Canadian Food Inspection Agency

Performance Report

For the period ending
March 31, 2006

Approved:

The Honourable Chuck Strahl
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

Canadian Food Inspection Agency

Agence canadienne d'inspection des aliments

Performance Report

Canada

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1. AGENCY OVERVIEW

1.1 Minister's Message

I am pleased to submit to Parliament the Canadian Food Inspection Agency's (CFIA) *Performance Report* for 2005–06. This Report illustrates the Agency's ongoing commitment to safeguarding Canada's food supply and the health of the plants and animals upon which it is based.

Throughout 2005–06, controlling the entry, emergence and spread of animal diseases and plant pests remained a significant focus of the CFIA.

The response of the Agency and its partners to issues such as avian influenza (AI) and bovine spongiform encephalopathy (BSE) contributed to national and international confidence in the CFIA's regulatory programs, inspection and certification activities.

Strong partnerships are vital to the Agency's success. As Minister responsible for the Canadian Food Inspection Agency, I look forward to working with our federal, provincial and territorial partners, and with industry and consumers, as we continue to provide an innovative food safety, animal health and plant protection system for all Canadians.

Through its hard work and dedicated employees, the CFIA will continue to excel as a science-based regulator, trusted and respected by Canadians and the international community.

The Honourable Chuck Strahl
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

1.2 President's Message

I am pleased to present the Canadian Food Inspection Agency's (CFIA) *Performance Report* covering the period from April 1, 2005 to March 31, 2006. Through its efforts dedicated to safeguarding food, animals and plants the CFIA enhances the health and well-being of Canada's people, environment and economy furthering key Government of Canada objectives.

In this my first year as President of the CFIA, I was presented with a number of challenging issues to which the Agency responded well. This document details the CFIA's response to these challenges, as well as its ongoing commitment to protecting the safety of Canadians and maintaining a safe food supply and healthy animal and plant resource base.

Over the course of the year, we saw advances in market access for Canadian beef products as other countries recognized the effectiveness of Canada's control measures to combat bovine spongiform encephalopathy (BSE). The Agency also managed other animal and plant diseases and pests, controlling the introduction and spread of new hazards. In addition we are placing greater focus on compliance targets and continuous improvement initiatives in all areas.

It has been a year of changes within the CFIA. For example, the Agency instituted a new governance structure to make its decision-making process more effective and responsive to changing circumstances. The Agency also established a high-level working group to oversee and provide a more focused approach to the development and implementation of its avian influenza (AI) strategy, which includes import controls, surveillance, biosecurity, emergency preparedness and international cooperation.

The Agency can be proud of its accomplishments and I look forward to working with its dedicated, competent and professional team, along with its partners and stakeholders, to better serve Canadians throughout 2006–07.

François Guimont
President

1.3 Summary Information

The Canadian Food Inspection Agency (CFIA) is dedicated to safeguarding food, animals and plants, which enhances the health and well-being of Canada's people, environment and economy. The CFIA serves Canadians by providing protection from preventable health risks, delivering a fair and effective regulatory regime, sustaining the plant and animal resource base and promoting the security of Canada's food supply and agricultural resource base. In support of these activities, the Agency is committed to effective internal management. As the largest agency of its kind in Canada, the CFIA's vision is to excel as a science-based regulator that is trusted and respected both by Canadians and by the international community.

SUMMARY OF PERFORMANCE IN RELATION TO AGENCY PRIORITIES

The Agency plans and reports performance based on a Program Activity Architecture (PAA) developed and implemented in collaboration with the Treasury Board. This *Performance Report* outlines key performance results against four of the Agency's five Strategic Outcomes,[1] its expected results and its established targets.[2] Where targets are discussed in this document, it is indicated by the following symbol: 

The Agency is committed to further refining and expanding its targets to represent the entirety of the Agency's performance. For 2005–06, a summary of results achieved against established performance targets is presented in Table 1.3.3.[3] The Agency's full performance story can be found in Section 2 — Analysis of Program Activities by Strategic Outcome and Section 3.3 — Financial Performance.

