feed costs, reduced environmental impact and increased quality
- Over 1,000 information and technology events made available to Canadians
- 13 patents were submitted/issued for crop and livestock technologies
- Launched Specialized Business Planning Service (SBPS) components of Canadian Farm Business Advisory Services (CFBAS) and Planning and Assessment for Value-Added Enterprise (PAVE) in most provinces. The Farm Business component of CFBAS was launched in 2003
- SBPS, CFBAS and PAVE were available across Canada by end of fiscal year; over 2,000 producers applied to take part in the program
- Canadian Agricultural Skills Service (CASS) programs details finalized; program launched in Prince Edward Island in February 2005
- Published a variety of innovative family business management and information tools; organized the Agricultural Excellence Conference; developed a learning centre through a farm course database, AgriSuccess seminar and a scholarship database
- 8,000 copies of CD-ROM of the Benchmarking for Success tool were distributed by request
- 4-H programs achievements included four national conferences, Renewal Opportunities Program, National Resources Network, development of a strategic plan
- 4,446 applications have been received from farmers since inception of Farm Debt Mediation Services (FDMS) in April 1998. A survey of farmers and creditors in February 2005 shows that 90 per cent found the services very satisfactory or satisfactory

Effective delivery of Advancing Canadian Agriculture and Agri-Food (ACAAF) Program

- 129 applications received in response to two separate calls for proposals; 40 projects for a total commitment of \$12M were approved under first call and 24 projects for a total commitment of \$6.5M under the second call
- ACAA regional industry councils received \$27.3M in grants; approved 11 collective outcome projects for a commitment of \$4.2M

Program Activity: International Issues

Expanding international opportunities for the Canadian food sector

Expected Results in 2004-2005:

- Reduced trade barriers;
- Increased market access protocols negotiated with key trading partners;
- Increased recognition and improved perception of Canadian agricultural products and processes;
- Increased recognition of Canada as a place for agri-food investment;
- Changes in international partners' support for Canada's positions at negotiating sessions; and
- Increased value of sales by the industry. The sector generates annual sales of about \$130B, including \$30.9B in agriculture and food exports (including seafood), contributing close to \$5.8B to Canada's overall trade surplus

Summary of Key Results: AAFC helped expand global market opportunities for the sector, reached agreement on a framework on agriculture in the World Trade Organization (WTO), and defended Canadian policies and programs and challenged those of other countries that negatively impact on competitiveness of the Canadian sector. Significant progress was made on plans to build on the sector's reputation in global markets via a branding strategy. Buyer and consumer research in key markets was completed and the results used to begin to define a brand promise for Canada and develop draft creative materials. Launching the Canada brand promise in 2005 is on track. AAFC also took steps, including developing relationships with emerging players in the agriculture and food sector, to help industry build long-term strategic plans for expanding and succeeding globally.

Commitments in 2004-2005

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

Key Results

Commitments met

- Reached agreement on framework on agriculture in the WTO, and participated in the subsequent technical discussions
- Many Canadian ideas and positions reflected in the WTO negotiating texts
- Pressed for a more level international playing field for producers and processors
- Continued efforts to regain access to world markets, particularly U.S. re: BSE
- Defended key access interests (e.g., U.S. countervail investigations on swine, wheat, etc.)
- Advocacy work on BSE, Country of Origin Labelling (COOL), the Bioterrorism Regulations, and on wheat has helped build a significant constituency of like-minded parties to defend our interests. Advocacy efforts in the U.S. were also strengthened through the Enhanced Representation Initiative
- Made significant progress on various fronts on the Branding Strategy
- Carried out many activities to promote Canada and Canadian products and to help industry meet its global market development activities
- Finalized AAFC's International Development Strategy
- Conducted needs assessment missions in five of the eight priority countries
- Signed agreement with the Canadian International Development Agency (CIDA) to develop three training modules for developing countries; the CIDA-funded modules are under development. Close to 300 people were trained during four workshops delivered in one of the priority countries.
- Managed CIDA-funded 5-year, \$40M China-Canada Agricultural Development Program

Our Management Framework

The Management Accountability Framework (MAF) is a government-wide management structure that AAFC's uses to deliver APF results. **In 2004-2005, the department made considerable progress towards strengthening management practices in the 10 areas of the MAF.** The major accomplishments are as follows.

1. Governance and Strategic Direction

The Deputy Minister reviewed and confirmed the department's horizontal team-based governance model and developed options to evolve it. In this model, AAFC has fully aligned departmental priorities and program activities with the government-wide PAA and the MRRS. An effective planning function is in place to integrate strategic and operational planning in the APF by linking together results-based "outcome projects" to form a detailed plan for achieving the APF vision.

Achieving APF outcomes with the provinces and territories and other departments remains a main driver of the APF. Through MOUs established with other departments, partnerships have been created for managing APF programming. This represents a more effective horizontal management of the delivery of shared interdepartmental commitments, linking back to AAFC's policy framework.


Portfolio Management continued to be a priority, with the Portfolio Secretariat supporting the Minister's and Deputy Minister's policy priorities and coordinating strategic advice.

2. Accountability

Accountability for results continued to cascade from the Deputy Minister's performance agreement to the performance agreements of all executives (EXs) of the department. The Assistant Deputy Ministers are accountable for overall results that reflect the Deputy Minister's commitments; Director General-level Team Leaders are accountable for team results, and Outcome Project Leaders are accountable for outcome project results.

3. Policy and Programs

Policy and program development are both strengthened by an integration function that ensures consistent policy and development across all five program activities. AAFC continued strong efforts regarding program development and due diligence to ensure program integrity. There is also active consultation and collaboration with stakeholders (provinces, territories, other departments, industry, consumers) to improve and further develop APF programs.

AAFC's research and analytical capacity was strengthened with the establishment of a Canadian [Agricultural Policy Research Institute](#)  and the [Agricultural Policy Research Networks](#)  to support research-based policy development, and a Science Advisory Body to provide independent science advice to AAFC.

4. Citizen-Focussed Service

The department launched the development of an Integrated Business Service Delivery Strategy to ensure that its clients have access to programs, services, tools and information in a manner that is integrated, timely, efficient and effective. AAFC has also played a lead role among eight pilot departments participating in an in-depth review of Information Technology and corporate administrative services.

5. Stewardship

In the management of Capital Assets, the Long-Term Capital Plan has been developed for 2005-2006 to 2009-2010. For the first time, this plan integrates all assets including information management/information technology.

The Deputy Minister chairs the Audit and Evaluation Team which met four times in 2004 to discuss 14 internal audit reports and management responses and seven evaluation reports that have been submitted to TBS and are available on the web. A risk-based Audit and Evaluation Plan is also available.

6. Risk Management

To strengthen our risk management capacity, AAFC developed a corporate risk profile. AAFC also has a fully integrated risk management framework where risks align with business plans and the executive team assumes clear roles and responsibilities for managing risks. The Risk-Based Audit Framework (RBAF) was prepared for the APF as part of the Treasury Board Submissions. The RBAF covers BRM and non-BRM programs.

7. People

AAFC has developed a comprehensive human resources plan that is in line with the direction of *Public Service Modernization Act* (PSMA). It links HR to business planning in the department.

Meanwhile, its People Framework is driving the department's human resources plan in the context of Public Service-wide human resources modernization. AAFC has also developed a strategy and action plan for implementation of PSMA.

8. Public Service Values

The department has established a Values and Ethics Office and an Issues Resolution Network to implement the Public Service Values and Ethics Code. In addition, AAFC has created its own ethics framework, including a Statement of Organizational Values, the AAFC Code of Conduct and the AAFC Conflict of Interest Guidelines. The department has also developed a Science Ethics Policy Framework that responds to the need for clarity in AAFC scientific research ethics.

9. Learning, Innovation and Change Management

A competency-based Core Learning Program was developed that supports a performance measurement approach, which ties learning to results through performance agreements and learning plans.

AAFC has also developed a learning policy that has the objective of building a lifelong learning culture in AAFC that stimulates, guides and promotes the development of employees.

10. Results and Performance

The department has enhanced its capacity to gather and use information on results to continue work on measuring and reporting on the APF and guide decisions.

In the department's planning process, expected results and performance indicators for outcome projects were refined.

Analysis of Performance

Introduction

The agriculture and agri-food sector plays an important role in Canada, touching the lives of Canadians in every corner of the country. It generates \$130 billion in sales, including \$30.9 billion in exports, and accounts for eight per cent of the GDP. One in eight Canadians works in the sector. It sustains local communities. It is the source of safe, reliable food products. It is increasingly evident that its adoption of sustainable practices will be key to the future health of our air, water, soil and biodiversity.

Canada's food system is one of the safest in the world. Today, consumers everywhere are calling for stronger assurances that food is wholesome and safe. Canada puts safety first, whether this means careful analysis of new foods, or tracking cattle from the originating farm through the production chain. AAFC works with the CFIA, HC and industry to emphasize safety in every step of the food production process. AAFC also works with these partners to provide ongoing participation and support for education programs offered by organizations such as the Partnership for Consumer Food Safety Education, the Food Safety Information Society and the Food Safety Network to help ensure that Canadian consumers carry safe food preparation and handling through to the dinner table. At the same time, the department strives to provide producers with a more secure operating environment; one in which they can manage risks inherent in farming to run stable and profitable businesses.

AAFC is working hand-in-hand with industry to make Canada the world leader in using environmental resources wisely. Long-term sustainability means, above all, developing smart technologies and farm-friendly solutions that protect the diverse ecosystems on which the country's future depends. It also means balancing protection with robust production, developing new "green" products that consumers want, and helping rural communities grow and prosper.

Future success hinges on the industry's ability to develop a broad range of exciting new products and to find innovative ways to take them around the world. Canadians spend one billion dollars on agricultural research every year, and AAFC contributes more than a third of that. It is a sound investment. Bold new research is offering growers and consumers the products they want, from tough new cereal crops that can be grown with fewer pesticides to reduced-fat chickens. AAFC's researchers are helping the industry grow. They are developing safer food processing techniques, preserving genetic resources, and introducing innovative crop strains and advanced animal production technologies. AAFC and industry collaborate on more than a thousand research projects each year, producing a steady stream of healthy, even revolutionary, products for markets around the world, from lentil inoculants that boost farm yields, to paper made from wheat straw.

The future of Canadian agriculture is promising, but its potential can only be realized if concrete measures help the industry cope with the pressures of today.

In the February 2005 Budget, the Government of Canada reiterated that it continues to stand by producers as they deal with the impacts of the unexpected case of BSE and with other immediate challenges.

To this end, the government committed funds to:

- facilitate increased domestic slaughter capacity;
- enhance the animal health system by contributing to the disposal of specified risk materials;
- expand existing cash-advance programs; and
- examine how Prairie Farm Rehabilitation Administration services, now available to Prairie farmers, can be expanded to farmers across the country.

Also, the federal government, working with provinces and territories, committed to review alternatives to the CAIS program deposit requirement. Recognizing the role of agricultural co-operatives in regional development and rural communities, the government further committed to strengthen co-operatives via measures that will allow members to defer paying tax on patronage dividends they receive in form of shares.

The performance accomplishments for 2004-2005 outlined above are described further in the remainder of this section under program activities that contribute toward the department's three strategic outcomes:

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

Security of the Food System

BUSINESS RISK MANAGEMENT

Making a living and remaining in the industry is not just in the best interests of producers and their families, but also in the best interests of rural communities and indeed all Canadians. For this reason, government investments in stabilizing the sector are pivotal.


A stable business environment is a major challenge, given that farm income is subject to pressures that are very often beyond the control of producers. The private sector offers few programs to help producers deal with many of the risks intrinsic to the business of farming, such as weather-related difficulties, animal and plant diseases and uncertain commodity prices.

The federal government and its provincial and territorial partners agree that effective BRM is crucial for a more stable and profitable agriculture sector. The intent of the BRM programs under the APF is to help producers better manage risk using a range of options, leading to greater profitability.

Droughts, frost, a relatively high Canadian dollar, low commodity prices, the BSE situation, and the outbreak of avian influenza have put Canada's producers under tremendous pressure. The federal government addressed these challenges through strong assistance measures that added up to record levels of program payments — \$4.9 billion in 2004 alone.

Responses to immediate challenges

Ruminant Slaughter Loan Loss Reserve

The RSLLRP was initiated in September 2004 under the *Repositioning of the Livestock Industry Strategy*  (described in later paragraphs) in response to border closures to Canadian cattle and beef products after confirmation of a case of BSE in this country in May 2003. The program, which is worth \$38.5 million, helps producers increase access to debt capital for projects to increase slaughter capacity, including expansion and construction of small- and medium-sized facilities. The 2005 Budget committed a further \$17.1 million towards the Transition for the Cattle and Other Ruminant Industries, of which \$4.2 million was specifically for the program.

The department has currently signed three contribution agreements with financial institutions and is expecting the signature of others in the coming months. Lending institutions eligible under the program include chartered banks, credit unions and *caisses populaires*. Farm Credit Canada, the Business Development Bank of Canada, and some provincial financial crown corporations are also included.

BSE Programming: Feeder Set-Aside Program and BSE Fed Cattle Set-Aside Program

While falling prices and the emergence of new, low-cost competitors around the world have hurt the Canadian agricultural industry generally, outbreaks of animal and plant diseases had profound impacts on certain sectors.

Following confirmation of a single case of BSE in Canada in May 2003, many trading partners, including the U.S., closed their borders to Canadian cattle and beef products. **The Government of Canada's innovative Repositioning of the Livestock Industry Strategy is helping to return the beef and cattle industry to profitability. The \$488 million federal investment package contains strategies to ensure the long-term viability of the livestock industry.** Among the strategies are:

- *Feeder Set-Aside Program* – to assist industry in managing the supply of feeder calves over the next one to two years, as slaughter capacity increases. Some 1.15 million calves in six provinces have been set aside for later release to go into feedlots for finishing.
- *Fed Cattle Set-Aside Program* – to help producers delay the marketing of some animals going to packers in an effort to bring the number of cattle presented for slaughter in line with available capacity. The program has been extended to March 31, 2006, when slaughter capacity is projected to better match available supply. Weekly auctions have been taking place since October 11, 2004.

Avian Influenza

Avian influenza was detected at a poultry farm in the Fraser Valley, B.C. in mid-February 2004. The outbreak of the disease resulted in sudden economic hardship, not only for poultry producers in this region but also for suppliers, as borders and markets closed to Canadian products. In response, the Government of Canada introduced a fast-track, supplementary import policy for primary chicken processors and egg graders to allow for additional supply until such time as chicken farmers outside B.C. could increase chicken production. The policy, which was developed in close consultation with industry, provided supplementary import authorizations directly to B.C. primary chicken processors and egg graders operating in the control zone when alternative domestic supplies were not available.

Poultry producers, including specialty bird producers, who experienced a significant drop in income were able to protect their operations by participating in the CAIS Program described in the next section. Producers of supply-managed commodities, including chicken, turkey and eggs, were also eligible for full

income stabilization assistance if their production margin dropped by more than 30 per cent. (Producers of non-supply-managed commodities are eligible if they experience any decline in their production margin.)

AAFC staff set up an analysis team to get a sense of the impact and scope of avian influenza. The team met with provincial officials and producer groups and identified what assistance was being provided by others (CFIA and supply-managed group) in order to learn about industry structure (e.g., number of cycles) so that they could ensure CAIS's response. CAIS administration staff also attended information sessions led by the provincial government.

Further, AAFC contributed to the economic analysis of this outbreak and helped develop a plan to deal with any such future outbreaks. It also provided the CFIA with information used to determine compensation rates for specialty birds.





The avian influenza incident underscores how payments to ease immediate economic hardship, while necessary, provide only short-term help. Long-term solutions are also required, not only to keep the current generation of producers farming, but to make the sector attractive to the next generation of farmers.


Overview of BRM Programming

There are two core BRM programs under the APF: the CAIS  program and PI. .

CAIS is a whole-farm approach to BRM that integrates stabilization and disaster protection into a single program. It provides producers protection from both small and large drops in income. Launched in December 2003, CAIS replaced the CFIP and the NISA programs, both of which ended with the 2002 stabilization year.

The second program, PI, is modelled after the CIP that it replaced. PI provides risk protection to producers of many different commodities by minimizing the economic effects of crop losses caused by natural hazards such as adverse weather conditions, insects and diseases.

The two central BRM programs are complemented by the *Financial Guarantee Programs*  consisting of the *Spring Credit Advance Program (SCAP)*  and the *Advance Payments Program (APP)*  which are also known as the cash advance programs and the *Price Pooling Program (PPP)* . SCAP and APP guarantee the repayment of advances made by producer organizations to farmers in the spring and in the fall, respectively, creating a more stable business environment, while PPP guarantees a minimum average wholesale price for an agricultural product sold by a marketing agency.

PSRMP  is another component of BRM. This program encourages private sector involvement in BRM and thus complements government efforts. PSRMP focusses on farm business risks that are not covered by existing government risk management programs or private sector services.



Support for Supply Management

Supply management offers Canadian dairy, poultry and egg producers an opportunity to achieve a reasonable income and for consumers to be assured of a stable supply of safe food at a reasonable price. The Government will continue to work with these industries to strengthen and sustain their supply-managed systems.

The following paragraphs describe the department's activities in 2004-2005 that were presented with special challenges as a result of the extraordinary pressures on farm incomes. In fact, these pressures led to a thorough analysis of BRM policies.

CAIS Program Development

Following the launch of the CAIS program in December 2003, the transition from NISA and CFIP continued in 2004-2005. As part of the transition, AAFC promoted CAIS extensively. This included producer information sessions, accountant and financial institution briefings, training of provincial staff, and industry-specific sessions.

The *Transition Industry Support Program* , announced in March 2004 to help bridge NISA to CAIS, recorded direct total payments of \$598,099,624 and general total payments of \$234,610,514. Under the *Risk Management Funding Year 2* , which helped producers in the transition to new BRM

programs, including CAIS, 178,238 producers received funds totalling \$531,947,768, plus \$50.3 million distributed in Quebec.

Meanwhile, AAFC wound down CFIP, ensuring sufficient funding to complete the program. NISA reduced active accounts by 59,688 as \$1,931,643,199 was withdrawn. At the end of this reporting period, 86,130 accounts with a value of \$1,553,520,109 still remained.

As earlier programs were being phased out, CAIS became fully operational across the country. The program is delivered by the federal government in British Columbia, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, and Newfoundland and Labrador. The provincial governments deliver CAIS in Alberta, Ontario, Quebec, and Prince Edward Island. In those provinces where the program is delivered federally, AAFC received 53,792 completed applications and payments reached \$451,066,703 in 2004-2005. Nationally, CAIS received 133,927 applications and the total value of payments stood at \$1,215,136,457. As well, the CAIS Special Advance, designed for producers owning breeding cows and other specified ruminants who wished to get 2004 program year assistance earlier than normally available, received 14,530 applications with payments totalling \$95,248,540.


The commitment for CAIS program development was therefore met. Other key BRM programs were delivered efficiently and in a timely manner. Significant progress was also made on the development of CAIS performance indicators, in accordance with the Implementation Agreements, and a process to approve the indicators is under development.

These various BRM accomplishments were realized despite extraordinary and concurrent pressures on farm incomes. The transition from NISA to the more comprehensive CAIS program alone posed significant implementation challenges. Indeed, during the year, enhancements to the CAIS program to increase coverage and to simplify the rules for producer participation were required.

Examples of more specific challenges include:

- multiple deadline extensions resulted in resources being in place earlier than required and on strength longer than anticipated;
- high volume of applications received at the deadline date;
- Implementation Agreement amendments resulting in reprocessing of CAIS applications;
- industry-specific issues;
- responses to disasters such as avian influenza and BSE programming, specifically designing and implementing the CAIS Special Advance;
- between April 1, 2004, and March 31, 2005, CAIS administration delivered 190 producer information sessions in the provinces of British Columbia, Saskatchewan, Manitoba and the Yukon with a total attendance of 7,694; and
- in November, 2004, offered store-front appointments in New Brunswick in direct response to the potato wart issue. A total of 139 appointments were held in Wicklow, Grand Falls and Fredericton with an information session delivered to accountants in Moncton.

On the other hand, these challenges also presented an opportunity to enhance program delivery. To this end, AAFC thoroughly examined BRM programs to find ways to make improvements. In fact, making the CAIS program better able to meet the needs of producers is an ongoing priority. For example:

- Federal, Provincial and Territorial Ministers of Agriculture agreed on March 2-3, 2005, to review issues related to CAIS in response to industry concerns; and
- the six CAIS-related issues below were addressed by Ministers at their [July 2005 meeting](#) :
 1. deposit alternatives
 2. inventory valuation
 3. pro-active advances
 4. program simplification
 5. CAIS-PI linkage
 6. reference margins

Implementing Production Insurance

The second key component of BRM is PI. PI is a statutory program and is based on the former CIP in which the federal government contributes to program premiums. PI programs were in place for all provinces during 2004-2005. The programs are intended to minimize the negative effects caused by uncontrollable natural hazards like drought, frost, hail and excessive moisture. PI is delivered by provinces through crown corporations and line ministries.

The APF objectives for PI are to increase participation for commodities where little or no PI protection existed, to offer the same program options and federal support to all producers and to improve efficiency of program delivery.

In an effort to increase program participation, CIP Regulations were repealed and replaced with the Canada PI Regulations effective for the 2004 crop year. The new regulations authorize federal contributions to livestock insurance, compensation for wildlife damage, a range of weather-based products and coverage up to 90 per cent. Thirteen new plans and options were developed including whole farm options. The national 70 per cent target participation rate for crops acres insured was met and 25 per cent of forage acres were insured. A draft report on the feasibility of livestock insurance was prepared.

Progress towards offering the same program options and federal cost-share was realized through the development and approval of national guidelines for program elements including Catastrophic Coverage. In addition, provinces continued to move forward on the phase-in of targeted national federal premium cost-share for 2006.

2004 Production Insurance Federal, Provincial and Producer Expenditures

All Provinces	Total Cost \$ (millions)	Federal Share \$ (millions)	Provincial Share \$ (millions)	Producer Share \$ (millions)	Federal Cost-Share %	Provincial Cost-Share %	Producer Cost-Share %
Premiums	881.848	309.080	234.116	338.653	35.049	26.548	38.403
Wildlife Compensation	28.343	17.006	11.337	0	60	40	0
Administration	96.601	57.961	38.640	0	60	40	0
Total	1,006.792	384.047	284.093	338.653	38.146	28.218	33.637

Efforts to improve the efficiency of program delivery were concentrated on the completion of the Administrative Best Practices Study. A Livestock Feasibility Study was conducted to assess the needs of the producers.

Environmental Assessment of BRM Programs

In accordance with a government directive, a Strategic Environmental Assessment (SEA) of BRM programs was drafted in May 2004. A SEA of CAIS is required for 2005-2006, while SEA for PI is a requirement for year 2006-2007.

Engaging the Private Sector

Clearly, a comprehensive, proactive BRM approach is crucial to building a strong, dynamic, competitive, profitable industry, especially in the fast-changing and tough business environment of the 21st century. The federal government, working in partnership with the provinces and territories, is committed to helping producers deal with risks and continue to run profitable farm operations. This commitment is evident in the number and range of existing programs, and from adjustments in response to evolving producer requirements.

However, gaps in risk management coverage still exist, especially at the farm level. To complement its efforts and capitalize on the expertise and resources in this country, the government took the initiative to encourage the private sector to engage in risk management coverage through the PSRMP.

Announced in December 2003, this \$15-million program is designed to help the agricultural industry find risk management solutions for risks or perils which are predictable and represent a significant threat to an affected farm, while having minimal overall impact on the industry or its markets. The program aims to achieve two BRM objectives under the APF:


- to enhance the capacity of the agricultural industry to manage risks traditionally not covered by public sector programs, and for which private sector coverage is not currently available; and
- to increase the participation of the private sector financial services industry in providing risk management solutions (products and services) to the agricultural industry.

The program will also assist the financial services industry, which includes banking, insurance and investment, to identify and develop new products and services for producers.

Under the program, producer groups can apply for funding to help them develop solid business proposals to take to private sector providers of risk management tools and services. Nineteen proposals have been submitted for review, while nine contribution agreements have been signed.

Modifying the Cash Advance Programs

Also challenging for producers are the problems they can experience with cash flow at both ends of the growing season. Low returns have made it hard for many producers to secure operating lines of credit prior to seeding. At the other end of the season, cash flow after harvest can be a critical factor for producers faced with short-term financial commitments who want to store crops and sell them throughout the year to achieve higher returns.

There are two components of the Financial Guarantees Programs under the **Agricultural Marketing Programs Act (AMPA)** : (1) the Spring Credit Advance Program (SCAP) that provides producers with an advance each spring to help meet the cost of inputs; and (2) the Advance Payments Program (APP) that assists producers in getting access to credit after harvest. On September 2, 2004, the Minister announced plans for legislative changes to the Act. Some changes under consideration include integrating the two cash advance programs and broadening their availability to livestock.

Re-design of the Farm Improvement and Marketing Cooperatives Loan Act

Another federal loan guarantee program is the FIMCLA program. FIMCLA is aimed at increasing the availability of loans to improve producers' operations and to process, distribute or market farm products by co-operative associations. This program guarantees 95 per cent of the value of loans provided to farms and co-operatives by financial institutions.

FIMCLA began when private sector loans were difficult for producers to secure. Today, producers have increasing access to commercial lending institutions, which has reduced the need for the program. As a result of the decline in demand, an evaluation of the program was conducted in 2004-2005. The current FIMCLA will continue while analysis is conducted to determine if FIMCLA or a like instrument can be used to address debt-financing needs of beginning farmers, inter-generational transfers, and agricultural co-operatives. For orderly processing of applications that were already in progress, loan applications submitted to AAFC by March 31, 2005, remained eligible for consideration, while all current guarantees under the program will be maintained.

Plum Pox Eradication Program

Plum Pox Virus, also known as Sharka, was first discovered in fruit trees in Ontario and Nova Scotia in 2000. It is a serious plant disease that infects peaches, nectarines, plums, apricots, almonds and ornamental varieties. While the virus does not actually kill trees, it can diminish yields sharply.

This seven-year eradication program was introduced and progress was made in eliminating Plum Pox in Canada. The 606,000 samples that were taken in 2004-2005 showed lower infection rates than previous years. In 2004-2005, 60,000 trees were destroyed.

Tobacco Adjustment Assistance Program (TAAP)

While some sectors have faced declining international market prices, others must come to grips with long-term declining demand for their products. The TAAP was designed last year to aid in the transition of the Canadian tobacco growing industry by permanently retiring Basic Production Quota. Through a reverse auction process, the TAAP will help ease the transition of quota holders out of the tobacco industry, while improving the viability of those remaining. TAAP will be implemented in 2005-2006.

FOOD SAFETY AND FOOD QUALITY (FSFQ)

Canada has earned a solid reputation for supplying safe food products that have earned consumers' confidence. Canada's agri-food products are renowned internationally for being safe and of high quality thanks in large part to rigorous safety and quality control regimes and processes that are already in place.

Canada's commitment to safety is already apparent in areas such as the careful analysis given to new foods and the tracking of cattle from the farm of origin right through the chain of production.

But consumers today expect even stronger assurances that the food they eat is both safe and of high quality. To increase confidence, consumers both in Canada and abroad need more information about how their food is grown and processed. This requires developing new diagnostic tools to identify diseases precisely and maintaining a dependable system of food inspection.

The Government of Canada is committed to establishing and maintaining effective surveillance and inspection programs that detect hazards in food, animals and plants. These programs will also help provide consumers with early warnings if problems are discovered and ensure that timely safeguards mitigate these risks.

As part of this commitment, federal, provincial and territorial governments are supporting industry's efforts to develop and implement food safety, quality and traceability systems. These systems are being put in place through the APF and are key to enhancing the sector's capacity to meet or exceed market requirements, which are important elements in branding Canada.

The FSFQ pillar under the APF provides policy direction, along with programs, services and tools for the industry to maintain Canada's international reputation as a source of safe and high-quality agri-food products. These include an on-farm food-safety program, traceability initiatives, support for quality control systems and data management systems, and research and technology transfer.

For 2004-2005, AAFC had committed to achieving results in three areas pertaining to FSFQ: (1) an enhanced and integrated national food policy; (2) innovative technologies and processes; and (3) increased awareness and recognition, locally and globally, of the safety and quality of foods produced in Canada. Work in these areas was conducted under three corresponding sub-activities: FSFQ policy and strategy, FSFQ programming, and FSFQ science.

