



Canadian Food Inspection Agency

Performance Report

For the period ending
March 31, 1999

Canada

Improved Reporting to Parliament Pilot Document

The Estimates of the Government of Canada are structured in several parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve.

The Report on Plans and Priorities provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The Departmental Performance Report provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring Report on Plans and

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Foreword

On April 24, 1997, the House of Commons passed a motion dividing on a pilot basis what was known as the annual *Part III of the Estimates* document for each department or agency into two documents, a *Report on Plans and Priorities* and a *Departmental Performance Report*.

This initiative is intended to fulfil the government's commitments to improve the expenditure management information provided to Parliament. This involves sharpening the focus on results, increasing the transparency of information and modernizing its preparation.

This year, the Fall Performance Package is comprised of 82 Departmental Performance Reports and the government's report *Managing for Results - Volumes 1 and 2*.

This *Departmental Performance Report*, covering the period ending March 31, 1999, provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the department's pilot *Report on Plans and Priorities* for 1998-99. The key result commitments for all departments and agencies are also included in Volume 2 of *Managing for Results*.

Results-based management emphasizes specifying expected program results, developing meaningful indicators to demonstrate performance, perfecting the capacity to generate information and reporting on achievements in a balanced manner. Accounting and managing for results involve sustained work across government.

The government continues to refine and develop both managing for and reporting of results. The refinement comes from acquired experience as users make their information needs more precisely known. The performance reports and their use will continue to be monitored to make sure that they respond to Parliament's ongoing and evolving needs.

This report is accessible electronically from the Treasury Board Secretariat Internet site:
<http://www.tbs-sct.gc.ca/tb/key.html>

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Canadian Food Inspection Agency

Departmental Performance Report 1998-99

For the period ending

March 31, 1999

Lyle Vanclief
Minister of Agriculture and Agri-Food

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Executive Summary

The Agency's second year of operation can be best described as one of steady progress in enhancing the effectiveness and efficiency of federal inspection services related to food, and animal and plant health.

The Agency's Corporate Business Plan sets out objectives and priorities for the 1997-2000 period. The section of this report entitled *How We Are Doing* provides performance information for these objectives. The Agency continues to protect consumers, promote partnerships, streamline its operations and adopt new policies and approaches as outlined below.

Enhancing Effectiveness and Efficiency of the Inspection System

To enhance effectiveness and efficiency of the inspection system, the Agency has:

- continued to reduce overlap and duplication in program delivery, management and administration, without reducing services to Canadians including reducing the number of offices across the country to 18, from the 33 which existed when the Agency was created in April 1997;
- recognized prevention as a critical means to ensure food safety (For example, the Agency has supported the implementation of Hazard Analysis Critical Control Point (HACCP) systems by federally-registered establishments. HACCP is an internationally recognized approach to food safety which is based on identifying and preventing food-safety risks during processing. HACCP is a key element of the Agency's work in the development of an Integrated Inspection System (IIS) which will cover the full range of food safety, from input materials through production to retail and consumer use.);
- received commitments from over half of Canada's 800 federally-registered meat processing, slaughter and storage establishments to participate in the Food Safety Enhancement Program which incorporates HACCP principles; and
- implemented the re-engineered Fish Quality Management Program, which incorporates HACCP principles, for all federally-registered fish processors.

Promoting Partnerships

The Agency increasingly saw the need for and participated in partnerships with other levels of government, consumers, industry and stakeholders as a means to meet its objectives.

- On the federal-provincial scene, agreements were reached with the governments of Quebec, Ontario, Alberta and the Northwest Territories that clarify inspection roles and allow for greater collaboration and efficiency in inspection activities.
- The Agency assisted the Canadian Partnership for Consumer Food Safety Education to introduce the FightBac!™ Campaign that successfully reached and continues to educate a large number of Canadians about the safe handling of food.

Protecting Consumers

Truthful and accurate labeling of food products is essential to ensure consumer protection. During the past year, the Agency has:

- continued a thorough review of its labelling program;
- stepped-up enforcement action against violators; and
- taken a lead role in the Codex Alimentarius Commission's efforts to develop an international agreement on the labelling of products of biotechnology.

Facilitating Market Access

Not to be confused with “trade promotion,” market access refers to the Agency's measures to protect important Canadian resources – Canada's food supply system, its animals and plants – through measures that help prevent the spread of food-borne illness and maintain a healthy animal and plant population. We contribute to safe food by:

- inspecting and certifying producers and importers, thereby protecting Canadians and helping to build international confidence in Canadian-produced foods and animal and plant products; and
- influencing international inspection standards and encouraging adoption of Canadian requirements.

Maintaining a Skilled and Competent Staff

During the year, previously identified priority policy needs were transformed into policy.

Accomplishments included:

- a Human Resources Policy Framework designed to provide a blueprint for policy- and decision-making;
- a Staffing and Accountability Framework to clarify the delegation of authority and accountability across all staffing activities;
- implementation of a Staffing Complaint Policy providing employees with a recourse mechanism;
- an Employment Equity Strategy and a three-year action plan;
- a Student Internship Program;
- a Learning Strategy to address training needs in the Agency; and
- management competency programs.

The next several years will be particularly exciting ones for the Canadian Food Inspection Agency. We look forward to serving Canadians, responding quickly to their changing needs and further strengthening Canada's food safety systems and animal and plant health.

Section I Message

Minister's Message

Departmental Performance Report

I am pleased to present the Departmental Performance Report for the Canadian Food Inspection Agency (CFIA) which outlines the organization's significant accomplishments for 1998/99. The CFIA was created on April 1, 1997 to provide more effective and efficient federal services related to food inspection and animal and plant health. Since its creation, the CFIA has worked to ensure a smooth and successful transition to its new Agency status – by clarifying roles and responsibilities, reducing overlap and duplication, and improving federal/provincial harmonization.

Canada is recognized around the world for its high standards of food quality and safety. Those standards are important to the nutrition and safety of all Canadians. In fulfilling its mandate of safe food and consumer protection, the CFIA's goal is to build upon the high standards that Canadians enjoy. The Agency will further enhance food safety and quality through improved service delivery and by modernizing food safety and inspection throughout the food continuum – from agricultural inputs, to processing, to food retail. The Agency will also continue its contributions to maintaining the health of our animal and plant life. In facilitating market access, CFIA's activities in import inspection and international standards setting means that imported products that Canadians consume will continue to be subject to the same rigorous production and inspection standards that we set for our own domestic food products.

In the years ahead, the CFIA will continue to respond appropriately and quickly to change by improving its ability to address new and emerging issues, by continuing to employ sound scientific principles in its work and by facilitating greater cooperation and coordination among governments and other stakeholders.

I am confident that, as in the past, the CFIA's work will contribute to the health of Canada's animal and plant life, and that Canadians can depend on a modern and scientifically sound food safety and inspection system – now and into the 21st century.

President's Message

This year's Departmental Performance Report, covering the Agency's activities from April 1, 1998, to March 31, 1999, describes CFIA's mandate – from program design and policy development to inspection programs. The Report highlights accomplishments made over the past year and describes the performance management framework that the Agency will use to report to Canadians in future years.

During its second year of operation, the CFIA's top priority was to ensure the continued protection of Canadian consumers by improving the effectiveness and efficiency of the Agency's services. This has entailed making significant structural improvements to the way the Agency operates. The CFIA has strengthened its foundation in science by consolidating its laboratories into a single reporting structure. Organizational structures across the Agency were adjusted and many key positions were staffed through competitive processes.

To compliment these structural improvements, the Agency, in a joint undertaking led by the CFIA in partnership with Health Canada, undertook to modernize and consolidate the existing food and agricultural input statutes currently administered and/or enforced by the CFIA. If approved by Parliament, this proposed new Act, entitled *The Canadian Food Safety Inspection Act*, will provide an effective and efficient modern legislative framework to meet current and future food safety needs as Canada moves into the 21st century.

The CFIA works closely with all its partners – federal- provincial/territorial governments, consumers and industry – to enhance the effectiveness and efficiency of food, animal and plant inspection services.

Recognizing the importance of science advice in making policy and regulatory decisions, the CFIA created the Science Evaluation Unit last year. This Unit will act in coordination with other science elements within the Agency to renew the CFIA's overall science strategy. In addition, the CFIA, along with other federal science-based departments and agencies, will develop principles, guidelines and implementation measures on the basis of the Council of Science and Technology Advisors' (CSTA) report, entitled *Science Advice for Government Effectiveness (SAGE)*. This effort will further enhance the effective use of science advice in making government decisions.

The success of the CFIA is a result of the effort and dedication of Agency staff across the country. I am proud to say that our staff is our greatest strength, and the reason that Canadians continue to benefit from one of the best food inspection and quarantine systems in the world.

Ronald L. Doering
President

Section II Departmental Overview

Who We Are

The creation of the Canadian Food Inspection Agency (CFIA), in April 1997, brought together inspection and related services previously provided through the activities of four federal government departments – Agriculture and Agri-Food Canada, Fisheries and Oceans Canada, Health Canada and Industry Canada. Establishment of the CFIA consolidated the delivery of all federal food, animal and plant health inspection programs.

Our Mandate:

To enhance the effectiveness and efficiency of federal inspection and related services for food and animal and plant health.

Our Mission:

Safe food, consumer protection and market access.

Our Objectives:

- To contribute to a safe food supply and accurate product information
- To contribute to the continuing health of animals and plants for protection of the resource base
- To facilitate trade in food, animals, plants and their products.

Our Priorities:

- Consumer protection
- Enhance effectiveness and efficiency of the inspection system
- Enhance intergovernmental cooperation
- Maintain a skilled and competent staff
- Facilitate market access.

Our Values:

- *Workplace and People Values:* Professionalism, Respect, Commitment and a Positive Outlook
- *Employment Values:* Merit, Employment Equity, Mobility and Performance Recognition
- *Leadership and Management Values:* Openness, Integrity, Trust and Teamwork.

Our Operating Environment

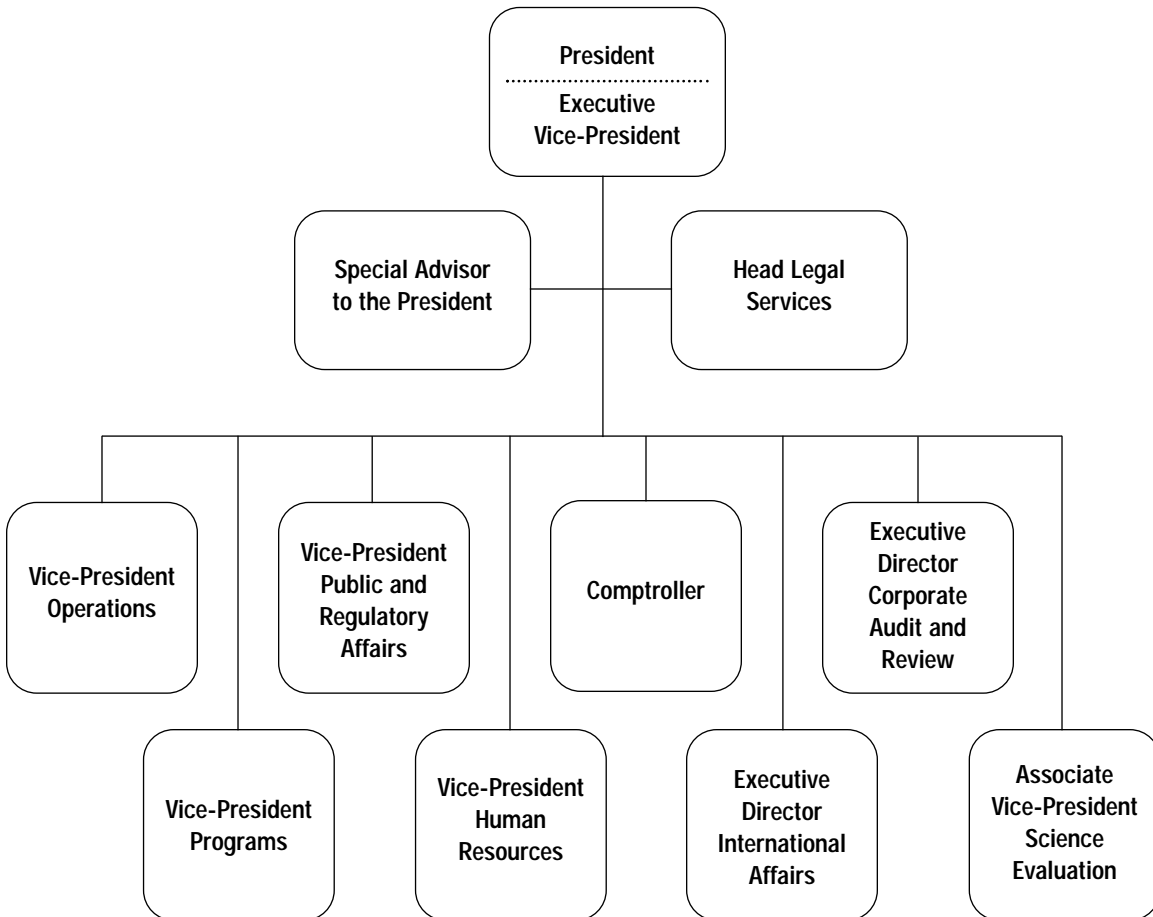
The CFIA Workforce

The CFIA is comprised of 4,600 people working together to protect Canadian consumers and the health of Canadian animals and plants. It is working to meet the demands of domestic and international consumers and markets. Its staff consists of a broad range of specialists, including veterinarians, inspectors, systems specialists, support staff, financial officers, research scientists and laboratory technicians.

With headquarters in the National Capital Region, the CFIA organization comprises four operational areas, subdivided into 18 regional offices, 185 field offices (including border points of entry), 408 offices in non-government establishments (such as processing facilities) and 22 laboratories and research facilities.

Our Organizational Structure

The CFIA is led by a President who reports to the Minister of Agriculture and Agri-Food. The President is supported by an Executive Vice-President.



During 1998, a new program structure was put in place to allow the Agency to more effectively manage risk and implement an Integrated Inspection System. The structure maintains the Agency's commitment to science, deals with the continuum of food production from primary production to the retail level and manages horizontal issues that cut across commodity lines. CFIA Programs now have four directorates: Animal Products, Plant Products, Program Laboratories, and Policy, Planning and Coordination.

In its Operations Branch, the Agency integrated the different regional structures from the four founding departments and moved away from matrix management to a line-of-command approach. A consistent regional structure was adopted for the four areas of Operations (Atlantic, Quebec, Ontario, Western) to enable consistent and effective inspection delivery across the country. Staffing for the 18 Regional Director positions was completed in 1998.

Minister's Advisory Board

A 12-member, external advisory board provides advice directly to the Minister on broad policy issues related to the responsibilities of the CFIA. Board members are chosen for their knowledge and experience in areas related to the mandate of the Agency.

The People We Serve

The CFIA provides inspection and related services for animals and plants and their products ranging from inputs such as veterinary biologics to lumber and nursery products, to medicated feeds and seeds to fresh foods – including meat, fish, eggs, dairy products, fruit and vegetables – to prepared and packaged foods. Those we serve include farmers, fishers, manufacturers and distributors, and ultimately, all Canadian consumers.

Our Approach to Business

Consultation

The Agency is committed to consultation as one of the most effective ways of identifying and managing issues and understanding the needs and concerns of its clients. The Agency holds ongoing consultations with a broad range of clients, including consumers, industry, the provinces and territories, interest groups, unions and staff. In addition, the CFIA has identified advisory groups at various levels.

Partnerships

Food safety is a shared responsibility. Maintaining the integrity of the food, animal and plant health system is a complex task which the CFIA addresses in partnership with provincial/territorial governments, consumers and industry, as well as with other federal departments.

Intergovernmental Cooperation

The CFIA is a member of the Canadian Food Inspection System Implementation Group (CFISIG) which is comprised of members from federal, provincial and territorial agencies for agriculture, health and fisheries. CFISIG is managing the development of the Canadian Food Inspection System (CFIS) initiative, aimed at the harmonization of food standards and inspection systems to create an integrated food inspection system responsive to both consumers and industry.

The CFIA is also supported in meeting its mandate by other federal-provincial/territorial committees, including those addressing food inspection and food safety issues.

The Federal-Provincial/Territorial Inspection Committee is technical and science-based, and works to facilitate a coordinated Canadian approach to agri-food issues, particularly those involving food standards, but including technical issues involving animal health, plant protection, farm inputs, food production, processing, distribution and retail sale. One of the committee's major roles is to bridge possible gaps between science and policy.

The Federal-Provincial/Territorial Committee on Food Safety Policy is dedicated to the protection and improvement of the health of Canadians by focusing on emerging and anticipated food safety issues. Its members evaluate and promote pertinent standards, policies and educational programs aimed at increasing public knowledge of health hazards associated with food.

The Canadian Food Inspection System (CFIS)

Governments working together to develop a more integrated system

In July 1994, agriculture ministers endorsed a *Blueprint Document for the Canadian Food Inspection System* that outlines a vision and guiding principles for the development of a national program of food inspection.

To realize this vision, three broad goals must be achieved:

- harmonized standards;
- integrated inspection delivery systems; and
- an inter-jurisdictional forum for harmonizing standards, procedures and methods for food inspection.

In June 1996, First Ministers confirmed the need for a more integrated Canadian food inspection system. Subsequently, agriculture ministers asked the CFIS Implementation Group (CFISIG) to ensure that the *Blueprint* was implemented.