Table 1.3.1 — Financial Resources

Planned Spending ($ millions)	Total Authorities ($ millions)	Actual Spending ($ millions)
535.2	622.2	588.1

Source: SATURN.

Table 1.3.2 — Human Resources

Planned Full-Time Equivalents (FTEs)[4]	Actual FTEs	Difference
6,368	5,692	- 676

Source: Salary Management System.

1 The calculation of a full-time equivalent (FTE) differs from the calculation of an employee in that the former considers part-time employment, term employment, job sharing, and would combine, for instance, two half-time employees into a single FTE.
2 Because of the supportive nature of the fifth Strategic Outcome, targets were set for only the other Strategic Outcomes. Similarly, resources attributable to "Sound agency management" have been allocated among the Agency's other Strategic Outcomes on a pro-rata basis.
3 For more detail on the development of targets, please refer to Section 2.1 — How the Agency Plans and Reports.
4 The details of the Agency's performance in relation to expected results and Strategic Outcomes are presented along with targeted performance information in Section 2.3 — Analysis of Program Activities by Strategic Outcome.

Table 1.3.3 — Summary of Performance Results and Spending (April 1, 2005–March 31, 2006)

Targeted Performance	Result* Opportunity for improvement (X) Met (√) Exceeded (√+)	For more information	2005–06 Planned Spending ($ millions)	2005–06 Actual Spending ($ millions)
Strategic Outcome: Protection from preventable health risks related to food safety or the transmission of animal diseases to humans				
Government of Canada Outcome: Healthy Canadians with access to quality health care				
Program activity: Food safety and public health	√ With 14 of 17 targets met or exceeded	See pages 18–29	298.6	341.5
Strategic Outcome: A fair and effective regulatory regime for food, animals and plants				
Government of Canada Outcome: A fair and secure marketplace				
Program Activity: Science and regulation	√ With 5 of 7 targets met or exceeded	See pages 30–38	111.3	82.4
Strategic Outcome: A sustainable plant and animal resource base				
Government of Canada Outcomes: A clean and healthy environment, economic growth				
Program Activity: Animal and plant resource protection	√ With 7 of 11 targets met or exceeded	See pages 39–51	99.7	139.0
Strategic Outcome: Security from deliberate threats to Canada's food supply and agricultural resource base				
Government of Canada Outcome: A strong and mutually beneficial North American partnership				
Program Activity: Public security	X With 0 of 1 target met or exceeded *(target met as of June 2006)*	See pages 52–56	25.6	25.2

* Performance targets are based on historical averages of actual performance or on expected results of effective programming (see page 11 for further discussion on targets). When key targets have not been met, the regulated parties are required to undertake corrective actions and are subject to re-inspection to confirm that the steps have been undertaken to address deficiencies. Also, the Agency has action plans in place to address programs that fall below established targets. Industry compliance targets of less than 100% are representative of the Agency's risk-based inspection approach which targets areas of high-risk and past non-compliance.

Note: The above summary of performance results against targets coupled with detailed performance results presented in this report, targeted and non-targeted, are indicative of the Agency's overall performance. CFIA's actual contribution to Canadian consumers, regulatory partners, regulated parties and other international governments goes well beyond measurable indicators that are presented above. Quality assurance and data quality/limitations are discussed in Section 2.2.1.

Overall, the Agency has met or exceeded targeted results. Its compliance and enforcement policies and program strategies continue to support the core mandate set out in the various statutes administered and enforced by the CFIA. However, in a few program areas, a need for improvement has been identified. In these cases, adjustments to correct the deficiencies are being made to policies and program delivery.