Food Safety and Quality Policy and Strategy

One major focus of AAFC's efforts under this sub-activity was *food policy coordination*. With so many players involved from the farm gate to the consumer's plate, coordination is essential to safeguarding the food system. Work in this area provided a strong foundation for consumer confidence, health protection and economic growth by strengthening food safety and quality systems so that the food sector can respond to market demands more efficiently, both domestically and internationally. Achievements included:


- creation of two working groups to guide the development of a coordinated national food policy, one consisting of federal representatives (AAFC, CFIA, HC, PHAC, DFO) and one consisting of federal, provincial and territorial health and agriculture representatives (AAFC, CFIA, HC, PHAC, DFO, British Columbia, Quebec, Nova Scotia);
- establishment of an ADM federal, provincial, and territorial steering group to direct the work of these two groups;

- an FPT Workshop to discuss possible elements of coordinated food policy in August 2004;
- FPT Ministers' meetings in April and September 2004 on coordinated food policy approach; and
- a meeting of federal Deputy Ministers and industry representatives in March 2005 to discuss challenges facing the agriculture and food sector and identify appropriate government responses.

In 2004-2005, considerable advances were made in building on the policy discussion and research required to enhance the agriculture and agri-food safety and quality systems in Canada. Several workshops and meetings were held with the Portfolio, and the provinces and territories to develop animal and food quality strategies. Further progress was made in the development of national quality standards for wine and spirits; this will eventually lead to enhanced market access.

Additional work related to industry development and market demand included:

- AAFC support for the creation of the animal care council to advance animal welfare issues;
- advice on regulatory issues that may impact on industry innovation and marketing;
- information and analysis on consumer perceptions, knowledge, attitudes and behaviours through public opinion surveys and other means;
- analysis and report on current and future alternatives to trans fat;
- surveys on consumer attitudes toward food safety and quality and attitudes of doctors and nurses toward functional foods and nutraceuticals;
- analyses of data on domestic and international consumer attitudes toward food safety and quality issues;
- analysis on Canadians' evolving knowledge, attitudes and behaviours and implications for consumer demand over the next 15 years; and
- review of literature on integrating food policy with growing health and wellness concerns.

With a nation-wide assurance system, Canada could demonstrate to the world that all its food is safe and of the highest quality. In December 2003, the federal government announced a five-year, \$62-million investment in the **Canadian Food Safety and Quality Program (CFSQP)**  to boost the Canada's food safety, quality and traceability systems. The CFSQP will help develop systems that, among other things, will continue to protect consumer health and thereby maintain consumer confidence in the safety and quality of food produced in Canada.

Open to organizations from across the agri-food continuum whose projects are national in scope, the CFSQP consists of three elements:

- *food safety*, aims to reduce exposure to hazards using the definitions and principles of the Hazard Analysis Critical Control Point (HACCP);
- *food quality*, focusses on meeting or exceeding market specifications; and
- *traceability*, encourages the development of processes that can trace the history, location, and associated food safety and quality standards of food products from field to fork.

In 2004-2005, AAFC's activities focussed on animal health and food quality, and traceability.

Regarding *traceability*, most agri-food sectors completed their strategic analysis and system design. Major successes included development of the Can-Trace Canadian Food Traceability Data Standard, and the creation of the Canadian Livestock Identification Agency. A national congress was held to take stock of progress and review future direction. Moreover, a Federal-Provincial-Territorial Traceability Policy is under development.

Overall, a total of 48 applications under the CFSQP were approved for \$8.5 million:

- 22 on-farm applications approved for \$3.7 million;
- 6 post-farm applications approved for \$1.2 million;
- 14 traceability applications approved for \$2.5 million; and
- 6 multi-association applications approved for \$1.1 million.

Food Safety and Food Quality Science

Canada is building its comprehensive system to ensure the safety and quality of the food supply based on science. This is reflected in the goal of AAFC's research programs to make Canada a world leader in producing, processing and distributing safe and reliable food to meet the needs and preferences of consumers.

Canada's food safety knowledge grew in 2004-2005. Specifically contributing to this growth was the publication of 59 peer-reviewed research articles, 22 books, book chapters, reviews, and 49 technical reports to industry. AAFC also convened 11 scientific meetings and conferences, and published the proceedings of eight of these conferences. AAFC scientists made 60 conference presentations, and had six patents and six invention disclosures.

Not only can research address the gaps in knowledge about food safety and quality, it can also generate innovative tools and technology. As a result of efforts on this front:

- the Strategic Plan for Food Safety Research was developed;
- collaborative networks were established in food-borne mycotoxin research, allergen research and virology research in Canada; and
- six patents and invention disclosures, including: patents involving infra-red imaging technologies to detect cattle prone to give dark cutting meat and a patent on the compositions and methods to improve storage quality of packaged plants.

Additional work related to industry development and market demand included:

- quality regulations for wine and spirits;
- animal welfare standards;
- advice on regulatory issues' possible impact on industry innovation and marketing; and
- information and analysis on consumer perceptions, knowledge, attitudes and behaviours through public opinion surveys and other means.

INTERNATIONAL ISSUES

The agriculture and food sector plays an important role in Canada. It employs one in eight Canadians, accounts for eight per cent of the GDP, and generates \$130 billion in sales, including \$30.9 billion in agriculture and food exports (including seafood), contributing close to \$5.8 billion to this country's overall trade surplus. For a trading nation such as Canada, which relies heavily on the agriculture and food sector for its positive trade balance, efficient access to global markets is essential.

AAFC is Canada's agricultural trade advocate, striving to break down trade barriers at home and abroad. Working closely with the full range of agriculture and agri-food stakeholders and provincial partners, AAFC is continuing efforts to establish a more level playing field through the ongoing WTO negotiations on agriculture, and is initiating and negotiating new regional and bilateral trade agreements. Trade negotiations are vital to improving market opportunities for Canadian farmers and processors, and ensuring a more stable and prosperous agricultural sector.

The Government of Canada is persisting in efforts to level the international playing field through the elimination of export subsidies on all products, the maximum possible reduction of trade-distorting domestic support, and significant improvements in market access for all agri-food products. Canada is also defending the ability of Canadians to determine for themselves how to best market their products, including decisions to use such orderly marketing systems as supply management and the Canadian Wheat Board (CWB).

The *International Issues* component of the APF is designed to help expand global opportunities for the Canadian agriculture and food industry. Activities included continuing bilateral and multilateral negotiations to improve market access conditions and level the international playing field. AAFC also developed an early-warning system to help Canada recognize and react more swiftly to emerging technical trade issues.

The department made significant progress on plans to build on the industry's reputation in global markets through a branding strategy. Toward this goal, AAFC completed buyer and consumer research in key markets. Working in consultation with industry and provincial partners, these research results were used to begin to define a brand promise for Canada and develop draft creative materials for future promotion campaigns in export markets. The department was on track to launch the Canada brand promise in 2005.

The department carries out the above International activities under four theme areas:

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

(The first three theme areas are pursued under the Security of the Food System strategic outcome, and are discussed in the following paragraphs. However, some activities under *Gaining Recognition and Building Markets* are carried out under the Innovation for Growth strategic outcome and are discussed in that section of this report together with *Enhancing International Development*.)


Gaining Recognition and Building Markets

Canadian agriculture and food products already enjoy a high standing in global markets. However, as competition increases, a concerted effort is required so Canada can differentiate its products from competitors based on its ongoing attention to food safety and quality, and environmentally responsible production.

With this in mind, one of the key activities during the past fiscal year was to support Canada's industry-led value chain roundtables and help them to develop comprehensive strategies for their sectors. AAFC helped establish roundtables for the pork, beef, seafood, cereal grains, oilseeds, special crops, and horticulture industries. The groups bring together representatives from across the value chain — producers, processors, retailers and others — to build joint action plans that will leverage the APF, brand Canada and

create long-term benefits for all players. These industry-led fora made considerable progress on their strategic plans over the past year. Continued success will depend on players across the value chain working together with governments to strengthen partnerships, overcome obstacles and achieve common goals.

There were other substantial achievements in the area of market development. The department helped gather input for the federal Smart Regulation initiative and new food policy development by convening a meeting between food industry executives and federal deputy ministers. AAFC also collaborated with federal and western-provincial government agencies on a growth-facilitation strategy for the Canadian functional food/nutraceutical industry. A strategic plan has been developed. Under this plan, the following activities will be pursued by using leveraged funds and in-kind support: implementation and distribution of the Commercialization Technology Roadmap; maintenance and further development of the Technology Infrastructure Database and the Technology Watch newsletter; and the facilitation of an industry round-table meeting for the development of a long-term functional food/nutraceutical strategy.

In yet another effort toward gaining recognition and building markets, the department continued to fund individual projects through the [Canadian Agriculture and Food International \(CAFI\)](#) . This program, discussed in detail under Innovation and Growth, is the main vehicle to help industry improve access to global markets for Canadian agriculture and food products.

Improving Market Access

Most international trade occurs under the rules of agreements under the WTO. Canada is working constructively with a wide range of countries to improve the rules governing international trade. To this end, in 2004-2005, Canada:

- continued to participate in and influence the WTO agriculture negotiations. Many Canadian ideas and positions have been reflected in negotiating texts;
- reached agreement on an agricultural framework on July 31, 2004 — a major milestone in the WTO negotiations (the Framework on Agriculture identifies concepts and approaches to guide negotiators in the next stage of the negotiations); and

- participated in a number of negotiating sessions following the adoption of the Agricultural Framework with the objective of working towards modalities (specific rules and commitments) for the December 2005 Hong Kong Ministerial Meeting.

The WTO is the major forum where international trade issues, including multilateral rules governing market access and trade-distorting subsidies, are negotiated and enforced, but promoting market access through regional and bilateral negotiations and discussions is equally important. To this end, during 2004-2005, Canada:

- pressed to resolve trade irritants with a view to maintaining and securing access to key markets;
- continued with efforts to regain access to world markets, particularly the U.S. and Asia, for Canadian cattle and meat products; and
- defended Canadian export interests under various actions taken by trade partners (e.g., U.S. wheat and swine countervail investigations).

While developments in ongoing regional and bilateral negotiations, including the Free Trade Area of the Americas, were hampered by unique obstacles beyond our control, Canada remained active within the hemisphere through exploratory talks regarding a potential future Free Trade Agreement with the Caribbean Community Countries (CARICOM), and initiating a dialogue with the MERCOSUR (Brazil, Argentina, Uruguay and Paraguay). In Asia, Canada undertook exploratory talks with Korea regarding a potential future Free Trade Agreement.

Advocacy efforts to press for greater trade liberalization form another route to market access. To this end, emphasis was placed on developing long-term approaches that anticipate and manage upcoming irritants. The considerable efforts devoted to advocacy in the U.S. were bolstered through the Enhanced Representation Initiative. The following examples illustrate more of Canada's advocacy undertakings and the resulting achievements:

- on January 4, 2005, the United States Department of Agriculture published the BSE Minimal Risk rule;

- the Canadian-American Farmer Forum, designed to correct misperceptions of Canadian wheat marketing systems, did valuable groundwork for altering negative grassroots perceptions of the CWB;
- a delegation of senior government officials and industry representatives successfully reinforced Canada's position on the safety of its beef and the importance of re-opening markets. Meetings, both formal and informal, were held with key senior Asian officials, foreign industry representatives and importers of Canadian food products. The group accomplished important progress on some issues and identified next steps based on the outcome of discussions;
- another delegation met with Japanese industry stakeholders and government officials to discuss market access issues in December 2004. Significant headway was made on increases in Maximum Residue Limits — the maximum concentration of an agrochemical permitted legally in a foodstuff — and new regulatory requirements related to reassessments in the environmental safety of genetically modified crops; and
- advocacy efforts in the U.S. on COOL have delayed implementation of COOL for two years and sustained momentum to make COOL legislation voluntary.

AAFC also managed ongoing trade issues such as BSE, avian influenza, wheat disputes, live swine, country-of-origin labelling, and bio-terrorism.

Challenging trade barriers through the dispute settlement process of the WTO and influencing domestic policy in key countries can be an effective way to resolve access issues. Through this route, Canada contested trade barriers such as the U.S. Byrd Amendment and the European Union (E.U.) position on products of biotechnology. Canada also maintained a vigorous defence of the nation's policies and programs, and confronted other countries' policies that adversely affect the competitiveness of Canadian agricultural sectors.

Overcoming Technical Trade Barriers

More and more, technical barriers are becoming significant impediments to market access. These barriers are being addressed by:

- influencing the development of international technical standards and policies;
- striving to shape debate in international organizations and forming alliances with other countries on multilateral approaches to key issues aligned with APF priorities; and
- working with partners to implement a stronger strategic approach to technical trade-related issues and, in some cases, negotiate Market Access Protocols.

In 2004-2005, AAFC substantially influenced Government of Canada positions to international technical standards and policies fora in support of the Canadian agriculture and food sector's interests.

Consultations

All negotiations and resolution of issues require input from stakeholders. The definition of negotiating positions involves a balancing act between the objectives sought by the agriculture and food sector and parameters of the agreement to be negotiated. Canada's common vision and consensus on approaches to market access is achieved by expanding consultations on agricultural trade policy to reflect diverse interests of stakeholders. For example, the framework on agriculture required intensive negotiating efforts through bilateral and multilateral meetings with various WTO members and the Chair of the WTO agriculture negotiations. AAFC consulted extensively with Canadian stakeholders and provinces both in Geneva during the framework negotiations, as well as in Canada, via call-backs to industry and provincial stakeholders. Trade agreement activities were executed through extensive consultation efforts with Canadian stakeholders and provinces.

Conclusion

In 2004-2005, the Government of Canada worked to ensure the long-term viability and prosperity of the agriculture and agri-food industry while responding decisively to help deal with immediate pressures on farm incomes. Major strides were taken to continue to put in place the APE.

Through close collaboration with industry and provinces, the branding strategy has progressed significantly over the past year and has strong stakeholder support. It is well positioned to begin roll-out in 2005-2006.

Health of the Environment

ENVIRONMENT

The Government of Canada has made the protection of the environment a priority. "Our health and the health of our children, the quality of life in our communities and our continued economic prosperity depend on a healthy environment," declared the Government in the 2002 Speech from the Throne. In the February 2004 Throne Speech, the Government described safeguarding the environment as "one of the great responsibilities of citizens and governments in the 21st century."

For its part, the Canadian agri-food industry is increasingly adopting more environmentally sustainable production practices. However, at the same time, expanded operations and more intensive agricultural activities have put greater pressure on land, soil, water and air resources, and have implications for climate and biodiversity as well. With heightened awareness of the relationship between the state of the environment and personal well-being, Canadians consistently identify environmental stewardship, including prudent management and protection of the natural resources involved in agriculture, as a high priority.

Governments and industry have responded to growing public interest in the health and safety of food and water, and rising demands for new products created in an environmentally sound manner. Working in partnership with the agriculture sector, governments have established agri-environmental targets and indicators to track environmental performance in agriculture, and ultimately strengthen Canada's ability to compete.

AAFC works with provincial and territorial governments, and with industry, to encourage environmentally responsible production in an effort to minimize the sector's environmental impact and enhance long-term

prosperity. This, in turn, helps efforts to brand Canada as a world leader in environmental stewardship, giving this country's products a competitive advantage in the global marketplace.

The department performs a range of activities under the Health of the Environment strategic outcome to maintain and build on Canada's leadership position in using environmental resources in a way that ensures their quality and availability both now and in the future. Developed under the Environment pillar of the APF and implemented in partnership with the provinces, territories and industry, the activities for achieving this outcome strive for progress in sustaining and enhancing soil, water and air quality, while conserving biodiversity.

Among other measures, the APF is providing Canadian farmers with incentives to adopt sound management practices that reduce environmental risks. Not only will the quality of water, air and soil benefit from this approach, but biodiversity and wildlife habitat will be enhanced as well.


AAFC's environment activities fall under three broad, intersecting categories:

- **Policy Development and Integration** – to strengthen decision-making capacity of the agriculture and agri-food industry
- **Knowledge and Information** – to support on-farm action and build tools to support land-management decisions
- **On-Farm Results** – to support farmers in addressing environmental challenges by developing and implementing on-farm environmental plans and to undertake strategic studies and development of secure water supplies.

Policy Development and Integration

To make informed debate and decision-making on current and future agri-environmental policy possible, AAFC undertook various activities. These included: assessments of policy and program gaps and economic and regulatory systems, the analysis and development of alternative policy instruments, the examination of linkages between environment and other policy files, as well as economic valuations. Further activities included identifying emerging issues and contributing to departmental strategic planning (e.g. providing policy advice and recommendations via briefing notes, memos, and policy input into departmental communications).

Policy development related to biodiversity, climate change, Government of Canada environmental obligations (which includes SEA and sustainable development), substances and water, moved forward. However, funding pressures delayed policy development for some commitments, such as on-farm environmental certification and international issues.

To close the knowledge and information gap impeding policy development and sound land use decisions, the department led efforts to improve existing AEIs, generate a comprehensive set of new ones, and develop supporting technologies. Paramount among program activities in this area is the [National Agri-environmental Health Analysis and Reporting Program \(NAHARP\)](#) .

NAHARP's purpose is to strengthen the departmental capacity to develop and continuously enhance science-based environmental indicators. These indicators will help communicate progress and measure performance in achieving priority national environmental objectives related to environmental issues relevant to agriculture. AIEs developed under NAHARP are also being linked to economic models used in AAFC, in order to enable the environmental analysis of agricultural policies and programs options.

A first set of AEIs results was published in 2000. Activities in 2004-2005 involved updating 13 of 14 existing indicators, and improving their methodology. Progress was also made on six of 12 new indicators slated for development to address identified informa-

tion gaps. Significant headway was made on the production of the second AEIs report, planned for release in 2005-2006. This report will mark an intermediate point in realizing the objective of a comprehensive set of AEIs by 2010. It will include results for performance indicators related to soil, water and air quality, and biodiversity, as well as indicate what additional indicators are in development.


Overall, most commitments under *Policy Development and Integration* were met or showed progress during the year.

Knowledge and Information

One of the challenges in pursuing environmental goals is the lack of detailed understanding of the environment and its dynamics, even though the impacts and consequences of actions or inactions can often transcend geo-political boundaries. Achieving better understanding of the environment and possible remedial actions requires:

- continuously monitoring the state of the environment and activities having an impact on it;
- collaborating on the development, maintenance, sharing and use of land, water and climatic information, and data bases and products;
- developing and establishing basic, common standards to integrate into management systems and practices used by industry. This promotes environmental practices that reduce agricultural risks and provides benefits to the health and supply of water, the health of soils, the health of air and the atmosphere; and
- studying the relationship between biodiversity and agriculture.


With this in mind, AAFC collaborated on 65 research projects to increase knowledge of the interaction between agriculture and the environment and to develop new technologies to reduce agriculture's impact on soil, water, air, and biodiversity. The research was conducted through the Matching Investment Initiative, a mechanism that promotes research partnerships with producer groups and the private sector.

The [National Land and Water Information Service \(NLWIS\)](#)  is an Internet-based service being developed collaboratively with the sector, provinces and territories that will give producers the information, tools and expertise they need to make environmentally responsible land-use decisions. The service aims to provide land, soil, water, climatic and biodiversity resource information to local and regional land-use planners and managers. This information will, in turn, result in better land use and protection of surface and groundwater supplies from the adverse impacts of industrial and agricultural operations. The service will also produce data in support of AAFC activities dealing with climate variability and change.

As the first Major Crown Project for AAFC, the NLWIS received effective project approval from Treasury Board in May 2005. The project definition phase, begun two years earlier, produced a detailed description of the scope, schedule and cost of the project, on which the successful request to Treasury Board was based. The service is scheduled to be introduced through a phased approach over four years, with each phase bringing increased levels of service and benefits to producers. There will be several releases of data and applications as new tools and features come on-line prior to full service delivery in 2009.

The first of four project implementation phases is under way. During phase one, the NLWIS will initiate the integration of dispersed Geographic Information System (GIS) capabilities within AAFC. This will result in a recognized point-of-entry to access data and applications with links to existing geospatial information and will include partners' data where agreements are in place. Preparatory work on the other phases is occurring concurrently.



Phase two was initiated in July 2005. During phase two, the Service will build the infrastructure, procedures and processes for the AAFC GIS enterprise system and establish the mechanism required for proper management of geospatial information in accordance with national standards and policies.

An additional 13 on-farm projects were also carried out under the Environmental Technology Assessment for [Agriculture \(ETAA\) Program](#) . These projects assessed and provided information concerning the impact of state-of-the-art technologies on the quality

of soil, water, air, and biodiversity. The intent was to minimize contamination of the resource base, promote more efficient energy consumption and increase renewable energy use.

Achievements in activities under the ETAA program during 2004-2005 included:

- signing seven contribution agreements with industry and farmer organizations for evaluating the environmental and economic performance of innovative technologies for animal feeding, manure and waste treatment, crop nutrients, pest management and renewable energy;
- establishing seven on-farm projects in different regions to evaluate innovative technologies;
- establishing five pilot plants for anaerobic digestion and gasification of manures and biomass; and
- selecting and approving six additional on-farm projects for funding.

Pesticide use is another area of focus for improving knowledge and information. To this end, the [Pesticide Risk Reduction \(PRR\) program](#)  developed and published crop profiles which identify best pest control technologies available and current gaps in pest management tools. This information was used in the development of commodity-specific PRR strategies which prioritize risk and set out needed tools and research/demonstration activities. The PRR and the [Minor Use Research programs](#)  funded research and other projects to support implementation of strategies, the long-term goal in all cases being reduced environmental impact from agriculture. A crop protection survey developed by the PRR program in collaboration with NAHARP and Statistics Canada will track progress in reducing risks from the use of pesticide in agriculture over time.

Research projects funded through the Minor Use Research program support the introduction of minor use pesticides (MUP) that pose a reduced risk to the environment. These projects give information on integration of reduced risk MUP within existing integrated pest management systems, and examine non-target impacts of new MUP. The projects will ultimately provide more reduced risk solutions for consideration in the MUP program and will reduce the impact of MUP on the environment.

The MUP program is designed to assist producers in gaining access to newer, safer pest management products. Working with producers, the provinces and pesticide companies, AAFC facilitates a process where pest problems are prioritized with potential solutions and then carries out the necessary field work to generate data to make submissions to the Health Canada's Pest Management Regulatory Agency (PMRA).


Specific accomplishments in the 2004-2005 fiscal year included:

- completion and publication of 19 crop profiles detailing production practices with emphasis on crop protection;
- development of six PRR strategies and support for 22 research and other projects to implement strategies;
- on-going support for 12 Minor Use Research projects;
- 400 minor use field trials; and
- 16 minor use submissions to the PMRA.

On-Farm Results

On-Farm Results initiatives help farmers to address environmental challenges through on-farm environmental planning and implementation of BMP. Support includes funding to encourage producers to manage their operations in a more environmentally sustainable manner and technical expertise to implement risk-reduction action plans.

On-farm results initiatives are important in large part because of ongoing concerns about the negative impacts and risks to the environment from agriculture. This is being mitigated by maintaining or improving soil, water, air, and biodiversity quality. Appropriate land use and land management practices must be adopted to ensure the land remains capable of producing food for Canadians. AAFC is supporting on-farm results through new knowledge development, making information and technical assistance available to producers, and through incentive programs.


Provincial scans will provide a decision tool which will be used to help guide efforts and focus delivery of [Environmental Farm Plans \(EFPs\)](#)  and associated activities made available through the environment

pillar of the APF. This will be accomplished from the preliminary examination of key agri-environmental factors, with the following objectives:


- to identify the highest priority agri-environmental risks and benefits to soil, water, air, and biodiversity including type, extent, severity and general location;
- to assist in developing consensus on the agri-environmental risks with provincial, industry, and non-government partners;
- to encourage coordination among partner agencies; and
- to identify practices that address the priority agri-environmental risks which should receive priority funding from the APF environmental incentive programs, for example: National Agri-Environmental Stewardship Program and Greencover, among others.

The first wave of environmental scanning covering 91.5 per cent of the agricultural land was completed. The information contained in the scans will aid in assessing both the environmental risks and strengths of an area, which will assist in environmental planning and programming.

EFP was a major on-farm initiative carried out in 2004-2005. This program improves the producers' ability to identify actual and potential environmental risks associated with agricultural operations. EFPs help make land owners aware of environmental risks and establish clear priorities for dealing with them. They also serve to help target resources, such as financial assistance and technical knowledge and skills, to assist farmers in implementing their action plans. In doing so, EFPs strengthen the producers' capacity to make business decisions that are financially sound and environmentally responsible.

Once plans are reviewed and approved, they are eligible for financial and technical assistance from the Government of Canada's [National Farm Stewardship Program \(NFSP\)](#)  to help implement specific beneficial management practices (BMPs) to lower environmental risks.

Contribution agreements for the EFP and NFSP programs were signed for all provinces except for the NFSP agreement with Prince Edward Island which is still outstanding. With funding under the APF, producers across the country continued to participate in workshops as 11,462 producers attended resulting in 8,041 completed EFP/EAFPs this year. A total of \$14,994,806 was spent across the country to support development of EFPs, while \$5,336,113 of support was provided to implement BMPs under the NFSP. The NFSP funding contributed to incentives for the adoption of BMPs by 1,000 producers.


Greencover Canada  is another *On-Farm Results* priority initiative implemented in 2004-2005. The program maximizes environmental benefits to Canadians by protecting land from wind and water erosion and improving grassland management. It also improves water quality, enhances biodiversity, and increasing carbon sequestration, an important factor in reducing greenhouse gases (GHG). Greencover Canada is expanding the area covered by perennial forages and trees, promoting sustainable land use, and fostering more sustainable farming systems by providing technical and financial assistance. The program, which generally seeks to strengthen the management of agricultural land, has four elements:

1. conversion – to encourage farmers to take environmentally sensitive land out of crop production and switch to perennial vegetation
2. technical assistance – to improve land management
3. critical areas – to protect water quality by enhancing riparian (riverbank) areas and critical wildlife habitat
4. shelterbelt – to integrate shelterbelts into the agricultural landscape.


Achievements during 2004-2005 include:

- an additional 51,161 hectares were enrolled in the Land Conversion program, bringing the program total to 323,000 hectares; and
- the technical assistance program provided funding to 60 projects which developed information products for Canadian producers. Approved projects were undertaken in Saskatchewan, Alberta and Manitoba, as well, a number of regional projects were initiated. Subject areas included: grazing

management, forage production, brush and invasive plant control, and riparian management, among others.

The **Prairie Shelterbelt Program**  shipped a total of 4,747,715 seedlings to 8,110 applicants. These figures translate to 4,218 km of farmyard shelterbelts (the equivalent of 1,331 farmyards protected), 238 km of riparian shelterbelts, 849 km of field shelterbelts that will protect 19,866 hectares of soils and crops (net present value (NPV) of the crop benefit of these field belts is \$1.31 million; the soil erosion benefit is \$17.9 million), and the creation and enhancement of 166 hectares of wildlife habitat. Moreover, trees planted in 2004 can sequester 1,791,590 tonnes of carbon dioxide by 2054.

Drought conditions struck many parts of Canada last year, with severe consequences to agriculture. The drought was particularly devastating to the Prairies, leading to below-average crop yields in affected areas and the selling-off of breeding stock by many livestock producers. The Drought Watch web site was continually updated to provide the status of conditions to the agriculture industry, and access to pertinent management information to cope with drought conditions.

The four-year, \$60-million **National Water Supply Expansion Program (NWSEP)**  is providing federal assistance to the agriculture industry to help develop and conserve water sources. It also encourages producers and agricultural groups to use sustainable practices in drought-affected areas of Canada. Through the program, AAFC provides financial assistance to address national water supply issues considered a priority for the agricultural industry. As climate change continues, long-term solutions fostered by NWSEP will lead to greater sectoral resilience by increasing access to good quality water; creating more opportunities for a diversified and profitable agriculture sector; and encouraging plans for future investment.

NWSEP assistance is delivered under three categories of projects: on-farm water projects, multi-user water supplies and strategic initiatives. Using this approach, the program provides technical and financial assistance to individual farmers and their organizations, agricultural and conservation groups, rural communities and municipalities, agri-businesses and rural enterprises, educational

institutions, and provincial/territorial governments, agencies and crown corporations to help plan and develop agricultural water projects in each category. A total of 904 projects (804 on-farm, 50 multi-use, and 50 strategic) aimed at providing secure water supplies have been completed.

To date, contribution agreements have been signed with six provinces (Alberta, British Columbia, Manitoba, Nova Scotia, Prince Edward Island, and Saskatchewan). These agreements will help the agriculture and agri-food industry to create and enhance sustainable water supplies through developed and expanded infrastructure. They will also facilitate project planning, feasibility and environmental studies for irrigation, and increase knowledge of groundwater sources. Negotiations of contribution agreements with the remaining provinces are nearing completion.