Since then, the CFISIG has made significant progress through the following working committees and initiatives:

- Common Legislative Base for Food Safety and Quality
- National Dairy Regulation and Code
- Food Retail and Food Services Regulation and Code
- Meat and Poultry Regulation and Code
- Horticultural Regulation and Code
- Good Transportation Practices, and
- Bottled Water Regulation and Code.

Federal-Provincial Agreements

The Agency is progressing in its work with its provincial and territorial partners toward the development and implementation of federal-provincial/territorial agreements. These agreements will allow for the advancement of a more integrated approach to food inspection. To date, agreements of various types have been signed between the Agency and the governments of Alberta, Ontario, Quebec and the Northwest Territories.

Participation in International Organizations

The CFIA is actively involved with international organizations for three main purposes: to ensure the safety of food, animals and plants that leave or enter the country; to maintain and expand international market access and protect Canada's interests by reducing non-tariff trade barriers; and to influence the development of international standards and encourage the adoption of world-class, science-based sanitary and phytosanitary requirements. The CFIA participates in multilateral organizations such as the World Trade Organization (WTO), Codex Alimentarius, the North American Free Trade Agreement (NAFTA), the North American Plant Protection Organization (NAPPO), the International Plant Protection Convention (IPPC) of the Food and Agriculture Organization (FAO) and the Office International des Épizooties (OIE).

What We Do

As an organization, the CFIA has undertaken major initiatives to harmonize its various inspection programs to enhance the safety of Canada's food-supply system and the continued protection of Canadian consumers. In addition, the Agency continues to review the standards used in its inspection programs and identify areas where it can improve.

The Hazard Analysis Critical Control Point (HACCP) System

Emphasis on prevention

One of the tools that industry and government are using to produce safe food is a system called HACCP (pronounced hassip). This system was first designed and used in the 1960s to ensure safe food for astronauts in the U.S. space program. HACCP is based on detecting and preventing problems in food products during their production. This scientific system is now being used worldwide by the food industry to produce safe food for all consumers.

The CFIA is strongly committed to implementing HACCP and HACCP-based inspection programs and is currently implementing the following HACCP food inspection programs:

- the Food Safety Enhancement Program (FSEP) (voluntary for federally-registered establishments under the *Meat Inspection Act*; the *Canada Agricultural Product Act*); and
- the Quality Management Program (QMP) (mandatory for federally-registered fish processing establishments).

The CFIA is working with its partners to develop the Integrated Inspection System (IIS), which incorporates Hazard Analysis Critical Control Point (HACCP) principles. A comprehensive, science-based system, the IIS focuses on areas of risk to animals and plant health and food safety.

The Agency has developed strategic alliances and partnerships with other government and industry stakeholders. In implementing the IIS, the Agency and its partners will:

- analyze current inspection strategies in the production continuum;
- map the food continuum from “gate to plate”;
- identify hazards along the continuum;
- examine the effectiveness and efficiency of control strategies in place; and
- introduce new or redesigned strategies where required.

The IIS will create a seamless system of controls and inspection activities. Controls will be proactive and preventive and the philosophy will shift from “see a problem – fix it” to “see a cause – prevent it.” It will evolve from existing HACCP-based inspection management systems such as the Food Safety Enhancement Program (FSEP) and the Quality Management Program (QMP).

Program Design and Policy Development

Program design and policy development provide the basic rationale and requirements for inspection activities. Using the best available current science, program design focuses on those inspection activities which seek to minimize risk within the food, animal and plant production continuum. This involves the development of policies, priorities and standards which provide consistency throughout the inspection process.

Biotechnology

In Canada, the regulation of the products of biotechnology is a shared responsibility. The CFIA is responsible for carrying out environmental safety assessments on all agricultural products, including new products derived from biotechnology. Health Canada is responsible for assessing all new foods, including those derived from biotechnology. This is done through very thorough and rigorous safety assessments that take into account many factors such as nutrition and allergenicity.

Biotechnology and the CFIA

Biotechnology is being used increasingly to produce enhanced agricultural products, and its regulation involves most CFIA programs.

Products of biotechnology, including plants, animals, veterinary biologics, fertilizers and livestock feeds, are regulated under the terms of the *Seeds Act*, the *Health of Animals Act*, the *Fertilizers Act* and the *Feeds Act*, respectively. Imported plant-related material is regulated under the *Plant Protection Act*.

Guidelines for CFIA safety assessments of these products are developed through technical as well as comprehensive stakeholder consultations, reflecting principles shared by international bodies. The CFIA is also involved in licensing manufacturing facilities and providing post-approval inspection for product labelling and field trials.

The Agency takes its biotechnology responsibilities very seriously. It created the Office of Biotechnology in response to the federal government's renewed Canadian Biotechnology Strategy, which integrates social, ethical, health, economic, environmental and regulatory considerations in addressing advances in the Canadian and international biotechnology industry. The Strategy addresses issues of public information and participation, and establishes a balanced, broad-based advisory committee. This revitalized structure provides the context for strengthening the business, regulatory and investment climate and improving the Government's ability to manage horizontal issues. The CFIA Office of Biotechnology has been an active participant in the development of the Canadian Biotechnology Strategy. The Agency will continue to contribute to the enhancement of Canadian quality of life in terms of health, safety, environment, social and economic development.

Standards

To pursue a coordinated and integrated federal and provincial/territorial inspection system, and to influence greater international equivalency, the CFIA develops policies, priorities and standards which are harmonized, as much as possible, across programs. The objective is to maximize efficiency, effectiveness and consistency of service delivery, both by Agency inspectors and by third parties accredited to provide inspection services to Agency standards. This includes standardization of common functions such as emergency response, import control, licensing, quality assurance and control, and compliance and enforcement standards and policies. Working with industry, standards have been developed which provide for industry to be certified to carry out services to government-approved standards, in such areas as beef grading, seed certification and greenhouse and nursery export phytosanitary requirements.

Science Support

The Agency provides a range of laboratory services which give scientific support to all food-related and animal and plant health programs through risk assessment, technology development, laboratory health and safety standards, environmental standards and diagnostic capability.

The new Canadian Science Centre for Human and Animal Health in Winnipeg, a joint venture with Health Canada, provides state-of-the-art diagnostic and research capability of Level 4 infectious disease agents and is an important element in the Agency's foreign animal disease program, responsible for recognizing and eliminating incursions of a variety of serious livestock diseases. Through its surveillance activities, including domestic surveys, the Agency is able to detect potential disease and pest threats at an early stage.

The Science Evaluation Unit (SEU) at headquarters provides science advice for CFIA decision-making, linking its policies with the overall science and technology governance within the Government of Canada. It is instrumental in predicting and identifying emerging issues, recommends strategies and directions, and assesses the scientific underpinnings of Agency activities. The SEU consults externally and internally, to ensure that science advice is well integrated into decisions that guide its policies, regulations and programs. It is anticipated that this will position the CFIA well with respect to the pending Science Advice for Government Effectiveness report by the Council of Science and Technology Advisors. The SEU bases its work on sound science, while incorporating into its analyses the knowledge and expertise of food and quarantine regulators worldwide.

Support to Operational Activities/Quality Assurance

Maintaining the credibility and integrity of the inspection system is important to all stakeholders. Program designers develop both workplans and performance management tools to measure delivery outputs, and work with their colleagues in Operations to continually improve methodologies and performance through the establishment of quality assurance, verification and audit methodologies.

Relations with Other Jurisdictions

Agency programs facilitate the movement of safe and high quality food and animal and plant products within, in and out of Canada in the following ways: by negotiating technical requirements for the international movement of products; by setting inspection and certification standards and procedures; by negotiating recognition of Canadian standards as equivalent to those of other countries; and, when necessary, to protect Canadian interests, by challenging the misuse of technical barriers.

Program Delivery

The Agency delivers 14 unique inspection programs and 26 sub-programs in 18 regions from coast to coast. CFIA staff working in the field have authority, under 13 Acts and their Regulations, to deliver these inspection programs, in accordance with Agency workplans, to meet the CFIA's mission. Inspection activities are supported by expert scientific and laboratory services.

Many CFIA inspection programs use common strategies – industry compliance inspection or audits of industry control systems, product inspection, pre-approval, registration, licensing, product services and enforcement – to promote safe food, consumer protection and market access.

Establishment Inspection

Many CFIA inspection programs assess, through inspection or audit, industry's compliance with government standards and requirements.

An industry compliance inspection is carried out by a CFIA inspector who visits the establishment and, following detailed inspection policies and procedures, verifies that an establishment is operating in accordance with government health, safety and regulatory requirements. Inspections can include a range of assessment methods – verifying cleanliness of facilities, worker hygiene, operational procedures and quality controls, inspection of quarantine facilities, inspection of foreign processing plants and environmental sampling for specific organisms.

The evolution of new inspection methodologies is changing the approach taken to inspection, with an increased focus on government audit of industry activities, supported by strong compliance and enforcement tools. Audit programs include a comprehensive assessment by the CFIA of an industry operation's in-house control system. CFIA inspectors examine the establishment's written program and audit its effectiveness at controlling product quality and safety, in compliance with government standards and requirements.

Product Inspection

Product inspection refers to the sampling and testing of food, animals and plants and their products for a variety of product-specific concerns – improper use of food additives, incorrect nutrient composition, the presence of physical matter (glass, metal or wood) and biological concerns (pathogenic organisms or parasites). Product inspection may also include evaluating products for accurate labelling, weight, product quality, grade, purity, and ingredient lists, and verifying that any claims made are factual and not misleading.

Establishment Registration

In some cases, the CFIA requires that physical structures (buildings and equipment) used in the marketing of food, animal and plant products be registered. Examples include food-processing establishments, animal quarantine facilities, approved greenhouses, produce warehouses and maple syrup operations. Registration is a formal recognition granted only after the CFIA determines that specific conditions, such as requirements for construction, operation and the environment, are met and maintained.

Licensing

Under some programs, the CFIA will license an individual or corporate entity to perform specific tasks or to operate under specific conditions. Examples of such tasks include crop inspecting and seed grading. Those that may be granted such a licence include fresh fruit and vegetable importers and dealers, fish importers, operators of meat-manufacturing and slaughter establishments, irradiation facilities and live-stock embryo-retrieval teams. The CFIA will perform inspections or audits to verify that the parties are capable of meeting the requirements.

Testing and Accreditation of Non-CFIA Laboratories

The Agency supports third-party delivery of programs. One initiative involves the development of policies and standards for the accreditation of private laboratories to conduct testing. This requires the ongoing assessment of the laboratories' quality systems and technical capabilities.

Certification

CFIA inspectors perform services to promote the import and export of food, animals and plants, and their products. After conducting inspections or verifying the requirements, CFIA staff may issue certificates or other documents which attest to the fact that a particular product meets specific standards, requirements or conditions of sale under Canadian or foreign-country regulations. Certificates may also be issued for imported shipments and, in some cases, for the domestic movement of products such as plant commodities, apples, potatoes and blueberries. Examples of documentation provided by the CFIA include laboratory results; product grade; and health, safety, standard and quality certificates.

Enforcement

As part of, or in addition to, performing planned activities, situations may arise that require CFIA inspectors to perform further investigations. These may be carried out in response to non-compliance to regulatory requirements, product recalls or to address consumer complaints related to suspected food-borne illnesses or allergic reactions, product quality, misrepresentation, labelling concerns, or product contamination with extraneous matter. When an investigation indicates that further action is justified, CFIA inspectors use a variety of enforcement methods, including prosecutions or containment of animals or plants.

Section III CIFA Activities and Performance

Key Results Commitments

To provide Canadians with:	To be demonstrated by:	Achievements reported in:
Federal inspection and related services for food and animal and plant health.	<ul style="list-style-type: none"> CFIA's contribution to a safe food supply and accurate product information. 	pages 18-31 36-41 48-51
	<ul style="list-style-type: none"> CFIA's contribution to the continuing health of animals and plants for the protection of the resource base. 	pages 20-26 32-36 39-41 48-51
	<ul style="list-style-type: none"> CFIA's facilitation of trade in food, animals, plants and their products. 	pages 19-23 25-41 48-51

The key results commitments state the three objectives as found in the CFIA Corporate Business Plan. The following section provides details on the development of performance measurement and reporting at CFIA. This is followed by CFIA's performance management framework which links these objectives with its structure, programs and expected results.

How We Are Doing

Background to Performance Measurement and Reporting at CFIA

The CFIA was created in April 1997, with a mandate to enhance the effectiveness and efficiency of federal inspection and related services for food and animal and plant health. The CFIA is one of the new service agencies introduced to improve the delivery of federal services to Canadians.

To ensure transparent operations and appropriate accountability to Parliament and the Minister, the *Canadian Food Inspection Agency Act* requires the Agency to prepare a Corporate Business Plan and an Annual Report for Parliament. In addition to financial and other information, the Annual Report must contain information about the Agency's performance with respect to objectives. The performance information in this section fulfills this requirement, as well as the government requirements for the Departmental Performance Report. In addition, the Act requires that the Auditor General of Canada assess the fairness and reliability of the performance information being tabled in the CFIA Annual Report. This unique feature is designed to further enhance accountability to Parliament.

The first CFIA Corporate Business Plan was tabled in Parliament in May 1998. The performance management framework for the CFIA, including objectives, strategies and expected results, is presented in the Business Plan. The second Annual Report and Departmental Performance Report meet the requirements for reporting to Parliament prescribed in the *Canadian Food Inspection Agency Act*. They assess performance against the objectives set out in the Corporate Business Plan, and meet government reporting requirements.

The objectives of the Agency reflect the scope of its mandate – agricultural inputs, animal and plant health and food safety – regulated by the CFIA. These objectives are addressed by the Agency's programs and activities. Appendix 1 explains the programs and how they relate to the Agency's objectives. Consequently, this report presents performance information on the results achieved by the Agency's programs and activities.

Program performance information is reported on a three-year cyclical basis. The criteria for the reporting schedule are: program resource levels; the significance and prominence of the program; logical linkages between programs; and the level of coverage. Major sub-programs (e.g., meat hygiene) and those that are highly visible (e.g., food recall/emergency response) will be reported each year. Program areas with inter-linkages (e.g., agricultural inputs) will be reported the same year. Lastly, the cycle ensures that all program areas are covered within a three-year period. The schedule for the proposed three-year cycle is presented in Appendix 2.

For 1998-99, information on the meat hygiene, fish, dairy, egg, plant protection, consumer food products and retail food programs have been captured along with relevant initiatives. Performance information has also been captured for agency-wide initiatives that contribute to improving overall effectiveness and efficiency and horizontal program delivery areas. The primary responsibility for meeting federal standards and requirements rests with producers, processors and suppliers. Through its inspection activities, the CFIA works with these groups to meet this responsibility. The measures used to report on performance are the level of compliance by the regulated sectors and/or the rejection rate by CFIA inspectors. Compliance/rejection rates measure the regulated sector's performance and also represent the CFIA's contribution to a safe food supply.

The extent of performance reporting continues to be limited by the extent of development of data systems to support the performance management framework. This has been exacerbated by the need to replace existing information systems to meet Year 2000 requirements. In some cases, this has meant using 1997-98 data, the most current data available.

The performance management framework, and the accompanying measurement and reporting systems, are ongoing efforts that will provide more complete information as they become fully developed and implemented. This past year, the Agency has achieved significant progress in developing the infrastructure required to fully implement a performance management framework. Of particular note is the fact that a planning and reporting framework and process was developed and implemented. The planning framework links program results to activities, resources and objectives. The performance management framework provides a basis for results-based planning in the Agency's Operations and Programs Branches for the 1999-00 fiscal year.

In the next fiscal year, the Agency plans to develop detailed performance management frameworks for two or three programs. With the recent reorganization of the Agency and the coming review of objectives, the performance management framework must be revisited to develop a structure that provides useful results information to Agency managers. It is expected that a minimum of four to five years will be required to produce a fully-developed performance report.

CFIA Performance Management Framework

The CFIA performance management framework, which follows, provides an overview of the Agency's functional and program structure – expected results are linked to the elements of the functional structure. The CFIA can be portrayed as carrying out two major functions: the design and development of programs, policies and tools required to produce effective programs and actual delivery (plant inspections, quarantine, management, etc.) of these programs. Both elements are essential to meet the objectives of the Agency.

Agency programs are organized along animal product and plant product lines – providing an integrated approach to Agency services that extends from inputs, such as medicated feeds and seeds, to outputs such as prepared and fresh foods.