THE CFIA'S CONTEXT

Almost 5,700 highly-trained full-time equivalents work for the CFIA across Canada in a wide range of scientific, technical, operational and administrative positions. The Agency's staff are professionally involved in risk assessment, risk management, policy development, analytical testing, research and development and international discussions and negotiations. They are also involved in certification, inspecting establishments and products, sampling, monitoring and verification, surveillance, warnings, detentions, seizures, recalls, and other related compliance activities.

Four interrelated factors are critical to the success of the Agency in safeguarding Canada's food supply and the plants and animals on which safe, high-quality food depends:

Sound science. The CFIA is Canada's largest science-based regulatory agency. The Agency regularly relies on input and advice from its own and other scientific experts when developing, reviewing and improving regulations, international standards and policies and programs for inspecting, testing and responding to emergencies.

An effective regulatory base. Clear, effective and enforceable regulations that are fair and applied consistently are essential tools for contributing to and achieving public policy objectives. The Agency's work to continually improve regulations and efforts at the international level to promote science-based standards for world trade in food, animals and plants serve to protect Canadian consumers and industry as well as Canada's trading partners.

Effective inspection. The Agency is responsible for administering or enforcing 13 federal statutes and their associated regulations. Promoting compliance with the acts and regulations is one of the Agency's key priorities and its role is to establish that industry is complying with them. Ultimately, it is industry that is responsible for doing what is necessary to meet or to exceed the standards for food safety, animal health and plant protection established by this legislation. Thus, the Agency's risk-based compliance and enforcement policies are geared toward achieving the highest level of compliance through strategic interventions (e.g., education, guidance, enforcement, etc.).

Strong partnerships. The CFIA shares many areas of jurisdiction and responsibility in fulfilling its mandate. The ability of the Agency to achieve its Strategic Outcomes is in large part dependent on the performance of its partners. Strong partnerships with other federal departments and with provincial, territorial and municipal authorities, among many others, are therefore central to the Agency's success. In particular, the CFIA works with its partners under the agriculture portfolio. The Agency has a significant bilateral relationship with Agriculture and Agri-food Canada (AAFC). One area of partnership with AAFC is the implementation of its Agricultural Policy Framework (APF). The CFIA is implementing initiatives funded under the APF, including the development and implementation of regulations to control the manufacturing of medicated feeds and, with the provinces and territories, the implementation of a program that provides government recognition of industry-developed on-farm food safety programs.

The CFIA's key federal partners include:

Health Canada

Agriculture and Agri-Food Canada

Public Safety and Emergency Preparedness Canada

Public Health Agency of Canada

Fisheries and Oceans Canada

Natural Resources Canada, including the Canadian Forest Service

Foreign Affairs and International Trade Canada

Environment Canada, including the Canadian Wildlife Service

Canadian Grain Commission

Many partners share responsibility for supporting the integrity of Canada's food supply, animal health and plant protection systems, for example, by setting and/or enforcing standards. In addition, in developing regulations, policies and procedures for inspection, testing and responding to emergencies, the CFIA consults regularly with the scientific community. The Agency also works with a broad range of stakeholders, including industry and the associations representing consumers and public health, animal welfare and environmental interests. Globally, the CFIA works with international bodies and foreign governments to improve the transparency and the scientific basis of regulations in other countries, increasing the likelihood that they do not arbitrarily discriminate against Canadian exports of food products.

Further details on the complementary roles played by each of these partners are given in Section 2.3 — Performance by Strategic Outcome.

CFIA'S OPERATING ENVIRONMENT

The Agency operates in an environment in which it, along with its partners, must be proactive in helping to recognize, manage and mitigate many diverse risks. At the same time, it must remain capable of reacting promptly and effectively when collaborating with other organizations in response to an emergency should one occur. The CFIA's operating environment and priorities are closely linked, with the operating environment influencing its strategies for meeting the Agency's priorities.

Science is at the core of the Agency's work and, as a science-based regulatory agency, the CFIA relies heavily on the advice of its own and external scientific experts when planning and carrying out its inspection and testing programs, responding to emergencies, and developing and improving regulations and policies.