AAFC has a long history of providing new knowledge and technical support to producers. This tradition continued in 2004-2005. Technical information was provided to producers through publications, research reports, workshops, field days, and individual consultation. This information aided the accelerated adoption of BMPs and assisted in ensuring they were implemented properly. This support to producers is available whether they are involved in incentive programs or not. The knowledge around BMPs continues to evolve, and the development and testing of new BMPs through research or field trials in agriculture environment fields was widespread.

Conclusion

Environmental stewardship is a priority for Canadians, and increasingly valued by global markets. Producers, industry stakeholders, governments, and Canadians understand that environmental stewardship not only benefits society as a whole, but also contributes to a strong economy.

In an integrated way, the environment, social and economic pillars of sustainable development work together to make Canada a world leader in agriculture production and enhance the high quality of life enjoyed in Canada today.

To this end, a variety of activities were carried out in 2004-2005 under three intersecting categories: policy development, knowledge and technical support to producers, and on-farm environmental stewardship. The activities made significant contribution towards accelerating progress in the four priority areas of soil, water, air, and biodiversity.

Innovation for Growth

INNOVATION


Agricultural research historically has played an important role in boosting productivity and increasing profits with such breakthroughs as higher-yielding crop varieties and new farming systems. Indeed, just a century ago, a Canadian farm grew enough food to feed 12 people annually. Today, with larger farms and productivity gains, a farm produces enough to feed 135 people every year.

Perhaps more than ever before, scientific innovation holds the key not only to transforming agriculture markedly, but to forging opportunities for producers and rural communities, and new products for consumers. Advances in the biological sciences, informatics and process engineering can become the foundation for producing a wide range of industrial, pharmaceutical and nutritional products from crops and other renewable plant resources and from livestock and lead the way to a new and expanding bio-economy. Nutraceuticals, flavours and fragrances, essential amino acids, vitamins, bio-plastics, renewable fuels, and plant-based industrial products are examples of how agricultural commodities are being used in new and exciting ways.

By seizing these opportunities, producers should see improved bottom lines and all Canadians will benefit from the increased use of renewable resources, enhanced environmental practices and stronger food safety and quality systems.

New Action Plan for Investment

In 2004, a four-year program to realign and increase investment in science and innovation was developed. The plan will help promote initiatives with the potential to create new, high-income opportunities for farmers and new industries in rural communities.

Beginning in 2003 and continuing into 2004-2005, the **Science and Innovation**  program created and funded some large and promising initiatives that have the potential to significantly influence long-term structural changes in Canadian agriculture. These changes will be accomplished by shifting the focus from low-income, commodity-driven opportunities to high-income, innovative product and process opportunities. These initiatives will accelerate the adoption of emerging technologies targeted at creating new bio-products and bio-processes. Examples include Soy 20/20, BioProducts Canada, Ottawa Life Sciences Council BioPharmaceutical Centre and BioEnterprise.

The program was created to pursue other long-term initiatives in the coming year with strong prospects for success. The challenge facing the department is to follow through on these initiatives beyond the four-year time frame of the program.

Knowledge-based Systems

AAFC's Innovation priority is supporting efforts to create an agriculture and agri-food sector that is ready, not only to address demands and pressures, but to plan for the future with confidence. In this regard, one of the vital fields of research at AAFC, deals with the development of knowledge-based systems.

Although Canadian farmers are renowned for their resilience, the agriculture and agri-food industry remains vulnerable to risks from drought, hail, insects, and diseases such as fusarium head blight (FHB) and BSE. Changing consumer preferences pose an additional challenge. At the same time, contributions to economic stability and environmental benefits must be considered when creating new and profitable business opportunities for the sector. Taking these issues into account, AAFC has focussed its science efforts to explore the complex interactions that occur in crop and livestock systems. These systems will form a base of knowledge to evaluate opportunities and impacts of new science over the next 20 years. Application of this new knowledge is crucial to ensuring a vibrant agriculture industry for the long run.

Reducing Risks to Crops

A good example of how research can pay off can be found in the pulse sector. AAFC research has enabled the Canadian pulse crop sector to expand into the billion-dollar industry it is today. This growth was achieved through integrated crop management strategies, such as granular inoculant technology, disease management systems, and seeding technology that reduced susceptibility to the risks inherent in pulse production, while lowering input costs.

The risks associated with growing other crops have also been diminished using AAFC knowledge-based systems. Canola yields have been increased by 41 per cent using a management system that combines hybrid technology, higher seeding rates and early weed removal. Successful adoption of this system in Alberta was a major factor in record-high canola yields in 2004.

Diversification

One of the keys to future prosperity in the industry is diversification. For their part, AAFC researchers continued in 2004-2005 to work diligently to diversify crop production even further. Crops such as oriental vegetables, wasabi, elderberry, and sea buckthorn have been evaluated by AAFC as new, high-value cropping options for Canadian farmers. In addition, production methods have been developed for ground cherries. The yellow ground cherry, which is used mainly in jams, as dessert decorations and for regional specialties such as aperitifs and liqueurs, is of particular interest to new cuisine chefs. AAFC scientists are also evaluat-

ing the production and use of new foods, such as the vegetable soybean or edamame, that reflect this country's cultural diversity. The versatile beans can be eaten as a vegetable, added to soups and stir-fry dishes, prepared as a snack food or even as sweets.

At the same time, improvements to cultivars, which are varieties resulting from selective breeding, are paying important dividends. Resistance to raspberry root rot, derived from *Rubus strigosus*, has been successfully incorporated into the raspberry cultivar called *Cowichan* and will keep Canadian growers competitive.

Grains Research

AAFC is constantly looking to create new products and roles for crops. This research focus continued during 2004-2005. Although barley has traditionally been thought of as a livestock feed, AAFC barley breeders have developed the first milling grade barley in North America. HB 109 is a two-row, hulless, food barley that was expected to be registered in 2005. Commercial pilot milling and pasta production trials are under way. *HB 109* provides health benefits, such as dietary fibre, vitamins and anti-oxidants, that are not found in traditional wheat-based pasta products.

With respect to wheat, this crop has of course always been a major contributor to the Canadian economy through exports, manufactured wheat products and as a feed. Thirteen spring wheat varieties developed by AAFC researchers currently occupy 69 per cent of the spring wheat seeded acreage in western Canada. Two AAFC varieties, *AC Barrie* and *Supurb*, make up over 40 per cent of the acreage sown. Yield and quality characteristics of these varieties are estimated to return in excess of \$100 million per year to farmers in western Canada. Moreover, the risk of losing a crop to early frost has been lowered by the development of early-maturing and high-yielding cultivars, such as the western red spring wheats *Infinity*, *Peace* and *Burnside*.

In addition, AAFC scientists are registering varieties used to make pasta that meet the needs of consumers. *Durum* wheat developed by AAFC occupies over 95 per cent of the seeded pasta-wheat acreage in Canada. The newest AAFC durum variety is *Commander*, which has very strong gluten properties and high grain yield.

New Traits

Crop production risks are further reduced by incorporating new genetic characteristics or traits into varieties. AAFC scientists have developed an understanding of the genetics of pest resistance and agronomic traits that will facilitate development of DNA marker-assisted selection for these characteristics in crops which will speed up traditional breeding of new crop varieties. The disease FHB remains a major threat to the incomes of cereal producers in both eastern and western Canada. AAFC researchers are seeking approaches that will produce cereals resistant to the disease.

Canada red spring wheat lines *Slater* and *CRGB-O-623.4*, combining significantly improved resistance to FHB and agronomic performance, were registered for use in eastern Canada. Three new two-row barley malting varieties and four new hulless barley varieties have demonstrated levels of FHB and the fungus-generated mycotoxin at about half of the respective checks for each barley class. This represents significant progress and brings malting barley closer to having acceptably low levels for commercial use. Such cultivar improvements help to ensure the security of the food system.

Livestock Research

Minimizing the risk of exposure of Canada's livestock herds and poultry flocks to disease without restricting trade is another essential element of food security. Contributing toward meeting this objective was one of the focus research areas in 2004-2005. Risk factors for the potential transmission of the disease bluetongue from imported U.S. feeder cattle were studied by AAFC scientists. Before the research, feeder cattle could only be imported from 11 states in the U.S. and then only during the winter months. CFIA used AAFC's results to support a change of import legislation to allow all-year-round importation of feeder cattle from 35 U.S. states.

Ensuring that livestock producers have innovative new tools at their disposal is one of the roles departmental researchers play in sustainable livestock production systems. Thanks to research, the bloat-reducing product *Alphasure*, which is added to the drinking water of cattle, made it to the marketplace in Canada. Cattle can now graze high-yielding alfalfa pastures without risk of bloat. Over 500, or 10 per cent, of cattle producers have currently adopted this technology.

Fine tuning swine diets can yield benefits to the producer's pocketbook and the natural environment. AAFC researchers have been determining specific feeding requirements for pigs that optimize performance while decreasing excretion of unwanted by-products. By optimizing the nutrient density, not only are feed costs significantly reduced, but so too are excretion levels of nitrogen and phosphorous by pigs. Blend feeding is a promising new technique that simplifies the complex phase-feeding programs now used widely in the swine industry.

On-farm food safety measures are fundamental to safeguarding Canada's food supply. AAFC scientists continued research in 2004-2005 toward improving feedlot management systems to reduce the potential for the spread of the food-borne disease *E. coli O157:H7* among animals in feedlot pens. AAFC scientists found that pre-conditioning cattle and reducing transport-related stress prior to arrival at feedlots lowered the shedding of *E. coli* into the environment. Cattle that were transported the greatest distances and were not adapted to the feedlot environment shed the highest levels of *E. coli O157:H7*.

New meat and milk products are entering the marketplace continually. Not only do these products have higher levels of health-promoting nutrients, they might be more profitable for producers as well. AAFC scientists have made great strides in improving conjugated linoleic acid (CLA) levels in beef. CLA is an essential amino acid that the human body is unable to manufacture on its own. Among several benefits, CLA is known to help reduce cholesterol levels. Feeding a sunflower seed and barley diet increased CLA content of beef by 94 per cent, while the content of vaccenic acid, which is a precursor to CLA rose by 394 per cent. This precursor can be converted to CLA in humans.

Bio-products and Bio-processes

Building on Canada's traditional strengths in plant breeding and plant biology provides another opportunity to advance this country's global standing in agricultural production. To open up new possibilities for the sector in the future, the department began to put increasing emphasis on research aimed at innovative and alternative uses for agricultural and agri-food

products. It focussed its research efforts on two areas: *Genomics and Proteomics* and *Nutraceuticals and Functional Foods*.

Genomics and Proteomics

Genomics is the study of all the genes in the living organism, while proteomics deals with the structure, function and interrelationships of proteins. In 2004, AAFC expanded its proteomic capacity by hiring additional scientists. The department also began developing a three-year plan in support of a Potato Genomics Initiative that will create a multi-disciplinary potato genomics team with expertise not only in potato production, but in environmental health and food safety and quality as well.

In a collaborative research agreement signed by AAFC and the University of Alberta and the Province of Alberta in 2004, scientific expertise was expanded in the area of bovine genomics to develop a critical mass of expertise.

Nutraceuticals and Functional Foods

Another new collaborative research agreement, this one involving the health aspects of food components, was negotiated in 2004-2005 by AAFC, the St. Boniface General Hospital and the University of Manitoba. This groundbreaking agreement, which was announced in May 2005, will see AAFC researchers working side by side with medical researchers to explore claims made about the health benefits of various foods. AAFC is investing \$17 million in the new research program, which is called the National Centre for Agri-Food Research in Medicine, over five years. Six departmental scientists and 12 support staff will eventually be working on site. This integrated team of researchers will focus on crops grown in western Canada with the ultimate goal of developing commercially viable nutraceutical and functional food products as well as technologies that will benefit both the agri-food sector and the health of Canadians.

Toward yet another new collaborative research agreement, the department, the University of Prince Edward Island and the National Research Council discussed partnering on joint research activities. As a result of these discussions, the department plans to contribute funds for laboratories in the Institute for

Nutrisciences and Health that will house 16 AAFC employees. The groundwork was put in place to use the strengths of these collaborating organizations in a unique model to help ensure that bioactive compounds in agricultural commodities in Atlantic Canada are discovered, tested, modified, and produced in an environmentally and economically sustainable fashion.

Advancing Canadian Agriculture and Agri-Food Program

The ACAA program is a five-year, \$240-million program aimed at positioning Canada's agriculture and agri-food sector to seize new opportunities. Launched in April 2004 as a successor to the Canadian Adaptation and Rural Development Fund, the program continues its innovative and co-operative approach to funding projects at the national, multi-regional and regional levels. Under ACAA, projects are delivered using an innovative industry-led approach both nationally and regionally.

In 2004-2005, ACAA had two separate calls for proposals, resulting in 129 applications. Under the first call, 40 projects were approved for a total commitment of \$12 million. The second call saw the approval of 24 projects for a commitment of \$6.5 million.

ACAA regional industry councils received \$27.3 million in grants as their annual allocation. In addition, councils approved 11 collective outcome projects for a commitment of \$4.2 million.

Looking to the Future

For the Government of Canada science, research and technology transfer means helping producers and processors respond to changing consumer preferences, demands and expectations. Reviewing science priorities is integral to meeting these objectives.

Accordingly, the department has developed an approach to launch the next phase of its science strategy. The approach will include a comprehensive consultation with communities, stakeholders, industry representatives, provincial and territorial governments, universities and research institutes to identify key priorities and to suggest strategies to maximize our current investments.

The review will be based on five core principles:

1. the department's national investment in science will be maintained at its current level or better;
2. research and development activities will be generally maintained in all provinces at current levels;
3. science undertaken will meet the needs of industry, and take into account regional variances;
4. departmental initiatives will be integrated with the research and development planning and delivery done by government partners, universities and industry in Canada and abroad; and
5. departmental initiatives will work to ensure synergy among researchers and to create state-of-the-art facilities.


RENEWAL


While it is clear that the industry's future success hinges on continuing to develop and market new products, at the same time the advances in science and technology demand new skills and knowledge on the part of farmers. In fact, farm operations are becoming larger and more complex, and producers must continually adapt to stay on top. Government efforts are assisting producers in developing and gaining access to the skills and knowledge they need to be successful in the knowledge-based 21st century economy.

More specifically, Renewal programming under the APF encourages producers to pursue strategic planning and management activities, acquire knowledge, and develop new skills on an ongoing basis. This includes a variety of initiatives to help all producers — both new and established — assess their situations and options, and obtain needed skills and resources. The intent is to increase the number of producers who have access to advisory services and participate in learning opportunities. Producers will also get assistance to develop business and succession plans, and to capture opportunities to increase the profitability of their farms.


Advisory Services

For farmers, sound advice about how to increase profitability through new business opportunities and value-added activities can really work to their advantage. Expert advice can also help producers make informed choices regarding alternative or supplementary sources of income. **Advisory Services** are delivered through two Renewal programs: Canadian Farm Business Advisory Services (CFBAS) and Planning and Assessment for Value-Added Enterprise (PAVE).


CFBAS  gives eligible producers access to consultants who can assess their financial situations, help them set goals, and develop plans to meet those goals. The result of the process is improved farm management. The service has two components: the Farm Business Assessment (FBA), which provides farm financial assessments and action plans; and Specialized Business Planning Service (SBPS), which assist in developing business plans in areas such as succession, accrual accounting, expansion, and diversification.

PAVE  is intended for producers who are considering expanding or establishing a value-added enterprise. It provides assistance to hire a business planning professional to develop feasibility assessments and comprehensive business plans.

In March 2004, the SBPS component of CFBAS and PAVE were launched in most provinces (FBA was launched in 2003). By the end of 2004-2005, all three services were available across Canada and more than 2,000 producers had applied to participate in the programs.

Renewal has also created some useful tools that enable farmers to make better informed decisions about their business operations. A good example is **Benchmark for Success** . This electronic financial tool allows producers to compare the financial performance of their farm with similar ones. It is available online and in CD-ROM format. Benchmark for Success continued to be available in 2004-2005, with about 8,000 CD-ROMs distributed upon request.


Farm Debt Mediation Service

Sometimes, farmers' financial situations are such that they need assistance of a different nature. [Farm Debt Mediation Service \(FDMS\)](#)  is a legislated program that provides insolvent farmers and their creditors with mediation services to help them arrive at a mutually satisfactory arrangement. The service is a private, confidential and economical alternative to the process of resolving insolvency disputes in the courts.

FDMS has operated since April 1, 1998. As of March 31, 2005, 4,486 applications from farmers, 558 of them in 2004-2005, had been received. As for client satisfaction, more than 90 per cent of 128 randomly selected farmers and creditors surveyed last year indicated the services overall were either very satisfactory or satisfactory.

Skills Development

Another priority area under Renewal is **Skills Development**. Initiatives in this area help producers become more competitive and profitable by assessing skills and getting training in business management, accounting, finance and human resource management.

[Canadian Agriculture Skills Services \(CASS\)](#)  provides financial assistance to farmers and their spouses to get a skills assessment and to access training for new opportunities, both on and off the farm. CASS is targeted to producers and their spouses with net family income of \$45,000 or less.

CASS program details were finalized in 2004-2005, and the program was first launched in Prince Edward Island in February 2005. CASS is a federal-provincial program that will be administered by different delivery agents such as provincial governments, third-party delivery agents and Human Resources and Skills Development Canada. It is expected that the program will be available in all provinces and territories in 2005-2006.

The **Canadian Farm Business Management Council** is devoted to developing and distributing advanced farm management information. The council will receive \$12.5 million over five years. In 2004-2005, its achievements included:

- publishing innovative farm business management and information tools, as well as planning tools such as farm management and succession planning articles, and beginning farmer information;
- organizing the Agricultural Excellence Conference to provide information to producers; and
- developing and launching of a virtual learning centre through a farm courses database, AgriSuccess seminars and a scholarship database. The list of institutions and courses are available at the following website: <http://farmcentre.com/english/learningcentre.htm>. This site is one of the organization's most popular downloads with approximately 12,000 hits (number of times these pages were accessed) per month.

The **4-H** program contributes to Renewal objectives by developing a strong base of skills and knowledge for rural youth, many of whom are counted upon to become the next generation of farmers. The program is receiving \$2.4 million for four years. In 2004-2005, 4-H achievements included:

- four national conferences – more than 175 4-H members attended four national conferences on careers, citizenship and voluntarism. More than 90 per cent of participants stated conference objectives were achieved;
- the Renewal Opportunities Program – eight projects were funded under this program in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia with objectives successfully achieved;
- the National Resource Network – more than 30,000 4-H members and 9,000 4-H leaders have taken advantage of this network as well as the shared project and leadership development resources;
- provincial-specific projects were successful in achieving their goals and objectives; and
- the development of a strategic plan was finalized and accepted by the Canadian 4-H Council's board of directors.

INTERNATIONAL ISSUES

Canada depends on trade, and the agriculture and food sector accounts for a substantial portion of our export activities. This country exports close to \$31 billion worth of agricultural, food and seafood products every year to more than 180 countries. The Government of Canada is committed to increasing that market share by branding Canada as a world leader in supplying safe, high-quality and innovative products produced in an environmentally responsible manner. Making Canadian agricultural products synonymous with excellence around the world will not only increase marketing opportunities for producers, but will contribute to their short- and long-term profitability.

The department also assists new industries that produce high-value products, encouraging new jobs and investment in Canadian communities. It invests in research that leads to better land use, and helps fund strong on-farm food safety programs.

International initiatives are designed to deliver on two main priorities: (1) gaining recognition and building markets by stepping up marketing efforts and forging stronger partnerships with industry; and (2) enhancing international development by building relationships that support both trade policy and market development goals.

Gaining Recognition and Building Markets

Very often, industry's successes at home can resonate in other countries, just as challenges and opportunities in foreign markets can have an effect on our domestic decisions. Starting with the right or best products is the first step; the challenge then becomes one of making those products stand out in a crowded and demanding international marketplace.

AAFC is working to successfully implement the Canada Branding Strategy for international markets which will capitalize on the country's positive image world-wide, and bolster customer knowledge about, and trust in, Canadian products. Building on the APF, the department's efforts aim to develop Canada's reputation as the recognized reliable supplier of safe, high-quality products around the world. This will be achieved by unifying industry action, creating tools to

assist industry in their market development activities and adopting common branding messages to be incorporated into stakeholder marketing activities.

Over the past year, AAFC has worked closely with industry leaders and provincial officials to develop a research-based Brand Promise which will help to focus all participants in the agriculture, food and seafood sector on marketing their products in a consistent fashion. Bringing greater consistency and strategic planning to the marketing efforts of the sector as a whole will help enhance the strengths of the Canadian industry and its people, and perceptions about the country itself, as well as to gain recognition and increase demand for Canadian-produced food and agricultural goods, technology and services.

Beyond bringing greater consistency to external marketing approaches, the brand promise will help to provide an internal focus for all of the sector — throughout the value-chain and including governments — on taking the necessary steps (such as improving particular systems or infrastructure) to ensure the Canadian agriculture, food and seafood sector is able to consistently fulfil the expectations of excellence that customers in international markets associate with Canada.

Canada's Branding Strategy is a long-term initiative which will take place over several years. Still, during 2004-2005, significant progress was made in advancing the strategy in partnership with provincial governments, industry and other federal departments. Specifically:

- research was continued in key markets (U.S., United Kingdom, Germany, Mexico, Singapore, Korea);
- the International Branding Working Group was established as an advisory body;
- a marketing "tools" evaluation was completed;
- a trade show evaluation was initiated;
- a "tools" development project was contracted and creative and product positioning options were developed to be tested in key markets; and
- the Brand Promise was drafted with input from industry and provinces, and consultations with stakeholders were conducted.

AAFC also launched a wide range of activities to promote Canada and Canadian products in key markets around the world and to assist industry in its international market development activities.


Another major focus is to ensure potential investors are aware of **investment opportunities in Canada**. To this end, AAFC conducted numerous promotional activities including corporate calls and attendance at international trade shows such as SIAL Paris, VitaFoods, Bio (Orlando), ISM (Cologne) and IFE (London). Such efforts are expected to increase recognition of Canada as a place for agri-food investment. This heightened awareness should be apparent in a change in the volume and value of domestic and foreign investment in Canada's agriculture and agri-food industry, both by market and province or territory of origin. To maximize their effectiveness, the investment promotion activities are conducted in a coordinated manner with Canada's posts abroad and International Trade Canada (ITCan).

To sustain Canada's competitive advantage, strategic promotion and advocacy initiatives demonstrated the industry's ability to respond to market demands, enabling new and emerging sectors to seize market opportunities. Specifically, AAFC:


- focussed on value-added opportunities and branding;
- addressed trade barriers and market access issues (such as BSE, E.U., enlargement, implementation of wines and spirits agreement with E.U., Russian WTO accession); and
- facilitated strategic alliances with industry.

Around these initiatives, a wide range of activities has taken place in Canada and abroad. For example, awareness of Canadian products has been increased through trade shows, missions and seminars. Post-event surveys and interaction with Canadian clients have been positive with respect to AAFC's market and investment efforts. Moreover, the Team Canada approach and branding effort have been well received by industry clients. One of the keys to success is that investment, market development and branding efforts are highly coordinated.

Considerable attention under this priority is also devoted to **increasing exporter services to the Canadian industry**. Accordingly, in 2004-2005, over 80 seminars and training sessions were held across the country on various topics, notably market opportunities, trends and generic guidelines to exporting, as well as information sessions on the new border import regulations implemented by the U.S.

Further analysis work was done on the benchmark study undertaken in the previous fiscal year on the existing information services and gaps for agri-food and seafood exporting companies. It was confirmed that the [Agri-Food Trade Service website](#)  was the most popular tool with over 2 million visitors during the fiscal year. The data also indicated that clients stayed on the site on average over 14 minutes researching market information, statistics, foreign regulations, marketing trends and industry events.

The department has increased its outreach to exporters and potential agri-food exporters by becoming an active partner with ITCan and the Virtual Trade Commissioner Service. The department's clients have access to trade officers abroad and the services and contacts of the department are available through this additional information channel.

The department worked with clients to improve CAFE  long-term strategies for the sector. The CAFE program supports industry initiatives that gain international recognition for Canada as the leader in supplying high-quality, safe and innovative agriculture, agri-food, beverage, and seafood products, produced in an environmentally responsible manner, which meet the demands of a highly segmented world market. CAFE also supports initiatives that expand Canadian industry's access to foreign markets to maximize the benefits realized from Canada's reputation.

In 2004-2005, CAFE approved 36 long-term international strategies totalling \$22.2 million. In addition, CAFE allocated \$7.14 million to fund 29 short-term projects to assist industry in achieving short-term outcomes in line with the CAFE program's objectives.

Among many other successful activities in 2004-2005, the following are examples of what industry achieved with the help of CAFI funding:

- through advocacy activities by the Canadian Livestock Genetics Association, China signed two protocols to re-open its market to bull semen and cattle embryos imports;
- through focussing on the health attributes of canola, the Canola Council of Canada increased its sales of canola to the U.S. by 10 per cent; and
- increased access to the E.U. for Canadian ice-wine was achieved by the Canadian Vintners Association, which obtained self-certification standards from the E.U. for British Columbia and Ontario wineries.

Enhancing International Development

A major aspect of building market relationships is **connecting international development activities** funded by the Canadian International Development Agency (CIDA) and other development agencies with the goals of the APF. With these linkages in place, Canada's positions at agricultural negotiating sessions and other multilateral fora should receive greater support from international partners. More particularly, in 2004-2005:

- in November 2004, AAFC's International Development Strategy was finalized. It outlines how international development activities support the goals of the APF;
- an agreement was signed with CIDA to create capacity building modules for developing countries. This lays the groundwork for forging relationships with these countries, which further supports a key APF goal of building markets in the long term; and
- the department began to develop a document entitled *Canadian Agriculture Capabilities - A Global Resource*, which is intended to gain recognition internationally for Canadian agricultural capabilities. This, in turn, contributes to the APF goal of gaining recognition and building markets.

Since its preparation, the International Development Strategy has been shared with national and international stakeholders, and continues to guide the work of AAFC's International Development group.

As for capacity building, three training modules funded by CIDA are under development, utilizing case studies from specific regions: *The Food Safety Module*, using case studies in Sub-Saharan Africa, the Middle East and North Africa; *The BRM Module*, using case studies in Sub-Saharan Africa, Asia, and Eastern Europe; and *The Environmental Sustainability Module*, using case studies in Latin America and the Caribbean. These modules are designed to train decision-makers, farmers, implementing units, and food inspection agencies.

Research and analysis continues, with the aim of providing background briefing for departmental representatives attending international events. In addition, the APF and AAFC's International Development Strategy have been presented to the priority countries, lead representatives of various countries at the World Bank, the Food and Agriculture Organization (FAO) of the United Nations and to the international development community at the International Days conference in Halifax.

Another responsibility related to international development is **partnering with development agencies on international technical assistance projects in key emerging markets**. For developing countries to realize their full potential, the expertise and experience of countries such as Canada can be invaluable. As well as its efforts with CIDA, AAFC's International Development group has been working with the World Bank and the FAO to coordinate and collaborate on assistance in emerging markets in countries in Asia, Africa and the Americas. Consultations with the World Bank during two visits to Washington have led to a strong working relationship for future partnerships on projects in Asia and Africa.

Additional work with CIDA in 2004-2005 included \$40 million provided by CIDA for AAFC to manage the Small Farmers Adapting to Global Markets Project and the Sustainable Agriculture Development Project Phase II, which together comprise the department's China-Canada Agricultural Development Program. The program has partnerships with more than 10 key Chinese government ministries, industry representatives, research institutes and universities. Two CIDA-funded projects delivered by AAFC work with the World Bank to provide capacity building and technical assistance in APF priority areas to China. The

projects in China are in full swing. Some activities have been completed, including the training of over 400 Chinese officials at workshops and seminars in China. Moreover, several agreements, including the re-opening of China's markets to bovine semen and embryos in October 2004 are evidence of strengthened relations with China.

In other instances of international development assistance efforts involving AAFC, projects have been identified for several countries, more projects are planned, and some, including work in Algeria, are already under way. Also, in cooperation with CIDA and ITCan, needs assessment missions have been undertaken in five priority countries and are identifying opportunities for international development work where AAFC can be of assistance.

Conclusion

The Innovation for Growth strategic outcome is helping the industry become even more competitive and prosperous. The industry is working harder, smarter and faster. Canada's exports are climbing, yet in global terms, the growth has barely begun.

Through capacity building and technical assistance, AAFC's international development efforts are building strong alliances and partnerships with developing and transitional economies. These alliances will increase support for Canada on issues of importance at the world stage.


Rural Development

Introduction

Rural Canada makes a valuable contribution to Canada's economy. Approximately one-third of our population lives in rural and remote communities, which comprise 95 per cent of our territory. Rural and remote Canada is characterized by a natural resource economy that generates almost 15 per cent of Canada's GDP and 40 per cent of our exports.