CFIA Performance Management Framework

Objectives

- To contribute to a safe food supply and accurate product information
- To contribute to the continuing health of animals and plants for the protection of the resource base
- To facilitate trade in food, animals, plants and their products

Functional Structure

Program Design and Development

- Standards
- Science Support
- Support to Operational Activities/Quality Assurance
- Accreditation of Third Parties
- Relations With Other Jurisdictions

Program Delivery

- Establishment Inspection
- Product Inspection
- Required Pre-approvals
- Establishment Registration
- Licensing
- Testing and Accreditation of Non-CFIA Laboratories
- Certification
- Enforcement

Programs

Animal Products: Animal Health, Feed, Fish, Dairy, Egg, Meat Hygiene, Honey

Plant Products: Plant Protection, Seed, Fertilizer, Fresh Fruit & Vegetables, Processed Products, Retail Food, Consumer Food Products

Expected Results

Enhanced resource utilization (e.g., risk-based resourcing)

Policies and programs to assist industry in designing and implementing systems to manage risks associated with food

Industry adoption of inspection management systems

- Food Safety Enhancement Program for registered agri-food processing establishments
- Quality Management Program for fish processing

Alternative delivery: accreditation, integration, and partnerships

Streamlined federal legislation and regulations

Service standards that meet Agency and industry needs

Communications

- Increased consumer safety awareness
- Enhanced access to information for external stakeholders

Standards for safety, quality, process and product information:

- are met by industry (domestic and import)
- are consistent with international obligations
- legal authorities are harmonized provincially and internationally
- reflect Canadian interests and objectives
- are relevant and appropriate

Inspection and certification system is risk-based

Disease and pest incursions, product deviations and deviations from standards are effectively and efficiently managed with partners

Satisfaction with the certification and inspection processes

Food, animals, plants and their products are safe

Industry access to markets

Reduced technical trade barriers

1997-98 Expenditures – CFIA Functional Areas

The following chart presents the CFIA expenditures for 1997-98, fully allocated to the CFIA's two main functional areas. A more detailed breakdown of expenditures can be found in Appendix 3.

Functional Areas	Full-time Equivalents (FTEs) ¹	Expenditures (\$'000)
Program Design and Development	421	34,135
Program Delivery (i.e. inspections)	3,911	320,012
TOTAL	4,332	354,147

¹ Full-time equivalent (FTE) means a calculation that factors out the length of time an employee works each week. For example, if the scheduled hours of work were the same as the assigned hours of work and both had values of more than 30, the employee is deemed to be full-time. Where the assigned hours of work are less than the scheduled hours of work, the employee is working part-time. The full-time equivalent (or the portion of a full-time schedule worked by the part-time employee) is the ratio of the assigned hours of work to the scheduled hours of work.

The CFIA report on performance is organized into three main program/activity categories: Agency-wide Performance Information; Animal Product Performance Information; and Plant Product Performance Information. Each section provides a narrative as well as quantitative and qualitative information linking programs and activities to the Agency's objectives. Appendix 1 provides a graphic illustration of the relationship between the objectives, programs and activities covered in this year's reporting cycle.

Agency-wide Performance Information

This section presents the performance information for ongoing efforts and key initiatives that are Agency-wide in scope. Information is presented according to the functional structure of the Agency – program design and development, and program delivery as described in the CFIA performance management framework.

Program Design and Development

Consumer Food Safety Education

Expected Results: Increased consumer safety awareness and enhanced access to information for consumers.

Food which is safe at the point of purchase still requires appropriate handling at the point of preparation before consumption. To provide information to the public on the safe handling of food, the CFIA continued to work closely with the Canadian Partnership for Consumer Food Safety Education in 1998-99. The partnership successfully launched its FightBAC!TM media campaign in November, 1998. The campaign focuses attention on the four key food safety messages – Cook, Clean, Chill and Separate. Members of the partnership, including the CFIA, are now using the safe food messages, logo, mascot, Web site, and display in regular communications with the public. In addition, the Agency has developed several new food safety fact sheets which have been distributed directly to the media and are also posted on the Agency's Web site. The CFIA and the partnership will seek to expand these communications activities in 1999-00 to increase public awareness of safe food-handling practices. These activities are an important element in the Agency's initiatives to reduce the incidence of food-related illness beyond the point of purchase.

Labelling of Foods Causing Allergies and Sensitivities

Expected Results: Increased consumer safety awareness and enhanced access to information for consumers.

Accurate identification of food allergens is essential for providing consumers who have food allergies with the information needed to choose foods that can be safely eaten. Strategies to increase allergy awareness by the food industry and consumers are being developed by the CFIA's National Food Allergy Committee. One major initiative is the publication of a joint CFIA/Health Canada paper entitled *Common Allergenic Foods and Their Labelling in Canada – A Review*, published in the May/June 1999 issue of the *Canadian Journal of Allergy and Clinical Immunology* and posted on the CFIA Web site. This paper outlines the scientific basis for Canada's policy on the labelling of serious food allergens, including peanuts, tree nuts, sesame seeds, milk, eggs, fish, crustaceans, soy and wheat.

Other strategies include the development of enhanced training of inspectors for undertaking allergy-related investigations, an updated food-complaint mechanism, food-allergy information for consumers, and enhanced allergy-prevention programs for manufacturers, importers and distributors.

Food Safety Enhancement Program

Expected Results: Industry adoption of inspection management systems to protect the health and safety of consumers.

The Food Safety Enhancement Program (FSEP) is a program developed for the agri-food sector, and includes more than 2,000 registered establishments in Canada. The program applies HACCP principles that are internationally-recognized as an effective means to help ensure food safety and enhance consumer protection. These HACCP procedures are designed to reduce food-safety hazards by preventing their occurrence during the production process. To enhance food safety and consumer protection, the CFIA is actively supporting FSEP implementation across various commodity groups. A majority of Canada's approximately 800 federally-registered meat establishments have requested CFIA recognition of their FSEP plans. However, progress in other industry sectors has not advanced as rapidly. To date, the Agency has completed the process for approximately 13 per cent of establishments requesting recognition. As the concepts of HACCP become better known, it is expected that the development and implementation of industry HACCP plans will increase. Significant progress on HACCP implementation by industry is expected in the next one to two years.

FSEP Implementation Data as at March 31, 1999

Program	# of Establishments	# Requesting Recognition	% of Total Establishments	# of Requests Completed	% of Requests Completed
Meat	714 ²	456	64	56	12
Dairy	268	36	13	7	19
Shell Egg	372	9	2	0	0
Processed Egg	15	6	40	0	0
Processed Fruit and Vegetables	278	22	8	3	14
Honey	191	1	1	1	100
Maple	240	2	1	0	0
TOTAL:	2,078	532	26	67	13

² There are approximately 800 federally-registered meat establishments; however, not all fall under FSEP implementation.

Program Delivery***Emergency Management***

Expected Results: Consumer protection through effective management, with partners, of emergency situations.

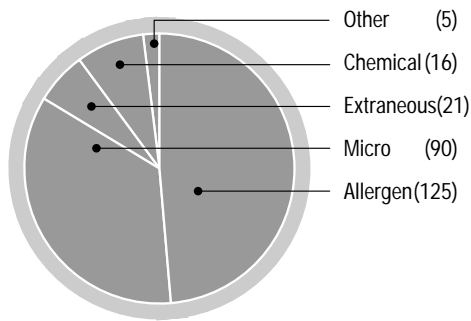
The CFIA is accountable for the management of a wide spectrum of emergency situations – from the recall of foods representing a serious risk to consumers to responding to natural disasters threatening the safety of food or livestock and plant industries.

In a crisis, CFIA's primary goal is to protect consumers. Emergency response teams permit a rapid and coordinated response, 24 hours a day, seven days a week.

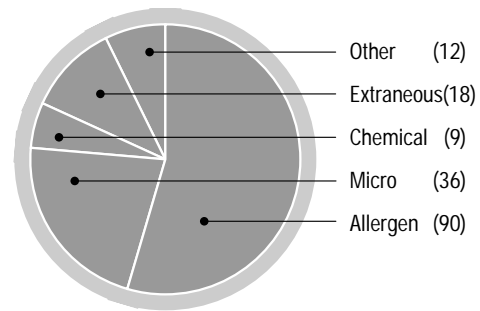
Food recall constitutes the most frequent application of emergency management procedures by the CFIA. Food recalls are initiated when it is determined that foods may contain unsafe or harmful levels of microbiological, chemical or extraneous material, contamination, or undeclared allergenic ingredients. The Agency plays a lead role in ensuring timely and coordinated action in removal of the recalled product from the marketplace. Where appropriate, the CFIA ensures immediate and complete public communication of the details concerning the recalled product, and of any risk to the public that consumption of the product may represent. Recalls are the responsibility of the manufacturer or importer of the food product. However, the *Canadian Food Inspection Agency Act* also provides authority for the Minister to initiate recalls on a mandatory basis. Other federal, provincial and municipal agencies are frequently involved in the recall process.

In 1998-99, the Agency managed 257 recalls compared to 165 the year before (see figure below). This represents a 56 per cent increase and illustrates the increasing importance that this process plays in protecting the health of the consumer. The CFIA is currently investigating the reasons for this increase. In part, the increase is due to improved methods of detection, particularly in the allergen area, and more risk-based targeting inspection activity of imported and domestic food products in the microbiological area.

Recalls by category 1998-99



Recalls by category 1997-98



In 1997-98, Health Canada conducted an assessment of the CFIA's Food Safety Response System. The assessment concluded that the Agency was effective in identifying situations in which recalls were necessary, assessing the situation and initiating a response in a timely manner, and implementing management actions, for the most part, in accordance with the level of risk. The assessment also identified areas for improvements, including better documentation of the decisions and actions taken. Most of Health Canada's recommendations for improvement are already implemented.

Further information on food recalls can be found on the CFIA's Web site at (www.cfia-acia.agr.ca).

Protecting Canada's livestock and plant industries from incursions of potentially devastating diseases or pests is another essential emergency service provided by the Agency. While such outbreaks are infrequent, the Agency maintains both the team structure and the operational instructions which will permit rapid mobilization and quick response when these invaders are recognized.

The CFIA recognizes its mandate in emergency management and is committed to maintaining the necessary capability to rapidly and effectively fulfill its responsibilities.

Outbreak of *Salmonella enteritidis*

On March 26, 1998, the CFIA was notified by Health Canada and provincial health officials that a possible outbreak of food borne illness was occurring in two provinces although the source of the illness was still unknown. Both Newfoundland and Ontario had reported an unusually high number of cases of *Salmonella enteritidis*, almost all in children under 18. On March 28, pre-packed luncheon products were identified as a potential source. The CFIA mobilized area staff in Ontario and Atlantic Canada to collect samples of all lunch-type products for microbial analysis. With a sampling of different brands, types and product codes, and a test procedure requiring three days to obtain a positive result, the CFIA participated in a huge coordination effort.

Through the March 29-31 period, extensive testing by Newfoundland public health and CFIA laboratories confirmed the presence of *Salmonella enteritidis* in a food product. The manufacturing company, which had been alerted to investigation of its product, was notified to undertake a Class 1 recall to ensure the products were immediately removed from sale. A national public warning was issued by the company the same day. CFIA inspectors detained all the affected product at the supplier firm and began an intensive investigation to determine the source of the problem. Over the next three weeks, the investigative effort led to 20 investigations of seven different plants.

Concurrently, the CFIA and provincial health officials conducted an effectiveness check of the company's recall process. By April 2, the Agency confirmed that more than 98 per cent of the product responsible for the outbreak had been removed from store shelves across Canada. Provincial health agencies and local health officers provided significant assistance by visiting the numerous small retail outlets across the provinces. The number of reported illnesses had already shown a significant decline.

Two related recalls followed – the first of similar luncheon products and the second of a product used in the luncheon products. In both cases, products were quickly contained.

At its conclusion, the *Salmonella enteritidis* outbreak affected more than 800 people, mostly children. The CFIA's success in controlling the outbreak in less than five days from first confirmation to a full product recall was achieved through expertise, commitment and cooperation with federal and provincial officials, and reflects the Agency's ongoing efforts to strengthen its working relationship with Health Canada in food emergency and recall situations. The Agency acted quickly, in conjunction with its partners, to protect consumers from unsafe food.

Outbreak investigations and food recalls are just one way in which governments and industry work to protect the Canadian consumer. There are stringent food safety standards in place in Canada and it is the food industry's responsibility to meet those standards. The CFIA, through its food inspection authority, reviews and inspects the activities of companies in the food industry to check that these requirements are met and that Canadians receive safe food – the Agency's foremost priority.

The Auditor General of Canada is currently conducting an audit of Health Canada's and the CFIA's involvement in the epidemiological investigation, the recall (noted above) and the post-outbreak investigation.

Enforcement

Expected Results: Standards for safety, quality, process and product information are met by industry and deviation from standards are detected and effectively managed.

In addition to regular inspections carried out by the CFIA, situations may arise that require CFIA inspectors to perform more detailed investigations. These investigations may be conducted in response to non-compliance to regulatory requirements or to address consumer complaints in relation to suspected food-borne illness or allergic reaction, product quality, misrepresentation, labelling concerns or contaminated products. When an investigation indicates that further action is warranted, CFIA inspectors use a variety of enforcement tools, including detention, seizures and prosecution. The following table illustrates the number of prosecutions for violations during 1998-99.

Total # of Charges	Convictions	Charges Pending	Fines
524	139	214	\$289,000

Suspect olive oil

In 1998, eight firms were fined a total of almost \$100,000 after CFIA inspectors found "olive oil" products adulterated with cheaper vegetable oil. In addition, consumers were notified of this action.

Control of Disease: Compensation Payments

Expected Results: Disease incursions are effectively managed.

As part of its responsibilities to protect Canadian consumers and Canada's export market in food, the CFIA has the authority to quarantine or destroy diseased livestock that pose a threat to public health. In cases where animals are destroyed, producers are frequently provided with compensation. The purpose of compensation is to encourage producers to report to the CFIA diseases in their livestock populations at the first sign, thus preventing or reducing their spread, allowing traceback to the source and helping farmers rebuild their stock. The following table illustrates the amounts paid to producers in relation to the specific type of disease during 1998-99.

CFIA Compensation Payments – 1998-99

Source of Compensation	Payments (\$'000)
Scrapie	1,601.5
<i>Cysticercus bovis</i>	1,115.9
Poultry Disease	416.4
Tuberculosis	143.8
Equine Infectious Anemia	47.1
Other Compensatory Diseases	40.9
Pullorum Disease	20.0
Brucellosis	0.9
<i>Salmonella enteritidis</i>	0.9
Other	4.0
Total:	3,391.4

Battling *Pullorum* Disease on Vancouver Island

When *Pullorum*, an acute, highly-infectious avian disease, broke out in poultry flocks on Vancouver Island in the fall of 1997, the CFIA responded swiftly.

The outbreak threatened Canada's *Pullorum*-free status, a status which guarantees our poultry producers access to international markets. With so much at stake, industry and the Government of British Columbia offered their resources to end the outbreak. Provincial laboratories, administrative support, field staff and expertise were combined to form a highly-operational unit of close to 115 people.

By October 30, 1998, almost 80,000 birds had been tested by 80-85 contract, full- and part-time inspectors, conducting door-to-door sweeps of the affected areas on Vancouver Island. About 2,900 birds were eventually destroyed before the outbreak was deemed to have been eradicated. As a result, Vancouver Island's poultry and the nation's flocks retain their *Pullorum*-free status.

To increase the effectiveness of this program, maximum compensation payments for animals ordered destroyed under the *Health of Animals Act* administered by the CFIA were increased for turkeys and sheep late in 1998. Later in 1999, the maximum compensation payments were raised for cattle, swine, horses and chickens.

Amendments permitting increased payments resulted from an independent review – involving producers and industry representatives – to develop national principles and collect reliable economic data to determine maximum compensation values. The amounts were approved by the Canadian Animal Health Consultative Committee in December 1998.

A review is now being made of payments covering other animals under the CFIA's jurisdiction.

Inspection Agreements

Expected Results: Legal authorities are harmonized provincially and internationally, standards are consistent with international obligations, and reflect Canadian interests and objectives.

Federal-Provincial Agreements: In December 1997, an Agreement-in-Principle with Alberta Agriculture, Food and Rural Development and Health was signed and has since been named Canada-Alberta Partners in Food Safety. One of the aims of the partnership has been the creation of a federal-provincial corporation as provided for in CFIA legislation. Establishment of a federal-provincial corporation presents a number of advantages reaching beyond other administrative options reviewed, most notably its ability, as a separate entity, to engage in regulatory activities possibly including training, inspection and other activities. However, it is recognized that this entirely new concept of creating an organization may present not only opportunities but also unforeseen concerns. To this end, it was decided, in January 1999, to establish a project manager position that will introduce greater opportunities for a more formal approach to coordination of respective partnership roles and, over time, identify opportunities and constraints that may well serve to rationalize the need to establish a federal-provincial organization. The project manager will work closely with the other members of the partnership to advance this agreement as well as evaluate the concept of a federal-provincial corporation.

In May 1998, the CFIA signed an Umbrella Agreement with the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and, in Quebec, the Agency has formalized, in September 1998, through a Memorandum of Understanding, an extensive agreement with the Ministère de l'agriculture, des pêcheries et de l'alimentation du Québec (MAPAQ).

With these agreements, the overlap of federal and provincial government services will be eliminated. Services will be offered by the same entity, optimizing the human resources available and harmonizing the inspection system while continuing to provide consumers with effective food safety control.

At the beginning of 1999, the CFIA formalized an agreement with the Government of the Northwest Territories and work is progressing toward development of an agreement with Canada's newest territory – Nunavut.

Also, progress continues to be made with other provinces – including British Columbia, Saskatchewan, Manitoba and Nova Scotia – toward development of formal agreements.

International and Multilateral Agreements: The CFIA, with other Canadian partners, participates in the World Trade Organization's (WTO) Sanitary and Phytosanitary (SPS) Committee to protect public health and safety and facilitate the movement of safe, quality products in and out of Canada. These agreements provide mechanisms for early warning of health and safety concerns to member countries which help the CFIA protect Canadian consumers. The Committee oversees implementation of the Agreement on the Application of SPS Measures; facilitates consultations and negotiations; monitors harmonization, equivalence and consistency; and provides a notification system to ensure transparency. The objective of the CFIA's 1998-99 participation on the committee was to promote Canada's positions on health and safety issues as well as protect Canadian markets. The CFIA played the lead role on the NAFTA Committee on SPS Measures which completed formal recognition of nine technical working groups for: pesticides; animal health; plant health; meat, poultry and egg products; dairy, fruit, vegetables and processed foods; food additives and contaminants; fish and fish products; veterinary drugs and feeds; and labelling, packaging and food standards. Six of these groups are led by CFIA technical experts.