While the CFIA plans according to its Strategic Objectives and delivers the majority of its programs according to this plan, the agriculture and agri-food environment in which it is mandated to operate is both dynamic and changeable by nature. New threats routinely emerge in biological systems and the nature of these issues is unpredictable. As a result, the Agency is frequently called upon to mobilize its resources in response to emergent challenges (e.g., avian influenza (AI), new cases of bovine spongiform encephalopathy (BSE), major food safety recalls and the detection of new plant pests in Canada). The resulting redirection of resources to address the public health and economic consequences of emergent issues is a necessary and expected response to protect Canadians and the plant and animal resource base. While in a few cases, such a response can detract from the full delivery of the Agency's plan, the CFIA is generally able to balance prompt and appropriate responses to crises with the effective delivery of its ongoing responsibilities.

KEY FACTORS AFFECTING THE AGENCY IN 2005–06

Internal restructuring. In 2005–06, the CFIA instituted a new governance structure. The purpose in doing so was to make the decision-making process more effective and more responsive to changing circumstances that affect the Agency. The new structure now includes two senior committees, instead of one, as under the previous structure. The Executive Policy Committee focuses on developing and approving policy, while the Executive Management Committee focuses on improving the sharing of information among the branches. The Executive Policy Committee also sets the overall policy agenda for the Agency. This committee is supported by six executive sub-committees: Human Resources, Finance and Administration, Regulations and Agreements, Communications, Planning and Reporting, and Information Management and Technology. The Agency has also set up an independent committee on Audit and Risk Management led by the President, as required by the new Treasury Board *Policy on Internal Audit*. Early experience with the new structure has shown that it has resulted in a more integrated approach to decision making.

The changing marketplace. International markets are becoming increasingly competitive. Valued at $42.3 billion, Canada's exports of CFIA-regulated commodities of food, animals, plants and their products represent a significant contribution to the national economy. International trading partners for these exports are demanding that Canada meet new standards and requirements. At the same time, they are becoming more vigilant in ensuring that the products which they import meet existing standards. As well, the expectations of Canadian consumers that the food supply will continue to be safe and that the environment will be maintained are growing. Meanwhile, Canadians are increasingly seeking accurate information on food labels and in advertising in order to make informed choices. Accordingly, the CFIA has a responsibility to help ensure that Canadian food — whether exported or consumed at home — meets the demands of the marketplace.

Emerging animal diseases. The Agency has had to respond quickly and adopt new methods for detecting the presence of emerging animal diseases such as the highly-pathogenic H5N1 strain of avian influenza (AI). Early detection is critical in order to protect both animal health in Canada and domestic and export markets for products affected by a given disease that might arise. In the case of emerging diseases, the CFIA plays a significant role in communicating with industry and supporting it in maintaining international markets for Canadian products.

KEY RISKS AND CHALLENGES

The Agency's capacity to achieve its Strategic Outcomes depends greatly on its ability and that of its partners to recognize, manage and mitigate risks. In order to achieve its Strategic Outcomes, the Agency must coordinate its efforts and liaise with several partners as well as enforce and adhere to many federal acts and regulations. The CFIA's planning process identified key risks and challenges and set out a plan which was presented to Parliament in its *Report on Plans and Priorities (RPP) 2005–06*. Section 2 — Analysis of Program Activities by Strategic Outcome is based on the 2005–06 RPP,[5] and discusses the Agency's performance with respect to dealing with the key risks outlined in that document.