The challenges facing rural Canada are many. Globalization, the expansion of urban centers into rural areas, the concentration of population in urban centres, the difficulty in sustaining the tax base necessary to support investments in social and physical infrastructure and the delivery of social services are all factors that exert pressures on rural communities and challenge their sustainable livelihoods.


The Government of Canada understands the rural environment and continues to press ahead in its efforts to help rural communities and citizens turn their challenges into opportunities. The Rural Secretariat, through the Canadian Rural Partnership, leads and coordinates the effort for rural policy, program development and implementation (through partnership initiatives among federal departments and agencies, other levels of government, and rural stakeholders).

Through partnerships, networks and dialogues with rural citizens and community organizations, the [Rural Secretariat](#)  has created a stronger rural voice that has been brought forward to other federal departments to influence policies. The Secretariat has also improved collaboration with provinces and territories, and broadened their information and knowledge about rural development — for use by rural Canadians, their communities and governments.

Through these partnership initiatives, the Rural Secretariat made much progress in enhancing opportunities for rural Canadians and their communities. Results of the progress achieved in 2004-2005 against our commitments are detailed below.

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

The views of rural Canadians remain central to the entire rural initiative within the Government of Canada. During the fiscal year 2004-2005, the Rural Secretariat held a total of 13 dialogue events. These events brought rural citizens together to exchange ideas and success stories among themselves and with government. The events were forums through which participants could share issues of concern and lessons learned to bring back to their communities to help make a difference in their own backyards.


The highlight of the Rural Dialogue events over the past year was the third [National Rural Conference held in Red Deer, Alberta in October](#) . The conference brought together almost 300 rural Canadians to share their vision for this nation as a whole and for their own communities.


Through the Dialogue activities conducted during 2004-2005, rural citizens clearly identified the need to take responsibility and develop their capacity in areas such as assets, leaders and youth to create local solutions to their problems. They also stressed the need for governments at all levels to work together to provide communities with the tools — like research, information and programs—that will help them plan and implement their vision. These conclusions have been widely shared among participants and across the federal government.

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

The Secretariat responded to the information needs of rural and remote Canadians by initiating work on a tool that will provide baseline information about rural Canada — the Community Information Database. The Database is intended to provide communities and governments with consistent, reliable and accessible information on economic and demographic factors at the community level. The database will be an on-line, web-based resource of community-based information and can serve as a complementary data set to information already provided by individual provinces and territories.

In addition, a total of 17 regional research projects were completed in 2004-2005. These were conducted in different provinces and covered such subjects as immigration, population, health, and other subjects of interest to rural communities. The research results were documented in different reports that were published and disseminated to stakeholders.

The [Canadian Rural Information Service \(CRIS\)](#)  disseminates the Secretariat's research findings, provides guides to information services, and customizes information packages on specific queries. By providing this service, CRIS helps citizens and other stakeholders gain access to rural information and research results. Rural stakeholders can use the information disseminated by CRIS to build a common understanding of challenges facing rural communities, as well as opportunities that have been successfully or are being undertaken in other communities.



In 2004-2005, enhancements and changes were made to the [Rural and Remote Services Cluster website](#) . As a result, the website has become more user-friendly with improved capability to search the site and retrieve comprehensive information. More than 320,000 visits were made to the website and staff responded to more than 550 inquiries sent through the site. In addition to the electronic format, more than 1.6 million copies of a total of 231 information products were distributed, including the *Pocket Directory of Rural Programs and Services*.

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

In an effort to further provide rural citizens with the tools they need to help with the development of their communities, the Rural Secretariat has undertaken the testing of certain models for rural community development. These models have been successful in one part of the country and research is being done to see if they can be successfully applied in other areas.

The results of these tests will be the cornerstone of a body of evidence which will be available to rural communities to access and draw on to increase their capacity and learn from solutions that have been successful in other communities. This body of evidence will also inform future decision-making for government policy direction, programs and services for rural remote and northern communities. In 2004-2005, eight new models were selected for testing in 24 different rural communities.

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

Almost every issue that the Government of Canada deals with has some kind of rural component to it, each with varying levels of impact between rural communities across the country. The Rural Secretariat and the [Canadian Rural Partnership](#)  continue, through the [Rural Lens](#) , to highlight for other departments and agencies the rural implications to government policies and services. In the fiscal year 2004-2005, 160 different cabinet submissions were reviewed and advice to the Minister was provided on the 60 that had significant rural considerations.


To further mitigate the barriers facing rural development, a new Policy and Research Network on rural development was created in 2004-2005 as a federal focal point dealing with policy and research on rural Canada and its communities. Through the network, the Rural Secretariat will engage policy makers across the federal government in discussions around issues important to rural Canadians.

Finally, policy development activity also included continued advancement of the National Rural Framework collaboratively with FPT officials. Completion is expected in 2005-2006.


Co-operative Development

Introduction

Co-operatives are jointly owned enterprises that empower individuals and develop leadership, while contributing to social cohesion, local economic development and job creation. Over time, the co-operative model has proven its worth to communities in areas as diverse as housing, agriculture, arctic development and the provision of financial services. After 130 years, co-operatives continue to play an important role in Canada's social and economic development.

The Government of Canada recognizes the valuable contribution that co-operatives make to Canadian society, and in 1987 established the [Co-operatives Secretariat](#)  to play a coordinating role between the co-operative sector and the federal government. The Secretariat works closely with the co-operative sector and with federal and provincial departments, to document and highlight the co-op model as a way to meet policy challenges. It also supports research, collects data and produces a range of publications on co-operatives.

While co-operatives have the potential to respond to new and emerging policy priorities, the co-operatives sector faces a number of challenges, including low awareness of the co-operative option, limited technical resources for people wanting to start co-operatives, and a lack of access to capital.

To respond to these challenges, in 2003 the [Co-operatives Secretariat launched the CDI](#) , a five-year program to help people develop co-operatives (Advisory Services component), and research and test new uses of the co-operative model (Innovation and Research component).


Results on the progress achieved in 2004-2005 against our commitments are outlined below.


Enhance development capacity for co-operatives through delivery of the CDI

Through the Advisory Services component of CDI, in 2004-2005 the Co-operatives Secretariat worked with co-op sector partners to put in place a network of co-operative development expertise that helps people start new co-operatives and strengthen existing ones. Thanks to this achievement, 50 new co-operatives were started during 2004-2005 and 100 existing ones were supported.

In addition, through the Innovation and Research component, the Secretariat approved 69 new co-operative projects that will research or test new ways of using the co-op model.

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

The Co-operatives Secretariat leads the [Interdepartmental Committee on Co-operatives](#) . The committee helps ensure that the needs of the co-operative sector are taken into account by federal departments. Over the past year, the committee held several meetings to address ways of expanding the use of the co-op model, and find innovative ways to identify and respond to the sector's priorities.

In 2004-2005, the Secretariat played an active role with the regional development agencies and the [Pan Canadian Community Futures Network](#)  to incorporate the co-op model in community economic development. As a result of this collaboration, a pilot

co-operative development training program for Community Futures staff in British Columbia was initiated, and the Community Futures Development Corporations agreed to participate as proponents of key Innovation and Research projects.

Furthermore, the Co-operatives Secretariat worked in partnership with several federal departments and agencies on a number of initiatives and strategies, including the social economy initiative, the integration of immigrants, and the development of aboriginal communities. It also worked with Finance Canada to address the capital needs of the co-op sector through tax measures.

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

During 2004-2005, the Co-operatives Secretariat organized the Annual Conference of Federal-Provincial-Territorial Senior Officials Responsible for Co-operatives, held in Ottawa. These senior officials maintain an ongoing communications network throughout the year, which promotes a better understanding of cross-cutting issues. By organizing this conference, the Secretariat promoted the sharing of information about legislation, programming, and best practices that will inform future decision making.

In addition, the Secretariat has increased the awareness of the co-ops model with a variety of stakeholders through numerous meetings and conferences that were tailored to highlight the benefits of the model to the social economy.

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

The Co-operative Secretariat organized a national forum on Aboriginal co-operatives in 2004-2005 and participated in an international conference on health care. The Secretariat also worked with other federal departments and national co-op sector organizations on strategies to address federal policy priorities (i.e. Aboriginal development, health care, immigration, etc.).

The Secretariat also collaborated with national and regional co-op sector organizations on the management and delivery of CDI Advisory Services. This resulted in a strategic allocation of resources, and enhanced assistance to individuals or communities wanting to start new co-operatives or strengthen existing ones.

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

The Co-operatives Secretariat supports research that highlights best practices for co-operatives, and uses its website to share new information and tools, and link to relevant government and co-op sector partners. Publications, guides and promotional materials are distributed through a variety of networks.

During 2004-2005, the Co-operatives Secretariat worked with the co-op sector to broadly disseminate information and tools produced through the "Building Community Assets" project, funded through the Voluntary Sector Initiative.

In addition, a research strategy was implemented, including an analysis of recently completed research, a research gap analysis, and the identification of potential projects. As a result four new co-operative research reports were posted online.

Over the past year, the co-operative database was enhanced to include historical information that will improve data accuracy. The information generated from the database in 2004-2005 was accessed by university professors, national and provincial co-operative associations as well as the federal and provincial governments. The information was used in research reports, statistics, teaching activities, speeches, presentations, newspaper articles, promotional literature, as well as in lobbying and awareness-raising activities of the co-operative sector with the public.

Thanks to the cooperation and coordination with provincial and territorial governments during the past fiscal year, the Co-operatives Secretariat was able to produce an inventory of federal/provincial/territorial data and publish a report on a user-needs assessment survey.

Agencies Reporting to Parliament Through AAFC

Introduction

There are two agencies that report to Parliament through AAFC: the Canadian Pari-Mutuel Agency (CPMA) and the National Farm Products Council (NFPC). Their activities and achievements during 2004-2005 are discussed below.



CANADIAN PARI-MUTUEL AGENCY

The CPMA regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada through various activities. The primary objective is to protect the wagering public against fraudulent practices and thereby help maintain a viable racing industry. The mandate and authority of CPMA derive from the *Pari-Mutuel Betting Supervision Regulations* made under Section 204 of the *Criminal Code*.

The CPMA has an excellent reputation and record of performance. It is recognized as a leader in maintaining a well-regulated horse racing industry. The Canadian system enjoys a high degree of confidence from the betting public and the industry. The CPMA has been fully cost recovered since 1921 and self-sufficient since 1973. The fund has been well managed and all programs delivered within the resource base.

The betting public was well protected in 2004-2005 against fraudulent practices, through the effective and efficient delivery of surveillance and enforcement operations. Agency officers enforced all betting policies and regulations.

Program Activity: CPMA

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

Expected Results in 2004-2005:

- Confidence-building 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;
- Providing agency officers with new, leading automated monitoring technologies; and
- Self-sufficient Revolving Fund.

Summary of Key Results: CPMA effectively and efficiently supervised pari-mutuel betting during the reporting year, with all betting policies and regulations enforced and key program activities delivered within existing resources, some with performance improvement of above 90 per cent.

Commitments in 2004-2005

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

Key Results

Commitments met

- Enforced all betting policies, regulations, and operations and protected the betting public well against fraudulent practices.
- Delivered the Equine Drug Control Program successfully and within budget. Analysed 56,000 drug control samples with a 0.1 per cent positive detection rate – 58 positive samples – and notified provincial regulatory bodies for adjudication purposes (fines/suspensions). The Video Race and Photo Finish Surveillance Programs were effectively delivered and within budget to 39 racetracks, for a total of 2,901 days of racing in 2004.
- Developed and installed an automated monitoring system, "CPMA Internal Control System" at key racetracks which was available to agency officers. This is the first such type of automated monitoring pari-mutuel betting system in the world. Major achievements were realized with the system, particularly in the area of performance improvement such as going from 95 per cent of pools not balancing to 99 per cent of pools being accurate.
- The CPMA has an extremely well-managed revolving fund, an effective means of delivering government services and the delivery of all programs within the CPMA's resource base. Financial controls and management accountability systems are in place for the Agency to monitor expenditures to meet business needs and levy limitations.
- Held constructive meetings and consultations with the regulatory and industry sectors. Maintained strong federal-provincial liaisons and established good working relationships with all parties.



NATIONAL FARM PRODUCTS COUNCIL

Overview

The NFPC was established in 1972 by the *Farm Products Agencies Act* [\[link\]](#). The Council reports directly to Parliament through the Minister of Agriculture and Agri-Food. **The Council's role, pursuant to Part II of the Act, is to oversee the national orderly marketing systems for poultry and eggs, by monitoring the activities of the Canadian Egg Marketing Agency, the Canadian Turkey Marketing Agency, the Chicken Farmers of Canada, the Canadian Broiler Hatching Egg Marketing Agency, and, pursuant to Part III of the Act, to monitor the activities of the Canadian Beef Cattle Research, Market Development and Promotion Agency.**

Operating Environment

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

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

As noted earlier, the Council has a legislative responsibility to monitor the operations of the five agencies established under the Act. These duties include the regulatory review and approval of all agency orders and regulations, requiring ongoing review and analysis of agency issues, attendance at agency meetings and regular meetings of the full Council and the agencies Executive members. As well, the Council prepares submissions to the Federal Cabinet for any regulatory initiatives of the agencies, requiring Governor in Council approval.

The Council also has a legislative responsibility to inquire into complaints from stakeholders against decisions of the national agencies. In 2004, the Council received a total of five complaints: two against the Chicken Farmers of Canada, two against the Canadian Egg Marketing Agency and one against the Canadian Turkey Marketing Agency. The Council held formal hearings into four of the complaints, each of which resulted in a report with recommendations from the Council. The fifth complaint was resolved by the Council facilitating a meeting of the parties to discuss the issues.

The Council currently consists of one full-time Chairperson and eight part-time members appointed by the Governor in Council. The Council is supported by a staff of 13 public servants.

Objectives

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

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

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

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

Strategic Outcomes and Performance Highlights for 2004-2005:

- Marketing and promotion-research agencies established under the *Farm Products Agencies Act* work in the balanced interests of all stakeholders;
- Improved strength, competitiveness, market responsiveness and profitability of the agri-food sectors for which Council has responsibility; and
- Improved effectiveness and integrity of administration in step with the requirements of modern comptrollership.

Expected Results in 2004-2005:

- Receive draft FPT agreements by the three national agencies (The Broiler Hatching Egg Agency, the Turkey Agency, and the Egg Agency);
- Initiate stakeholder consultations on a review of the *Farm Products Agencies Act*;
- Continue work with industry and government to develop a reliable markets information database;
- Improve industry awareness of the grocery, food service and distribution sectors;
- Approve the implementation by the Beef Cattle Agency of a levy collection scheme for beef cattle; and
- Complete implementation of the first phase of modern management practices by developing a planning and performance measurement framework.

Summary of Key Results: Considerable progress was made on renewing FPT agreements. Work on industry-needs database moved forward, and will continue in 2005-2006. The Council successfully organized a Forum on Grocery and Food Service Trends at which poultry and egg producers, and grocery and food service industry representatives discussed the trends in the marketplace and the impact on consumers. Further, work on modern management practices moved forward, with a MAF expected to be implemented early in the fall of 2005.

Marketing and promotion-research agencies established under the *Farm Products Agencies Act* work in the balanced interests of all stakeholders

Commitments in 2004-2005

Key Results

Territorial renewal of Federal-Provincial Agreements for the Egg, Turkey and Broiler Hatching Egg Agencies

The Council, in cooperation with the provinces and territories and the industry sectors, has taken a leadership role in assisting the national marketing agencies in renewing the FPT agreements which provide the legal underpinnings for the supply management systems. The Broiler Hatching Egg Agency expects to have its new agreement in place by the end of 2005. The Turkey Agency continues its work on a revised agreement, but the Egg Agency has suspended work on its agreement pending the outcome of a federal court action initiated by the province of Saskatchewan.

Consult with stakeholders on a review of the *Farm Products Agencies Act*

Limited progress was made on this initiative during the 2004-2005 year. At its strategic planning retreat in January 2005, Council received support from producer and industry stakeholder representatives to initiate consultations on amendments to the legislation. The Council will initiate the legislative review in the fall/winter of 2005-2006.

Implementation of a levy system on domestic beef production by the Canadian Beef Cattle Research, Market Development and Promotion Agency

The Agency was established in 2002 to promote the marketing and production of beef cattle, beef and beef products. The Agency will finance programs for the industry's benefit through a national check-off (levies). The Agency enacted a Levy Order covering domestic production in March 2005. It is now completing the signing of individual service agreements with each province. A levy order to cover imports of beef and beef products is expected to be developed in 2005-2006.

Improved strength, competitiveness, market responsiveness, and profitability of the agri-food sectors for which Council has responsibility	
Commitments in 2004-2005	Key Results
Work with AAFC and CFIA to develop a markets information database to provide consistent reliable and accessible information to all poultry and egg industry participants	The Council pilots the Poultry Markets Information Working Group which includes representatives of the poultry and egg agencies, processors and other government departments. This group is tasked with developing the database. In 2004-2005, Council staff continued its work with AAFC staff to move the project forward. For this project to proceed, an industry/government agreement will have to be reached on the parameters of a data collection and dissemination mechanism. Work will continue in 2005-2006.
Hold a forum to increase industry knowledge of the food distribution and retail sectors	A Forum on Grocery and Food Service Trends was held in May of 2004. The event was attended by leaders of the poultry and egg industries, representatives from the grocery, food- service and distributors sectors, academics and federal and provincial government representatives. Participants heard key representatives from the grocery and food service business talk about the trends in the marketplace and the impact on consumers.
Improved effectiveness and integrity of administration in step with the requirements of modern comptrollership	
Commitments in 2004-2005	Key Results
Complete first phase of implementation of modern management practices in step with Government of Canada initiatives such as Modern Comptrollership	Work on the preparation of a MAF began in 2005 and is expected to be implemented by September 2005. This framework will formalize Council's strategic planning process and include performance indicators, and risk analysis. A second project has been initiated, to review and improve the management of Council's information.

Supplementary Information

FINANCIAL TABLES

Table 1	Comparison of Planned to Actual Spending
Table 2	Use of Resources by Program Activities
Table 3	Voted and Statutory Items
Table 4	Net Cost of Department
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Table 12-B	Details on Transfer Payment Programs (over \$5 million)

Notes:

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

For the purposes of these tables, where Program Activities are reported, the Corporate Services Program Activity is not reported separately, rather it has been pro-rated to the other Program Activities.

Main Estimates figures are as reported in the 2004-2005 Main Estimates Part II.

Planned figures are as reported in the 2004-2005 Report on Plans and Priorities (RPP).

Authorities are 2004-2005 Main Estimates plus Supplementary Estimates and Allotment transfers received during the 2004-2005 fiscal year, as well as internal adjustments and transfers.

Actual figures represent the actual expenditures incurred during the 2004-2005 fiscal year, as reported in the 2004-2005 Public Accounts. In certain cases, where Authorized amounts are unspent, they can be reprofiled for use in future years.

Table 1: Comparison of Planned to Actual Spending (incl. FTE's)

(\$ millions)	2002-03* Actual	2003-04* Actual	2004-2005			
			Main Estimates	Planned Spending	Total Authorities	Actual
Business Risk Management			1,273.4	1,310.8	2,706.9	2,584.7
Food Safety and Food Quality			77.1	77.1	79.6	57.7
Environment			325.9	326.4	338.5	276.9
Innovation and Renewal			319.8	329.2	330.6	303.3
International Issues			117.5	117.5	122.2	119.3
Rural & Co-operatives Secretariats			18.4	18.4	19.1	15.9
Canadian Pari-Mutuel Agency			15.4	15.4	18.4	14.0
National Farm Products Council			2.6	2.6	3.0	2.3
Total Gross	2,730.3	4,730.9	2,150.1	2,197.4	3,618.3	3,374.1
Less Respondable revenue	38.0	39.0	39.3	39.3	39.3	30.6
Total Net	2,692.3	4,691.9	2,110.8	2,158.1	3,579.1	3,343.4
Less: Non-Respondable revenue	152.9	164.5	-	34.4	45.4	45.4
Plus: Cost of services received without charge ¹	38.6	38.0	-	43.4	46.5	46.5
Net cost of Department	2,578.0	4,565.4	2,110.8	2,167.1	3,580.1	3,344.5
Full-Time Equivalents (FTE's)	5,765	6,170	n/a	6,170	n/a	6,216

Notes:

*Refer to AAFC's previous Performance Reports for detailed financial information for 2002-2003 and 2003-2004. Historical comparison is not possible as AAFC's 2002-2003 and 2003-2004 actual expenditures are not available since the financial coding for those years does not allow a crosswalk of the data between the former strategic outcomes and current program activities.

1. Cost of services received without charge includes accommodation provided by Public Works and Government Services Canada (PWGSC), the employer's share of employees' insurance premiums, and expenditures paid by TBS (excluding revolving funds), Workers' Compensation coverage provided by Social Development Canada, and services received from the Department of Justice Canada (see Table 4).

FTE's = Full-Time Equivalents - reflect only those FTE's funded through the Department's appropriated resources. In addition to the actual FTE's of 6,216, there were 338 FTE's employed by AAFC for research funded through collaborative agreements with industry partners and 44 FTE's funded from other government departments. Also, 313 FTE's were employed as students.

Main Estimates figures are as reported in the 2004-2005 Main Estimates Part II.

Planned figures are as reported in the 2004-2005 Report on Plans and Priorities (RPP). Included were resources anticipated to be brought into the Department's reference levels through Supplementary Estimates (\$47.3 million).

Total Authorities are 2004-2005 Main Estimates plus Supplementary Estimates and Allotment transfers received during the 2004-2005 fiscal year, as well as internal adjustments and transfers (combined total of \$1,468.3 million), as reported in the 2004-2005 Public Accounts. This \$1,468.3 million includes statutory transfer payment funding for: the Farm Income Payment Program - FIPP (\$991.5 million); and additional demand under the Canadian Agricultural Income Stabilization - CAIS program: (\$417.2 million). The amounts were not anticipated at the time of preparation of the 2004-2005 RPP and are therefore not included in the Planned Spending figures.

Actual figures represent the actual expenditures incurred during the 2004-2005 fiscal year, as reported in the 2004-2005 Public Accounts. In certain cases, where Authorized amounts are unspent, they can be reprofiled for use in future years.

Table 2: Use of Resources by Program Activities

	2004-2005							Total
	Budgetary						Plus: Non-Budgetary	
	Operating	Capital	Grants and Contributions	Total: Gross Budgetary Expenditures	Less: Respondable Revenue	Total: Net Budgetary Expenditures	Loans, Investments and Advances	
Business Risk Management								
Main Estimates	103.3	5.1	1,164.9	1,273.4	8.9	1,264.5	-	1,264.5
Planned Spending	117.8	25.1	1,167.8	1,310.8	8.9	1,301.9	-	1,301.9
Authorities	167.0	5.2	2,534.7	2,706.9	8.9	2,698.0	-	2,698.0
Actual Spending	110.7	5.2	2,468.8	2,584.7	1.6	2,583.1	-	2,583.1
Food Safety and Food Quality								
Main Estimates	44.3	2.7	30.1	77.1	-	77.1	-	77.1
Planned Spending	44.3	2.7	30.1	77.1	-	77.1	-	77.1
Authorities	46.8	2.8	30.1	79.6	-	79.6	-	79.6
Actual Spending	50.4	2.7	4.5	57.7	-	57.7	-	57.7
Environment								
Main Estimates	199.1	13.0	113.9	325.9	15.0	310.9	-	310.9
Planned Spending	199.6	13.0	113.9	326.4	15.0	311.4	-	311.4
Authorities	211.0	13.1	114.4	338.5	15.0	323.5	-	323.5
Actual Spending	226.6	12.8	37.5	276.9	14.9	261.9	-	261.9
Innovation and Renewal								
Main Estimates	213.1	11.3	95.4	319.8	-	319.8	-	319.8
Planned Spending	215.2	11.3	102.7	329.2	-	329.2	-	329.2
Authorities	234.6	11.4	84.6	330.6	-	330.6	-	330.6
Actual Spending	214.2	11.3	77.7	303.3	-	303.3	-	303.3
International Issues								
Main Estimates	83.6	4.5	29.5	117.5	-	117.5	-	117.5
Planned Spending	83.6	4.5	29.5	117.5	-	117.5	-	117.5
Authorities	88.3	4.5	29.5	122.2	-	122.2	-	122.2
Actual Spending	87.9	4.5	27.0	119.3	-	119.3	-	119.3
Rural & Co-operatives Secretariats								
Main Estimates	12.0	-	6.4	18.4	-	18.4	-	18.4
Planned Spending	12.0	-	6.4	18.4	-	18.4	-	18.4
Authorities	12.6	-	6.4	19.1	-	19.1	-	19.1
Actual Spending	12.2	-	3.8	15.9	-	15.9	-	15.9
Canadian Pari-Mutuel Agency								
Main Estimates	15.4	-	-	15.4	15.4	-	-	-
Planned Spending	15.4	-	-	15.4	15.4	-	-	-
Authorities	18.4	-	-	18.4	15.4	3.0	-	3.0
Actual Spending	14.0	-	-	14.0	14.1	(0.1)	-	(0.1)
National Farm Products Council								
Main Estimates	2.4	-	0.2	2.6	-	2.6	-	2.6
Planned Spending	2.4	-	0.2	2.6	-	2.6	-	2.6
Authorities	2.4	-	0.6	3.0	-	3.0	-	3.0
Actual Spending	2.3	-	-	2.3	-	2.3	-	2.3
Total Main Estimates	673.1	36.6	1,440.3	2,150.1	39.3	2,110.8	-	2,110.8
Total Planned Spending	690.2	56.6	1,450.6	2,197.4	39.3	2,158.1	-	2,158.1
Total Authorities	781.1	36.9	2,800.4	3,618.3	39.3	3,579.1	-	3,579.1
Total Actual Spending	718.3	36.5	2,619.3	3,374.1	30.6	3,343.4	-	3,343.4

Notes:

Main Estimates figures are as reported in the 2004-2005 Main Estimates Part II.

Planned figures are as reported in the 2004-2005 Report on Plans and Priorities (RPP). Included were resources anticipated to be brought into the Department's reference levels through Supplementary Estimates (\$47.3 million).

Total Authorities are 2004-2005 Main Estimates plus Supplementary Estimates and Allotment transfers received during the 2004-2005 fiscal year, as well as internal adjustments and transfers (combined total of \$1,468.3 million), as reported in the 2004-2005 Public Accounts. This \$1,468.3 million includes statutory transfer payment funding for: the Farm Income Payment Program - FIPP (\$991.5 million); and additional demand under the Canadian Agricultural Income Stabilization - CAIS program: (\$417.2 million). The amounts were not anticipated at the time of preparation of the 2004-2005 RPP and are therefore not included in the Planned Spending figures.

Actual figures represent the actual expenditures incurred during the 2004-2005 fiscal year, as reported in the 2004-2005 Public Accounts. In certain cases, where Authorized amounts are unspent, they can be reprofiled for use in future years.