Canada/EU Agreement

In 1998, Canada and the European Union (EU) concluded negotiations on veterinary and health standards for trade in live animals and animal products, including meat, semen, embryos, poultry, eggs, dairy, honey, fish, and animal feeds. An agreement, signed on December 17, 1998, will improve market access conditions for trade in live animals and animal products between the EU and Canada.

The Agreement outlines a process that will permit mutual recognition of Canadian and EU sanitary measures, where those measures meet the importing country's desired level of human and animal health protection. The notification and consultations provisions of the agreement will improve communications between Canadian and EU officials on significant animal and human health matters, and will provide a process for the timely resolution of bilateral trade irritants. The Agreement will facilitate two-way trade involving some \$550 million in exports from Canada to the EU and \$250 million in imports from the EU to Canada. Canada's fish exports account for approximately \$291 million of the export trade.

Technical Market Access Negotiations: The CFIA currently manages approximately 1,500 international agreements and protocols which are essential to maintain access to international markets. Working with Agriculture and Agri-Food Canada and the Department of Foreign Affairs and International Trade, the CFIA is responsible for developing a strategic approach to market access issues as well as ensuring the protection of Canada's rights and obligations. These activities are essential to the maintenance of threatened markets and to open new market trade opportunities focusing on the marketing of safe food products and healthy plants and animals, and also to protect Canadians from unsafe food imports.

Animal Products Performance Information

This section presents the performance information for selected Animal Products programs, according to the reporting cycle in Appendix 2. For each program, the ongoing performance information is outlined first, followed by results information for key program initiatives.

<i>Meat Hygiene Program</i> ³	1997-98 Expenditures:	\$117,544,000
	Full-time Equivalents (FTEs):	1,601

³ Information on meat inspection is recorded by calendar rather than fiscal year.

Expected Results: Health, safety and quality standards for meat and meat products are met by industry, and product and process deviations are detected and effectively managed.

The CFIA is responsible for the inspection of all federally-registered establishments processing meat and meat products for Canada and foreign markets. There are approximately 800 federally-registered meat processing, slaughter and storage establishments in Canada. About 606 million animals, including poultry, were slaughtered for food consumption during 1998 (575 million in 1997). All animals/carcasses slaughtered in federally-registered establishments were inspected by CFIA inspectors and/or veterinarians.

Rejection rates by weight are used as a measure of year-to-year program performance. There has been a 0.4 per cent rejection rate by weight for red meat and about three per cent for poultry in both 1997 and 1998. The major cause of rejection was the poor health of the animals. Animals/carcasses condemned by CFIA inspectors are not used as products for human consumption.

All commercial imports of meat and meat products are subject to food inspection in the country of origin and are reinspected by CFIA inspectors upon entry to Canada. Approximately 425,000 tonnes of meat were imported to Canada in 1998 (419,000 tonnes in 1997), an increase of 1.5 per cent over 1997. Rejection rates by weight are also used as a measure of performance for imports. In 1998, CFIA inspectors rejected 1.3 per cent by weight (5,400 tonnes) of imported meat (1.7 per cent in 1997). The rejection rate has remained relatively constant over the last three years. The most common reason for rejection in 1996, 1997 and 1998 was violation of Canadian labelling regulations. Rejected shipments are either destroyed or removed from Canada. (See table below)

Imports

('000 kg)	1998	1997	1996
Volume	425,049	418,873	372,857
Rejection by weight	5,405	6,978	5,375
Rejection rate	1.3%	1.7%	1.4%
Reasons for Rejection by Weight			
Labelling	4,162	6,018	4,522
Safety & Wholesomeness	951	525	418
Transportation/Packaging Damage	152	325	237
Other	140	110	198

In addition to inspection of meat imports, the CFIA conducts on-site inspection of foreign establishments that supply meat and meat products to the Canadian market. During 1998, 48 establishments in six countries were inspected compared to 65 establishments in four countries in 1997.

During 1998, the CFIA inspected about 1,130,000 tonnes of Canadian-produced meat exported to more than 100 countries (984,000 tonnes in 1997), a growth of 14 per cent over 1997. Through multilateral and bilateral agreements, meat intended for export is inspected to ensure that it meets Canadian safety and quality standards and, in some cases, additional requirements imposed by importing countries. Rejection rates by weight are used as a measure of performance for exports. In 1998, 0.09 per cent by weight was returned to Canada either by the importer or by authorities in the importing country (0.11 per cent in 1997). The rejection rate has shown a downward trend over the past three years. The low rate of foreign rejection for Canadian meat and meat products and improving trend are the direct result of the high standards of food inspection employed by the CFIA and Canadian producers. Reasons for rejection are illustrated in the table below.

Exports

('000 kg)	1998	1997	1996
Volume	1,126,584	984,062	849,298
Rejection by weight	1,042	1,106	1,195
Rejection rate	0.09%	0.11%	0.14%
Reasons for Rejection by Weight			
Safety & Wholesomeness	834	724	815
Labelling	76	64	110
Transportation/Packaging Damage	74	313	207
Other	58	5	63

To improve food safety, the CFIA is currently carrying out an initiative involving processed poultry and poultry products. The science of poultry inspection is rapidly changing as a result of better understanding of poultry food safety risks, and introduction by industry of HACCP systems and new processing technologies. Continuing improvements in poultry inspection techniques have been introduced through the Agency's Modernized Poultry Inspection Program (MPIP).

The MPIP is designed to improve the safety and quality of poultry products by minimizing the risk of bacterial contamination. Under the MPIP, trained and accredited industry personnel complete carcass and viscera examination, while CFIA inspection staff provide continuous monitoring and verification that poultry slaughter establishment processes are adequate to control defects and reduce food-borne pathogenic bacteria.

The MPIP was launched in 1996. To date, it has been successfully piloted in two poultry slaughter establishments in Ontario and will soon be introduced at two plants in Alberta and one in Nova Scotia. Ten additional pilot projects are scheduled to be implemented in 1999-00.

<i>Fish Program</i>	1997-98 Expenditures:	\$35,788,000
	Full-time Equivalents (FTEs):	441

Expected Results: Health, safety and quality standards for fish and seafood are met by industry and product and process deviations are detected and effectively managed.

Canada is a major fishing nation and one of the largest fish exporters in the world. The trade of fish and fishery products is an export-driven industry within Canada: approximately 87 percent of all domestic fish production is exported; over \$3 billion of fish and seafood products are exported annually.

The purpose of the Fish Program is: 1) to develop and promote product and process standards that contribute to the achievement of acceptable quality, safety and identity of fish and seafood products; and 2) to provide an acceptable level of assurance of compliance with these safety and quality standards. Types of inspections conducted include sensory, microbiological, chemical, container integrity, verification of species identification and compositional content, weight and labelling.

Since 1992, federally-registered fish processors have been required to participate in the Quality Management Program (QMP) for fish inspection. The QMP system requires that fish-processing companies develop, implement and adhere to quality-control systems to ensure the production of safe and wholesome fish products. The CFIA audits the application of the QMP in each processing plant. The CFIA has continued to modify and improve its QMP to conform to the principles of the HACCP food safety system. Draft amendments to the *Fish Inspection Regulations* to implement new requirements for the QMP were published in the *Canada Gazette*, on August 1, 1998.

With the re-engineering of QMP, all federally-registered fish processors will be required to develop, implement and adhere to quality control systems to ensure the production of safe and wholesome fish products. Throughout 1998, processors were encouraged to submit their QMP plans for review and acceptance by the CFIA. By March 31, 1999, 901 of 979 processors (92 per cent) had acted on the CFIA's request to prepare QMP plans, while the remainder were in the process of doing so. Of the 901, 141 had their QMP plans accepted by the CFIA while the QMP plans for 760 plants were under review as of March 31, 1999.

In 1998-99, there were 1,857 fish processing operations with approved QMP plans, an increase of 257 from the previous year. CFIA conducted approximately 970 audits of these processing operations during the year to verify compliance with CFIA regulations. A reduction in the number of audits from the previous year (2,300) was necessary to carry out the review of QMP plans. During this transition period, CFIA inspection staff conducted “compliance checks” on high-risk processing operations rather than undertaking full audits. For the most part, these “compliance checks” were carried out in operations implementing QMP plans, to ensure that the safety and quality of products were not adversely affected during the transition period.

In processing operations where a full audit was undertaken, a 90 per cent compliance rate with CFIA quality and safety standards was achieved. Compliance rates are used as a measure of program performance. Those fish-processing operations that failed to meet CFIA standards subsequently modified their procedures and were allowed to continue production. Audit procedures entail the sampling of finished products which are analyzed to determine compliance with quality and safety standards. In 1998-99, inspectors selected samples from approximately 30,920 tonnes of fish of which 94 per cent met CFIA standards. A five per cent drop in meeting CFIA standards from previous year results was incurred because of selection procedures which focused on processors with a history of low compliance. The majority of non-compliance situations involved sensory and microbiological problems. This selection procedure provides a higher level of assurance that overall safety and quality standards for fish products in the marketplace are being achieved.

Inspection of imported fish and fish products is carried out using a random and risk-based sampling approach based on the plant's, or exporting country's history of compliance and the nature of the process and product. In 1998-99, 270,000 tonnes of fish and fish products were imported to Canada, of which 15,000 tonnes were inspected (in 1997-98: 283,000 tonnes were imported, with 18,000 tonnes inspected). Rejection rates by weight are used as a measure of year-to-year program performance. Because of the risk-based sampling approach which targets essentially non-compliant products, 34 per cent of inspected products were rejected (33 per cent in 1997-98). The rejection rate has remained relatively constant over the past two years. The major cause of rejection was for labelling. Products rejected for health and safety reasons were either destroyed or removed from Canada.

In addition to direct inspection of imported fish products by the CFIA during 1998-99, 11 (six in 1997-98) importers were approved by the CFIA to certify compliance with Canadian food inspection standards under the control of the CFIA's Quality Management Program for Importers. These importers were responsible for about 11 per cent of all fish and fish product imports and 67 per cent of canned fish imports (17 and 50 per cent respectively, in 1997-98).

The CFIA received and responded to approximately 185 trade and consumer complaints about fish or fish products in 1998-99 (200 in 1997-98). Approximately 25 per cent (one-third in 1997-98) of these required a variety of remedial action, such as voluntary removal of product, mandatory inspection of future shipments of similar products and advising the importer or processor of the problem. While the reduction in the number of complaints about fish or fish products cannot directly be attributed to the CFIA's inspection procedures, the overall reduction in the number of complaints indicates a higher level of satisfaction among Canadian consumers.

Health Canada is currently conducting an assessment of the effectiveness of aspects of the Fish Inspection Program. The results of this assessment should be available for inclusion in the 1999-00 Departmental Performance Report.

Dairy Program	1997-98 Expenditures:	\$8,090,000
	Full-time Equivalents (FTEs):	100

Expected Results: Health, safety and quality standards for dairy products are met by industry. Product and process deviations are detected and effectively managed.

The CFIA's Dairy Inspection Program requires mandatory registration and inspection under the authority of the *Canada Agricultural Products Act*, of any establishments engaged in the interprovincial or international trade or movement of dairy products. The program objective is to help ensure that dairy products produced in CFIA-inspected establishments, or being imported to Canada, are safe, wholesome and appropriately labelled to avoid fraud.

During 1998-99, 275 Canadian dairy establishments were registered with the CFIA. Registered establishments receive in-depth inspections to determine whether processing is carried out in accordance with regulations and good manufacturing practices. Dairy products are subject to regular inspections to assess compliance to the *Dairy Products Regulations*, the *Food and Drugs Act and Regulations* and the *Consumer Packaging and Labelling Act and Regulations*. While CFIA inspectors deliver most program activities at federally-registered establishments, some non-CFIA laboratories are accredited to perform analyses of dairy products. Compliance rates are used as a means to measure program performance. Performance results for federally-registered products for 1998-99 by types of inspections were:

- health, safety and composition standards (96 per cent compliance),
- label verification (75 per cent compliance),
- net quantity verification (92 per cent compliance),
- ingredient verification (80 per cent compliance), and
- grade verification (95 per cent compliance).

Dairy products imported to Canada are required to meet the same regulatory standards as domestic dairy products and are also subject to product inspections which include some of the following:

- health, safety and composition standards (87 per cent compliance),
- label verification (70 per cent compliance), and
- net quantity verification (85 per cent compliance).

Canadian dairy products are exported to many countries around the world. Close to 4,800 export documents were issued by the CFIA during the past fiscal year. CFIA inspectors monitored more than 300 of these export shipments. Of the shipments examined, 80 per cent were in compliance with the quality, labelling, health and safety and compositional standards set out by the *Dairy Products Regulations* and the *Food and Drugs Act and Regulations*. Written action plans are requested from establishments to correct infractions and products are detained as required if found to be non-compliant.

Egg Program	1997-98 Expenditures:	\$7,514,000
	Full-time Equivalents (FTEs):	93

Expected Results: Health, safety and quality standards for shell eggs and processed egg products are met by industry. Product and process deviations are detected and effectively managed.

The CFIA has two distinct inspection sub-programs for eggs – shell eggs and processed egg products. In 1998-99, there were 351 shell egg-grading establishments and 16 processed egg establishments registered with the CFIA under the authority of the *Canada Agricultural Products Act*, compared with 383 and 17 respectively for the previous fiscal year. An establishment must be registered to apply the federal grade names for shell eggs (eg. Canada A Large Size) or the inspection legend for processed egg products. The frequency of inspection is determined by the weekly volume of shell eggs graded or volume of processed egg products produced by the plant, in conjunction with the plant rating. Samples taken to evaluate imported and domestic/export products are prescribed by a statistical sampling plan using a risk-based approach. This includes analyzing samples for residues, antibiotics, bacteria and marketplace fairness. Compliance rates are used as a means to measure program performance.

A total of 57.5 million kilograms of liquid, frozen or dried processed egg products were produced in CFIA-registered processed egg establishments in 1998-99 (42.6 million kilograms in 1997-98). Products are sampled for microbiological and quality standards. Ninety-two per cent of the product sampled met all applicable federal standards (90 per cent in 1997-98). The compliance rate has remained relatively constant over the last two years.

In 1998-99, a total of 411 million dozen eggs were graded in establishments registered by the CFIA (400 million dozen in 1997-98). Of sampled eggs, 97 per cent were in compliance with the *Egg Regulations*, in meeting safety, quality and marketplace fairness requirements, as was the case in 1997-98. As noted above, compliance rates have also remained constant over the last two years.

Processed egg exports amounted to about 4.3 million kilograms in 1998-99 (2.8 million kilograms in 1997-98). This product is produced for sale in a liquid, frozen or dried state and shipped to countries around the world. There were no shell eggs exported.

In 1998-99, approximately 7.8 million kilograms of imported processed egg products (7.7 million kilograms in 1997-98) were certified as meeting CFIA requirements. This product is generally imported for further processing at federally-registered plants in Canada.

In 1998-99, there were 7.2 million dozen (7.6 million dozen in 1997-98) shell eggs imported to Canada for the table market. An additional 9.4 million dozen eggs were imported for the processing industry.

Plant Products Performance Information

This section presents the performance information for the Plant Products programs for 1998-99. Ongoing performance information is presented for each program according to the reporting cycle in Appendix 2, followed by results information for key initiatives, if applicable.

<i>Plant Protection Program</i>	1997-98 Expenditures:	\$33,819,000
	Full-time Equivalents (FTEs):	417

Expected Results: Standards for plant products are met by industry. Disease and pest incursions are effectively managed.

Plant Surveillance Activities

The CFIA's national plant pest and disease surveillance program assesses the extent and scope of potential risks to agricultural and forestry crops. The Plant Pest Surveillance Unit, in cooperation with CFIA staff across Canada, is responsible for planning, coordinating and administering a national survey program. Plant pest and disease surveys validate Canada's import regulations and import certificates. The surveys also validate Canada's "pest-free" status (as defined by the International Plant Protection Convention) required to issue internationally-recognized export certificates.

Surveillance surveys enable the Agency to detect new and incipient pest populations and provide a quick response to prevent the spread of pests within Canada. This is accomplished by establishing quarantine zones and pest-free areas and by identifying the geographic limits of pest populations. The CFIA maximizes its resources in administering the program by involving other government departments, provincial staff and volunteers from non-governmental organizations to conduct surveys in the most cost-effective manner.

Plant pest and disease surveys contribute to the program in several ways:

- Survey information rationalizes and validates our import requirements and forms the basis for credible export certification. It supports claims of "pest-free" status (as defined by the International Plant Protection Convention) and the establishment of quarantine zones used to prevent pest spread within Canada.
- Surveys are used to detect new and incipient pest populations and thereby allow for quicker response to foreign pest incursions.
- Surveys are used in the establishment and modification of quarantine zones and pest-free areas by identifying the geographic limits of pest populations.
- Surveys form the basis of the knowledge for planning control and eradication programs, and
- Surveys measure the success of control and eradication programs.