Managing food safety risks. Food safety risks are complex and diverse. Accordingly, the Agency has adopted a multi-faceted approach to managing food safety risks. Risks to human health from food can be introduced at any point along the food continuum — from production to processing and transportation through to the consumer who prepares it. These risks may present themselves in many forms, including foodborne bacteria, undeclared allergens such as nuts, chemical contaminants and physical hazards (e.g., glass) in the product. The "non-registered" sector (e.g., cereals, oils, spices, etc.) presents a unique challenge in this regard, because it comprises facilities that manufacture/import/export and distribute food which, while subject to the consumer protection requirements of the *Food and Drugs Act* and provincial and territorial legislation, are not also subject to the additional federal requirements as are facilities in the "registered" sector (as listed in Section 2.3.1 — Protection from preventable health risks related to food safety or the transmission of animal diseases to humans). Jurisdiction over this sector is shared with provincial and territorial governments. The CFIA's ability to mitigate challenges associated with the non-registered sector is therefore influenced by the performance of a number of key partners, including Health Canada and provincial, territorial and municipal authorities.

Controlling the transmission of animal diseases to humans. New animal diseases that affect humans (zoonotics) are emerging. The scientific uncertainty associated with new diseases, such as AI, and how they are transmitted adds to the complexity of managing them. Controlling the entry, sudden emergence or spread of existing or new animal diseases in a timely and effective manner remains a significant challenge for the Agency and the partners with which it shares this responsibility. To mitigate the risk associated with zoonotic diseases, the CFIA must work in close partnership with these partners, including Canadian public health agencies and agricultural and environmental authorities, to detect and control zoonotic diseases. The Agency also carries out activities on individual farms here at home and cooperates with international bodies such as the World Organisation for Animal Health (OIE) and foreign governments.

[5] The relationship of the reporting document to the plan is detailed in Section 4.2 — Notes on Reporting Against the Report on Plans and Priorities.

Promoting science-based regulation. A continuing challenge is to ensure that international regulations are based on sound science. Science-based regulations are critical to protecting Canadian exporters of food products, animals, plants and their products from discriminatory or unnecessary trade barriers. The lack of information on the capacity of some of Canada's trading partners to develop or follow scientific approaches to control production may pose a risk to Canadian consumers and industry. The CFIA therefore must work with a number of partners to promote the creation and/or modification of regulations based on sound science.

Maintaining an effective regulatory framework. Outdated legislation or insufficient authority could hinder the Agency's efforts to fully and effectively carry out its mandate. Inconsistencies among federal, provincial and territorial legislation also weaken the domestic legislative framework. To mitigate these risks, the CFIA works with its partners to promote effective, consistent regulations.

Protecting Canada's crops, forests and livestock. Many potential avenues exist for plant and animal pests and diseases to enter Canada. The introduction of these pests and diseases into the country often results in significant economic, environmental and other consequences. Accordingly, controlling and eradicating these pests and diseases creates a challenge for the CFIA. The Agency must constantly work with its various partners to identify the emerging risks posed by these pests and diseases when designing programs to protect animal and plant resources. Critical to this prevention is the CFIA's partnership with the Canada Border Services Agency (CBSA), which helps enforce CFIA's import policies and standards at points of entry into the country.

Public security. Public security issues such as bioterrorism mean that the Agency and its partners must have the capacity to respond quickly and effectively to an emergency. The challenges are to have well-planned procedures as well as clearly-defined responsibilities for CFIA's partners for protecting food, plants and animals if and when an emergency occurs.

Governance and management. The Agency is presented with the challenge of responding to a growing demand for its services, as well as enhancing the services it already provides. This includes the ability to rapidly respond to requests for inspections and certifications and to react to consumer concerns and needs. Additionally, the CFIA must address the need for enhanced performance information to support decision making. The Agency must also manage its resources to carry out ongoing activities, address emerging concerns and cope with emergency situations. Finally, the CFIA must be familiar with technological advancements that affect environmental and agricultural systems.

2. ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

2.1 How the Agency Plans and Reports

The Canadian Food Inspection Agency's (CFIA) planning requirements are set out in the *Canadian Food Inspection Agency Act* (*CFIA Act*) and Treasury Board policies and guidelines. The *CFIA Act* requires the Agency to produce a five-year Corporate Business Plan and an Annual Report, both of which are tabled in Parliament.[6] Treasury Board policies require federal departments and agencies to prepare an annual Report on Plans and Priorities (RPP) and a *Performance Report*, which are also tabled in Parliament.