Table 3: Voted and Statutory Items

(\$ millions)		2004-2005			
Vote or Statutory Item	Truncated Vote or Statutory Wording	Main Estimates	Planned Spending	Total Authorities	Actual
1	Operating Expenditures	563.2	579.3	664.8	613.8
5	Capital Expenditures	36.6	56.6	36.9	36.5
10	Grants and Contributions	335.0	345.2	397.2	216.7
15	Pursuant to Section 29 of the <i>Financial Administration Act</i> , to authorize the Minister of Agriculture and Agri-Food, on behalf of her Majesty in Right of Canada, in accordance with terms and conditions approved by the Minister of Finance, to guarantee payments of an amount not exceeding, at any one time, in aggregate the sum of \$1,700,000,000 payable in respect of cash advances provided by producer organizations, the Canadian Wheat Board and other lenders under the Spring Credit Advance Program	0.0	-	0.0	-
20	Pursuant to Section 29 of the <i>Financial Administration Act</i> , to authorize the Minister of Agriculture and Agri-Food, on behalf of her Majesty in Right of Canada, in accordance with terms and conditions approved by the Minister of Finance, to guarantee payments of amounts not exceeding, at any time, in aggregate, the sum of \$140,000,000 payable in respect of Line of Credit Agreements to be entered into by the Farm Credit Corporation for the purpose of the renewed (2001) National Biomass Ethanol Program	0.0	-	0.0	-
(S)	Grants to agencies established under the <i>Farm Products Agencies Act</i>	0.2	0.2	0.6	-
(S)	Payments in connection with the <i>Agricultural Marketing Programs Act</i>	65.5	65.5	13.8	13.8
(S)	Loan Guarantees under the <i>Farm Improvement and Marketing Cooperatives Loans Act</i>	4.0	4.0	1.2	1.2
(S)	Payments in connection with the <i>Farm Income Protection Act</i> - Crop Insurance Program*	227.3	227.3	*	*
(S)	Payments in connection with the <i>Farm Income Protection Act</i> - Net Income Stabilization Account*	212.6	212.6	*	*
(S)	Minister of Agriculture and Agri-Food - salary and motor car allowance	0.1	0.1	0.1	0.1
(S)	Contributions to employee benefit plans	70.6	71.6	71.4	71.4
(S)	Spending of proceeds from the disposal of surplus Crown Assets	-	-	2.4	2.3
(S)	Collection Agency Fees	-	-	0.1	0.1
(S)	Canadian Pari-Mutuel Agency Revolving Fund	-	-	3.0	(0.1)
(S)	Contributions to a transition to future risk management programming	-	-	(0.0)	(0.0)
(S)	Expenditures pursuant to Section 29 of the <i>Financial Administration Act</i> for payments pursuant to guarantees under the Spring Credit Advance Program	-	-	6.2	6.2
(S)	Contributions in Support of Business Risk Management Programs under the Agricultural Policy Framework*	378.9	378.9	1,207.5	1,207.5
(S)	Contributions in support of the Bovine Spongiform Encephalopathy (BSE) Recovery Program	69.4	69.4	1.6	1.6
(S)	Payments in connection with the <i>Farm Income Protection Act</i> - Province-based Programs	147.5	147.5	108.7	108.7
(S)	Class Grant Payments for the Transitional Industry Support Program	-	-	(66.9)	(66.9)
(S)	Class Contribution Payments for the Transitional Industry Support Program	-	-	-	-
(S)	Contributions to Agricultural Risk Management - Canadian Farm Income Program	-	-	-	-
(S)	Class contribution payments for repositioning of the Canadian beef and cattle industry	-	-	131.2	131.2
(S)	Payments in connection with the Farm Income Protection Quebec Gross Revenue Insurance Conditional Remission Order	-	-	7.8	7.8
(S)	Class Grant Payments for the Farm Income Payment	-	-	896.9	896.9
(S)	Class Contribution Payments for the Farm Income Payment	-	-	94.6	94.6
TOTAL		2,110.8	2,158.1	3,579.1	3,343.4

Notes:

* Crop Insurance Program and Net Income Stabilization Account Total Authorities and Actual amounts are reflected under (S) Contributions in Support of Business Risk Management Programs under the Agricultural Policy Framework.

(S) denotes a Statutory Item

Main Estimates figures are as reported in the 2004-2005 Main Estimates Part II.

Planned figures are as reported in the 2004-2005 Report on Plans and Priorities (RPP). Included were resources anticipated to be brought into the Department's reference levels through Supplementary Estimates (\$47.3 million).

Total Authorities are 2004-2005 Main Estimates plus Supplementary Estimates and Allotment transfers received during the 2004-2005 fiscal year, as well as internal adjustments and transfers (combined total of \$1,468.3 million), as reported in the 2004-2005 Public Accounts. This \$1,468.3 million includes statutory transfer payment funding for: the Farm Income Payment Program - FIPP (\$991.5 million); and additional demand under the Canadian Agricultural Income Stabilization - CAIS program: (\$417.2 million). The amounts were not anticipated at the time of preparation of the 2004-2005 RPP and are therefore not included in the Planned Spending figures.

Actual figures represent the actual expenditures incurred during the 2004-2005 fiscal year, as reported in the 2004-2005 Public Accounts. In certain cases, where Authorized amounts are unspent, they can be reprofiled for use in future years.

Table 4: Net Cost of Department

(\$ millions)	2004-2005
Total Actual Spending	3,343.4
<i>Plus: Services Received without Charge</i>	
Accommodation provided by Public Works and Government Services Canada (PWGSC)	11.5
Contributions covering employers' share of employees' insurance premiums and expenditures paid by TBS (excluding revolving funds)	31.3
Worker's compensation coverage provided by Social Development Canada	1.9
Salary and associated expenditures of legal services provided by Justice Canada	1.9
	46.5
<i>Less: Non-responsible Revenue</i>	45.4
2004-2005 Net Cost of Department	3,344.5

Table 5: Contingent Liabilities

Contingent Liabilities	(\$ millions)	
	March 31, 2004	March 31, 2005
<i>Guarantees</i>		
<i>Agricultural Marketing Programs Act (AMPA)</i>	456.5	613.4
<i>Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA)</i>	242.5	236.3
<i>Spring Credit Advance Program (SCAP)</i>	3.9	24.5
Total Guarantees	702.9	874.2
Claims, Pending and Threatened Litigation	23.4	525.4
Total	726.3	1,399.6

Total Contingent Liabilities as at March 31, 2005 are \$673.3 million higher than at March 31, 2004, mainly as a result of a class action lawsuit totalling \$500 million under which the plaintiffs are seeking a recalculation of NISA entitlements and government obligations going back to 1994. In question is whether or not the cost of freight and elevation, paid for by the Canadian Wheat Board, should be added to the farmer's calculation of eligible net sales for the purposes of calculating NISA benefits.

Table 6: Sources of Respendable and Non-Respendable Revenue

Respendable Revenue

(\$ millions)	2002-2003	2003-2004	2004-2005			
	Actual	Actual	Main Estimates	Planned Revenue	Total Authorities	Actual
Business Risk Management						
Net Income Stabilization Account (NISA) - Admin. Fees	9.0	9.2	8.9	8.9	-	-
Canadian Agricultural Income Stabilization (CAIS) - Admin. Fees			-	-	8.9	1.7
Environment						
Community Pastures	13.6	14.5	15.0	15.0	15.0	14.9
Canadian Pari-Mutuel Agency - Revolving Fund	15.4	15.4	15.4	15.4	15.4	14.0
Total Respendable Revenue	38.0	39.0	39.3	39.3	39.3	30.6

Non-Respendable Revenue

(\$ millions)	2002-2003*	2003-2004*	2004-2005			
	Actual	Actual	Main* Estimates	Planned Revenue	Total Authorities	Actual
Business Risk Management						
Refund of Previous Years' Expenditures					21.6	21.6
Service and Service Fees					0.9	0.9
Privileges, Licences and Permits					0.2	0.2
Return on Investments					0.7	0.7
Proceeds from Sales of Crown Assets					0.0	0.0
Other Non-tax Revenues					0.9	0.9
Total Business Risk Management	-	-	-	-	24.4	24.4
Food Safety and Food Quality						
Refund of Previous Years' Expenditures					0.0	0.0
Service and Service Fees					0.3	0.3
Privileges, Licences and Permits					0.3	0.3
Return on Investments					0.4	0.4
Proceeds from Sales of Crown Assets					0.2	0.2
Other Non-tax Revenues					0.6	0.6
Total Food Safety and Food Quality	-	-	-	-	1.8	1.8
Environment						
Refund of Previous Years' Expenditures					-	-
Service and Service Fees					0.4	0.4
Privileges, Licences and Permits					0.5	0.5
Return on Investments					1.5	1.5
Proceeds from Sales of Crown Assets					0.6	0.6
Other Non-tax Revenues					2.4	2.4
Total Environment	-	-	-	-	5.5	5.5

Table 6: Sources of Respendable and Non-Respendable Revenue – continued

Non-Respendable Revenue

(\$ millions)	2002-2003*	2003-2004*	2004-2005			
	Actual	Actual	Main* Estimates	Planned Revenue	Total Authorities	Actual
Innovation and Renewal						
Refund of Previous Years' Expenditures					0.2	0.2
Service and Service Fees					0.0	0.0
Privileges, Licences and Permits					0.6	0.6
Return on Investments					1.6	1.6
Proceeds from Sales of Crown Assets					6.0	6.0
Other Non-tax Revenues					2.8	2.8
Total Innovation and Renewal	-	-	-	-	11.3	11.3
International Issues						
Refund of Previous Years' Expenditures					0.2	0.2
Service and Service Fees					0.0	0.0
Privileges, Licences and Permits					0.2	0.2
Return on Investments					0.6	0.6
Proceeds from Sales of Crown Assets					0.0	0.0
Other Non-tax Revenues					1.2	1.2
Total International Issues	-	-	-	-	2.3	2.3
Rural and Co-operatives Secretariats						
Refund of Previous Years' Expenditures					0.0	0.0
Service and Service Fees					-	-
Privileges, Licences and Permits					-	-
Return on Investments					-	-
Proceeds from Sales of Crown Assets					-	-
Other Non-tax Revenues					0.1	0.1
Total Rural and Co-operatives Secretariats	-	-	-	-	0.1	0.1
Total Non-Respendable Revenue	152.9	164.5	-	34.4	45.4	45.4

Notes:

* Refer to AAFC's previous Performance Reports for detailed financial information for 2002-2003 and 2003-2004. Historical comparison is not possible as AAFC's 2002-2003 and 2003-2004 actual revenues are not available on the basis of Program Activities.

Respendable revenues are generated by the Community Pastures Program, administration fees related to the Net Income Stabilization Account (NISA) and its successor, the Canadian Agricultural Income Stabilization (CAIS) program, and the Canadian Pari-Mutuel Agency Revolving Fund. In accordance with Treasury Board policy, the Department can generate and spend up to 125 percent of its vote-netted revenue authority. Respendable revenues have declined mainly due to changes in the administrative fee under CAIS from the previous NISA program.

Non-respendable revenues include such items as refunds of previous years' expenditures, proceeds from the sale of Crown Assets, privileges, licenses and permits. Non-respendable revenues were significantly higher in previous years mainly due to recoveries (refunds of previous years' expenditures) under the Canadian Farm Income Program, which has sunset.

Table 7: Revolving Fund (Canadian Pari-Mutuel Agency)

Statement of Operations	2002-2003	2003-2004	2004-2005			
(\$ millions)	Actual	Actual	Main Estimates	Planned Spending	Authorized	Actual
Respendable Revenue	14.8	14.5	15.4	15.4	15.4	14.1
Expenses						
Operating:						
Salaries and employee benefits	5.0	5.2	5.1	5.1	5.1	5.0
Depreciation	0.1	0.1	0.1	0.1	0.1	0.2
Administrative and support services	8.8	9.5	9.7	9.7	9.7	8.1
Utilities, materials and supplies	0.4	0.3	0.4	0.4	0.4	0.3
Total Operating	14.2	15.1	15.4	15.4	15.4	13.6
Surplus (Deficit)	0.6	(0.6)	-	-	-	0.5

Statement of Cash Flows	2002-2003	2003-2004	2004-2005			
(\$ millions)	Actual	Actual	Main Estimates	Planned Spending	Authorized	Actual
Surplus (Deficit)	0.6	(0.6)	-	-	-	0.5
Add non-cash items:						
Depreciation/amortisation	0.1	0.1	0.1	0.1	0.1	0.2
Other	0.0	(0.0)				(0.5)
Investing activities:						
Acquisition of depreciable assets	(0.5)	0.2	(0.1)	(0.1)	(0.1)	(0.1)
Cash surplus (requirement)	0.3	(0.3)	-	-	-	0.1

Projected Use of Authority	2002-2003	2003-2004	2004-2005			
(\$ millions)	Actual	Actual	Main Estimates	Planned Spending	Authorized	Actual
Authority	2.0	2.0	2.0	2.0	2.0	2.0
Drawdown:						
Balance as of April 1	1.1	1.3	1.4	1.4	1.0	1.0
Projected Surplus (Drawdown)	0.3	(0.3)	-	-	0.1	0.1
Total Drawdown	1.3	1.0	1.4	1.4	1.1	1.1
Projected Balance at March 31	3.3	3.0	3.4	3.4	3.1	3.1

Notes:

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

Table 8: Resource Requirements by Team*

TOTAL (\$ millions)		2004-2005							
Organization / Team	Business Risk Management	Food Safety and Food Quality	Environment	Innovation and Renewal	International Issues	Rural & Co-operatives Secretariats	Canadian Pari-Mutuel Agency	National Farm Products Council	Total
Business Risk Management Team									
Main Estimates	6.0	-	-	-	-	-	-	-	6.0
Planned Spending	6.0	-	-	-	-	-	-	-	6.0
Authorities	4.1	-	-	-	-	-	-	-	4.1
Actual Spending	3.7	-	-	-	-	-	-	-	3.7
Food Safety Team									
Main Estimates	1.3	23.5	-	-	2.0	-	-	-	26.8
Planned Spending	1.4	24.7	-	-	2.1	-	-	-	28.1
Authorities	1.5	26.6	-	-	2.3	-	-	-	30.3
Actual Spending	1.6	27.4	-	-	2.4	-	-	-	31.3
Environment Team									
Main Estimates	-	-	92.2	-	-	-	-	-	92.2
Planned Spending	-	-	92.7	-	-	-	-	-	92.7
Authorities	-	-	111.6	-	-	-	-	-	111.6
Actual Spending	-	-	115.9	-	-	-	-	-	115.9
Innovation and Renewal Team									
Main Estimates	-	-	-	115.2	-	-	-	-	115.2
Planned Spending	-	-	-	117.1	-	-	-	-	117.1
Authorities	-	-	-	121.8	-	-	-	-	121.8
Actual Spending	-	-	-	122.7	-	-	-	-	122.7
Markets and Trade Team									
Main Estimates	-	-	-	-	52.5	-	-	-	52.5
Planned Spending	-	-	-	-	52.5	-	-	-	52.5
Authorities	-	-	-	-	50.6	-	-	-	50.6
Actual Spending	-	-	-	-	49.6	-	-	-	49.6
Programs Team¹									
Main Estimates	1,196.6	32.0	123.5	98.5	30.4	-	-	-	1,481.0
Planned Spending	1,216.0	32.3	125.0	106.3	30.6	-	-	-	1,510.0
Authorities	2,576.3	32.4	126.6	88.4	30.7	-	-	-	2,854.5
Actual Spending	2,517.4	6.9	49.7	81.5	28.2	-	-	-	2,683.7
Enabling Teams²									
Main Estimates	46.2	17.7	72.9	74.9	29.6	-	-	-	241.4
Planned Spending	56.3	18.0	74.1	76.0	30.1	-	-	-	254.6
Authorities	71.4	18.9	81.1	93.5	37.0	-	-	-	301.9
Actual Spending	57.1	21.8	89.7	91.9	36.4	-	-	-	296.8

Table 8: Resource Requirements by Team* – continued

TOTAL (\$ millions)		2004-2005							
Organization / Team	Business Risk Management	Food Safety and Food Quality	Environment	Innovation and Renewal	International Issues	Rural & Co-operatives Secretariats	Canadian Pari-Mutuel Agency	National Farm Products Council	Total
Corporate Offices³									
Main Estimates	14.4	3.9	22.3	31.2	3.0	18.4	–	2.6	95.7
Planned Spending	22.2	2.2	19.7	29.8	2.3	18.4	–	2.6	97.1
Authorities	44.8	1.8	4.1	26.9	1.6	19.1	–	3.0	101.2
Actual Spending	3.2	1.7	6.7	7.1	2.8	15.9	–	2.3	39.7
Canadian Pari-Mutuel Agency									
Main Estimates	–	–	–	–	–	–	(0.0)	–	(0.0)
Planned Spending	–	–	–	–	–	–	(0.0)	–	(0.0)
Authorities	–	–	–	–	–	–	3.0	–	3.0
Actual Spending	–	–	–	–	–	–	(0.1)	–	(0.1)
Total Main Estimates	1,264.5	77.1	310.9	319.8	117.5	18.4	(0.0)	2.6	2,110.8
Total Planned Spending	1,301.9	77.1	311.4	329.2	117.5	18.4	(0.0)	2.6	2,158.1
Total Authorities	2,698.0	79.6	323.5	330.6	122.2	19.1	3.0	3.0	3,579.1
Total Actual Spending	2,583.1	57.7	261.9	303.3	119.3	15.9	(0.1)	2.3	3,343.4

Notes:

* The authorities (Main Estimates, Planned Spending and Authorities) are granted to the Department, and are notionally allocated to Teams. These authorities, which are managed at the departmental level, have not been exceeded.

1. **Programs Team** resources are significantly higher than those of the other Teams as they include the majority of the Department's resources for Grants and Contributions.
2. **Enabling Teams** include Assets, Communications and Consultations, Finance, Human Resources, Information Systems, and Policy and Planning.
3. **Corporate Offices** include Executive Offices, Rural and Co-Operative Secretariats, National Farm Products Council, Legal Services, Review Tribunal, Audit and Review, ADM Offices, Values and Ethics, Office of Internal Disclosure, Decision Support and the Departmental Reserve.

Main Estimates figures are as reported in the 2004-2005 Main Estimates Part II.

Planned figures are as reported in the 2004-2005 Report on Plans and Priorities (RPP). Included were resources anticipated to be brought into the Department's reference levels through Supplementary Estimates (\$47.3 million).

Total Authorities are 2004-2005 Main Estimates plus Supplementary Estimates and Allotment transfers received during the 2004-2005 fiscal year, as well as internal adjustments and transfers (combined total of \$1,468.3 million), as reported in the 2004-2005 Public Accounts. This \$1,468.3 million includes statutory transfer payment funding for: the Farm Income Payment Program - FIPP (\$991.5 million); and additional demand under the Canadian Agricultural Income Stabilization - CAIS program: (\$417.2 million). The amounts were not anticipated at the time of preparation of the 2004-2005 RPP and are therefore not included in the Planned Spending figures.

Actual figures represent the actual expenditures incurred during the 2004-2005 fiscal year, as reported in the 2004-2005 Public Accounts. In certain cases, where Authorized amounts are unspent, they can be reprofiled for use in future years.

Table 9-A: User Fees Act¹

A.	2004-05							Planning Years				
	User Fee	Fee Type	Fee Setting Authority	Date Last Modified (B)	Forecast Revenue (\$000)	Actual Revenue (\$000)	Full Cost (\$000)	Performance Standard	Performance Results	Fiscal Year	Forecast Revenue (\$000)	Estimated Full Cost (\$000)
	Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA) Registration Fees	R	FIMCLA Regulations	May 31, 1999	1,030.0	897.0	1,329.0	Full cost recovery.	Full cost recovery for 2004-2005 was not achieved as the amount of registration fees received for the number of loans registered plus recoveries did not cover the amount paid for claims and administration costs.	2005-06	538.0	1,511.0
2006-07										n/a	n/a	
2007-08										n/a	n/a	
	Fees charged for the processing of access requests filed under the Access to Information Act (ATIP) (2)	O	Access to Information Act	1992	1.3	1.3	283.0	Framework under development by TBS. More info: http://lois.justice-gc.ca/en/a-1/8.html		2005-06	1.5	275.0
2006-07										1.5	275.0	
2007-08										1.5	275.0	
2004-2005	Sub-total (R) Regulatory Service				1,030.0	897.0	1,329.0					
	Sub-total (O) Other Goods and Service				1.3	1.3	283.0					
	Total				1,031.3	898.3	1,612.0					
2005-2006	Sub-total (R) Regulatory Service										538.0	1,511.0
	Sub-total (O) Other Goods and Service										1.5	275.0
	Total										539.5	1,786.0
2006-2007	Sub-total (R) Regulatory Service										n/a	n/a
	Sub-total (O) Other Goods and Service										1.5	275.0
	Total										1.5	275.0
2007-2008	Sub-total (R) Regulatory Service										n/a	n/a
	Sub-total (O) Other Goods and Service										1.5	275.0
	Total										1.5	275.0

B. Date Last Modified: N/A

C. Other Information: (1) The DPR instructions advised that this table be used only for revenues under the User Fee Act. The preliminary advice from our legal counsel indicated that only the FIMCLA program as well as the fees charged under ATIP are subject to the User Fee Act.
 (2) It is the Department's practice to waive fees where the total owing per request amounts to less than \$25. There was a significant increase in the number of times fees were waived in 2004-2005 due to a new electronic disclosure service. In order to reduce costs and increase efficiency, documents released are provided on CD-ROM, which means that no reproduction fees are charged to the applicant.

Notes:

According to prevailing legal opinion, where the corresponding fee introduction or most recent modification occurred prior to March 31, 2004 the:

- Performance standard, if provided, may not have received Parliamentary review;
- Performance standard, if provided, may not respect all establishment requirements under the UFA (e.g. international comparison; independent complaint address);
- Performance result, if provided, is not legally subject to UFA section 5.1 regarding fee reduction for failed performance.

Table 9-B: Policy on Service Standards for External Fees

A. External Fee	Service Standard	Performance Result	Stakeholder Consultation
Fees charged for the processing of access requests filed under the <i>Access to Information Act</i> (ATIP)	Framework under development by TBS. More info: http://lois.justice.gc.ca/en/a-1/8.html	Statutory deadlines met 82% of the time	The service standard is established by the <i>Access to Information Act</i> and the Access to Information Regulations. Consultations with stakeholders were undertaken for amendments done in 1986 and 1992.

B. Other Information:

The department received one delay complaint this fiscal year and the investigation is still ongoing.

It is the Department's practice to waive fees where the total owing per request amounts to less than \$25. There was a significant increase in the number of times fees were waived in 2004-2005 due to a new electronic disclosure service. In order to reduce costs and increase efficiency, documents released are provided on CD-ROM, which means that no reproduction fees are charged to the applicant.

Notes:

As established pursuant to the Policy on Service Standards for External Fees:

- Service standards may not have received Parliamentary review;
- Service standards, may not respect all performance standard establishment requirements under the UFA (e.g. international comparison; independent complaint address);
- Performance results are not legally subject to UFA section 5.1 regarding fee reduction for failed performance.

Table 10: Details on Project Spending*

(\$ millions)	2002-2003		2003-2004		2004-2005		
	Current Estimated Total Cost**	Actual	Actual	Main Estimates	Planned Spending	Total Authorities	Actual
Projects over \$5 million							
Skyline Campus	11.0	-	-	-	-	0.6	0.6
Projects With Specific Program Activities:							
Business Risk Management							
Enhancements to the Delivery Systems for the Business Risk Management Programs under the Agricultural Policy Framework (Project Definition Phase)	125.0	-	8.5	-	-	15.8	15.8
Total Business Risk Management	125.0	-	8.5	-	-	15.8	15.8
Environment							
Saskatchewan (Swift Current), Duncairn Dam, (Project Close-out Phase)	10.0	0.0	1.3	-	8.2	8.2	5.6
National Land and Water Information Service (NLWIS), (Project Definition Phase)	100.1	0.4	2.9	15.1	15.1	15.1	6.9
Total Environment	110.1	0.4	4.2	15.1	23.3	23.3	12.5
Innovation and Renewal							
N.B. (Fredericton), Facility retrofit (Project Close-out Phase) (S)	21.7	13.5	0.9	-	-	-	-
Quebec (Lennoxville), Dairy Research Facility (Initial Planning and Identification Phase)	10.6	-	-	0.9	0.9	0.9	0.5
Ontario (Ottawa) Greenhouse and Growth Chamber Facility (Initial Planning and Identification Phase)	10.6	-	-	0.8	0.8	0.8	0.2
Alberta (Lethbridge), New multi-purpose facility (Project Close-out Phase) (S)	29.9	3.9	1.8	-	-	-	-
Total Innovation and Renewal	72.8	17.4	2.7	1.7	1.7	1.7	0.7
Total for Projects over \$5 million	318.9	17.8	15.4	16.8	25.0	41.4	29.6

Notes:

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

** The Current Estimated Total Cost number includes both expenditures made in previous years and expenditures forecast for beyond 2004-2005.

*** Future years' Planned Spending for the Enhancements to the Delivery Systems for the Business Risk Management Programs under the Agricultural Policy Framework project is anticipated to total \$100.7 million for an Estimated Total cost of \$125.0 million, however, these resources have yet to be brought into the Department's reference levels.

Table 11: Status Report on Major Crown Projects

Project Name	National Land and Water Information Service	
Project Phase	Project Definition	
	1. Description	
	<p>The National Land and Water Information Service (NLWIS), an initiative under the environment chapter of Canada's Agriculture Policy Framework (APF) aims to provide land, soil, water, air, climatic and biodiversity resource information to land use managers to support an environmentally sustainable agricultural sector.</p> <p>NLWIS will be a coordinated, national service providing easy and timely on-line access to detailed geospatial information and interpretative models to support local and regional land use decision-making. It will leverage existing capability, scientific knowledge information expertise and technological capacity, strategically linking the land, soil, water, air, climatic and biodiversity information of federal, provincial, territorial and municipal governments, non-government organizations and the private sector. This partnership among the owners of the information is the foundation upon which NLWIS will be built.</p> <p>Through NLWIS, land managers community groups, the agricultural sector, all levels of government and the general public will be able to access meaningful geospatial information for all regions of Canada.</p> <p>A total of \$100.1 million in funding has been identified for this Major Crown Project, of which \$30 million is sourced from the reallocation of existing internal activities, and \$70.1 million is new funding.</p>	
	2. Leading and Participating Departments	
	Sponsoring Department:	Agriculture and Agri-Food Canada
	Contracting Authority:	Agriculture and Agri-Food Canada and/or Public Works Government Services Canada, depending on the contracting activity proposed
	Participating Departments:	Under negotiation
	<p>Note: To the extent possible, and consistent with the AAFC procurement review and approval framework, delegation to the Project Manager of authority to conduct procurements that are within AAFC's procurement authority will be sought.</p>	
	3. Prime and Major Sub-Contractors	
	<p>Based on AAFC's existing capabilities with regard to geomatics information technology applications, AAFC will retain overall responsibility for design, development, delivery and ongoing maintenance of NLWIS service. Private sector resources will be obtained when required to meet discrete identified gaps in AAFC's internal capabilities or internal resource availability.</p> <p>In order to ensure compliance with project timelines and minimize transaction and administration costs, existing Government of Canada (GOC) and AAFC procurement instruments (Supply Arrangements, Standing Offers, etc) will be used as appropriate to the circumstances.</p> <p>Procurement of specialized IT and other professional services will be structured to maximize knowledge transfer to AAFC in order to ensure cost-effective maintenance of NLWIS.</p>	
	4. Major Milestones	
	Preliminary Project Approval	April 10, 2003
	Preliminary Project Approval Amendment	March 20, 2004
	Data, Applications, Infrastructure, Partnerships and Expertise Plans Developed	September 2004
	Consultations with Provinces and other stakeholders to define Business Requirements	September 2004
	Proof of Concept Developed	October 2004
	Project Definition Phase Completion	Winter 2004
	Effective Project Approval	May 2005
	5. Progress Report and Explanation of Variances	
	Effective Project Approval (EPA) was received in May 2005	
	6. Industrial Benefits	
	NLWIS is a national program that will use and provide information in all the provinces. The extent of regional and industrial benefits is being developed in the project definition phase.	

Table 12-A: Summary of Transfer Payments by Program Activity for Agriculture and Agri-Food Canada

(\$ millions)	2002-2003	2003-2004	2004-2005			Variance between Planned and Actual
	Actual Spending	Actual Spending	Planned Spending	Total Authorities	Actual Spending	
GRANTS						
Business Risk Management	113.0	842.8	–	829.9	829.9	(829.9)
Food Safety and Food Quality	–	–	–	–	–	–
Environment	0.0	0.0	0.0	0.0	0.0	–
Innovation and Renewal	32.5	26.0	31.3	28.3	28.3	3.0
National Farm Products Council	–	–	0.2	0.6	–	0.2
<i>Total Statutory Grants</i>		842.8	0.2	830.5	829.9	(829.7)
<i>Total Voted Grants</i>	145.5	26.0	31.3	28.4	28.3	3.0
TOTAL GRANTS	145.5	868.8	31.5	858.9	858.2	(826.7)
CONTRIBUTIONS						
Business Risk Management	1,824.6	3,012.5	1,167.8	1,704.8	1,638.9	(471.0)
Food Safety and Food Quality	–	0.0	30.1	30.1	4.5	25.6
Environment	15.2	17.2	113.8	114.4	37.5	76.3
Innovation and Renewal	58.1	66.0	71.4	56.2	49.5	22.0
International	16.8	23.7	29.5	29.5	27.0	2.5
Rural and Cooperatives	4.6	1.3	6.4	6.4	3.8	2.6
<i>Total Statutory Contributions</i>	1,161.1	2,847.7	1,105.2	1,572.7	1,572.7	(467.5)
<i>Total Voted Contributions</i>	758.2	273.0	313.9	368.8	188.4	125.5
TOTAL CONTRIBUTIONS	1,919.3	3,120.7	1,419.0	1,941.5	1,761.1	(342.0)
Total Statutory Grants & Contributions	1,161.1	3,690.5	1,105.4	2,403.2	2,402.6	(1,297.2)
Total Voted Grants & Contributions	903.8	299.0	345.2	397.2	216.7	128.5
TOTAL GRANTS & CONTRIBUTIONS	2,064.9	3,989.5	1,450.6	2,800.4	2,619.3	(1,168.7)

Notes:

Main Estimates figures are as reported in the 2004-2005 Main Estimates Part II.