The CFIA conducted 33 special enforcement initiatives of shipments entering Canada through Ontario ports in 1998. Four documentation infractions were found with two shipments being refused entry. A similar approach is planned in other areas for the next fiscal year.

Surveys in 1998-99 focused on apple maggot, blueberry maggot, gypsy moth, Japanese beetle, oriental fruit moth, pine shoot beetle, soybean cyst nematode and port-of-entry monitoring for exotic bark beetles and the Asian long-horned beetle. As a result of the survey findings, the following preventative or control measures were put in place:

- On January 4, 1999, the CFIA enacted new import requirements for non-manufactured wood crating and packing material from China, including Hong Kong. This policy change was based on the results of port of entry monitoring for exotic bark beetles, including the Asian long-horned beetle, which indicated that more than 10 per cent of non-manufactured wood crating and packing material entering Canada from abroad was infested with exotic wood pests. Included in this number were plant quarantine pests, including the Asian long-horned beetle and the European spruce bark beetle.
- In Ontario, four additional counties were found to be infested with the Pine Shoot Beetle in 1998. Pine Shoot Beetle was also found for the first time in Quebec at two sites near the Maine/New Hampshire border. This indicates that the CFIA's national surveys are effective in detecting the presence of this pest. Forest products and nursery stock moving from infested areas now are monitored to guard against spread of this pest.
- In 1998, as a result of Japanese beetle detection over the past few years, the zones infested in Ontario and Quebec were added as regulated areas. Data will be used for discussions with the provinces and industry when considering the Japanese Beetle U.S.-Canada Harmonization Plan.

Complete documentation on survey and control activities relating to plant health is available on the CFIA Web site under "Plant Pest Surveillance."

Plant Health Early Warning System

The Plant Health Early Warning System (PHEWS) provides early detection of pests and diseases that could be of economic concern if introduced and established in Canada. Based on phytosanitary databases, scientific literature and knowledge of pests of quarantine significance which have been intercepted around the globe, 23 new PHEWS items for regulatory consideration were added to the database. PHEWS continues to be a useful tool for alerting scientists and regulatory officials of new and emerging pest situations that may have an impact on Canada's agricultural and forestry resource base.

Asian Long-horned Beetle

The CFIA's Plant Protection Program is responsible for preventing the introduction of foreign pests, such as the Asian long-horned beetle, and diseases which could be detrimental to Canadian agriculture and forestry. This is accomplished by providing strong controls on products imported to Canada.

To protect annual sales of Canadian forest product shipments valued at \$71 billion, maple syrup shipments valued at \$145 million and nursery and fruit tree industry shipments valued at \$318 million per year from the threat of exotic pests, the CFIA enacted in early 1999 new import requirements for wood crating and packing material from China, including Hong Kong, the highest risk area, to prevent the introduction of these foreign pests. In support of these new plant health requirements, the CFIA enhanced its inspection of wood dunnage and packing materials (e.g., pallets and crates) accompanying various goods imported from abroad. In the first three-month period of 1998, the CFIA strengthened its presence in Canada's seaports, with more than 2,100 shipping containers inspected, of which about 12,000 were from China, including Hong Kong. About 60 per cent of all containers inspected contained wood dunnage and packing materials. At the end of this period, there was an increase from 50 per cent to over 95 per cent of containers from China, including Hong Kong, which were certified to have been treated according to Canadian requirements. This treatment significantly reduced the potential pest risk to Canada.

Live insects were found in two per cent of inspected containers. Half of these were from China, including Hong Kong, and were accompanied by treatment certificates. These incidents enabled the CFIA to identify corrective actions for the inspection efforts. The other half were from areas other than China. These incidents of pest risk to Canadian agriculture and forestry would have escaped notice without the inspection effort. As a result, the CFIA plans to enact similar treatments for imports from all countries. No live Asian long-horned beetles were found, but dead specimens were found in nine containers which had been fumigated. Without these treatment requirements, live instead of dead Asian long-horned beetles could have been introduced to Canada to cause damage to forests.

The CFIA was able to develop important tools and strategies for rapid deployment of staff in the enhanced inspection program. This included hiring, training and redeploying 30 full-time staff over a two-month period. Ongoing communications with industry and world trading partners, and media coverage of more than 100 articles, raised the Agency's profile in a positive way while keeping the public well informed.

Findings from the CFIA's on-site evaluation of Hong Kong's fumigation system resulted in immediate corrections of problems by local officials. Additional fumigation training was also provided to CFIA staff in March 1999.

To effectively and efficiently manage potential disease and pest incursions, the CFIA has developed an Emergency Pest Eradication Program for the Asian long-horned beetle. Tests will be conducted later in 1999 to prepare the Agency in the event of a positive find in Canada. Experience gained from such simulations enables continuing improvement of emergency response programs.

Domestic and Export Certification

In 1998-99, the CFIA inspected 37,500 hectares of seed potatoes (33,500 in 1997-98) on 900 farms across Canada, resulting in seed potato certification for quality and pest and disease status. Approximately, 1,900 hectares of seed potatoes were rejected by the CFIA because of plant disease levels in excess of permitted tolerances. This represents a 33 per cent decrease in rejections from the previous year.

In 1998-99, the CFIA issued 55,124 plant health (phytosanitary) certificates (66,000 in 1997-98) attesting to the pest and disease status of plant and forestry products shipped interprovincially and internationally. The CFIA continues to explore better means of evaluating its performance through the development of international standards for reporting rejected shipments directly to the exporting country. Improved international reporting standards would facilitate evaluation of the integrity and acceptance of Canadian phytosanitary certificates.

Import Permits

The Plant Protection import permit office issued about 4,300 import permits in 1998-99 (4,200 in 1997-98). The permits are an important instrument to inform importers of Canada's regulatory requirements as well as to provide essential information on Canadian import commodities.

Harmonized Standards

The CFIA continues to support the development of improved harmonized regional and international standards through leadership in the North American Plant Protection Organization (NAPPO). This year's meeting, hosted by Canada, had delegations from Central and South America, Europe, Australia, China, New Zealand and the three NAPPO member countries – Mexico, the United States of America and Canada. As a result of this collaborative environment, a NAPPO Standard on Wood Crating and Packing was codified. NAPPO member countries have agreed to enact import requirements that all non-manufactured wood crating and packing from sources other than continental North America be treated to kill pests by October 2000.

Environmental Sustainability

The CFIA's environmental policy states that the Agency "is dedicated to promoting environmentally sustainable approaches in our programs and operations." The CFIA is actively pursuing alternatives to dependencies on chemicals where possible. Examples include a new directive on import requirements for untreated fresh grapes from Australia, providing an alternative to methyl bromide treatment and exploring further alternatives to the use of methyl bromide for imports of non-manufactured wood crating and packing material entering Canada from outside the North American continent. Program regulators are conscious of concerns regarding the use of ozone-depleting chemicals and have been exploring efficacious alternatives to methyl bromide.

International Standards and Market Access

Canada's Plant Protection Program remains committed to influencing the development of international standards through active representation on international committees. Through effective representation, the CFIA continues its efforts to reduce technical trade barriers and improve the reputation of our plant and plant products as pest free, thereby supporting and improving industries' access to markets.

The following standards and initiatives serve to strengthen Canada's position on the international-standard setting front, facilitating export trade and helping to maintain consistency with international obligations.

- In November 1998, two International Standards for Phytosanitary Measures were endorsed by the Food and Agriculture Organization in Rome – “Determination of Pest Status in an Area” and “Guidelines for Pest Eradication Programmes.” The NAPPO endorsed five new important regional standards for phytosanitary measures – two dealing with accreditation procedures, one for wood dunnage and wood packing materials, one on fruitfly surveillance and one dealing with biological control of weeds. Both regional and international standards benefit Canada by providing guidelines in trade negotiation procedures.
- In December 1998, a “Record of Understanding between the Government of Canada and the United States of America Regarding Areas of Agriculture Trade” was signed. Under this agreement, Canada will recognize, over the next two years, areas of freedom from the plant disease, Karnal Bunt. With this recognition, U.S. grain will be allowed to be exported to Canada without laboratory testing for this disease. This agreement also allowed the CFIA to implement a program permitting grain to be moved in transit through Canada with only a certificate of origin. This program facilitated the movement of more than 1,685 railcars of grain between January 1 and March 31, 1999.

Seed Potato Stakeholder Group

Since the 1980s, the Canadian government has sought a forum to obtain advice from the seed potato grower community. Although each province has its own provincial grower association and long-standing provincial and industry/grower stakeholder groups, there has never been a national association to provide a position on policies and programs for the industry. In March 1999, the stakeholder groups voted to become a formalized body under the Canadian Horticultural Council. The CFIA will work with the new organization to develop terms of reference and a voting structure which will permit fair and equitable decision-making on the future directions of the seed potato certification program.

Plant Breeders' Rights

The *Plant Breeders' Rights Act* requires that the Minister report annually on the administration of the Act. Under the Act, the CFIA grants control of the multiplication and sale of reproductive material to breeders of a new variety. In calendar year 1998, 358 applications for protection were received (216 in 1997), 145 grants of rights were issued (132 in 1997), and 278 rights were renewed (202 in 1997). Revenues credited to the CFIA for this service amounted to \$427,000 in 1998 (\$318,000 in 1997).

<i>Consumer Food Products</i>	1997-98 Expenditures:	\$21,465,000
<i>Program</i>	Full-time Equivalents (FTEs):	264

Expected Results: Health, safety and quality standards for consumer food products are met by industry. Product and process deviations are detected and effectively managed.

In addition to food safety inspections for meat, fish, dairy, eggs, processed products, etc., which are registered products under the *Meat Inspection Act*, the *Fish Inspection Act* and the *Canada Agricultural Products Act* administered and enforced by the CFIA, the Agency also enforces regulations under the *Food and Drugs Act* and the *Consumer Packaging and Labelling Act*. Inspections are conducted in a number of non-federally-registered food plants and food importers' premises to verify that foods and food processes meet the safety, quantity, composition, packaging and labelling requirements of the *Food and Drugs Act* and the *Consumer Packaging and Labelling Act*.

During 1998-99, CFIA officers conducted about 1,400 food safety inspections of establishments. Inspection frequency is based upon the plant's or exporting country's history of compliance and the nature of the process and product. During these inspections, CFIA officers assessed the degree of control which manufacturers and importers have over their operations and the compliance of products with regulatory requirements. Compliance rates are used as a measure of program performance. For 1998-99, about 80 per cent of establishments were found to be satisfactory or better. Non-compliance resulted in correction of the problem, education of the firm and, where necessary, appropriate enforcement action to ensure compliance.

CFIA officers also conducted about 1,200 food composition and labelling product inspections in these establishments. In addition to food composition checks to verify the accuracy of ingredient lists and nutrition and declarations and that only approved food additives were being used, inspections were also conducted to verify net quantity and labelling compliance. Laboratory analyses were used to assess composition, identify possible product adulteration, check for the presence of undeclared allergens and misleading nutrition information or claims, especially in relation to imported foods which cannot be inspected at the time of production.

A risk-based approach to verify compliance with net quantity (e.g., weight), composition and labelling requirements, targets high-risk products and establishments suspected of being in violation. Therefore, a significant percentage of these food products were found to be in violation of compositional and labelling standards. Rejection rates have been increasing over the past two years.

Imported Products

	1998-99			1997-98		
	Lots Sampled	Lots Rejected	Rejection Rate	Lots Sampled	Lots Rejected	Rejection Rate
Net Quantity	61	12	20%	143	22	15%
Composition: Substitution	697	534	77%	931	715	77%
Labelling	1,277	968	76%	1,645	1,204	73%

Domestic Products

	1998-99			1997-98		
	Lots Sampled	Lots Rejected	Rejection Rate	Lots Sampled	Lots Rejected	Rejection Rate
Net Quantity	516	147	29%	828	151	18%
Composition: Substitution	2,419	1,867	77%	3,481	2,478	71%
Labelling	3,558	2,474	70%	4,338	2,657	61%

In 1998-99, the CFIA investigated about 2,800 consumer complaints (2,500 in 1997-98), with violations resulting in correction of the problem and education of the firm. Where necessary, appropriate enforcement action was taken to ensure compliance. The number of lots of food products examined between 1997-98 and 1998-99 was reduced because of a significant increase in the amount of time required for food recalls, enforcement action and inspector training.

Training was conducted to increase the efficiency of inspecting establishments by ensuring that inspectors are able to address all food inspection and compliance issues. In addition to an increase in the number of food recalls and enforcement actions, prosecutions were required to remove adulterated olive oil from the market and encourage olive oil-distributors to ensure that products imported to Canada meet all Canadian regulatory requirements.

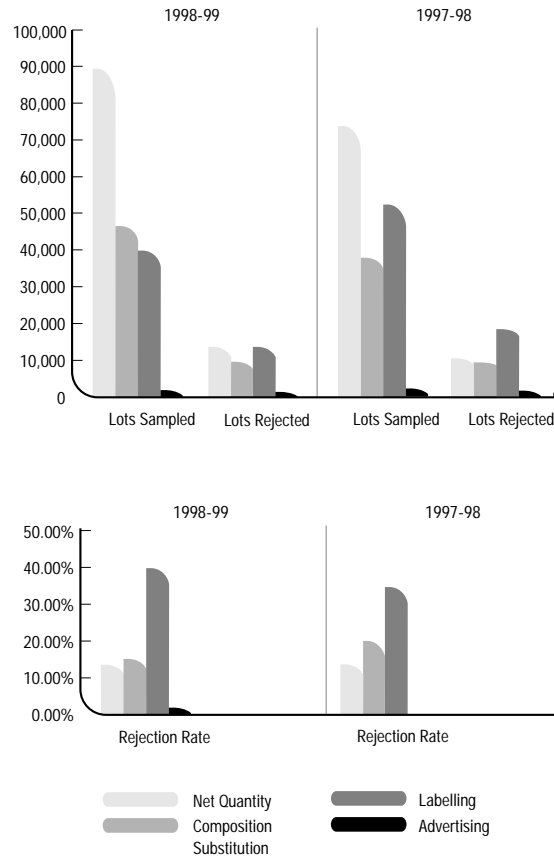
Retail Food Program	1997-98 Expenditures:	\$7,688,000
	Full-time Equivalents (FTEs):	95

Expected Results: Health, safety and quality standards for retail food products are met by industry. Product and process deviations are detected and effectively managed.

Inspections are conducted at establishments which manufacture, process, package or label foods offered for sale to consumers. These inspections verify that food products such as bakery, meat, seafood, dairy and delicatessen products, which are processed at retail, are not substituted or misrepresented and meet the composition, net quantity, quality and labelling standards of the *Food and Drugs Act and Regulations* and the *Consumer Packaging and Labelling Act and Regulations*.

During the 1998-99 fiscal year, CFIA officers conducted 2,621 inspections in retail establishments. Inspection frequency is based upon the size of the establishment and compliance history. Checks are made of the composition, net quantity, labelling and advertising compliance of retailer-responsible food products. When necessary, these inspections involve laboratory analysis to identify product composition violations, including product adulteration and misleading nutrient content claims and nutrition information.

A risk-based approach is used which targets food products suspected of being in violation. Rejection rates are used as a measure of program performance. As a result, a significant percentage were found to be in violation. Violations resulted in correction of the problem, retailer education and appropriate enforcement action to ensure compliance. The following graphs illustrate the number of inspections and the results for the last two years.



Conclusion on Program Performance

This year's Departmental Performance Report provides performance information on the second year of the Agency's operations. The program performance information is provided in the context of our expected results and includes a number of initiatives the Agency is undertaking to fulfill its mandate. The CFIA is committed to improving the effectiveness of Canada's food safety, plant and animal health systems. The information provided demonstrates the significant progress achieved in consolidating the various programs previously delivered by four different government departments.

Laboratories and Laboratory Services

CFIA laboratories provide scientific services that support the design, development and the delivery of CFIA programs to contribute to the safety of Canada's food supply, the protection of consumers, and control the export and import of food and agricultural products. CFIA laboratory services fall into five main areas: research, scientific advice and consultation, testing, technology development and accreditation of non-CFIA laboratories.

CFIA laboratory activities – Breakdown of FTEs by Area for 1997-98

Area	Activities/Services	Number of FTEs	% of Time
Program Design and Development	Research – new knowledge; surveys	34	5
	Scientific Advice and Consultation	88	13
	Sub Total:	122	18
Program Delivery	Testing – and associated expert advice	385	59
	Technology development – new tests and special short-term projects	120	18
	Accreditation of Non-CFIA Labs	30	5
	Sub Total:	535	82
TOTAL		657	100

To ensure that CFIA scientific services are internationally recognized as meeting the highest quality standards, the Agency's laboratories have obtained, or are in the process of obtaining, accreditation by the Standards Council of Canada to ISO Guide 25, the international standard for analytical and calibration labs. This includes ongoing proficiency panels and site audits at regular intervals.

Research and Technology Development

CFIA laboratory scientists carry out research on food hazards and food-borne diseases; on diseases and pests of animals, fish and plants; and on new and improved testing and analytical methods to ensure that foods and other commodities meet international standards for health and safety. The CFIA's formal research and technology development program supports long-term research. About 25 per cent of CFIA research projects are aimed at the development of new knowledge that contributes to the Agency's policy development and program design needs. About 75 per cent of projects are undertaken to develop and/or adapt new technologies to meet the Agency's program delivery needs.