In accordance with the Treasury Board Secretariat (TBS) requirements on the Management of Resources and Results Structure (MRRS), the CFIA's planning framework is based on the Strategic Outcomes outlined in its *Corporate Business Plan 2003–08*. The Agency's RPP and the *Performance Report* reflect this new structure and in this report, financial information has been fully aligned with the Strategic Outcomes. The 2005–06 *Performance Report* is therefore the first report to follow the complete MRRS structure.

For each Strategic Outcome in the RPP, there are *ongoing strategies* as well as *special initiatives* that the Agency planned to undertake to support that outcome. While the ongoing strategies refer to the core business of the Agency and represent the largest portion of the Agency's activities and expenditures, the special initiatives are activities that are *ad hoc* in nature and may take place over a number of years. The variety of the ongoing strategies and special initiatives, as listed in the RPP, and the complexity of the CFIA's business require that the *Performance Report* be structured around program sub-activities[7] rather than by ongoing strategy. Thus, while there is not a one-to-one correlation between the two documents, the *Performance Report* presents performance information under each sub-activity which best represents the Agency's performance for 2005–06. For further information, please see Section 4.2 — Notes on Reporting Against the Report on Plans and Priorities.

REPORTING PERFORMANCE

In Section 2.3 of this report, performance information in relation to each Strategic Outcome and associated expected results is described and measured, where possible, against targets, using compliance and other relevant performance indicators. Targets are established performance measures for both industry's and the CFIA's performance in relation to the Agency's expected results, as detailed in the following section. Reporting against specific targets is an enhanced feature of the 2005–06 *Performance Report*, and represents a transition from previous approaches to performance reporting. The Office of the Auditor General's (OAG) assessment of the 2004–05 *Performance Report* concluded that "the most critical weakness in the CFIA's report was the absence of reporting against performance targets."

Following this assessment, the Agency set up a working group to begin to establish and formalize performance targets in all critical program areas. While key targets have been established, the CFIA is committed to expanding and further refining these targets to better and more comprehensively represent the core performance of the Agency. The targets set during 2005–06 are based on historical averages of actual performance or on expected results of effective programming (e.g., compliance rate for industry conformity to regulatory standards, control of entry and spread of animal and plant diseases). Industry compliance targets of less than 100% are representative of the Agency's risk-based inspection approach which targets areas of high-risk and past non-compliance. Broader monitoring on an industry-wide basis, coupled with specific targeting of problem areas must be considered when interpreting performance

[6] The Annual Report was combined with the *Performance Report* as of 2004–05 through an Order-in-Council (05-929), at which point the Minister of Agriculture and Agri-Food confirmed that no information originally available through the Annual Report would be lost when it was eliminated.

[7] As presented in the CFIA's 2005–06 *Report on Plans and Priorities*. (Note that prior to 2005–06, program sub-activities were referred to as "priorities." This change was made to be consistent with the MRRS.)

Promoting compliance

As a regulatory agency, the principal means by which the CFIA carries out its mandate is by measuring rates of compliance with Canadian food, animal and plant regulatory requirements. Compliance rates are an indicator of the extent to which industry has adhered to federal acts and regulations. The CFIA takes a number of approaches to assessing compliance, as appropriate:

- *Monitoring approach*: Establishments or products are inspected in such a way that the resulting compliance rates are representative of the CFIA-regulated population. Monitoring programs are designed in this way to provide an accurate overview of compliance in the marketplace in general.
- *Targeted approach*: In cases where monitoring has identified specific compliance problems, the Agency sometimes undertakes a targeted approach to inspections and testing, in which the Agency's activities are focused on the problem area and areas of highest risk. Compliance rates of targeted programs can neither be targeted nor extrapolated to the population in general and are typically lower than with the monitoring approach, as Agency staff seek out non-compliant establishments or products to better define the problem area and the reasons for non-compliance as well as promote improved compliance through enforcement actions.
- *Investigative approach*: The CFIA employs an investigative approach to assessing compliance towards the objective of prosecution of non-compliance. Investigations involve the gathering of evidence and information, from a variety of sources, relevant to a suspected violation or offence.