Planned figures are as reported in the 2004-2005 Report on Plans and Priorities (RPP). Included were resources anticipated to be brought into the Department's reference levels through Supplementary Estimates (\$10.2 million).

Total Authorities are 2004-2005 Main Estimates plus Supplementary Estimates and Allotment transfers received during the 2004-2005 fiscal year, as well as internal adjustments and transfers (combined total of \$1,360.1 million), as reported in the 2004-2005 Public Accounts. This \$1,360.1 million includes statutory transfer payment funding for: the Farm Income Payment (FIP) Program: (\$991.5 million); and additional demand under the Canadian Agricultural Income Stabilization - CAIS program: (\$417.2 million). The amounts were not anticipated at the time of preparation of the 2004-2005 RPP and are therefore not included in the Planned Spending figures.

Actual figures represent the actual expenditures incurred during the 2004-2005 fiscal year, as reported in the 2004-2005 Public Accounts. In certain cases, where Authorized amounts are unspent, they can be reprofiled for use in future years.

Variance between Planned and Actual of (\$1,168.7 million) is mainly a function of the Farm Income Payment (FIP) Program which was not anticipated at the time of preparation of the Report on Plans and Priorities. This program, totalling \$1 billion, was announced on March 29, 2005. In addition, there was additional demand of over \$400 million under the Statutory Canadian Agricultural Income Stabilization (CAIS) program.

Table 12-B: Details on Transfer Payments Programs for Agriculture and Agri-Food Canada

Name of Transfer Payment Program: Canadian Agricultural Income Stabilization (CAIS) (under the Agricultural Policy Framework - Business Risk Management Terms and Conditions - Statutory Program)

Start Date: April 1, 2003 For APF-Business Risk Management (BRM)

End Date: March 31, 2008 for APF-BRM funding

Total Funding: \$2.4 billion over 5 years

Purpose of Transfer Payment Program: The purpose of the CAIS program is to help producers protect their farming operations from both small and large drops in income due to circumstances beyond their control. It is the successor to the Net Income Stabilization Account (NISA) which focused on stabilization, and to the Canadian Farm Income Program (CFIP) which focussed on disaster protection. The CAIS program commenced with the 2003 program year.

Objective(s), expected result(s) and outcomes: The objective of the program is to help producers manage risks that result in both large and small decreases in their production margin relative to historical margins.

The expected results/outcomes of the program are to:

- Provide a whole farm stabilization and disaster mitigation approach.
- Provide equitable treatment for all producers, regardless of the commodities they produce.
- Assist in dealing with short-term income fluctuations as a result of risks outside a producer's control.
- Manage risks that threaten the future profitability of farm operations.
- Increase farm income stability.
- Increase the producer's ability to manage agricultural risks.

Achieved results or progress made: Extensive program promotion activities undertaken (producer information sessions, provincial staff training, industry specific sessions, accountant and financial institution briefings) to increase awareness of the program. Successful implementation and delivery of 2003 program year in spite of many deadline changes and Implementation Agreement amendments. Additional response required to address industry specific issues such as Avian flu and BSE ie - CSA and TISP program delivery.

(\$ millions)	2002-2003	2003-2004	2004-2005			Variance between Planned and Actual
	Actual Spending	Actual Spending	Planned Spending	Total Authorities	Actual Spending	
Program Activity: Business Risk Management						
Total Grants	-	-	-	-	-	-
Total Contributions	278.7	1,266.0	386.8	804.0	804.0	(417.2)
Total Transfer Payment Program	278.7	1,266.0	386.8	804.0	804.0	(417.2)

Note: Net Income Stabilization Account (NISA) actual spending is included in the above figures for 2002-2003 and 2003-2004. CAIS is the successor to NISA.

In addition to the amounts above, there was approximately \$600M in expenditures in each fiscal year 2002-03 and 2003-04 for the APF NISA Bridge program.

Table 12-B continued

Name of Transfer Payment Program: Production Insurance (under the Agricultural Policy Framework-Business Risk Management Terms and Conditions - Statutory Program)

Start Date: April 1, 2003 For APF-Business Risk Management (BRM)

End Date: March 31, 2008 for APF-BRM funding

Total Funding: \$2.0 billion estimated over five years

Purpose of Transfer Payment Program: The purpose of the program is to seek to stabilize farm income through cushioning the producer against the economic impact of production losses arising from natural hazards like drought, hail, frost and diseases.

Objective(s), expected result(s) and outcomes: The objective of the program is to provide funding to assist producers in the agriculture and Agri-Food industry with the cost of insurance and to provide federal contributions to provinces for program administrative expenses.

Expected Results/outcomes: The program will stabilize a producer's income by minimizing the economic effects of production losses caused by natural hazards like drought, flood, hail, frost, excessive moisture, and diseases.

Achieved results or progress made: A total of 13 new options were offered, which include options for higher coverage, new crops, forage and for whole-farm. National participation for crop acreage remains unchanged at 70% near all time highs; Participation rate for forage acreage decreased because Alberta cancelled 2 forage programs. Transition to 2006 target of 60/40 federal-provincial cost share level is on target for all provinces.

(\$ millions)	2002-2003	2003-2004	2004-2005			Variance between Planned and Actual
	Actual Spending	Actual Spending	Planned Spending	Total Authorities	Actual Spending	
Program Activity: Business Risk Management						
Total Grants	-	-	-	-	-	-
Total Contributions	255.3	403.6	404.8	400.5	400.5	4.3
Total Transfer Payment Program	255.3	403.6	404.8	400.5	400.5	4.3

Note: Crop Insurance actual spending is included in the above figures for 2002-2003. Production Insurance is the successor to Crop Insurance.

Table 12-B continued

Name of Transfer Payment Program: Farm Income Payment (Statutory)

Start Date: Program announced on March 29, 2005

End Date:

Total Funding: \$841.5 million in general payments and \$155 million in direct payments

Purpose of Transfer Payment Program: The Farm Income Payment Program will begin delivering the money in April as part of a two-part plan to ease immediate financial pressures on farmers and allow for a transformation of the industry that addresses the root causes of declining farm income.

Objective(s), expected result(s) and outcomes: To provide immediate federal assistance for cash-strapped Canadian farmers facing record low farm incomes.

Achieved results or progress made: Program is not being delivered until 05/06 fiscal (although liability recorded in the 2004-05 fiscal year).

(\$ millions)	2002-2003		2003-2004		2004-2005	
	Actual Spending	Actual Spending	Planned Spending	Total Authorities	Actual Spending	Variance between Planned and Actual
Program Activity: Business Risk Management						
Total Grants	-	-	-	896.9	896.9	(896.9)
Total Contributions	-	-	-	94.6	94.6	(94.6)
Total Transfer Payment Program	-	-	-	991.5	991.5	(991.5)

Table 12-B continued

Name of Transfer Payment Program: BSE/Cull Cow (under the BSE Recovery Program Terms and Conditions - Statutory and Voted)

Start Date: June 2003

End Date: March 31, 2006

Total Funding: \$810.7M for 3 phases

Purpose of Transfer Payment Program: The purpose of this program is to deal with the sudden impacts of BSE on the beef industry. The aim of the program was to get the domestic market moving again and to improve returns to producers following border closure to Canadian cattle and beef. It consists of three phases: (i) The BSE Recovery Element, delivered in 2003-2004, offered several price incentives to help keep the domestic market moving and provided improved returns to feedlots and processors to move product through the chain in light of severely depressed prices caused by the USA border closure; (ii) The Cull Animal Element, administered in 2004-2005, makes a payment to producers for each eligible cull on inventory on December 23, 2003; and (iii) The Fed Cattle Set-Aside Element, the Feeder Calf Set-Aside Element, and the Managing Older Animals Element: the set aside element assists the industry in setting aside animals going to slaughter until market demand requires more slaughter and/or slaughter capacity increases. The Managing Older Animals Element provides a per load payment for proper euthanization of eligible animals.

Objective(s), expected result(s) and outcomes: On June 18, 2003, the Bovine Spongiform Encephalopathy (BSE) Recovery Program was announced. The program objective was to provide temporary assistance to help the Canadian cattle and beef industry continue to operate immediately following the discovery of BSE in Canada while all international borders were closed.

Expected Results/Outcomes: The program was designed to get the slaughter-processing sector unblocked and reduce the build-up of fed cattle for slaughter in feedlots and on farms. The program was also intended to assist packers to clear inventories of lower-value cuts, freeing up storage space and allowing processors to operate at increased capacity to serve the domestic market.

Fed Cattle set Aside: Farmers encouraged by means of a payment to retain older animals on farm until an orderly slaughter could be arranged. Program has injected considerable stability and confidence into the sector by bringing the number of cattle presented for slaughter in line with available capacity. Stability in the fed cattle market also has positive trickle-down effects on the feeder and cow-calf markets. Improved market stability has resulted. After the start of the program, weekly prices have varied 2.5% in Alberta and 2.6% in Ontario, compared to 5% in Alberta and 7% in Ontario before the program, and compared to 2% in Ontario before the BSE crisis.

Managing Older Animals: There were no results achieved in 2004-2005, as the program was not implemented (no vested interest in the program yet).

Achieved results or progress made: Farm Credit Canada and the Alberta Treasury Branches signed agreements with the federal government to provide loans under the Ruminant Slaughter Loan Loss Reserve Program (RSLLRP). Any decisions made by these or any other eligible lender to provide loans under the RSLLRP will be based on the business case of the applicant. The 2005 Federal Budget committed a further \$17.1 million for the RSLLRP.

(\$ millions)	2002-2003		2003-2004		2004-2005	
	Actual Spending	Actual Spending	Planned Spending	Total Authorities	Actual Spending	Variance between Planned and Actual
Program Activity: Business Risk Management						
Total Grants	-	-	-	-	-	-
Total Contributions	-	402.9	72.3	151.2	134.1	(61.8)
Total Transfer Payment Program	-	402.9	72.3	151.2	134.1	(61.8)

Note: Budget 2005 announced that the Government would redirect \$17.1 million of the BSE funding announced on September 10, 2004, to increase the ruminant Loan Loss Reserve Program and \$80 million to start addressing disposal of specified risk materials from all animal feed. These amounts are included in the total BSE funding above.

Table 12-B continued

Name of Transfer Payment Program: Payments in connection with the Agricultural Marketing Programs Act (Statutory) - Advance Payment Program

Start Date: 1997

End Date: On-going under the AMPA legislation

Total Funding: Statutory Funding of \$65.5 million per year including \$39 million to cover interest payments and \$26.5 million for defaults. 2005 Federal Budget provided for an additional \$104 million over 4 years, starting in 2006-2007

Purpose of Transfer Payment Program: The purpose of the Advance Payment Program (APP) is to provide cash advances to producers.

Objective(s), expected result(s) and outcomes: The objective of APP is to improve cash flow at or after harvest. The Expected Results are to:

- Provide producers with greater access to credit, in the fall, to assist with production costs.
- Improved cash flow and marketing opportunities.

Achieved results or progress made: Department entered into forty-seven (47) agreements with producer organizations across Canada, including the Canadian Wheat Board (CWB). These organizations advanced approximately \$884 million to 30,399 producers. This amount represents an increase of \$88 million compared to the 2003 crop year. During the 2004 crop year, the Department paid \$8.2 million in interest costs related to 2004 crop year agreements

(\$ millions)	2002-2003	2003-2004	2004-2005			Variance between Planned and Actual
	Actual Spending	Actual Spending	Planned Spending	Total Authorities	Actual Spending	
Program Activity: Business Risk Management						
Total Grants	-	-	-	-	-	-
Total Contributions	17.8	12.1	65.5	13.8	13.8	51.7
Total Transfer Payment Program	17.8	12.1	65.5	13.8	13.8	51.7

Table 12-B continued

Name of Transfer Payment Program: Spring Credit Advance Program (SCAP) (under the Agricultural Policy Framework - Business Risk Management Terms and Conditions - Statutory and Voted)

Start Date: The SCAP program has been in place since 2000. In March 2003, the program was extended for five years under the APF

End Date: 2007-2008 concurrent with the end of the APF

Total Funding: \$60M per year for interest payments, operating expenses and default claims, for a total of \$300 million

Purpose of Transfer Payment Program: The purpose of the SCAP program is to provide producers access to credit facilities in the spring to help them meet costs of inputs.

Objective(s), expected result(s) and outcomes: The objective of the SCAP program is to provide access to credit in the spring to assist with spring seeding costs. The Expected Results/Outcomes are to:

- Provide producers with greater access to credit in the spring to assist with input costs.
- Improved cash flow.
- Better farming practices by providing greater access to working capital in the spring.

Achieved results or progress made: Department entered into twenty-nine (29) agreements with producer organizations across Canada, including the Canadian Wheat Board (CWB). These organizations advanced approximately \$653 million to 35,825 producers. This advanced amount represents an decrease of \$74 million compared to the 2003 crop year

(\$ millions)	2002-2003	2003-2004	2004-2005			Variance between Planned and Actual
	Actual Spending	Actual Spending	Planned Spending	Total Authorities	Actual Spending	
Program Activity: Business Risk Management						
Total Grants	-	-	-	-	-	-
Total Contributions	22.1	20.8	57.2	63.4	16.9	40.3
Total Transfer Payment Program	22.1	20.8	57.2	63.4	16.9	40.3

Table 12-B continued

Name of Transfer Payment Program: Contributions in Support of Business Risk Management Programs under the Agricultural Policy Framework - Province Based Programs (Statutory)

Start Date: April 1, 2003

End Date: March 31, 2006

Total Funding: \$386.4 million (based on actual spending for 2003-2004 and forecast spending through to March 31, 2006 - funding both from the previous (Safety Net) and current (Agricultural Policy Frameworks)).

Purpose of Transfer Payment Program: The 13 bilateral Implementation Agreements (IAs) provide for funding of province-based programming through rollover or wedge funding during the transitional period between April 1, 2003 and March 31, 2006. This programming can be categorized as follows: research and development, enhancements to core programs, non-BRM types, and other (e.g. ASRA, Quebec's income stabilization program).

Objective(s), expected result(s) and outcomes: The objective of Province-Based programming is to provide contributions to province-based initiatives in the agriculture and agri-food industry during the three-year period. The Expected Results/Outcomes are: The programming provides additional assistance to the agriculture and agri-food sector to allow provinces and territories flexibility as they transition to the new set of programs under the Agricultural Policy Framework (APF). As of March 31, 2006, programs that are compliant with the APF will be rolled into it; those that are not compliant will be phased out.

Achieved results or progress made: Federal Funds are flowing to Province-based programs but these will be phased out by March 31, 2006. Agreements are in place for all existing Province-based programs, excluding 4 proposed programs. Significant progress has been made to verify provincial programs and individual projects are consistent with Canadian Environmental Assessment Act (CEAA) requirements.

(\$ millions)	2002-2003	2003-2004	2004-2005			Variance between Planned and Actual
	Actual Spending	Actual Spending	Planned Spending	Total Authorities	Actual Spending	
Program Activity: Business Risk Management						
Total Grants	-	-	-	-	-	-
Total Contributions	164.3	128.0	173.6	108.7	108.7	64.9
Total Transfer Payment Program	164.3	128.0	173.6	108.7	108.7	64.9

Note: Safety Net Companion Programs and Contributions for Agricultural Risk Management actual spending are included in the above figures for 2002-2003. Province-Based Programs are the successor to Safety Net Companion Programs.

Table 12-B continued

Name of Transfer Payment Program: Quebec Gross Revenue Insurance Conditional Remission Order (Statutory)

Start Date: The Gross Revenue Insurance Program (GRIP) was created in 1991-92.

End Date: The agreement with all provinces was terminated in 1997

Total Funding related to the Quebec surplus: \$7.828 million, plus any accrued interest from April 1, 2004, for the 2004-05 fiscal year.

Purpose of Transfer Payment Program: The purpose of GRIP was to stabilize revenues of grain and oilseed producers. It was a federal-provincial-producer premium-based insurance plan. When the agreement with all provinces was terminated in 1997, the provinces had the option of either rolling any surplus funds to a comparable program or returning surplus funds to the contributors in proportion to their shares of premiums. When Quebec terminated the program, the GRIP account had a surplus of \$7.828 million of federal funding. Quebec requested authority to use the surplus to benefit Quebec grain and oilseed producers through the Production Insurance program.

Objective(s), expected result(s) and outcomes: The objective of GRIP was to guarantee a crop-specific revenue, based on a support price and long-term average yield.

Achieved results or progress made: Remission in the amount of \$7.828 million, plus any interest payable on that amount accruing on or after April 1, 2004 is hereby granted to the Government of Quebec, representing a debt owing to Her Majesty in the Right of Canada under the terms of the Canada-Quebec 2002-2004 Agreement on the Use of the Interest Generated by the Surplus in the Gross Revenue Insurance Plan Funds for Quebec Crops, subject to the condition that the Minister of Agriculture and Agri-Food enter into an agreement with the Government of Quebec under which the latter agrees to make that same amount available for the benefit of Quebec grain and oilseed producers through the Production Insurance Program established under the Canada-Quebec Implementation Agreement between the Government of Canada and the Government of Quebec for the purposes of implementing the Federal-Provincial-Territorial Framework Agreement on Agricultural and Agri-Food Policy for the Twenty-First Century.

(\$ millions)	2002-2003	2003-2004	2004-2005			Variance between Planned and Actual
	Actual Spending	Actual Spending	Planned Spending	Total Authorities	Actual Spending	
Program Activity: Business Risk Management						
Total Grants	-	-	-	-	-	-
Total Contributions	-	-	-	7.8	7.8	(7.8)
Total Transfer Payment Program	-	-	-	7.8	7.8	(7.8)

Table 12-B continued

Name of Transfer Payment Program: Canadian Farm Income Program (CFIP) - (Under the CFIP Terms and Conditions - Statutory and Voted)

Start Date: The program was first in place for the 2000 tax year

End Date: CFIP was a three-year program covering the 2000, 2001 and 2002 claim years. The deadline date for the final year of the program was October 15, 2003. The CFIP Program will not be in effect for the 2003 Stabilization Year and beyond as it is being replaced by the CAIS program.

Total Funding: A total of \$2.2 billion was made available to farmers over the three years of the program.

Purpose of Transfer Payment Program: The purpose of the CFIP program was to provide disaster protection to producers.

Objective(s), expected result(s) and outcomes: The objective of the Canadian Farm Income Program (CFIP) was to target assistance to Canadian agricultural producers who had experienced a sudden and severe decline in their farming income for reasons beyond their control. The program was in place for the 2000, 2001 and 2002 tax years. The program was cost-shared on a 60:40 basis by federal and provincial governments. The CFIP program closed at the end of the 2002 stabilization year. The goal of CFIP wind down was to have all files processed, adjustments completed, appeal dates closed and appeals heard by December 31, 2004.

The Expected Results/Outcomes were: To assist producers who experience a sudden and severe decline in farm income for reasons beyond their control.

Achieved results or progress made: Wind down of program is progressing as planned.

(\$ millions)	2002-2003	2003-2004	2004-2005			Variance between Planned and Actual
	Actual Spending	Actual Spending	Planned Spending	Total Authorities	Actual Spending	
Program Activity: Business Risk Management						
Total Grants	-	-	-	-	-	-
Total Contributions	481.6	87.2	-	54.1	54.1	(54.1)
Total Transfer Payment Program	481.6	87.2	-	54.1	54.1	(54.1)

Table 12-B continued

Name of Transfer Payment Program: Contributions for Agriculture and Agri-food Sector Assistance - Environment (under the Agricultural Policy Framework - Non-Business Risk Management Terms and Conditions - Voted) *

Start Date: 2003-2004

End Date: 2007-2008

Total Funding: Total transfer payment funding for the Environment Chapter of APF, with adjustments, is \$369 million over 5 years

Purpose of Transfer Payment Program: The purpose of the Environment programs is to support the adoption of management practices on farms across Canada, which are beneficial to the environment and economically sustainable.

Objective(s), expected result(s) and outcomes: The objective of the Environment programs is to help the agriculture and agri-food sector achieve environmental sustainability in the areas of soil, water, air, and biodiversity.

The expected results are to:

- provide for the ongoing use of agri-environmental information, planning and management tools to support the stewardship ethic of producers;
- support the implementation of environmental farm plans and support the adoption of environmental Beneficial Management Practices by agricultural producers in the management of land, water, air, and biodiversity.

Achieved results or progress made:

- NAHARP - Updated 13 of 14 existing indicators, made progress on six of 12 new ones. Made significant progress on new AEl's report due in 2005-2006.
- Regulatory Study - Finished Phase I of agri-environmental regulatory study.
- ETAA - Environmental Technology Assessment for Agriculture (ETAA) Program signed seven contribution agreements with industry. Initiated 65 collaborative research projects with industry to develop new technologies to assess the impacts of state of art technologies on the environment.
- Minor Use Pesticides - Completed and published 19 crop profiles to identify gaps in pest management strategies. Supported 12 minor use research projects. Conducted 23 research projects toward integrated pest management strategies and technologies. Conducted over 400 field trials for new minor uses of pesticides. Made 16 submissions to HC's Pest Management Regulatory Agency (PMRA).
- Risk Reduction - Developed six pesticide risk reduction (PRR) strategies; supporting 22 other projects to implement strategies.
- EFP - 91.5 per cent of agricultural land has had first iteration of environmental scan completed, 8,637 farms have EFPs or Equivalent Agri-Environmental Plan implemented: current level of BMPs implementation through the NFSP totals 1,000 individual projects/producers.
- Greencover Canada - An additional 51,161 hectares (ha) were enrolled in the Land Conversion component of the Greencover Canada program in 2004-2005 bringing the total area seeded to perennial cover to a total of 323,000 ha.

(\$ millions)	2002-2003	2003-2004	2004-2005			Variance between Planned and Actual
	Actual Spending	Actual Spending	Planned Spending	Total Authorities	Actual Spending	
Program Activity: Environment						
Total Grants	-	-	-	-	-	-
Total Contributions	13.7	12.2	109.3	109.3	32.4	76.9
Total Transfer Payment Program	13.7	12.2	109.3	109.3	32.4	76.9

Note: Also includes Contributions to bona fide farmers and ranchers, groups of farmers and small communities in Manitoba, Saskatchewan, Alberta and the Peace River District of British Columbia for the development of dependable water supplies.

Table 12-B continued

Name of Transfer Payment Program: Prairie Grain Roads (PGRP) (Voted)

Start Date: Implemented in 2001-2002

End Date: 2005-2006

Total Funding: \$175 million over 5 years

Purpose of Transfer Payment Program: The purpose is an infrastructure program to improve prairie roads used for grain transportation.

Objective(s), expected result(s) and outcomes: The objective of the PGRP is to provide a federal contribution to the upgrading of some of the roads and secondary provincial highways used for the transportation of grain in the prairie provinces and in northeastern British Columbia.

Expected Results/Outcomes:

- Improved roadway and highway surfaces that had been degraded by additional heavy grain truck traffic;
- Construction of new sections of municipal roads and secondary highways to carry incremental grain traffic;
- Increased truck haul capacity and safety of prairie grain roads;
- Infrastructure that supports the needs of a diversified agriculture sector in the Prairie Region.

Achieved results or progress made: In 2004-05 an additional 301 kilometres of roads were approved for upgrading and/or construction. Since the start of the program in 2001, 2,724 kilometres of roads have now been approved for funding.

(\$ millions)	2002-2003	2003-2004	2004-2005			Variance between Planned and Actual
	Actual Spending	Actual Spending	Planned Spending	Total Authorities	Actual Spending	
Program Activity: Innovation and Renewal						
Total Grants	-	-	-	-	-	-
Total Contributions	36.3	33.1	44.4	35.1	35.1	9.3
Total Transfer Payment Program	36.3	33.1	44.4	35.1	35.1	9.3

Table 12-B continued

Name of Transfer Payment Program: Advancing Canadian Agriculture and Agri-Food (ACAAF) (Voted)

Start Date: The first and second calls for national project applications ended May 31, 2004 and January 5, 2005 respectively.

End Date: An open application process, with no specific application deadlines, is planned over the remaining years of ACAAf.

Total Funding: Total funding of approximately \$240 million over 5 years

Purpose of Transfer Payment Program: ACAAf was launched to better position Canada's agriculture and agri-food sector at the leading edge to seize new opportunities. It is based on a three-pillar approach, including: Pillar I: "Industry-Led Solutions to Emerging Issues"; Pillar II: "Capturing Market Opportunities By Advancing Research Results"; Pillar III: "Sharing Information to Advance the Sector". ACAAf was developed as the successor to the Canadian Adaptation and Rural Development (CARD) II Fund.

Objective(s), expected result(s) and outcomes:

The ACAAf Program will be guided by the following objectives:

- Expand the sector's capacity to respond to current and emerging issues;
- Position the sector to capture market opportunities;
- Actively and continuously engage the sector to contribute to future agriculture and agri-food policy directions;
- Integrate sector-led projects tested and piloted under ACAAf into future government or industry initiatives. ACAAf complements the objectives set out in the Agricultural Policy Framework (APF).

Achieved results or progress made: During the first year of ACAAf, AAFC received and considered 129 national proposals, of which 41 were approved by the end of the fiscal year. Others remain under consideration. Industry councils, established in each province and territory, provided additional funding under ACAAf for sector projects designed to meet regional needs.

(\$ millions)	2002-2003	2003-2004	2004-2005			
	Actual Spending	Actual Spending	Planned Spending	Total Authorities	Actual Spending	Variance between Planned and Actual
Program Activity: Innovation and Renewal						
Total Grants	31.7	25.0	30.3	27.3	27.3	3.0
Total Contributions	13.1	21.8	6.1	3.3	2.0	4.0
Total Transfer Payment Program	44.7	46.7	36.4	30.7	29.4	7.0

Note: Canadian Adaptation and Rural Development (CARD) program actual spending is included in the above figures. Advancing Canadian Agriculture and Agri-Food (ACAAF) is the successor to CARD.

Table 12-B continued

Name of Transfer Payment Program: Contributions for Agriculture and Agri-food Sector Assistance - International (Canadian Agriculture and Food International) (under the Agricultural Policy Framework - Non-Business Risk Management Terms and Conditions - Voted)

Start Date: FY 2003-2004

End Date: 2008

Total Funding: Total incremental transfer payment funding for the International Chapter of APF, with adjustments, is \$62.6 million over 5 years in addition to existing transfer payment funding of approximately \$12.8 million/year (\$64 million over 5 years)

Purpose of Transfer Payment Program: The purpose of the CAFI program is to support industry initiatives that gain international recognition for Canada as the leader in supplying high quality, safe and innovative agriculture, agri-food, beverage and seafood products, produced in an environmentally responsible manner, which meet the demands of a highly segmented world market. CAFI also supports initiatives that expand Canadian industry's access to foreign markets to maximize the benefits realized from Canada's reputation.

Objective(s), expected result(s) and outcomes: The objective of the CAFI Program is to support Canada's agriculture and food industry by helping to build long-term international strategies that will ensure the industry is well-positioned to succeed in key markets, and to respond to increasing demands and global competition.

The Expected Results/Outcomes are:

- Gaining recognition and building markets
- Improved market access
- Enhanced capacity that responds to identified industry needs

Achieved results or progress made: In 2004-2005, CAFI approved 36 long-term international strategies totalling \$22 million. In addition, CAFI allocated \$7 million to fund 29 short-term projects to assist industry in achieving short-term objectives in line with the CAFI program. Among many successful activities in 2004-2005, the following are examples of what industry achieved with the help of CAFI funding: Through advocacy activities by the Canadian Livestock Genetics Association, the Government of China signed two protocols to re-open their market to the importation of bull semen and cattle embryos. Through focussing on the health attributes of canola, the Canola Council of Canada increased their sales of canola to the U.S. by 10%. Increased access to the EU for Canadian ice-wine was achieved by the Canadian Vintners Association who obtained self-certification standards from the EU for British Columbia and Ontario wineries.

(\$ millions)	2002-2003	2003-2004	2004-2005			Variance between Planned and Actual
	Actual Spending	Actual Spending	Planned Spending	Total Authorities	Actual Spending	
Program Activity: International Issues						
Total Grants	-	-	-	-	-	-
Total Contributions	16.8	23.4	29.1	29.2	26.7	2.5
Total Transfer Payment Program	16.8	23.4	29.1	29.2	26.7	2.5

Note: Agri-Food Trade Program (AFTP) spending is included in the above figure for 2002-2003. CAFI is the successor to AFTP.


Horizontal Initiatives

AAFC's Horizontal Initiatives

The objective of reporting on horizontal initiatives is to provide Parliament, the public and government with an overall picture of public spending and results achieved by departments working together.