Scientific Advice, Consultation and Accreditation

CFIA laboratory staff provide information, advice and expertise to:

- Support the design and operation of improved inspection practices, such as HACCP.
- Register and license products for use in agriculture, including feeds, fertilizers and veterinary biologics.
- Assist in resolving consumer issues and investigations.
- Assist Canadian and international scientific organizations and trading partners in harmonizing health and safety requirements.
- Establish domestic and international equivalency in laboratory methods.
- Assist in hazard identification and the preparation of risk analyses.
- Provide proficiency testing and technical audit services required to accredit approximately 75 non-CFIA laboratories to ensure that they meet the Agency's domestic and international technical and quality management standards.

Testing

Laboratory scientists, chemists and biologists test and analyze samples submitted by CFIA inspectors for purposes of certification, surveillance and monitoring. They also provide special testing services, as required, for investigating issues of concern, outbreaks, or requests for new services. In 1997-98, CFIA laboratories conducted more than 760,000 tests at a cost of \$21.5 million. (See Appendix 4 on samples of fish and seafood, animals, plants, food, seeds, feeds and fertilizers for diseases, chemical contamination and microbiological examination.)

Cost Recovery

The CFIA collects fees for service in accordance with the government's current Cost Recovery and Charging Policy. The Agency's authority to set user fees is prescribed in various federal statutes, including the *Canadian Food Inspection Agency Act*. This legislation is the foundation upon which the Agency has established its guiding principles for cost recovery:

- Create an open and transparent approach in developing a partnership with our clients.
- Health and safety services will not be compromised.
- International trade agreements will be honoured.
- Any negative impact on the competitiveness of the agri-food sector will be minimized.
- Adequate resources for regulated services to withstand third-party scrutiny from a legal liability standpoint will be maintained.
- Program redesign will take into account cost reduction, cost avoidance and cost recovery.
- Cost recovery will only apply to those activities from which private benefit is attained.
- Cost recovery will be applied equitably for similar activities and commodities of comparable risk.
- Service fees should be simple and relevant to the service or product being provided.

These guiding principles apply where there is an identifiable beneficiary for CFIA services meeting industry requirements. User fees are an effective method to fund government services that were previously provided at no charge. Where the introduction of fees impacted on the price of goods, industry has responded by working with the Agency to ensure maximum benefit is derived from the minimum investment in CFIA services, thereby contributing to improvements in cost efficiency. By charging for services, the Agency can respond quickly to industry requirements and without direct cost to the taxpayer.

In 1998-99, the CFIA collected a total of about \$50 million in user-fee revenues; an increase of \$8 million or 19 per cent over the previous fiscal year. The Agency also has been successful in controlling its expenditures by reducing the cost of programs and services over the last several years. For example, compared with 1995, the CFIA has reduced and/or avoided costs of approximately \$24 million in the agriculture and agri-food area and \$6 million in the fish inspection area. Appendix 5 provides a breakdown of service fees by program for 1998-99 and for 1997-98. Increased revenues are a result of several factors: 1) approximately \$6 million came from new or increased service fees affecting the Seed, Meat Hygiene, Animal Health, Plant Health and Fruit and Vegetables programs; 2) \$0.5 million in outstanding fees for services provided in the previous fiscal year; and 3) growth in demand for CFIA services. It is expected that the Agency's cost-recovery initiatives will continue to generate revenue consistent with increased value being provided to the Canadian food industry.

Human Resources Management

The *CFIA Act* established the CFIA as a separate employer on April 1, 1997, and as of April 1998, it no longer operates under the *Public Service Employment Act*. With this new status came the flexibility to design a Human Resources (HR) Strategy to best meet the emerging and evolving needs of the Agency, including the determination of collective bargaining, job classification and staffing regimes.

The Agency's five-year HR Strategy was developed in consultation with staff and is available on the Agency's Web site at (www.cfia-acia.agr.ca/english/toc.html) under Human Resources. It sets the parameters to build a human resources framework based on values and principles identified during the consultation process. The Agency's progress toward the achievement of this objective will be measured against the following two results statements:

- employees have the competencies required to do their jobs now and in the future; and
- organizational values and principles, identified under the themes of Workplace and People, Employment, and Leadership and Management, are demonstrated in organizational practices. (More detail on the values and principles is available on the Web site.)

During the first two years of the Agency's existence, the Human Resource focus has been on identifying and prioritizing the organization's needs, formally adopting the guiding values and principles as the foundation for the Agency's culture, establishing relevant strategic HR objectives, and designing tailored policies, programs and services. The impact of these activities on the CFIA workforce will be demonstrated over the next three to five years as their contribution to the achievement of the ultimate objective of continuing to develop a workforce whose competence is recognized by both internal and external stakeholders becomes evident. The Agency will then be able to analyze the impact of these activities and identify the return on investment.

Next year, the Agency will concentrate its efforts on implementing newly-designed policies, programs and services along with the provision of training and measuring progress. This will allow us to make changes as needs evolve.

The following reports the progress achieved in fiscal year 1998-99 against the five HR challenges identified in the CFIA HR Strategy:

A Supportive Work Environment

Expected Results: A corporate culture and organizational structure that allow the CFIA to most efficiently and effectively meet its evolving business objectives.

As a follow-up to the establishment of its values, the Agency is moving toward a values-based human resources philosophy. Such a philosophy allows managers to make decisions according to organizational needs, based on the Agency's values. This will give managers the flexibility needed to respond to changing demands from clients and to deal with situations in different regions and among a diverse group of staff. A values and ethics workshop has been developed and delivered to senior managers across the country to assist in the translation of the Agency's values into day-to-day practices. This workshop will be delivered to other levels of the organization over the next two years to achieve a common understanding across the Agency.

In April 1997, staff from the four founding departments were brought together to form the Agency. A transitional organization structure was created and senior positions were filled on an interim basis. This led to a perceived need for greater stability in leadership and in organizational structure. To address this urgent challenge and to enable the building of a more effective and efficient food inspection and quarantine system, the majority of senior management positions were staffed permanently and the structure was solidified by:

- moving to a regional structure with four area operations centres and 18 regions, allowing Regional Directors to meet their respective client needs, address relevant geographic issues and manage their own resources within a reasonable span of control;
- consolidating 22 laboratories under one Executive Director, in order to emphasize the importance of science in developing program requirements and to allow laboratories to react to new scientific knowledge, facilitate technology transfer and expand the scope of research through collaboration with other scientific communities;
- establishing Program Networks to bring policy development and interpretation closer to the front lines;
- creating National Service Centres across the country to minimize overlap in administration, finance and information management services; and
- developing generic work descriptions to increase consistency.

An Effective Employment Framework Supporting a Qualified Workforce

Expected Results: An effective employment framework and the promotion of career development to maintain a qualified workforce now and for the future.

Building on a previous analysis which identified priority policy needs, a number of policies were developed in 1998-99. An HR policy framework designed to provide a blueprint for policy- and decision-making on HR matters was developed. The framework is based on the philosophy that managers can be more effective decision-makers within well-defined values as opposed to being overly constrained by rules. To this end, a training package has been prepared to provide guidance in values-based decision-making. A key priority for 1999-00 will be to expand delivery of this training throughout the organization.

The Staffing and Accountability Framework was developed to clarify the delegation of authority and accountability across all staffing activities. The Framework document also specifies which staffing activities are subject to CFIA policies and where past staffing practices will continue until such time as CFIA policies emerge.

A Staffing Complaint Policy was implemented which provides employees with a recourse mechanism where staffing actions can be openly discussed and concerns resolved in accordance with the Agency's values. Based on information reported on June 1, 1999, only 11 of the 2,067 staffing actions completed in 1998-99 were the subject of a complaint under the policy. Of these, seven were resolved by discussion between the manager and the complainant, and only one went forward to the tribunal level. The decision of the tribunal provided a valuable lesson in process, i.e. that there is room for innovative assessment methods as long as processes are transparent. Three complaints are still outstanding.

Approval of the External Recruitment Policy signalled the Agency's independence with respect to external hiring. The policy incorporates the flexibility needed to better target specific applicant markets and to recruit specific individuals when appropriate.

Considering the working environment in which many Agency employees operate (e.g., slaughterhouses), strict attention to occupational health and safety must be an integral part of its corporate culture. To this end, revisions were made to the initial Occupational Safety and Health (OSH) Policy through the development of specific role and responsibility statements for various levels within the Agency. This will assist in the monitoring of the OSH Program. Over the next year, the Agency's transitional OSH training policy will be revised and several OSH-related Treasury Board directives will be reviewed in order to develop directives more closely linked to the Agency's needs. The Agency's principles and responsibilities remain in compliance with the Canada Labour Code.

The determination of the CFIA's collective bargaining unit structure and the certification of bargaining agents was completed in 1997-98, in accordance with the *Public Service Staff Relations Act's* requirement for new employers to determine their bargaining unit structure prior to commencing collective bargaining. Twenty-eight groups were officially amalgamated into four bargaining units under two bargaining agents, in order to render collective bargaining more efficient, to facilitate the ongoing management and administration of these groups, and to lay the foundation for more equitable treatment across occupational groups. The CFIA negotiated and signed its first collective agreement with the Professional Institute of the Public Service of Canada in June 1998, covering approximately 500 employees of the Science and Administration Bargaining Unit. An additional 3,400 employees, covered by the Public Service Alliance of Canada were provided with a 2 per cent wage advance prior to the final ratification of their agreement, expected in July 1999. This step was taken as an interim measure to ensure that CFIA employees were not disadvantaged by the Agency's new status. The Agency was able to negotiate a mutually-satisfactory package with each bargaining agent. Negotiations for an agreement with the VM group are ongoing.

Several HR planning and decision-making tools were made available to guide managers in the HR planning process to ensure a qualified workforce:

- a demographic analysis providing a profile of the workforce;
- an environmental scan of internal and external factors influencing the Agency;
- a Guide for Human Resource Planning to assist managers with the development of future HR plans; and
- a set of recommendations on which managers can act when preparing their HR plans, under the following three broad themes:
 - Renewal, Rejuvenation and Recruitment;
 - Retention and the Ongoing Development of a Qualified and Competent Workforce; and
 - Employment Equity.

The process for HR planning will be implemented on a pilot basis in 1999-00, and will then be incorporated into the business planning cycle over the following three years.

Flexible and Integrated Human Resource Services, Programs and Systems

Expected Results: Human resources systems and programs that are flexible, integrated, streamlined and affordable.

The Agency inherited a variety of HR Programs from its parent departments. In order to increase efficiency and promote consistency within the Agency, and in response to challenges raised during employee consultations, emphasis was placed on the design of an Agency Performance Feedback and Review Program, a Career Management Program and a Rewards and Recognition Program. The Agency's ultimate objective is to phase in these three programs to reduce administrative burden, promote effective use of management and employee time, simplify communications, and enable access to timely information. In 1999-00, managers at all levels will be expected to set clear performance objectives and discuss these with employees in preparation for the integration of these three HR programs in 2000-01.

The CFIA is currently developing a classification system modeled after the Treasury Board Secretariat's Universal Classification Standard, as it supports the requirements of the *Canadian Human Rights Act* to assess skill, effort, responsibility and working conditions when valuing work. The Agency Classification System (ACS) will more accurately value the different kinds of work undertaken within the Agency by allowing jobs to be clustered in a way that aligns them with the specific functions of the Agency. Phase One of the project included the development, in consultation with unions, of a profile of Agency positions and the writing of 100 work descriptions with input from both employees and management, to be used in designing the ACS. Phase Two, the design of the ACS, will begin in the fall of 1999. A new, single classification standard for the evaluation of all Agency positions, excluding the Executive Group, with updated work descriptions for each position, is expected by the end of 2000-01, at which time all employees will be informed of the results. Follow-up activity will include determining pay rates during the collective bargaining process, converting all positions to the new standard, and integrating the ACS with the Agency's HR System.

An Employment Equity (EE) Strategy and a three-year action plan were developed to improve the CFIA's ability to attract, recruit and retain a representative and skilled workforce. Four advisory councils representing each of the employment equity groups were created to support Agency initiatives toward EE objectives. Representation of the four designated groups at the Agency increased from 1997 to October 1998, bringing it closer to the Labor Market Availability (LMA), as reported in the 1991 Census:

EE Group Representation	1997-98	1998-99	LMA 1991
Aboriginal	0.7%	1.3%	2.6%
Visible Minorities	4.0%	5.8%	9.0%
Persons with disabilities	1.5%	2.7%	4.8%
Women	36.2%	39.7%	47.3%

To address skill shortages, as well as to support the Government Youth Strategy, the Agency developed a Student Internship Program which augments student salaries with scholarships of \$5,000 per year. Should students be offered employment at the end of their participation in the program, they would be expected to remain with the Agency for a period of one year. The Program will be piloted in 1999-00 with a target of 10 interns, with full implementation over the next three years.

As a national organization, the Agency has developed a two-year action plan and an official languages policy to set the parameters for service to the public, language of work and equitable participation. A network of coordinators was created to monitor service to the public by tracking the nature and number of complaints and ensuring that proper signage is visible and that publications are displayed and available in both official languages. Public Service Commission as well as Agency language-training programs have been made available to assist employees in maintaining and enhancing their second-language proficiency, enabling the Agency to meet its language of work requirements. Francophone representation has improved from 13 to 24 per cent in the Executive Group and from 25 to 26 per cent in other groups.

Opportunities for Learning

Expected Results: Enhanced opportunities for learning and adaptability to change.

The CFIA recognizes the value of continuous learning in support of its evolving business needs. With this in mind, a Learning Strategy identifying learning needed to address business challenges was developed. A Learning Policy, based on the premise that learning is a shared responsibility between employees and the employer, was also developed. The Policy outlines employee and managerial responsibilities, and identifies criteria for managerial approval of learning.

In consultation with users, current and future technical training needs are identified and incorporated into the National Training Plan managed by Programs Branch. This Plan responds to the ongoing evolution of the organization's science-based programs. In 1998-99, more than \$2.4 million was spent on direct training in the following areas:

- the redesign and evolution of the Agency's inspection methodologies, including increased emphasis on the audit of industry activities (e.g. the Food Safety Enhancement (FSEP) Program, the re-engineered Quality Management Program (QMP) for registered fish processing establishments and general auditing skills training incorporating the principles of the ISO 9000 standard);
- the continuing health and safety of animals and plants (e.g., pest and disease recognition and control courses such as Foreign Animal Disease Course, fumigation training, Asian long-horned beetle);
- the implementation and monitoring of alternative delivery mechanisms within the CFIA (e.g., the Modernized Poultry Inspection Program, which included accreditation of industry as well as training to conduct systems' audits of alternative delivery providers); and
- the assurance of a safe food supply and accurate product information (e.g., metal can integrity, food and nutrition labelling and food safety).

Management Competency Profiles were developed and tailored to the Agency's needs using best practices research. When other related Agency initiatives, such as the ACS and further staffing policies are in place, the need for competency profiles at other levels will be determined. In 1999-00, the Agency will develop the associated learning modules.

Over the next two years, the Agency will develop performance measurement indicators to assess the Learning Program. Benefits from the training provided will be evident over time through the achievement of the Agency's ultimate objective: to develop a workforce whose competence is recognized by both internal and external stakeholders.

Communicating the Vision and Managing Change

Expected Results: Communication of the corporate vision and effective management of the ongoing process of change.

As the Agency faces the ongoing process of change, the management of change remains a challenge. The CFIA recognizes that employee awareness of issues is of key importance to effective change management. A variety of communications tools have been developed, using media designed to involve as well as inform employees, managers and unions. Joint consultative committees have been put in place to share information. An internal Web site, newsletters, bulletins, face-to-face information sessions and focus-group discussions all contribute to the dissemination of information directly to employees. Many of these information vehicles also provide employees with a direct feedback link to the information source, which provides a measurement of employee satisfaction with Agency activities.

Communicating culture and managing change are difficult to measure in isolation. Over time, the successful accomplishment of these objectives can only be measured through an overall assessment of organizational wellness. This can be manifested through the Agency becoming an employer of choice with high retention rates and strong union-management relations. The organization will, in time, be in a better position to provide a more detailed analysis of workforce trends.

Conclusion on Human Resource Performance

Although only a beginning, a solid HR foundation, respectful of the organization's values and principles, has been put in place. Key policies, programs, and services will assist in ensuring that employees have the competencies to do their jobs now and in the future. During 1999-00, the Agency will continue to develop its infrastructure and move toward implementation of policies, programs and tools on many fronts.

Critical priorities for the coming year include work on the Agency's classification system and implementation of activities to support staffing, recruitment and retention. The CFIA will continue to capitalize on its flexibilities as a separate employer to foster the development of a competent and qualified workforce and the creation of a working environment which supports its mission and mandate.

Section IV Consolidated Reporting

Year 2000 Initiatives

Year 2000 computer readiness has been an over-riding concern for both public and private organizations throughout the world. In response, the CFIA initiated the Year 2000 Readiness project, with the objective of providing a management accountability structure and action plan to reduce, in a fiscally responsible manner, CFIA exposures and liabilities relating to the potential Year 2000 date problem. The Year 2000 challenge has been a top priority for the Agency since 1996 and significant progress has been made in Year 2000 remediation and testing, as well as business continuity planning.