The compliance result of a targeted program is thus qualitatively different from that of a monitoring program in terms of its implications on food safety, animal health or plant protection in general. Where compliance rates appear in this report, the approach used to assess compliance is noted.

The choice of compliance tool employed is based on risk. The CFIA promotes compliance by conducting inspections, audits, product sampling and verifications, according to scientifically-established risk-based strategies. To facilitate compliance, the CFIA carries out education and awareness activities that are intended to clarify and increase regulated parties' understanding of statutory requirements and standards.

The complexity of the agri-food sector and the inherent variability of the biological and production systems underpinning it are such that some degree of non-compliance is inevitable. A compliance rate of less than 100% means that some proportion of the facilities or products that the Agency has inspected has failed to meet certain requirements or standards as defined by the regulations. Of note is that some deficiencies which contribute to the rate of non-compliance represent "minor" variances and do not pose a significant risk to human, animal or plant health. Nevertheless, collectively, minor variances, such as building construction and production layout, do reduce the overall compliance rate.

Major variances, i.e., variances with the potential to directly pose a significant risk to human, animal or plant health and/or other program objectives are always met with vigorous enforcement actions to assure protection of Canadians and the plant and animal resource base.

The Agency is developing data that allow for an assessment of the extent to which non-compliance reflects minor or major variances from legislative standards. Major variances are generally, but not limited to, those instances of non-compliance that could undermine economic interests or pose a risk to human, animal or plant health. Where significant non-compliance is identified, the CFIA uses a broad range of enforcement approaches to address these issues on a priority basis. The CFIA's response to non-compliance is based on a risk management model which prioritizes enforcement actions on areas of high risk and low compliance. The Agency meets the public expectations by applying meaningful and appropriate enforcement actions in response to non-compliance with regulations that have the most direct or significant impact on the health and safety of Canadians and on animal and plant health.

results. When a program specifically targets areas of past non-compliance or in response to complaints, the compliance levels identified cannot be fairly considered against the industry-wide compliance, and hence, while clearly indicated in the report are not reported in the same manner as results of broader monitoring programs. The Agency strives to promote improved industry compliance on a year-to-year basis and has an enforcement and compliance strategy to address all instances of non-compliance. Results achieved against targets, as well as non-targeted performance information, are reported in the following section of this report.

It is critical to note that the nature of the CFIA's mandated responsibilities is dynamic, given their basis in biological and production systems that are ever-changing. The inherent variability of these systems makes them difficult to predict and it is reasonable to expect some shift in compliance from year to year. The specificity of targets and reported results must be considered in this context.

Where performance has fallen short of expectations and a need for improvement has been identified, the report outlines implications for future programming. The results of the program improvements will be reported in subsequent years' RPPs and Performance Reports.

2.2 Assessment of Performance Information

2.2.1 Management Representation Statement

The Canadian Food Inspection Agency's (CFIA) *Performance Report* for the year ending March 31, 2006, was prepared under the direction of the President and the Executive Management Committee of the CFIA and approved by the Minister of Agriculture and Agri-Food Canada. In accordance with the *Canadian Food Inspection Agency Act*, the report also includes an assessment of the fairness and reliability of the performance information conducted by the Auditor General of Canada.

This *Performance Report* has been prepared in accordance with the *CFIA Act* and the Treasury Board of Canada Secretariat *Guide to the Preparation of Part III of the 2005–06 Estimates*. The full range of the Agency's key results, activities and achievements are addressed. In addition, this report provides an overview of the ongoing risks and challenges faced by the CFIA, as well as the Agency's role in supporting key Government of Canada priorities. As noted in this report, the CFIA faced many challenges such as the continued presence of BSE in Canada and the worldwide spread of AI, which placed greater demand on the Agency for its services.