A "horizontal initiative" is an initiative in which partners, from two or more organizations, have agreed under a formal funding agreement (e.g. Memorandum to Cabinet, Treasury Board Submission, federal-provincial-territorial agreement) to work toward the achievement of shared

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

Amounts in this summary table refer to actual spending by AAFC for 2004-2005. More complete information on each initiative, including expenditures by federal partners, is available on [Treasury Board's Horizontal Results Database](#) .


Horizontal Initiative Information for 2004-2005			
Name of Horizontal Initiative	Partners	Description	Actual AAFC Spending in 2004-2005 (\$ million)
Production Insurance (PI)	Provincial governments	Under the APF, PI is one of two core federal-provincial BRM programs available to Canadian producers. PI provides income protection against production losses resulting from uncontrollable natural hazards.	400.5
Province-based Programs	Provincial and territorial governments	Under the APF, provinces and territories have been granted a three-year transitional period in which to provide risk management programs that are specific to the needs of their producers. These programs cover many needs, from enhancements to the core programs (CAIS and PI) to agricultural research and development.	108.7
Canadian Agricultural Income Stabilization (CAIS) program and residual payments under other Business Risk Management programs	Provincial and territorial governments	The CAIS program is one of two core business risk management programs available to producers under the APF. The other core program is Production Insurance. CAIS integrates stabilization and disaster protection into a single program, helping producers protect their farming operations from both small and large drops in income. CAIS replaces the Canadian Farm Income Program (CFIP) and Net Income Stabilization Account (NISA) program, both of which ended with the 2002 stabilization year. The 2004-2005 fiscal year also included residual payments to producers under CFIP.	892.2


Name of Horizontal Initiative	Partners	Description	Actual AAFC Spending in 2004-2005 (\$ million)
Bovine Spongiform Encephalopathy (BSE) Recovery Program (federal / provincial / territorial agreement)	Provincial and territorial governments	<p>Consists of three phases:</p> <p>(i) The BSE Recovery Program, which ran in 2003-04, offered several price incentives to help keep the domestic market moving and provided improved returns to feedlots and processors in light of severely depressed prices;</p> <p>(ii) The Cull Animal Program, which makes a payment to producers for each eligible older animal; and</p> <p>(iii) The Fed Cattle Set-Aside Program, the Feeder Calf Set-Aside Program, and the Managing Older Animals program. The set-aside programs will assist the industry in setting aside animals going to slaughter until slaughter capacity increases.</p>	<p>134.1</p> <p>phase i: 0</p> <p>phase ii: 1.6</p> <p>phase iii: 132.5</p>
Farm Business Services	Provincial and territorial governments	<p>These services will provide eligible farmers access to financial consultants who will help them assess their finances and develop succession, action plans and business plans (financial, marketing, value-added). Further details can be found at the following web link: www.agr.gc.ca/ren/cfbas/serv_e.cfm</p>	3.9
Canadian Agricultural Skills Services	Provincial and territorial governments Human Resources and Skills Development Canada	<p>Farmers and/or their spouses will be offered assistance for skills development and access to training that could result in increased on- or off-farm income. Assistance will be provided to access training in areas such as improved farm practices and farm business management including accounting, finance, human resource management; training for other employment; or training to acquire skills for starting a new business. Financial support such as tuition fees for courses, supplies for courses as well as travel and accommodation will also be provided.</p>	0.3
MOU with Health Canada on Food Safety and Quality and Environment	Health Canada	<p>To conduct research-related work in support of standard setting, on-farm food safety standards, national integrated enteric pathogen surveillance, and human health impact of on-farm anti-microbial use.</p>	<p>5.3</p> <p>(An additional \$7.2 million was transferred by AAFC to Health Canada for work done by Health Canada to pursue Health Canada and AAFC Strategic Outcomes)</p>
MOU with Canadian Food Inspection Agency (CFIA) on Food Safety and Quality	Canadian Food Inspection Agency	<p>To establish minimum standards, as well as inspection and enforcement strategies for medicated feed for food-producing animals. Also to establish the On-Farm Foods Safety Recognition Programs, which will provide government recognition of HACCP-based food safety systems developed and implemented by national producer associations.</p>	<p>0</p> <p>(AAFC transferred \$2.5 million to CFIA for work done by CFIA to pursue CFIA and AAFC Strategic Outcomes)</p>
MOU with Canadian Grain Commission (CGC) on Food Safety and Quality	Canadian Grain Commission	<p>To provide baseline data that will provide a benchmark on specific grain quality attributes.</p>	<p>0</p> <p>(AAFC transferred \$118,000 to CGC for work done by CGC to pursue CGC and AAFC Strategic Outcomes)</p>

Name of Horizontal Initiative	Partners	Description	Actual AAFC Spending in 2004-2005 (\$ million)
AAFC-Department of Foreign Affairs and International Trade (DFAIT) MOU on Agri-Food Specialists positions abroad	DFAIT (represented by International Trade Canada)	This MOU establishes the operational principles, management practices and performance measurement criteria for the 22 existing and 10 new agriculture and food specialist positions abroad. The objective is to enhance the delivery of services to Canadian exporters in areas such as agri-food business/investment development and market access/advocacy, through Canadian Embassies and High Commissions located in key export markets.	2.3 (An additional \$6.3 million was transferred from AAFC to DFAIT for work that supports AAFC and DFAIT Strategic Outcomes)
MOU with Environment Canada (EC) on the National Agri-Environmental Standards Initiative (NAESI)	Environment Canada	Involves the development of non-regulatory agri-environmental "performance standards" (i.e., outcome-based standards) that will address both desired levels of environmental quality, and the levels that are considered achievable based on available technology and practice. These standards will be integrated into management systems and practices used by producers and industry, which will help reduce environmental risks and provide benefits to the health and supply of water, the health of soils, the health of air and the atmosphere, and ensure compatibility between biodiversity and agriculture. Standards will be developed in four theme areas: Air, Water, Biodiversity and Pesticides. Soil Quality and Climate Change will be considered across all theme areas.	0
Rural Development	Canadian Rural Partnership (32 federal departments and agencies), provincial / territorial governments	The Government of Canada has mandated the Rural Secretariat, based in AAFC, with developing, coordinating, and implementing a national, coordinated, cross-government approach to better understand the issues and concerns of rural Canadians, and to encourage federal departments and agencies to make adjustments to their policies, programs and services to reflect the unique needs of rural communities. In conjunction with 32 federal departments and agencies — the Canadian Rural Partnership — the Government of Canada aims to integrate its economic, social, environmental and cultural policies to enhance the quality of life for rural Canadians.	10.6
Co-operatives Secretariat	19 federal departments and agencies, provincial / territorial governments, co-operatives sector	The Co-operatives Secretariat was established in 1987 to help the Government of Canada respond more effectively to the concerns and needs of Canadian co-operatives. The Secretariat advises the government on policies affecting co-operatives, coordinates the implementation of such policies, promotes co-operatives within the federal government, and provides a link between the co-operative sector and the many federal departments and agencies with which they interact.	3.9

Key Government-wide Themes

SUSTAINABLE DEVELOPMENT STRATEGY (SDS)

Reporting on AAFC's third Sustainable Development Strategy *Sustainable Agriculture: Our Path Forward* , tabled in February 2004.

Sustainable Development Strategy	
Department/Agency: AAFC	
Points to address	Departmental Input
1. What are the key goals, objectives, and/or long-term targets of the SDS?	<p>The APF with its integrated environmental, economic and social components, is AAFC's third SDS and outlines how the department is working with the sector towards sustainable agriculture. The <i>Leading by Example</i>  section of the SDS demonstrates AAFC's commitment to sustainable development in its own operations.</p> <p>The departmental priorities reflected in the six APF/SDS logic models are as follows:</p> <ul style="list-style-type: none"> • Achieving environmental sustainability of the sector and progress in the areas of soil, water, air and biodiversity. • 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. • Equipping the sector with new business and management skills, bio-products, knowledge-based production systems and strategies to capture opportunities and manage change. • Enhancing producers' capacity to manage risk and increasing the sector's viability and profitability. • Equipping the sector with new bio-products, knowledge-based production systems and strategies to capture opportunities and manage change. • Expanding international opportunities for the Canadian agri-food sector. <p>More detail on AAFC's key goals, objectives and long term targets can be found in the six logic models on pages 48-82 of the SDS.</p> <p>The objective of <i>Leading by Example</i> is to reduce AAFC's ecological footprint. More information on the steps AAFC is taking to green its operations can be found in Annex A. The department plans to integrate sustainable principles into its operations by focussing on six priority areas: adopting green procurement practices, enhancing management of waste, water and waste-water, upgrading building efficiency, fleet management, land management and emergency preparedness and response programs.</p>
2. How do your key goals, objectives and/or long-term targets help achieve your department's/agencies' strategic outcomes?	<p>AAFC uses logic models in its SDS to clearly link our strategic outcomes, departmental program activities, end outcomes, targets, immediate/intermediate outcomes, deliverables, and activities. Performance indicators are also identified for each outcome level and deliverables. The logic models outline the logical sequence of expected results the APF components must follow in order to achieve AAFC's strategic outcomes.</p> <p>The six logic models, in the areas of environment, food safety and quality, renewal, BRM, science and innovation, and international are found on pages 48-82 of the SDS.</p>

Points to address	Departmental Input
3. What were your targets for the reporting period?	<p>The APF is AAFC's SDS. The APF is a five-year, federal-provincial-territorial agreement that continues until 2008. As a result, the targets identified in the APF have been set for 2008. AAFC continues to work towards these targets with our provincial and territorial counterparts. Progress made towards the APF targets are reported on an annual basis through the APF Report to Canadians.</p> <p>The <i>Leading by Example</i> section of the SDS contains a number of commitments pertaining to internal operations under several priority areas, as outlined in <i>Annex A</i>.</p>
4. What is your progress (this includes outcomes achieved in relation to objectives and progress on targets) to date?	<p>The APF is AAFC's SDS. As a result, this performance report and the annual APF Report to Canadians provide details on the APF's progress to date in each of the APF priority areas.</p> <p>See <i>Annex A</i> for reporting against <i>Leading by Example</i> targets.</p>
5. What adjustments have you made, if any? (To better set the context for this information discuss how lessons learned have influenced your adjustments)	<p>The APF Review Panel (which includes non-government stakeholders and government officials) is currently conducting its annual review of the APF. The panel's report will help to inform any adjustments that may be necessary.</p>

Annex A

SUSTAINABLE DEVELOPMENT STRATEGY III: LEADING BY EXAMPLE

In *Leading by Example*, AAFC committed “to strive to lead by example to reduce its ecological footprint” by reducing reliance on natural resources and minimizing the impact of AAFC’s operations on the environment. The Department outlined plans to integrate sustainable principles into its operations by focussing on six priority areas:

1. Adopting green procurement practices

AAFC has met its commitment by training 126 procurement staff at locations across the country in green procurement.

2. Enhancing management of waste, water and waste-water

Waste: A Waste Management Program Implementation Guide was developed to function as AAFC’s main tool in the implementation of a waste management program at all identified facilities. The guide describes all the interventions to be conducted in a step-by-step approach and covers solid, hazardous, biohazardous, radioactive and construction, renovation and demolition wastes. Subsequently, waste audits and waste characterizations were conducted at four main sites. In addition, waste reduction plans and waste management improvements recommendations were elaborated for these sites.

Water and Wastewater: Leads for Water Quality and Wastewater were appointed in 2004-2005 to begin to manage these aspects. Planning was undertaken to establish baseline water quality information in 2004-2005. Detailed water quality assessment with targeted risk assessment and wastewater audits. These activities will provide information on the current status of these aspects and the nature and scope of future work.

Progress on the targets for waste and wastewater is behind schedule. The department’s ability to complete audits on all main facilities over the next two years will depend on availability of funds.

3. Upgrading building efficiency

Due to the annual reporting cycle, outcomes of energy efficiency projects cannot be evaluated until all 2004-2005 building energy data is received and reviewed. AAFC’s GHG emission level for 2003-2004 was essentially at target level (0.2 per cent above).

In 2004-2005, several building energy efficiency-related projects were completed at various sites including: a feasibility study and beginning of implementation for summer shut down of a steam plant, a wind energy feasibility and design study, conversion to more energy efficient variable-speed fume hoods, and an energy management upgrade of building controls.

4. Improving vehicle use by reducing the use and size of vehicles, using proper vehicles for work, acquiring alternate fuels vehicles and using green fuels

During 2004-2005 AAFC purchased 63 alternative fuel vehicles, 34 of which were flex-fuel vehicles capable of burning up to 85 per cent ethanol-blend gasoline. Ten more were hybrids (gas-electric). This represented 75 per cent of the department’s fleet purchases. AAFC also trained over 1,200 employees in green driving practices through the Green Defensive Driving Course which is designed to teach employees to drive more safely and to reduce gas consumption. AAFC also officially opened the first natural gas refuelling station in Atlantic Canada in Fredericton, New Brunswick, a joint project with Natural Resources Canada. Currently the department has eight vehicles in Atlantic Canada operating with natural gas fuel.

5. Adopting best practices related to land management, such as piloting development of EFP for AAFC lands and taking appropriate steps to manage contaminated sites, storage tanks and halocarbons

Two pilot EFPs were completed in Saskatchewan with training provided by the province. Lessons learned will be shared with other sites.

Significant progress was made in the management of contaminated sites. Environmental site assessments (ESA) were carried out at 30 properties in 2004-2005, bringing the assessments completed to date to an estimated 75-80 per cent of the ESA work required to assess AAFC’s properties.

AAFC's contaminated sites are relatively low risk. Currently, AAFC has no Class 1 (high risk) sites, and only one Class 2 (medium risk) site. The Class 2 site was discovered in 2004-2005 fiscal year, and follow-up work will be completed in 2005-2006.

Since April 1, 2003, AAFC has remediated six Class 2 (medium risk) sites and two other non-Class 1 or 2 sites requiring risk reduction. Four other Class 2 sites have been reclassified to lower classifications as a result of additional follow-up assessment work. Progress on this commitment is on track.

Of the 22 abandoned fuel storage tanks targeted for removal two years ago, 20 have been removed and disposed of. Additional tanks that have been discovered since then are being dealt with on a region-by-region basis. Approximately 100 other tanks have also been removed and replaced with modern models which are compliant with current regulations.

In response to concerns over consistency in the application of the Federal Halocarbon Regulations, the department formed a halocarbon working group to plan and conduct site visits at all major facilities. The group developed a plan to clarify the implementation of regulations, provide materials to assist with interpretation and record keeping and to recommend improvements to the management of halocarbons at each site. These visits will take place over 2005-2006. In addition, a guide to the implementation of the regulations was prepared to assist local facility managers in achieving compliance at their sites. The department is now on track to achieve significant progress in its knowledge and management of its Ozone Depleting Potential and Global Warming Potential.

6. Emergency Preparedness and response programs

Guidelines on response to environmental emergencies have been sent to all locations. In addition, an integrated approach is being planned to develop emergency response plans for all types of emergencies (environmental, health and safety etc.).

SERVICE IMPROVEMENT INITIATIVE

Citizen-Focussed Service

The APF is citizen-focussed in that its programs were developed through extensive consultation with stakeholders and in that it uses partnerships (federal-provincial-third party) for the most effective delivery. Although the Treasury Board's Service Improvement Initiative sunsets in 2005, its objectives remain a major part of the department's commitments under the Citizen-Focussed Service element of the MAF.

To fulfil those wider commitments, in 2004-2005 AAFC launched the development of an *Integrated Business Service Delivery Strategy*, with the objective of improving its client service delivery through key points of access such as the Internet, telephone, in-person and paper-based mail. In addition to the Service Improvement Initiative, the *Integrated Business Service Delivery Strategy* is in line with the Government On-Line Service Transformation agenda, that reinforces how services are delivered to citizens.

There are four key elements in AAFC's future client service model within the Strategy:

1. Client Service and Access – concentrates on improving accessibility and quality of services. This element captures Service Improvement requirements such as client satisfaction measurement and service standards. Projects in this element include client segmentation and channel integration;
2. Program Service and Delivery – focusses on how programs are designed and the role of delivery partners. Projects in this element include the Common Participant Database and AAFC's My Account;
3. Information Management – will examine issues such as data definitions to allow better information sharing. Projects include data management and performance management; and
4. Governance – will focus on developing the right structures and processes to support the development and implementation, with projects such as development of a communication and readiness plan.

AAFC will develop an incremental implementation plan for the Strategy. This will ensure the proper buy-in and that investments are in place for the eventual full implementation of the Strategy.

Statutory Annual Reports

AGRICULTURAL MARKETING PROGRAMS ACT (AMPA)

2004 Crop Year Annual Report

AMPA received Royal Assent on April 25, 1997. The Act has three parts, the Advance Payments Program (APP), the Government Purchases Program (GPP) and the Price Pooling Program (PPP). The Act also includes the interest-free provision on cash advances for the APP. The 2004 crop year is the eighth year of operation for the programs under the Act.

In 2001, the Minister of Agriculture and Agri-Food performed an evaluation of AMPA in accordance with the Act. A report on the findings was tabled in Parliament on April 2, 2004. Amendments to the AMPA will be proposed to extend agricultural cash advance programs to livestock producers and to ensure that the current cash advance programs are consistent with the “whole farm” principles of the APF.

Advance Payments Program

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

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

For the 2004 crop year, the department entered into 47 agreements with producer organizations across Canada, including the CWB. These organizations advanced approximately \$884 million to 30,399 producers. This amount represents an increase of \$88 million compared to the 2003 crop year. During the 2004 crop year, the department paid \$8.2 million in interest costs related to 2004 crop year agreements. As the agreements cover the entire marketing period for the 2004 crop and are in effect until the fall of 2005, additional interest costs will be incurred and the producer organizations will not be in a position to make any claims on the Government guarantee until after this time. In recent years, the default payments under the program are one per cent or less of the amount advanced.

Crop Year	Number of PO	CWB Advances \$M	Non-CWB Advances \$M	Total Advanced \$M	Default Payments by fiscal year \$M	Interest Costs by crop year \$M
	(1)	(2)	(3)	(4)	(5)	(6)
2000	53	612	362	974	3.7	24
2001	54	509	304	813	5.5	9.5
2002	49	324	311	635	7	8.6
2003	48	463	333	796	3.4	8.6
2004	47	435	449	884	8.8	8.2

M = Million

PO = Producer Organizations

The information provided in columns (1) to (4) and (6) is based on a crop year, which is approximately August 1 to July 31 and therefore, does not coincide with the Government's fiscal year. Consequently, the amounts provided for interest costs will not be the same as those provided in the Public Accounts which are on a fiscal year.

The default payments (5) for 2004-2005 fiscal year includes \$7M for the CWB defaults which could be paid in a worst-case scenario. \$1.8M has been expended to date for other producer organizations defaults.


The total interest costs for 2004 crop year is as of June 20, 2005.

The 2003 figures have been updated.

Government Purchases Program

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

Price Pooling Program

The purpose of the program is to facilitate the marketing of agricultural products under a cooperative plan. Under the PPP, as was the case under the former *Agricultural Products Cooperative Marketing Act* , the government guarantees a minimum average wholesale price for an agricultural product sold by a marketing agency. The price guarantee agreement entered into with the marketing agencies protects it against unanticipated declines in the market price of their products and covers the initial payment made to producers plus costs incurred by the agencies to market the product, to a fixed maximum. Program participants use the

price guarantee as security to obtain credit from lending institutions. This credit allows the marketing agency to improve the cash-flow of producers through an initial payment. The initial payment is made to the producer by the marketing agencies upon delivery of the agricultural product. The price guarantee is set at a percentage of the expected average wholesale price of the product for a given crop year. Should the average wholesale price received by the marketing agency for the crop year be below the guaranteed price, the Government reimburses the agency for the difference from the Consolidated Revenue Fund.

For the 2004 crop year, approximately \$57 million in price guarantees were provided to seven marketing agencies across Canada for the benefit of 18,368 producers. There are no claims anticipated for the 2004 crop year.

PPP Historical Summary of Agreements

Crop Year	# of MA	# of Producers	Total Guarantee \$M
2000	5	20,650	134.8
2001	4	19,350	123.9
2002	5	19,450	65.4
2003	7	20,700	42.1
2004	7	18,368	57.1

M = Million

MA = Marketing Agencies

Total guarantee amounts prior to 2004 have been updated to show actual guaranteed amounts rather than estimated.

The 2004 Crop year guarantee amount may increase as the pools remain open until the end of the crop year.

Spring Credit Advance Program

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

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

For the 2004 crop year, the Department entered into 29 agreements with producer organizations across Canada, including the CWB. These organizations advanced approximately \$653 million to 35,825 producers. This advanced amount represents a decrease of \$74 million compared to the 2003 crop year.

Crop Year	# of PO (1)	Total Advanced \$M (2)	Administration Costs by crop year \$M (3)	Default Payments by fiscal year \$M (4)	Total Interest Costs by crop year \$M (5)
2000	20	357	0.653	3.1	11.2
2001	24	673	0.638	3.8	15.8
2002	25	712	0.9	2.5	12.2
2003	27	727	0.852	4.9	13.7
2004	29	653	0.768	7.5	10

M = Million

PO = Producer Organizations

The SCAP crop year period is approximately April 1 to December 31 therefore the information provided in columns (1) to (5) could either be interpreted by crop year or fiscal year, except 2000 and 2001 default payments.

The administration costs (3) for 2002 onward are composed of payments made to the producer organizations and crop insurance agencies to cover costs related to the SCAP. Prior to 2002, administration costs included only payments made to the PO.

The default payment for 2004 is the outstanding amount still with the PO of \$7.5M, which could be payable in a worst-case scenario.

The default payments prior to 2004, do not include the outstanding amount still with the PO of \$3.1M (2000-2003), which could be payable in a worst-case scenario.

Farm Improvement and Marketing Cooperatives Loans Act


Annual Report 2004-2005

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

The table below provides statistics on the operation of this program since fiscal year 2000-2001. FIMCLA provided almost \$739 million in loan guarantees to the farming sector over the last five years. Payments and costs have exceeded revenues and recoveries by \$7.5 million. During fiscal year 2001-2002, a Risk Analysis Study was conducted to establish the fee required to cover program administration and future liabilities under the guarantee. The study concluded that the registration fee of 0.85 per cent was sufficient to cover both administration costs and future liabilities based on an annual volume of \$230.1 million in registered loans.

For the fiscal year ending March 31, 2005, 2,829 loans totalling approximately \$105.1 million were guaranteed under FIMCLA. This figure is down from 3,155 loans totalling \$105.6 million made in 2003-2004, a decrease of 0.5 per cent in the value of loans registered. The majority of loans were issued in the province of Saskatchewan with 70 per cent, followed by Ontario and Manitoba with 9.3 per cent and 7.2 per cent respectively. The majority of the loans were issued in the grains and oilseeds sector which comprised 58 per cent of the portfolio, followed by the beef sector with 27 per cent. The predominant reason for

loans issued was farm implements which accounted for 53 per cent, followed by additional land and consolidation/refinancing with 14 per cent, and 9 per cent respectively. These trends are consistent with previous years; however, consolidation/refinancing has overtaken equipment and livestock this year as predominant reasons.

FIMCLA came into effect in 1988 replacing the *Farm Improvement Loans Act (FILA)* . Since then, loans worth over \$4.1 billion have been issued and registered under FIMCLA. The loans outstanding (FILA & FIMCLA) are estimated at \$760 million and the government's claims paid rate accounts for 1.03 per cent of the loans issued. Recoveries on claims during this period averages 0.38 per cent of the amount of loans guaranteed; therefore the net cost of claims averages 0.65 per cent. The government's contingent liability in respect of the loans outstanding at the end of March, 2005 amounted to \$236 million due to a clause in the Act limiting the Minister's liability to any one lender (90 per cent of the first million dollars issued by the lender, 50 per cent of the second million and 10 per cent of the remaining balance).

Because of the decline in demand for its services, FIMCLA was evaluated in 2004-2005. The current FIMCLA will continue while analysis is conducted to determine if FIMCLA or a like instrument can be used to address debt-financing needs of beginning farmers, inter-generational transfers, and agricultural co-operatives. In the meantime, loan applications submitted to AAFC by March 31, 2005 remained eligible for consideration, just as all current guarantees under the program will be maintained.

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

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Number of new loans registered	6,304	5,659	4,722	3,155	2,829
Value of new loans registered (\$000)	189,087	178,732	160,425	105,601	105,095
Loan registration fees received (\$000)	1,574	1,527	1,372	902	897
Claims paid (\$000)	963	2,694	2,590	2,376	1,620
Recoveries of claims paid out (\$000)	344	158	255	272	394
Administration costs (\$000)	1,000	1,000	1,000	1,000	1,000
Net gain or loss (\$000)	-45	-2,009	-1,963	-2,202	-1,329

Claims paid amount in 2002-2003 has been updated to reflect claims amounts not paid that had been in the review process.

Claims paid amount in 2003-2004 includes the amount of claims still in the review process, \$978,013 of which may or may not be paid in full by the department depending on the eligibility of the claim.

Claims paid amount in 2004-2005 includes the amount of claims still in the review process, \$729,658 of which may or may not be paid in full by the department depending on the eligibility of the claim.

Claims paid out in a fiscal year are not necessarily related to loans issued in the same year and could include claims paid out against guarantees issued under FILA.

Canadian Agricultural Income Stabilization / Net Income Stabilization Account

On December 11, 2003, the Minister of Agriculture and Agri-Food announced that the APF had received the necessary signatures required for implementation. This resulted in the launching of CAIS program and the ending of the NISA program after the 2002 stabilization year.

CAIS program integrates stabilization and disaster protection into a single program, helping producers protect their farming operations from both small and large drops in income. The CAIS program is a whole-farm program available to eligible farmers regardless of the commodities they produce.

With the CAIS program, participants select a protection level for their operation and then make the necessary deposit to secure that protection level. Program payments, which include funds from their account and a government contribution, are made when the participant's margin in the program year falls below their reference margin. The greater the loss, the larger the government contribution.

Program payments are cost shared 60/40 (federal/provincial or territorial). The program is delivered by several administrations including the federal administration. The federal administration invoices provinces for their 40 per cent share of program payments which are held in a specified purpose account and drawn down as applications are processed.

The federal government and the provinces approved the wind down of the NISA Program at the end of the 2002 stabilization year. Participants have a maximum of five years (March 31, 2009), with minimal annual withdrawals of 20 per cent, to withdraw their funds from the Program.

The Consolidated Revenue Fund records the following transactions related to the CAIS and NISA programs:

- the provincial share of CAIS funds received to cost/share payments to producers;
- government matching contributions on NISA participant matchable deposits, for the 2002 stabilization year, with the exception of Alberta, the federal and provincial governments provided base matching contributions equal to two-thirds and one-third, respectively of participant matchable deposits. The federal Government contributed the full three per cent for Alberta;
- interest paid by the federal government on NISA funds held in the Consolidated Revenue Fund, at rates and in accordance with terms and conditions determined by the Minister of Finance; and
- interest paid by participating financial institutions on NISA funds held for participants, at rates set by negotiation between the participant and the financial institution.

Parliamentary Committees and Audits and Evaluations

PARLIAMENTARY COMMITTEES

Reports of the Standing Senate Committee on Agriculture and Forestry

“The BSE Crisis - Lessons for the future” - April 2004

The Senate Standing Senate Committee on Agriculture and Forestry tabled in April 2004 an interim report entitled **“The BSE Crisis - Lessons for the future.”** This report followed a series of meetings held in March and February 2004 examining issues related to BSE in Canada. In total, the committee heard from 27 witnesses from all sectors of the beef value chain, including the Minister of AAFC.

The report underlined the crisis faced by the Canadian cattle industry since the discovery of BSE, and the negative impacts of the closure of the U.S. border to Canadian cattle. Emphasis was put on the need to further develop, and enhance, Canada’s processing industry to increase domestic slaughter capacity.

The second major theme of the report was on the importance for Canada, the U.S. and Mexico to enhance the harmonization of sanitary and phytosanitary standards. It is in the best interests of all economic partners that the trading system be based on sound scientific grounds. The Committee noted that by harmonizing health standards and protocols across the North American cattle industry, we could make sure that, when an animal health issue arises in some part of the continent, proper measures are taken to contain the problem, but markets continue to function. In fact, in many cases, closing the border entirely may not increase the level of safety, and may only put an undue burden on farmers.

The interim report contained two recommendations:

Recommendation 1: That the Government of Canada funnel some of the venture capital funding announced in the budget specifically into additional value-added capacities for the livestock sector in both western and eastern Canada, and develop with the industry a long-term vision for further processing in that sector.