As of July 1999, CFIA will have reviewed the readiness of various organizations with whom CFIA has a business relationship and prepared contingency plans to mitigate risk in case any failures are experienced. All embedded systems including laboratory equipment, facilities, telephone and office equipment will have been tested and converted to Year 2000 compliance. The Agency will also have completed the development/conversion and testing on all Government Wide Mission Critical (GWMC) information systems. The Year 2000 compliant informatics infrastructure will have been implemented with processes and equipment in place to mitigate against service disruption. All facilities owned and under the direct control of the Agency with potential Year 2000 implications will have been tested and made fully compliant, except for one location scheduled for completion by July 31, 1999. The CFIA is attempting to ensure that all other Agency locations that are government owned or leased will be tested by August 1999.

The CFIA has been working with Agriculture and Agri-Food Canada on addressing the potential impact of Year 2000 on the food supply chain. Furthermore, in order to mitigate risk, detailed contingency procedures have been developed and ongoing monitoring of remediation of risk is in place. Extensive outreach and communications on Year 2000 readiness has been done internally and externally with CFIA stakeholders and clients, as well as our international trading partners.

An independent review, conducted by CFIA's Corporate Audit and Review Directorate, of the CFIA Year 2000 readiness has been completed. It included examination of the Agency's project management, renovation and implementation of assets, and contingency plans. This review indicated generally satisfactory results although several recommendations were made to improve the performance management framework, the renovation and implementation process and the contingency planning process. The recommendations have been or are in the process of being implemented. The independent review will continue to monitor key components of the Year 2000 readiness initiative.

Sustainable Development Strategies

The federal government requires all government departments and agencies to prepare a Sustainable Development Strategy every three years. These strategies have been prepared by Agriculture and Agri-Food Canada, Health Canada, and Fisheries and Oceans Canada prior to the establishment of the CFIA in 1997. Consequently, the Agency continued to build on the sustainable development strategies of the three departments, all of which have a direct relationship to Canada's food sectors. This relationship and the need to address the Agency's environmental responsibilities, including the establishment of an Environmental Management System, is highlighted in the CFIA Corporate Business Plan. The Agency's environmental policy establishes an overall sense of direction and sets the parameters for action. The Environmental Management Plan was approved by the Executive Committee in June 1998.

In this context, the Agriculture and Agri-Food Canada Report on Plans and Priorities identifies four sustainable development issues where the CFIA plays a lead role:

1. Enhance the capacity to conduct environmental assessments of products of biotechnology, including feeds, fertilizers, supplements, veterinary biologics and plants. The following table indicates the work undertaken by the CFIA in relation to meeting this sustainable development requirement. These assessments mitigate any potentially negative impacts on animals or plants. The number of assessments conducted in a given year depends on requests by industry.

Area	# of Environmental Assessments Conducted	
	1998-99	1997-98
Feeds and Seeds	2	18
Veterinary Biologics	6	4

2. Develop new standards and regulations for contaminants in fertilizer products and animal feeds and assess existing ones. The CFIA has the responsibility to continue to review standards for fertilizer products and animal feeds in accordance with changing industry practices and products. The CFIA continues to review standards in consultation with stakeholders and other interested parties on an ongoing basis.
3. Work with industry to facilitate the development of internationally-acceptable national organic certification and accreditation mechanisms. The National Standard for Organic Agriculture was ratified by the Standards Council of Canada in February 1999. The CFIA continues to work with industry and other governments to develop the accreditation mechanism and enforcement strategies for the organic agricultural industry.
4. Influence domestic and international initiatives in the interests of environmental progress and the Canadian agriculture and agri-food sector. The CFIA is an active participant in the interdepartmental discussions pertaining to the World Trade Organization's Trade and Environment Committee. The Agency also provides ongoing commentary and makes recommendations on agriculture and trade policy issues.

Environmental Management Review

Consistent with the principles of environmental management, the CFIA endorses the position that self-assessment is the most effective tool for managers and staff to assess their own operations in relation to overall Agency goals. Following this assessment, site specific objectives, targets and action plans will be set. The review process will examine 11 major aspects of operations that might lead to negative environmental impacts and therefore need to be documented to address and exercise due diligence. The results of this review will allow future assessment of environmental performance, identify environmental risk and liabilities and support environmental action plans.

Major aspects of food production systems with a direct impact on the environment are:

- Water consumption
- Energy management
- Underground and aboveground storage tanks
- Non-hazardous and domestic waste
- Emergency response
- Procurement
- Effluent management
- Hazardous material storage facilities
- Ozone-depleting substances
- Hazardous waste
- Fleet management

In response to the Agency's commitment to sustainable development, the CFIA facilities groups are now completing the Environmental Management Review. This review has established appropriate sustainable development goals for the Agency. Action plans are being developed to implement environmental performance measurement. These plans include descriptions of what will be measured, the timetable for implementation, what resources will be allocated to the initiative, who will be responsible for ensuring implementation, and how the results will be reported. The completion of this work is a critical link between the Environmental Management System and environmental performance indicators which facilitate ongoing reporting of results on the Agency's commitment to sustainable development.

Regulatory Initiatives

Legislative Renewal Initiative

Expected Results: A proposal to modernize and consolidate Agency legislation.

The CFIA is responsible for administration and enforcement of all federal legislation related to food inspection, agricultural inputs, and animal and plant health. The Minister of Health is responsible for establishing standards for all matters relating to the safety and nutritional value of food. Prior to the creation of the Agency on April 1, 1997, this responsibility was shared by four different government departments operating under a variety of legislative authorities. With responsibility for the administration and/or enforcement of federal food regulations, the Agency undertook, in partnership with Health Canada, a series of consultations and internal analyses to assess the adequacy of the existing legislation. This process indicated that a comprehensive review of all food inspection legislation was required to meet the changing needs of consumers and industry.

In response, the CFIA established a Task Force on Legislation to develop a strategy and action plan for modernizing and/or consolidating the legislation. The initial results of the CFIA legislative review formed the basis of the report *Legislative Renewal: Exploring Options for Legislative Change*. This report was the primary tool used to consult stakeholders on key questions on: a) how to facilitate a more uniform, consistent and comprehensive approach to food safety and quality standards; b) how to design and implement efficient, effective and adequate compliance and enforcement mechanisms; and c) how to ensure that legislation is current, coherent, rational and understandable to facilitate responsible and flexible administration.

Consultations with consumers, industry and public-sector partners indicated the desire to consolidate five food acts, three agricultural input acts and modernize all acts pertaining to the setting of standards, requirements and administrative compliance and enforcement provisions. If approved by Parliament, the proposed legislation, entitled the *Canada Food Safety and Inspection Act*, would modernize all food and agricultural input statutes as well as amend the *Health of Animals Act*, the *Plant Protection Act* and the *Plant Breeders' Rights Act*. This Bill was introduced in the House of Commons on April 22, 1999.

If the proposed legislation is enacted, the CFIA will, in consultation with Health Canada, review and propose amendments, where necessary, to the 46 sets of regulations currently administered and/or enforced by the CFIA to ensure their consistency with the new legislation. The proposed legislative renewal and the proposed updating of regulations would enable the Agency to provide a more uniform, consistent and comprehensive approach to food safety and quality standards combined with an efficient, effective compliance and enforcement system.

Administrative Monetary Penalties Regulations

The *Agriculture and Agri-Food Administrative Monetary Penalties Act* (AAAMPA), which came into force July 30, 1997, establishes a system of administrative penalties for the enforcement of the *Canada Agricultural Products Act*, *Feeds Act*, *Fertilizers Act*, *Health of Animals Act*, *Meat Inspection Act*, *Pest Control Products Act*, *Plant Protection Act* and the *Seeds Act*. The AAAMPA authorizes the Agency to issue monetary penalties for non-compliance with the aforementioned Acts and their regulations. The administrative penalty system provides an additional option for the Agency to exercise in undertaking enforcement actions against persons who contravene provisions of these Acts and their regulations. The AAAMPA regulations have been drafted and are expected to be published in the *Canada Gazette*, Part I. The AAAMPA provides for the establishment of a Review Tribunal, an independent body formed to review the imposition of monetary penalties. The Chairperson for the Review Tribunal has been appointed. Ongoing progress in the administration and implementation of an administrative monetary penalty will continue to strengthen the ability of the Agency to ensure the safety of the Canadian food inspection system.

Section V Financial Performance

Financial Performance Overview

The tables in this section provide a financial overview of the Canadian Food Inspection Agency's (CFIA) 1998-99 performance. Table 1, "Summary of Voted Appropriations" displays the 1998-99 planned and actual utilization. Table 2, addresses CFIA's initial spending plans, total financial authorities and actual expenditures. Table 3, "Historical Comparison of Total Planned Spending versus Actual Spending" has been used for the first time since the Agency has comparative data. Table 4, "Responsible Revenues" shows the actual revenue for 1997-98 and the 1998-99 planned spending to actual spending. Table 5 addresses the CFIA's capital projects.

CFIA has only one business line and financial information is presented accordingly.

The net change between the initial spending plans of CFIA and its total financial authorities was an increase of \$42.88 million (13.7%). This change is principally due to the following items approved in the 1998-99 Supplementary Estimates:

- operating budget carry-forward from 1997-98 (\$13.12 million);
- a funding increase due to the Year 2000 information technology problem (\$11.25 million);
- a funding increase due to the structural realignment costs (\$4.7 million);
- a 2% wage advance for members of the PSAC/CFIA bargaining unit (\$4.5 million);
- a funding increase due to the collective agreement for the Science & Administrative Group (\$3.0 million);
- a funding increase to cover costs under the compensation payments for the animals destroyed pursuant to the *Health of Animals Act* (\$1.1 million).

The difference between actual financial authorities and actual expenditures is a variance of 11%. This difference is largely attributable to planned carry-forwards in the Operating Vote (\$22.9 million) and in the Capital Vote (\$6.0 million) and a variance in the cost of services provided by other departments (\$9.3 million).

Revenues generated through the charging for inspection fees and services are the largest contributors to the revenues in 1998-99. The Agency's authority to set user fees is prescribed in various federal statutes, including the *Canadian Food Inspection Agency Act*.

Financial Summary Tables

The following tables are applicable to Canadian Food Inspection Agency:

Financial Table 1 – Summary of Voted Appropriations

Financial Table 2 – Departmental Planned versus Actual Spending

Financial Table 3 – Historical Comparison of Departmental Planned versus Actual Spending

Financial Table 4 – Revenues Credited to the Vote

Financial Table 5 – Capital Projects

Financial Table 1 – Summary of Voted Appropriations

A. Authorities for 1998-99 Financial Requirements by Authority (\$ millions)

Vote		1998-99	1998-99	1998-99
		Planned Spending	Total Authorities	Actual
	Safe Food, Market Access and Consumer Protection			
20	Operating Expenditures ⁽¹⁾	260	298	275
25	Capital Expenditures	10	12	12
(S)	Contributions to Employee Benefit Plans	43	45	45
(S)	Compensation Payments in accordance with requirements established by Regulations under the <i>Health of Animals Act</i> and the <i>Plant Protection Act</i> and authorized pursuant to the <i>Canadian Food Inspection Agency Act</i>	2	3	3
Total Agency		315	358 ⁽²⁾	335 ⁽³⁾

Note: (1) Total voted contributions are less than \$250K, therefore included in Operating Expenditures.

(2) Due to the surplus of revenues collected against targets (i.e. \$50M versus \$47M), actual financial authorities available was \$361M.

(3) Does not include services provided without charge by other Government departments (\$26M).

Financial Table 2 – Departmental Planned versus Actual Spending (\$ millions)

	1998-99		
	Planned	Authorized	Actual
FTEs	4,556	4,276	4,276
Operating ⁽¹⁾	304	343	320
Capital	10	12	12
Subtotal: Gross Voted Expenditures	314	355	332
Statutory Grants and Contributions	1	3	3
Total Gross Expenditures	315	358	335
Less			
Revenue Credited to the Vote	47	47	50
Total Net Expenditures	268	311	285

Note: (1) Total voted contributions are less than \$250K, therefore included in Operating Expenditures.

Financial Table 3 – Historical Comparison of Departmental Planned versus Actual Spending (\$ millions)

	Actual 1997-98 ⁽¹⁾	Planned Spending	1998-99	
			Total Authorities	Actual ⁽¹⁾
Canadian Food Inspection Agency	330	315	358	335
Total	330	315	358 ⁽²⁾	335

Note: (1) Does not include services provided without charge by other Government departments.

(2) Due to surplus of revenues collected against targets (i.e. \$50M versus \$47M) actual financial authorities available was \$361M.

Financial Table 4 – Respendable Revenues (\$ millions)

	Actual 1997-98	Planned Spending	1998-99	
			Total Authorities	Actual
Canadian Food Inspection Agency	42	47	47	50
Total	42	47	47	50

Financial Table 5 – Capital Projects

Capital Projects by Business Line (\$ millions)

Business Line	Current	Actual 1996-97	Actual 1997-98	Planned Spending 1998-99	Total Authorities 1998-99	Actual 1998-99
	Estimated Total Cost					
Safe Food, Market Access and Consumer Protection						
Winnipeg Laboratory	67.3	6.0	8.0			0.6
Projects valued at under \$5 million		8.0	2.0	10.4	11.5	4.9
Total		14.0	10.0	10.4	11.5	5.5

Canadian Food Inspection Agency Management Responsibility for Financial Reporting

The management of the Canadian Food Inspection Agency (the “Agency”) is responsible for the preparation of all information included in its financial statement and Annual Report. These reports are legislated requirements as per Section 23 of the *Canadian Food Inspection Agency Act*. The accompanying financial statement has been prepared in accordance with the reporting requirements and standards established by the Receiver General for Canada for departmental corporations. This financial statement was prepared in accordance with the significant accounting policies set out in note 2.

Management is responsible for the integrity and objectivity of the information in this financial statement. Some of the information in the financial statement is based on management’s best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts which provides a centralized record of the Agency’s financial transactions. Financial information and operating data contained in the ministry statements and elsewhere in the *Public Accounts of Canada* is consistent with this financial statement.

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

The Agency intends, as stipulated under Section 31 of the *Canadian Food Inspection Agency Act*, to maintain its accounting records according to generally accepted accounting principles. However, proclamation of Section 31 has been deferred. It is management’s intention to seek Governor-in-Council approval to have Section 31 proclaimed for the fiscal year 1999-2000.

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

Ronald L. Doering
President

J. Jones
A/Comptroller

Ottawa, Canada
August 20, 1999



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

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

I have audited the statement of operations of the Canadian Food Inspection Agency for the year ended March 31, 1999. This financial statement is the responsibility of the Agency's management. My responsibility is to express an opinion on this financial statement based on my audit.

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

In my opinion, this financial statement presents fairly, in all material respects, the results of operations of the Agency for the year ended March 31, 1999 in accordance with the accounting policies set out in note 2 to the financial statement.

I wish to draw to your attention that Section 31 of the *Canadian Food Inspection Agency Act*, which requires the Agency to prepare financial statements in accordance with generally accepted accounting principles, has not yet been proclaimed. As disclosed in note 2 to the financial statement, management is working towards the adoption of generally accepted accounting principles for the year ending March 31, 2000.

Sheila Fraser, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 20, 1999

Statement of Operations for the year ended March 31, 1999

	1999	1998 Restated (note 3)
		<i>(in thousands of dollars)</i>
Expenditures		
Operating and administration		
Salaries and employee benefits	\$ 266,712	\$ 245,634
Employee termination benefits	5,678	17,230
Professional and special services	22,515	17,459
Travel and relocation	14,698	14,452
Utilities, materials and supplies	13,927	16,005
Accommodation (note 3)	13,114	17,283
Furniture and equipment	10,764	10,373
Repairs	3,823	4,908
Communication	3,778	4,595
Information	1,512	1,908
Equipment rentals	1,125	1,114
Miscellaneous	412	218
	358,058	351,179
Grants and contributions		
Compensation payments (note 11)	3,391	2,843
Other	24	125
	3,415	2,968
Total expenditures	361,473	354,147
Non-tax revenues		
Fees, permits and certificates		
Inspection fees	37,867	32,524
Registrations, permits, certificates	6,543	5,125
Establishment licence fees	2,566	2,025
Grading	226	303
Miscellaneous fees and services	2,508	1,936
	49,710	41,913
Capital assets disposal	472	405
Refunds of previous years' expenditures	393	655
Interest on overdue accounts	126	69
Administrative monetary penalties	90	104
	1,081	1,233
Total non-tax revenues	50,791	43,146
Net cost of operations (note 4)	\$ 310,682	\$ 311,001

Contingencies (note 9)

The accompanying notes are an integral part of this statement.

Approved by:

Ronald L. Doering
President

J. Jones
A/Comptroller

Notes to the Statement of Operations for the year ended March 31, 1999

1. Authority and purpose

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

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

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

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

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

Operating expenditures are funded by the Government of Canada through a budgetary lapsing authority. Compensation payments and employee benefits are authorized by separate statutory authorities. Non-tax revenues collected, including inspection fees, registration, permit, and certificate issuance, are deposited to the Consolidated Revenue Fund and are available for use by the Agency.

2. Significant accounting policies

The statement of operations has been prepared in accordance with the reporting requirements and standards established for departmental corporations by the Receiver General for Canada.

Section 31 of the *Canadian Food Inspection Agency Act*, which requires the preparation of financial statements in accordance with generally accepted accounting principles (GAAP), has not yet been proclaimed. Management is working towards the preparation of GAAP financial statements for the year ending March 31, 2000.

The most significant accounting policies are as follows:

(a) Expenditure recognition:

Expenditures are recorded on an accrual basis, with the exception of employee termination benefits and accumulated vacation pay which are recorded on a cash basis.