Recommendation 2: That Canada and its North American partners use the lessons learned from the BSE crisis and the OIE recommendations to enhance the harmonization of their sanitary and phytosanitary standards and, to this end, that they set up a permanent NAFTA agricultural secretariat with the mandate to use these standards and generate reports including recommendations for actions by NAFTA partners to regulate the trade flow when a sanitary or phytosanitary issue occurs.

The Minister of Agriculture and Agri-Food responded to the Committee report in August 2004, by letter. In his response, the Minister outlined measures announced and actions taken by the Government of Canada to assist the Canadian cattle industry to cope with the effects of the closure of the U.S. border to Canadian cattle. The Minister also commented on the recommendations contained in the report. He noted that Recommendation 1 was worth exploring. The Government of Canada announced in September of 2004 a repositioning strategy aimed at assisting Canada’s livestock industry in repositioning itself to ensure its long-term viability.

AAFC and the portfolio agencies endorsed Recommendation 2, and negotiations have been on-going between Canada, the U.S. and Mexico.

The full report of the committee can be found at: <http://www.parl.gc.ca/37/3/parlbus/commbus/senate/com-e/agri-e/rep-e/repintapr04-e.htm#Bridging%20Measures>

“Value-added agriculture in Canada” – December 2004

The Senate Standing Senate Committee on Agriculture and Forestry also tabled in December 2004 a report entitled **“Value-added agriculture in Canada.”**

The Committee began work on this study on the development and marketing of value-added agricultural, agri-food and forestry products in September 2003.

The witnesses consisted of farm groups, agri-food trade representatives, farmer-owned co-operatives, cottage industry producers, the Internal Trade Secretariat and federal government officials from the NFPC, the CFIA and AAFC. The Committee held 13 meetings and sat for over 25 hours, hearing 33 witnesses.

Throughout the report, special focus is put on the producer, and the new challenges facing the agriculture and agri-food sector. The recommendations were grouped in nine general themes: Food Safety, Quality Standards, Organic Agriculture, Farmer-Owned Food Processing and Co-operatives, Supply Management, Local Experience and Marketing, Research and Innovation, International Trade, Interprovincial Trade.

The Committee strongly argued that Canada should make a priority of developing its value-added sector to help meet the present and future challenges facing the industry. It also recommended that the federal government be innovative in its approach to informing farmers of value-added opportunities and promoting high-quality Canadian products around the world.

The report contained 22 recommendations that touched AAFC and its portfolio agencies:

Recommendation 1: That the federal government expand the application of food safety systems such as the HACCP system among commodity sectors, and enhance funding to help small-scale food producers and processors achieve HACCP standards or other similar food safety and monitoring standards.

Recommendation 2: That the federal government assist the wine industry in Atlantic Canada with funding for the development of a quality-assurance governance system in order to facilitate the implementation of national Vintners Quality Alliance standards.

Recommendation 3: That the costs associated with CFIA food safety requirements that are put in place due to the adoption and enforcement of national wine standards be waived for the first two years of implementation for small wineries.

Recommendation 4: That the federal government work with the organic sector throughout the value chain, and help establish an organic value-chain round table to address issues that restrict the production, distribution and retailing of organic agricultural products.

Recommendation 5: That the federal government provide leadership and work with the provinces and the organic industry to put in place national regulations specifically on the labelling of products of organic agriculture, no later than 2005.

Recommendation 6: That the federal government develop tax and expenditure incentive programs that recognize the extent to which organic practices benefit the environment, in order to help farmers make the transition to organic farming.

Recommendation 7: That the federal government commission a study to examine the CWB’s organic grain policy, with the goal of facilitating the marketing of Western organic wheat and barley.

Recommendation 8: That the federal government investigate options such as loan guarantees and other measures that would increase access to capital for farmers considering the purchase of New Generation Co-operatives shares.

Recommendation 9: That the CWB allow further flexibility in developing New Generation Co-operatives in Western Canada.

Recommendation 10: That the federal government facilitate the development and marketing of value-added agriculture within the supply management system by revisiting, with the industry, the system’s regulations and terms.

Recommendation 11: That the federal government introduce or increase marketing initiatives through the Canadian Agriculture and Food International program, and other programs, to aggressively promote high-quality Canadian products domestically and around the world.

Recommendation 12: That the federal government provide to all farmers national and international seminars on a continuous basis.

Recommendation 13: That the federal government establish a “One- Stop Web Center” that would communicate agricultural programs, research and other initiatives.

Recommendation 14: That the federal government increase funding for agricultural research and development in areas specific to the public interest, such as food safety and the environment.

Recommendation 15: That the federal government adopt a comprehensive national research framework that considers broad agricultural research issues across commodity sectors.

Recommendation 16: That the federal government establish a cross-sector value-added round table focussed on issues specific to agricultural research and innovation.

Recommendation 17: That Canada’s WTO negotiations identify, as one of Canada’s priorities, the reduction of tariff rate escalation practices of setting higher tariffs on processed products.

Recommendation 18: That the federal government consult, and include in negotiations of trade implementation agreements, unbiased industry experts who have extensive knowledge of the processing and manufacturing requirements of the industry or industries that could be affected by these agreements.

Recommendation 19: That the federal government continue to consider innovative ways to use the venture capital funding announced in the 2004 federal Budget to increase value-added capacity in the livestock as well as other agricultural sectors.

Recommendation 20: That the review called for in Article 902.4 of the Agreement on Internal Trade, with regard to the scope and coverage of agricultural internal trade, be tabled as per the Agreement.

Recommendation 21: That the comprehensive review called for in Article 903.2a of the Agreement on Internal Trade, with regard to the framework for governing supply management, be tabled as per the Agreement.

Recommendation 22: That a review of interprovincial marketing, distribution and access to points of sale of alcoholic beverages be conducted by federal and provincial governments under the auspices of the Agreement on Internal Trade.

The Minister of Agriculture and Agri-Food responded to the Committee report in April 2005, by letter, describing the department’s work and plans in relation to, and in support of, all the recommendations.

The full report of the committee can be found at: <http://www.parl.gc.ca/38/1/parlbus/commbus/senate/com-e/agri-e/rep-e/rep02dec04-e.htm>

AUDITS AND EVALUATIONS

Office of the Auditor General (OAG) Reports

OAG reports for 2004-2005 can be found at: http://www.oag-bvg.gc.ca/domino/reports.nsf/html/04menu_e.html

Assessing the Environmental Impact of Policies, Plans, and Programs – October, 2004

Overall, this audit found a low level of commitment in departments and agencies toward conducting SEAs, despite the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals, which was first issued in 1990. It was recommended that Deputy Heads of all departments and agencies included in the audit ensure their organization fully implement the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals.

The department participated in drafting the Government response which includes a commitment by Deputy Heads to ensure the Cabinet directive is implemented within their organizations.

OAG 2004 Annual Monitoring Exercise

- 1999 - OAG Chapter 11 – User Charges
- 1999 - OAG Chapter 24 – The Canadian Adaptation and Rural Development Fund – An Example of Involving Others in Governing
- 1999 - OAG Chapter 12 – A New Crop: Intellectual Property in Research
- 2001 - OAG Chapter 5 – Voted Grants and Contributions – Program Management
- 2001 - CESD Chapter 01 – A Legacy Worth Protecting: Charting a Sustainable Course in the Great Lakes and St. Lawrence River Basin – Summary
- 2003 - CESD Chapter 01 – Managing the Safety and Accessibility of Pesticides

Internal Audit and Evaluation Reports

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

Internal Audits

Audit of Implementation of Certain MOU's Relative to Revenue

Audit of Security Screening

Audit of PeopleSoft Application Control

Audit of CIP

Audit of Staffing Process

Audit of Leave and Overtime

Audit of Transitional Funding for 2002

Audit of Salary Management System Application Control

Audit of Professional Services Contacts – Employee/Employer Relationships

Evaluations

Matching Investment Initiative Comparative Analysis

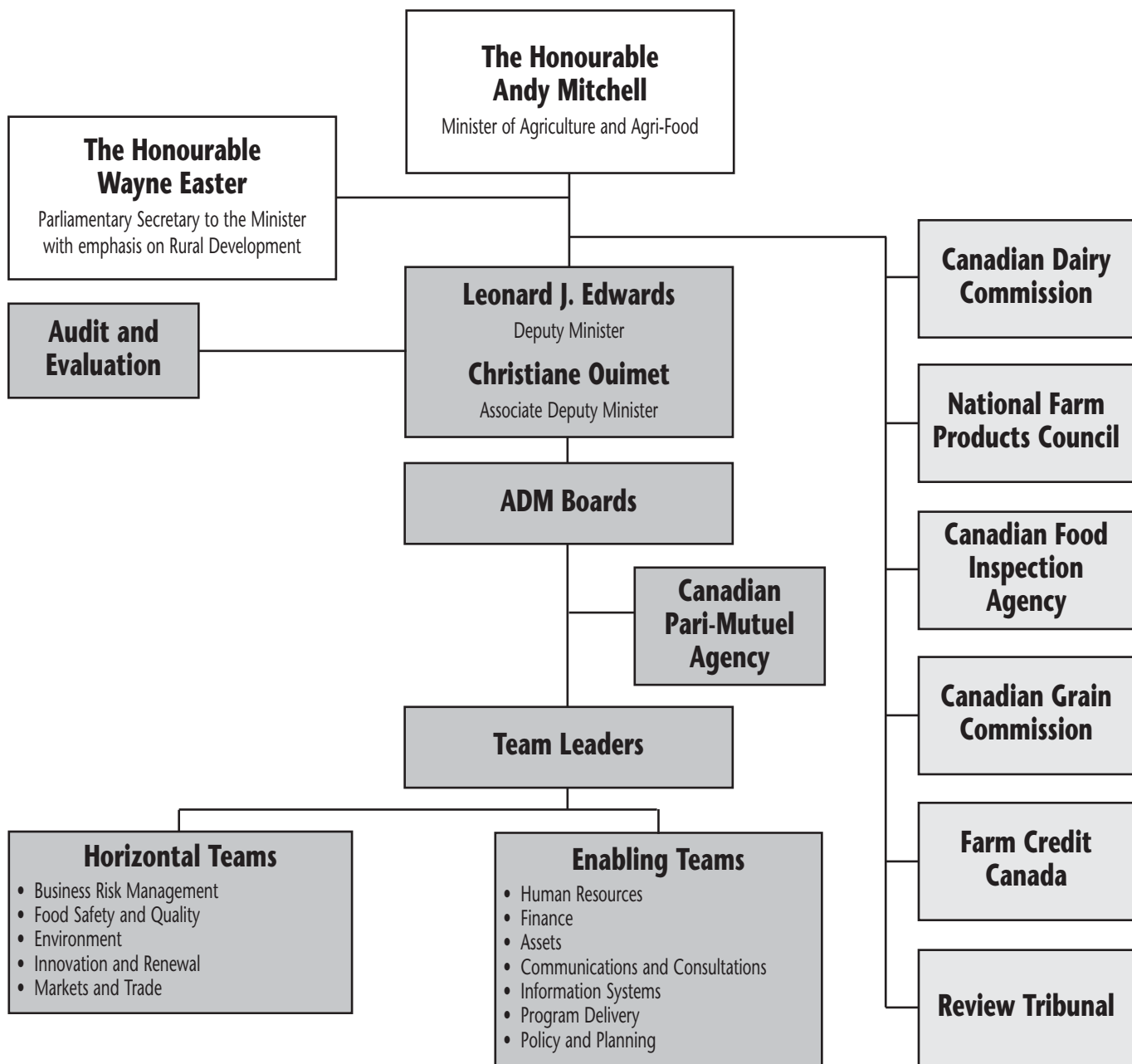
Evaluation of Shelterbelt Program

Evaluation of FIMCLA



Other Items of Interest

AGRICULTURE AND AGRI-FOOD PORTFOLIO



HOW TO REACH US

Departmental Contacts

Agriculture and Agri-Food Canada

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

General Enquiries
930 Carling Avenue
Ottawa, Ontario K1A 0C5
Tel: (613) 759-1000

<http://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, P.C.

www.agr.gc.ca/minoffe.html

**Parliamentary Secretary to the Minister
with emphasis on Rural Development**

The Honourable Wayne Easter, MP
Tel: (613) 992-6188
easterw@agr.gc.ca

www.agr.gc.ca/minoffe.html

Deputy Minister

Leonard J. Edwards
Tel: (613) 759-1101
edwardslj@agr.gc.ca

www.agr.gc.ca/cb/min/dmoe.html

Associate Deputy Minister

Christiane Ouimet
Tel: (613) 759-1090
ouimetc@agr.gc.ca

www.agr.gc.ca/cb/min/dmoe.html

Branch and Agency Heads

Research

Yvon Martel
A/Assistant Deputy Minister
(613) 759-7777
martelyv@agr.gc.ca
[http://res2.agr.gc.ca/
research-recherche/](http://res2.agr.gc.ca/research-recherche/)

Farm Financial Programs

Susie Miller
A/Assistant Deputy Minister
(613) 759-7243
millersu@agr.gc.ca
www.agr.gc.ca/ffpb/ffpb_e.phtml

Human Resources

Steve Tierney
Assistant Deputy Minister
(613) 759-1196
tierneys@agr.gc.ca
www.agr.gc.ca/hr/main.html

Prairie Farm Rehabilitation Administration

Carl Neggers
Director General
FCC Tower
603-1800 Hamilton Street
Regina, Saskatchewan S4P 4L2
(306) 780-5081
neggersc@agr.gc.ca
www.agr.ca/pfra/

Legal Services

Heather Smith
General Counsel
(613) 759-7879
smithh@agr.gc.ca

Market and Industry Services

Andrew Marsland
Assistant Deputy Minister
(613) 759-7561
marslanda@agr.gc.ca
www.agr.gc.ca/misb.html

Corporate Management

Terry Hearn
Assistant Deputy Minister
(613) 759-6811
hearnt@agr.gc.ca
www.agr.gc.ca/csb_e.phtml

Audit and Evaluation

Richard Hill
A/Director General
(613) 759-6471
hillri@agr.gc.ca
www.agr.gc.ca/review/rbmain.html

Rural and Co-operatives Secretariats

Donna Mitchell
Executive Director
(613) 759-7113
mitchelldo@agr.gc.ca
www.rural.gc.ca
www.agr.gc.ca/policy/coop/

Information Systems

Helen Robinson
A/Chief Information Officer
(613) 759-6441
robinsonh@agr.gc.ca

Strategic Policy

Suzanne Vinet
Assistant Deputy Minister
(613) 759-7349
vinets@agr.gc.ca
www.agr.gc.ca/spb/pb_e.phtml

Communications and Consultations

Paul Schubert
Assistant Deputy Minister
(613) 759-7964
schubertp@agr.gc.ca
www.agr.gc.ca/cb/combr_e.phtml

Canadian Pari-Mutuel Agency

Elizabeth Massey
Executive Director
P.O. Box 5904 LCD Merivale Road,
Ottawa, Ontario K2E 8A9
(613) 946-1700
emassey@agr.gc.ca
www.cpma-acpm.gc.ca/

Portfolio Coordination

Louise Mignault
Executive Director
(613) 759-1062
mignaultl@agr.gc.ca

Portfolio Contacts

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

Canadian Grain Commission

Chris Hamblin
Chief Commissioner
600-303 Main Street
Winnipeg, Manitoba R3C 3G8
(204) 983-2735
chamblin@cgc.ca
www.cgc.ca

Canadian Food Inspection Agency

Richard Fadden
President
59 Camelot Drive
Nepean, Ontario K1A 0Y9
(613) 225-2342
faddenr@inspection.gc.ca
www.cfia-acia.agr.gc.ca

Canadian Dairy Commission

John Core
Chairman & Chief Executive
Officer
Building 55, NCC Driveway
Central Experimental Farm
930 Carling Avenue
Ottawa, Ontario K1A 0Z2
(613) 792-2060
jcore@agr.gc.ca
www.cdc.ca

Farm Credit Canada

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

Review Tribunal

Thomas Barton
Chairman
Building 60, Birch Drive
Central Experimental Farm
930 Carling Avenue
Ottawa, Ontario K1A 0C6
(613) 792-2087
www.rt-cr.gc.ca/

LEGISLATION ADMINISTERED BY THE MINISTER OF AGRICULTURE AND AGRI-FOOD

Acts for which Minister is named in Statute as responsible Minister and that are administered by the Department of Agriculture and Agri-Food

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

Acts for which Minister is named in an Order in Council as responsible Minister and that are administered by Department of Agriculture and Agri-Food Canada

Prairie Farm Rehabilitation Act	R.S. 1985, c. P-17
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Acts for which Minister is named in statute as responsible Minister and that are administered by other entities in the Agriculture and Agri-Food Portfolio

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

Act for which Minister is named in an Order in Council as responsible Minister and that are administered by other entities in the Agriculture and Agri-Food Portfolio

Canada Grain Act (CGC)	R.S. 1985, c. G-10
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Act for which other ministers are responsible but that confer powers on the Minister

Criminal Code (Section 204) (Minister of Justice)	R.S. 1985, c. C-46
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Act for which a minister is named in an Order in Council as responsible and that are administered partially by the Department of Agriculture and Agri-Food

Canadian Wheat Board Act	R.S. 1985, c. C-24
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Acts for which another minister is responsible and that are administered partially by other agencies in the Agriculture and Agri-Food Portfolio

Consumer Packaging and Labelling Act (Minister of Industry/CFIA)	R.S. 1985, c. C-38
Food and Drugs Act (Minister of Health/CFIA)	R.S. 1985, c. F-27

APPENDIX A – LIST OF ACRONYMS AND ABBREVIATIONS

AAFC	Agriculture and Agri-Food Canada
ACAAF	Advancing Canadian Agriculture and Agri-Food Program
AEI	Agri-Environmental Indicators
AMPA	Agricultural Marketing Programs Act
APF	Agricultural Policy Framework
APP	Advance Payments Program
BMP	Beneficial Management Practices
BRM	Business Risk Management
BSE	Bovine Spongiform Encephalopathy
CAFI	Canadian Agriculture and Food International
CAIS	Canadian Agricultural Income Stabilization
CASS	Canadian Agricultural Skills Service
CDI	Co-operative Development Initiative
CFBAS	Canadian Farm Business Advisory Services
CFIA	Canadian Food Inspection Agency
CFIP	Canadian Farm Income Program
CFSQP	Canadian Food Safety and Quality Program
CIDA	Canadian International Development Agency
CIP	Crop Insurance Program
CLA	Conjugated Linoleic Acid
COOL	Country of Origin Labelling
CPMA	Canadian Pari-Mutuel Agency
CRIS	Canadian Rural Information Service
CWB	Canadian Wheat Board
DFO	Department of Fisheries and Oceans
DPR	Departmental Performance Report
EEFP	Equivalent Environmental Farm Plan
EFP	Environmental Farm Plans
ESA	Environmental Site Assessments
ETAA	Environmental Technology Assessment for Agriculture
E.U.	European Union
FAO	Food and Agriculture Organization
FBA	Farm Business Assessment
FDMS	Farm Debt Mediation Service
FHB	Fusarium Head Blight
FILA	Farm Improvement Loans Act
FIMCLA	Farm Improvement and Marketing Cooperatives Loan Act
FPT	Federal-Provincial-Territorial
FSFQ	Food Safety and Food Quality

GDP	Gross Domestic Product
GHG	Greenhouse Gas
GIS	Geographic Information System
GPP	Government Purchases Program
HACCP	Hazard Analysis Critical Control Point
HC	Health Canada
MAF	Management Accountability Framework
MRRS	Management, Resources and Results Structure
MUP	Minor Use Pesticide
NAFTA	North American Free Trade Agreement
NAHARP	National Agri-Environmental Health Analysis and Reporting Program
NFPC	National Farm Products Council
NFSP	National Farm Stewardship Program
NISA	Net Income Stabilization Account
NLWIS	National Land and Water Information Service
NPV	Net Present Value
NWSEP	National Water Supply Expansion Program
OAG	Office of the Auditor General
OIE	Office International des Épizooties
PAA	Program Activity Architecture
PAVE	Planning and Assessment for Value-Added Enterprise
PHAC	Public Health Agency of Canada
PI	Production Insurance
PMRA	Pest Management Regulatory Agency
PPP	Price Pooling Program
PRR	Pesticide Risk Reduction
PSMA	Public Service Modernization Act
PSRMP	Private Sector Risk Management Partnership Program
PSRMPP	Private Sector Risk Management Partnership Program
RBAF	Risk-Based Audit Framework
RPP	Report on Plans and Priorities
RSLLRP	Ruminant Slaughter Loan Loss Reserve Program
SBPS	Specialized Business Planning Service
SCAP	Spring Credit Advance Program
SEA	Strategic Environmental Assessment
TAAP	Tobacco Adjustment Assistance Program
WTO	World Trade Organization

APPENDIX B – LIST OF WEBSITES

Advance Payment Programs	http://www.agr.gc.ca/progser/app_e.phtml
Advancing Canadian Agriculture and Food Program	http://www.agr.gc.ca/progser/acaaf_2_e.phtml
Agri-environmental indicators	http://www.agr.gc.ca/policy/environment/pubs_aei_01_e.phtml
Agri-Food Trade Service	http://ats-sea.agr.ca/general/home-e.htm
<i>Agricultural Marketing Programs Act</i>	http://www.agr.gc.ca/progser/ampa_e.phtml
<i>Agricultural Products Cooperative Marketing Act</i>	http://laws.justice.gc.ca/en/A-5/index.html
Agricultural Policy Framework	http://www.agr.gc.ca/cb/apf/index_e.php
Agricultural Policy Research Institute	http://www.agr.gc.ca/cb/index_e.php?s1=n&s2=2003&page=n31205c
Agricultural Policy Research Networks	http://www.farmlevel.re.ualberta.ca/
Avian influenza	http://www.inspection.gc.ca/english/anima/heasan/disemala/avflu/bccb2004e.shtml
Benchmark for Success	http://www.agr.gc.ca/ren/BenchmarkApp/apps_e.cfm
Bovine Spongiform Encephalopathy	http://www.inspection.gc.ca/english/anima/heasan/disemala/bseesb/bseesbse.shtml
Business Risk Management	http://www.agr.gc.ca/cb/apf/index_e.php?section=brm_gre&page=brm_gre
Business Risk Management Programs	http://www.agr.gc.ca/cb/apf/index_e.php?section=brm_gre&page=brm_gre
Canadian Agricultural Income Stabilization	http://www.agr.gc.ca/caisprogram/
Canadian Agricultural Skills Service	http://www.agr.gc.ca/ren/cass-scdca/index_e.php
Canadian Agriculture and Food International Program	http://www.agr.gc.ca/int/cafi-picaa/index_e.php?page=intro
Canadian Farm Business Advisory Services	http://www.agr.gc.ca/ren/cfbas/consult_e.cfm
Canadian Food Safety and Quality Program	http://www.agr.gc.ca/cb/apf/index_e.php?section=fd_al&group=docu&page=sdcc
Canadian Pari-Mutuel Agency	http://www.cpma-acpm.gc.ca/cpma_e.html
The Canadian Rural Information Service	http://www.rural.gc.ca/cris/about_e.phtml
Canadian Rural Partnership	http://www.rural.gc.ca/home_e.phtml
Co-operative Development Initiative	http://www.agr.gc.ca/policy/coop/information_e.phtml
Co-operatives Secretariat	http://www.agr.gc.ca/policy/coop/cardbg_e.phtml
Environment	http://www.agr.gc.ca/cb/apf/index_e.php?section=env&page=env
Environmental Farm Plans	http://www.agr.gc.ca/env/efp-pfa/index_e.php
Environmental Technology Assessment for Agriculture	http://agrisource1.agr.gc.ca/Intranet/BasicTemplateAction.do?action=entity&entityId=5157&lang=e
Farm Debt Mediation Service	http://www.agr.gc.ca/progser/fdms_e.phtml
<i>Farm Improvement and Marketing Cooperatives Loan Act</i>	http://www.agr.gc.ca/misb/nmp/fimcla/
<i>Farm Improvement Loans Act</i>	http://laws.justice.gc.ca/en/F-3/
<i>Farm Products Agencies Act</i>	http://laws.justice.gc.ca/en/F-4/index.html
Fed Cattle Set-Aside Program	http://www.agr.gc.ca/n41009_e.php
Feeder Set-Aside Program	http://www.agr.gc.ca/cb/min/index_e.php?s1=agmin&s2=col-chro&s3=2004&page=c1104
Federal, Provincial and Territorial Ministers of Agriculture meeting of July 2005	http://www.scics.gc.ca/cinfo05/830847004_e.html
Financial Guarantee Programs	http://www.agr.gc.ca/misb/nmp/
Food Safety and Food Quality	http://www.agr.gc.ca/cb/apf/index_e.php?section=fd_al&page=fd_al
Government Purchases Program	http://laws.justice.gc.ca/en/A-3.7/733.html#section-31
Greencover Canada	http://www.agr.gc.ca/env/greencover-verdir/index_e.phtml
Innovation	http://www.agr.gc.ca/cb/apf/index_e.php?section=sci&page=sci
Interdepartmental Committee on Co-operatives	http://www.agr.gc.ca/policy/coop/committees_e.phtml#inter

Internal Audit and Evaluation Reports	http://www.agr.gc.ca/review/rb-ep_e.php?page=list98
International	http://www.agr.gc.ca/cb/apf/index_e.php?section=int&page=int
<i>Leading by Example</i>	http://www.agr.gc.ca/policy/environment/publications/sds3-sdd3/leading_e.phtml
Minor Use Research Programs	http://www.agr.gc.ca/env/index_e.php?section=pest&page=mup
National Agri-environmental Health Analysis and Reporting Program	http://www.agr.gc.ca/env/naharp-pnarsa/index_e.php
National Farm Products Council	http://nfpc-cnpa.gc.ca/english/index.html
National Farm Stewardship Program	http://www.agr.gc.ca/env/efp-pfa/index_e.php?page=nfsp-pnga
National Land and Water Information Service	http://www.agr.gc.ca/nlwis/main_e.htm
National Rural Conference	http://www.rural.gc.ca/conference/04/index_e.phtml
National Water Supply Expansion Program	http://www.agr.gc.ca/env/index_e.php?section=h2o&page=h2o
Office of the Auditor General Reports for 2004-2005	http://www.oag-bvg.gc.ca/domino/reports.nsf/html/04menu_e.html
Pan Canadian Community Futures Network	http://www.communityfutures.ca/
Planning Assessment for Value-Added Enterprise	http://www.agr.gc.ca/ren/plan/index_e.php?page=intro
Pesticide Risk Reduction	http://www.agr.gc.ca/env/index_e.php?section=pest&page=pr
Prairie Shelterbelt Program	http://www.agr.gc.ca/pfra/sbcprog_e.htm
Price Pooling Program	http://www.agr.gc.ca/progser/ppp_e.phtml
Private Sector Risk Management Partnerships	http://www.agr.gc.ca/brm_gre/psp/index_e.cfm
Production Insurance	http://www.agr.gc.ca/puttingcanadafirst/index_e.php?section=brm_gre&group=docu&page=pisa
Renewal	http://www.agr.gc.ca/cb/apf/index_e.php?section=ren&page=ren
Report of the Standing Senate Committee on Agriculture and Forestry <i>The BSE Crisis - Lessons for the future</i> - April 2004	http://www.parl.gc.ca/37/3/parlbus/commbus/senate/com-e/agri-e/rep-e/repintapr04-e.htm#Bridging%20Measures
Report of the Standing Senate Committee on Agriculture and Forestry <i>Value-added agriculture in Canada</i> - December 2004	http://www.parl.gc.ca/38/1/parlbus/commbus/senate/com-e/agri-e/rep-e/rep02dec04-e.htm
<i>Report on Plans and Priorities (2004-2005)</i>	http://www.agr.gc.ca/csb/rpp/2005/index_e.php?page=intro
Repositioning of the Livestock Industry Strategy	http://www.agr.gc.ca/cb/index_e.php?s1=n&s2=2004&page=n40910a#measures
Risk Management Funding Year 2	http://www.agr.gc.ca/cb/apf/index_e.php?section=brm_gre&group=docu&page=rmf_guide
Ruminant Slaughter Loan Loss Reserve Program	http://www.agr.gc.ca/n41018a_e.php
The Rural Lens	http://www.rural.gc.ca/lens_e.phtml
Rural Secretariat	http://www.agr.gc.ca/policy/rural/
Science and Innovation	http://www.agr.gc.ca/cb/apf/index_e.php?section=sci&page=sci
Spring Credit Advance Program	http://www.agr.gc.ca/progser/scap_e.phtml
<i>Sustainable Agriculture: Our Path Forward</i>	http://www.agr.gc.ca/policy/environment/publications/sds3-sdd3/toc_e.phtml
Transition Industry Support Program	http://www.agr.gc.ca/tisp/main.html
Treasury Board Secretariat's Horizontal Results Database	http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.as