(b) Revenue recognition:

Non-tax revenues are recorded on a cash basis.

(c) Capital expenditures:

Acquisitions of capital assets are charged to operating expenditures in the year of purchase.

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

Estimates of amounts for services provided without charge by other Government departments are included in expenditures.

(e) Contributions to Superannuation Plan:

The Agency's employees participate in the Superannuation Plan administered by the Government of Canada. The employees and the Agency contribute equally to the cost of the Plan. Contributions by the Agency are charged to expenditures in the period incurred and represent the total obligation of the Agency to the Plan.

3. Prior Period Adjustment – Correction in 1998 Statement of Operations

The 1998 statement of operations did not include all estimated costs of accommodation provided without charge by Public Works and Government Services Canada (PWGSC) for facilities that were occupied by the Agency. The amount of these excluded costs is estimated to be \$8,387,000.

The 1998 statement of operations has been restated to include the above costs. The effect of this restatement is to increase accommodation expenditures and the net cost of operations by \$8,387,000. In note 4, services provided without charge by other Government departments – accommodation for 1998 has also been increased by \$8,387,000.

4. Parliamentary appropriations:

	1999	1998 Restated (note 3) <i>(in thousands of dollars)</i>
<i>Vote:</i>		
Vote 20 – Operating expenditures	\$ 298,318	\$ 301,439
Vote 25 – Capital expenditures	11,507	11,247
Statutory compensation payments	3,391	2,843
	313,216	315,529
Add statutory contributions to employee benefit plans	45,188	34,636
	358,404	350,165
<i>Less:</i>		
Reduction in appropriation available due to shortfall in revenue credited to the vote	–	15,621
Amount lapsed	22,503	4,530
Total appropriations used	335,901	330,014
Add services provided without charge by other Government departments:		
Employee benefits	15,274	13,637
Accommodation (note 3)	10,198	10,198
Other	100	298
	25,572	24,133
Less non-tax revenue	50,791	43,146
Net cost of operations	\$ 310,682	\$ 311,001

5. Accounts receivable:

As at March 31, 1999, the Agency has current accounts receivable from outside parties relating to its normal service activities.

	1999	1998
	<i>(in thousands of dollars)</i>	
Inspection fees	\$ 6,039	\$ 6,367
Grading	19	9
Miscellaneous fees and services	-	6
	6,058	6,382
Less allowance for doubtful accounts	350	380
Total accounts receivable	\$ 5,708	\$ 6,002

Revenues associated with these accounts receivable are not reflected in the statement of operations.

6. Liabilities:

As at March 31, 1999, the Agency has liabilities of the following amounts:

	1999	1998
	<i>(in thousands of dollars)</i>	
Accounts payable and accrued liabilities	\$ 22,652	\$ 29,164
Salaries payable	4,655	5,454
Contractors' holdbacks	73	35
	27,380	34,653
Vacation pay	13,459	10,730
Employee termination benefits	24,098	22,558
Total liabilities	\$ 64,937	\$ 67,941

The costs associated with accounts payable and accrued liabilities, salaries payable and contractors' holdbacks are reflected in the statement of operations.

The costs associated with the liabilities for vacation pay and employee termination benefits are not reflected in the statement of operations. These costs are recognized when paid (note 2a). These liabilities represent an obligation of the Agency that are normally funded through the Treasury Board.

7. Year 2000 Loan

In order to meet the Agency's requirements with respect to government wide mission critical systems, the Agency has negotiated a loan fund with the Treasury Board in the amount of \$ 15.4 million. For 1999, the Agency received the authority to spend \$ 11.2 million against the fund which is reflected in the total amount disclosed for Vote 20 – Operating expenditures in note 4 to the statement of operations. The fund will be used to finance the Agency's requirements to upgrade and/or replace existing systems, equipment, computer applications and infrastructure components which are not Year 2000 compliant.

As at March 31, 1999, the Agency had drawn \$ 7.4 million against its fund.

The terms and conditions call for the amounts advanced to bear no interest and be repayable in three equal annual installments beginning in the fiscal year 2001-2002.

8. Capital expenditures

Capital assets including land, buildings, laboratories and equipment, were transferred from Agriculture and Agri-Food Canada, Health Canada, and Fisheries and Oceans Canada at the time of the Agency's creation.

During the year, the Agency incurred capital expenditures which have been charged to operating expenditures as follows:

	1999	1998
	<i>(in thousands of dollars)</i>	
Furniture and equipment	\$ 2,801	\$ 2,850
Accommodation	1,789	6,138
Professional and special services	633	200
Travel and relocation	174	368
Utilities, material and supplies	59	193
Information	10	15
	\$ 5,466	\$ 9,764

9. Contingencies

The Agency is a defendant in certain cases of pending and threatened litigation which arose in the normal course of operations. At March 31, 1999, the total amount of claims is estimated at \$175.6 million (1998 – \$ 168.2 million). Settlements, if any, that may be made with respect to these actions, are expected to be accounted for as an operating expenditure when paid.

10. Specified purpose account

The Agency conducts joint projects with outside organizations related to food inspection and animal and plant health. Funds received from the outside organizations are administered by the Agency through a specified purpose account held in the Consolidated Revenue Fund. The transactions of the specified purpose account are not reflected in the statement of operations.

	1999	1998
	<i>(in thousands of dollars)</i>	
Balance, beginning of year	\$ 733	\$ 751
Add: receipts	1,214	1,531
Less: expenditures incurred	(936)	(1,549)
Balance, end of year	\$ 1,011	\$ 733

11. Compensation payments

The *Health of Animals Act* and the *Plant Protection Act* allow for the Minister, via the Agency, to compensate owners of animals and plants destroyed pursuant to the Acts. Actual expenditures for compensation payments for the year were as follows:

	1999	1998
	<i>(in thousands of dollars)</i>	
Health of animals	\$ 3,391	\$ 2,843
Plant protection	-	-
	\$ 3,391	\$ 2,843

12. Advisory board

Pursuant to Section 10 of the *Canadian Food Inspection Agency Act*, the Minister of Agriculture and Agri-Food has appointed an advisory board to advise the Minister on any matter within the responsibility of the Agency. Direct expenditures relating to the board's activities for the year amounted to \$ 45,992 (1998 – \$ 14,000) and are included in the statement of operations.

13. Related party transactions

Through common ownership, the Agency is related to all Government of Canada departments, agencies and Crown corporations. The Agency enters into transactions with these entities in the normal course of business.

14. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Agency, including those related to the efforts of other government departments and agencies, customers, suppliers, or other third parties, will be fully resolved.

15. Comparative figures

Certain figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for 1999.

Section VI Other Information

Contacts for Further Information and CFIA Web Site

Additional copies of this publication can be obtained by writing or sending a fax to the Canadian Food Inspection Agency office in your area. An electronic version of this document is available on the Internet. The CFIA Web site address is (www.cfia-acia.agr.ca).

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Legislation Administered and Associated Regulations

The CFIA, which reports to the Minister of Agriculture and Agri-Food, is responsible for the administration and enforcement of the following Acts: *Agriculture and Agri-Food Administrative Monetary Penalties Act*, *Canada Agricultural Products Act*, *Canadian Food Inspection Agency Act*, *Feeds Act*, *Fertilizers Act*, *Fish Inspection Act*, *Health of Animals Act*, *Meat Inspection Act*, *Plant Breeders' Rights Act*, *Plant Protection Act*, *Seeds Act*, the *Consumer Packaging and Labelling Act* as it relates to food, and the enforcement of the *Food and Drugs Act* as it relates to food.

The Minister of Health remains responsible for those provisions of the *Food and Drugs Act* as they relate to public health, safety or nutrition; for establishing policies and standards for the safety and nutritional quality of food sold in Canada, and for assessing the effectiveness of the Agency's activities related to food safety.

The CFIA, which reports to the Minister of Agriculture and Agri-Food, is responsible for the administration and enforcement of the following:

Acts

<i>Agriculture and Agri-Food Administrative Monetary Penalties Act</i>	S.C., 1995, c. 40
<i>Canada Agricultural Products Act</i>	R.S., c. 20 (4th supp)
<i>Canadian Food Inspection Agency Act</i>	S.C., 1997, c. 6
<i>Consumer Packaging and Labelling Act</i> ³	R.S., c. C-38
<i>Feeds Act</i>	R.S., 1985, c.F-9
<i>Fertilizers Act</i>	R.S., 1985, c. F-10
<i>Fish Inspection Act</i>	R.S., 1985, s. F-12
<i>Food and Drugs Act</i> ⁴	R.S., c. F-27
<i>Health of Animals Act</i>	S.C., 1990, c.21
<i>Meat Inspection Act</i>	R.S., c. 25, (1st supp)
<i>Plant Breeders' Rights Act</i>	S.C., 1990, c. 20
<i>Plant Protection Act</i>	S.C., 1990, c.22
<i>Seeds Act</i>	R.S., c. S-8

³ The CFIA is responsible for only the administration and enforcement of those provisions of the *Consumer Packaging and Labelling Act* as they relate to food as defined in the *Food and Drugs Act*.

⁴ The CFIA is responsible for enforcement and administration of food (s. 11(3)(a) of the *Canadian Food Inspection Agency Act*), other than provisions related to public health, safety or nutrition (s. 11(3)(b) of the *Canadian Food Inspection Agency Act*).

Orders

Dairy Products Fees Order
 Egg and Processed Egg Fees Order
 Feeds Fees Order
 Fertilizers Fees Order
 Fresh Fruit and Vegetable Fees Order
 Golden Nematode Order
 Honey Fees Order
 Honeybee Importation Prohibition Order, 1997
 Livestock Carcass Grading Fees Order
 Maple Products Fees Order
 Overtime Fees Order
 Plant Protection Fees Order
 Processed Products Fees Order
 Quarantine and Inspection Service Fees Order
 Reportable Diseases Orders
 Weed Seeds Order

Ministerial Notices

Seeds Fees Notice
Health of Animals Fees Notice

Regulations

Anthrax Indemnification Regulations
Destructive Pests Inspection Fees Regulations
Egg Regulations
Eggplants and Tomatoes Production (Central Saanich) Restriction Regulations
Dairy Products Regulations
Export Inspection & Certification Exemption Regulations
Feeds Regulations, 1983
Fertilizers Regulations
Fresh Fruit and Vegetable Regulations
Fish Inspection Regulation
Food and Drug Regulations ⁵
Hatchery Exclusion Regulations
Health of Animals Regulations
Honey Regulations
Licensing and Arbitration Regulations
Livestock and Poultry Carcass Grading Regulations
Maple Products Regulations
Maximum Amounts for Destroyed Animals Regulations
Meat Inspection Regulation, 1990
Plant Breeders' Rights Regulations
Plant Protection Regulations
Potato Production and Sale (Central Saanich) Restriction Regulations
Processed Egg Regulations
Rabies Indemnification Regulations
Processed Products Regulations
Rabies Vaccination Fees Regulations
Reportable Diseases Regulations
Seeds Regulations
Ungulate Movement Regulations

⁵ Only those sections administered by the CFIA

Statutory Reports

Parliament requires that the following reports be tabled: CFIA Annual Report, and CFIA Corporate Business Plan (at least once every five years).

Appendix 1 – CFIA Objectives and Related Performance Information

CFIA Objectives and Performance Information	To contribute to a safe food supply and accurate product information	To contribute to the continuing health of animals and plants for protection of the resource base	To facilitate trade in food, animals, plants and their products
Agency-Wide Performance Information			
Program Design and Development:			
Consumer Food Safety Education	✓		
Labelling of Food causing Allergens and Sensitivities	✓		✓
Food Safety Enhancement Program	✓		✓
Program Delivery:			
Emergency Management	✓	✓	✓
Enforcement	✓	✓	✓
Compensation Payments	✓	✓	
Inspection Agreements	✓	✓	✓
Animal Products Performance Information			
Meat Hygiene Program	✓		✓
Fish Program	✓		✓
Dairy Program	✓		✓
Egg Program	✓		✓
Plant Products Performance Information			
Plant Protection Program		✓	✓
Plant Breeders' Rights		✓	
Consumer Food Products Program	✓		✓
Retail Food Program	✓		✓
Other			
Laboratories & Lab Services	✓	✓	✓
Cost Recovery	✓	✓	✓
Consolidated Reporting			
Year 2000 Initiatives	✓	✓	✓
Sustainable Development Strategies	✓	✓	✓
Legislative Renewal	✓	✓	✓
Administrative Monetary Penalty Regulations	✓	✓	✓

Appendix 2 – Proposed Three-Year Reporting Cycle

Program/Area	Frequency of Reporting	1998-99 Departmental Performance Report	1999-00 Departmental Performance Report	2000-01 Departmental Performance Report
PROGRAM				
<i>Animal Products</i>				
Animal Health	biennial		✓	
Dairy	biennial	✓		✓
Egg	biennial	✓		✓
Feed	triennial		✓	
Fish	biennial	✓		✓
Honey	triennial		✓	
Meat Hygiene	annual	✓	✓	✓
<i>Plant Products</i>				
Consumer Food Products	biennial	✓		✓
Fertilizer	triennial		✓	
Fresh Fruit and Vegetables	biennial		✓	
Plant Protection	biennial	✓		✓
Processed Products	biennial		✓	
Retail Food	triennial	✓		
Seed	triennial		✓	
AREA				
Human Resource Management	annual	✓	✓	✓
Level of Resources by Program	annual	✓	✓	✓
Enforcement Information	annual	✓	✓	✓
Food Recall/Emergency Management	annual	✓	✓	✓
Plant Breeders' Rights	annual	✓	✓	✓

Appendix 3 – Full-Time Equivalents and Expenditures of Inspection Programs for 1997-98

Program	FTEs ⁽¹⁾	% of Total FTEs	Expenditures (\$'000)	% of Total Expenditures
<i>Animal Products</i>				
Animal Health	784	18	74,261	21
Dairy	100	2	8,090	2
Egg	93	2	7,514	2
Feed	68	2	5,520	2
Fish	441	10	35,788	10
Honey ⁽²⁾	not available	not available	not available	not available
Meat Hygiene	1,601	37	117,544	33
Sub-total Animal Products	3,087	71	248,717	70
<i>Plant Products</i>				
Consumer Food Products	264	6	21,465	6
Fertilizer	23	1	1,848	1
Fresh Fruit and Vegetables	207	5	16,763	5
Plant Protection	417	10	33,819	10
Processed Products	88	2	7,150	2
Retail Food	95	2	7,668	2
Seed	151	3	16,717	4
Sub-total Plant Products	1,245	29	105,430	30
Total FTE's and Expenditures	4,332	100	354,147	100

(1) Full-time equivalent (FTE) means a calculation that factors out the length of time an employee works each week. For example, if the scheduled hours of work were the same as the assigned hours of work and both had values of more than 30, the employee is deemed to be full-time. Where the assigned hours of work are less than the scheduled hours of work, the employee is working part-time. The full-time equivalent (or the portion of a full-time schedule worked by the part-time employee) is the ratio of the assigned hours of work to the scheduled hours of work.

(2) Costs and FTEs associated with this program have been included in the Processed Products Program.

Appendix 4 – Laboratory Testing for 1997-98

Program	# Tests (‘000)	% of Total Tests	Cost (\$‘000)	% of Total Cost
<i>Animal Products</i>				
Animal Health	600.5	78.9	5,367	24.8
Dairy	10.9	1.4	579	2.7
Egg	6.8	0.9	370	1.7
Feed	5.3	0.7	487	2.3
Fish	14.7	1.9	2,852	13.2
Honey	1.2	0.2	95	0.4
Meat Hygiene	39.3	5.2	2,522	11.7
Sub-total Animal Products	678.7	89.2	12,272	56.8
<i>Plant Products</i>				
Consumer Food Products	7.5	1.0	4,321	20.0
Fertilizer	1.5	0.2	103	0.5
Fresh Fruit and Vegetables	12.3	1.6	2,011	9.3
Plant Protection	39.7	5.2	1,545	7.1
Processed Products	9.0	1.2	383	1.8
Retail Food	0.4	0.1	389	1.8
Seed	11.5	1.5	575	2.7
Sub-total Plant Products	81.9	10.8	9,327	43.2
Total Laboratory Testing	760.6	100.0	21,599	100.0

Appendix 5 – CFIA User-Fee Revenues

Program	Actual 1998-99		Actual 1997-98	
	(\$' 000)	% of Total	(\$'000)	% of Total
<i>Animal Products</i>				
Animal Health	6,088	12.2	4,629	11.0
Dairy	983	2.0	797	1.9
Egg	1,023	2.1	904	2.2
Feed	300	0.6	165	0.4
Fish	5,398	10.9	6,091	14.5
Honey	56	0.1	36	0.1
Meat Hygiene	20,989	42.2	17,531	41.8
Sub-total Animal Products	34,837	70.1	30,153	71.9
<i>Plant Products</i>				
Consumer Food Products	14	–	–	–
Fertilizer	113	0.2	89	0.2
Fresh Fruit and Vegetables	5,311	10.7	4,845	11.6
Plant Protection	4,657	9.4	3,459	8.2
Processed Products	927	1.9	621	1.5
Retail Food	–	–	–	–
Seed	3,547	7.1	2,514	6.0
Sub-total Plant Products	14,569	29.3	11,528	27.5
Miscellaneous	304	0.6	232	0.6
Total user fee revenues	49,710	100.0	41,913	100.0