In accordance with the *CFIA Act*, CFIA management is responsible for the fairness and reliability of the information presented in this *Performance Report*. To fulfill this responsibility, the CFIA maintains management information systems and controls that provide reasonable assurance that the information presented meets these requirements. The data provided in this *Performance Report* was obtained from CFIA's manual or automated information management systems. A quality assurance process was used to validate the accuracy of information contained in this report. The quality assurance analysis indicated that a high level of assurance can be placed on information from automated systems. The assurance level is reduced for manual systems. CFIA management is committed to improving the accuracy of performance information to further support planning, decision making and reporting.

In past reports program performance information was presented by outlining year-over-year trends. This Report introduces performance targets for these key program areas for the first time. Also, this report assesses how the Agency has performed against these targets, and provides explanations regarding any variances. CFIA management is committed to improving the overall performance information, and the presentation of this performance information, both against established targets and year-over-year trends in our upcoming performance reports.

Tom Beaver
Executive Director,
Audit, Evaluation and Risk Oversight

2.2.2 Auditor General's Assessment of Performance Information

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR GENERAL'S ASSESSMENT of Performance Information in the Canadian Food Inspection Agency Performance Report

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

What I Assessed

As required by the *Canadian Food Inspection Agency Act*, I have assessed the fairness and reliability of the Agency's performance information for 2005-06 with respect to the objectives established in its corporate business plan.

Management's Responsibility

The performance information reported in the Agency's performance report is the responsibility of management.

My Responsibility

My responsibility is to assess the fairness and reliability of the performance information included in the Agency's performance report against the objectives established in its corporate business plan.

My assessment covered only the specific performance information included in the section 2.3 of its performance report titled "Performance by Strategic Outcome". My assessment did not include the objectives set out in the corporate business plan or information referenced by Web links included in the report. My responsibility does not extend to assessing or commenting on the Agency's actual performance.

The Nature of My Assessment

My assessment consisted of a review performed in accordance with the standards for assurance engagements established by the Canadian Institute of Chartered Accountants. The assessment consisted primarily of enquiry, analytical procedures, and discussion related to the performance information. I conducted this assessment using the criteria for the assessment of fairness and reliability described in the Annex.

An assessment based on a review provides a moderate level of assurance and does not constitute an audit. Consequently I do not express an audit opinion on the Agency's performance information.

Conclusion

Based on my assessment, nothing has come to my attention that causes me to believe that the Agency's performance information for 2005-06, with respect to the objectives established in its corporate business plan, is not, in all significant respects, fair and reliable using the criteria described in the Annex to this report.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
September 5, 2006

ANNEX

CRITERIA FOR THE ASSESSMENT OF FAIRNESS AND RELIABILITY

OFFICE OF THE AUDITOR GENERAL

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

FAIRNESS

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

RELIABILITY

ACCURATE	The performance information adequately reflects the facts.

These criteria were developed specifically for the assessment. The Canadian Food Inspection Agency has acknowledged that they were suitable for the assessment.

More information on the criteria is available on our Web site at - http://www.oag-bvg.gc.ca/domino/other.nsf/html/200310frpl_e.html.

2.3 Performance by Strategic Outcome

For each Strategic Outcome, the Agency has identified a program activity, as presented in the RPP. The Agency focuses on fulfilling sub-activities related to each program activity as a means of achieving its Strategic Outcomes. In turn, each sub-activity has a number of strategies associated with it which assist the Agency in assessing whether it has achieved its expected results and fulfilled its Strategic Outcome. A discussion on the CFIA's performance under each Strategic Outcome is presented in the following sections.

2.3.1 Strategic Outcome: Protection from preventable health risks related to food safety or the transmission of animal diseases to humans*

Table 2.3.1.1 — Financial Resources

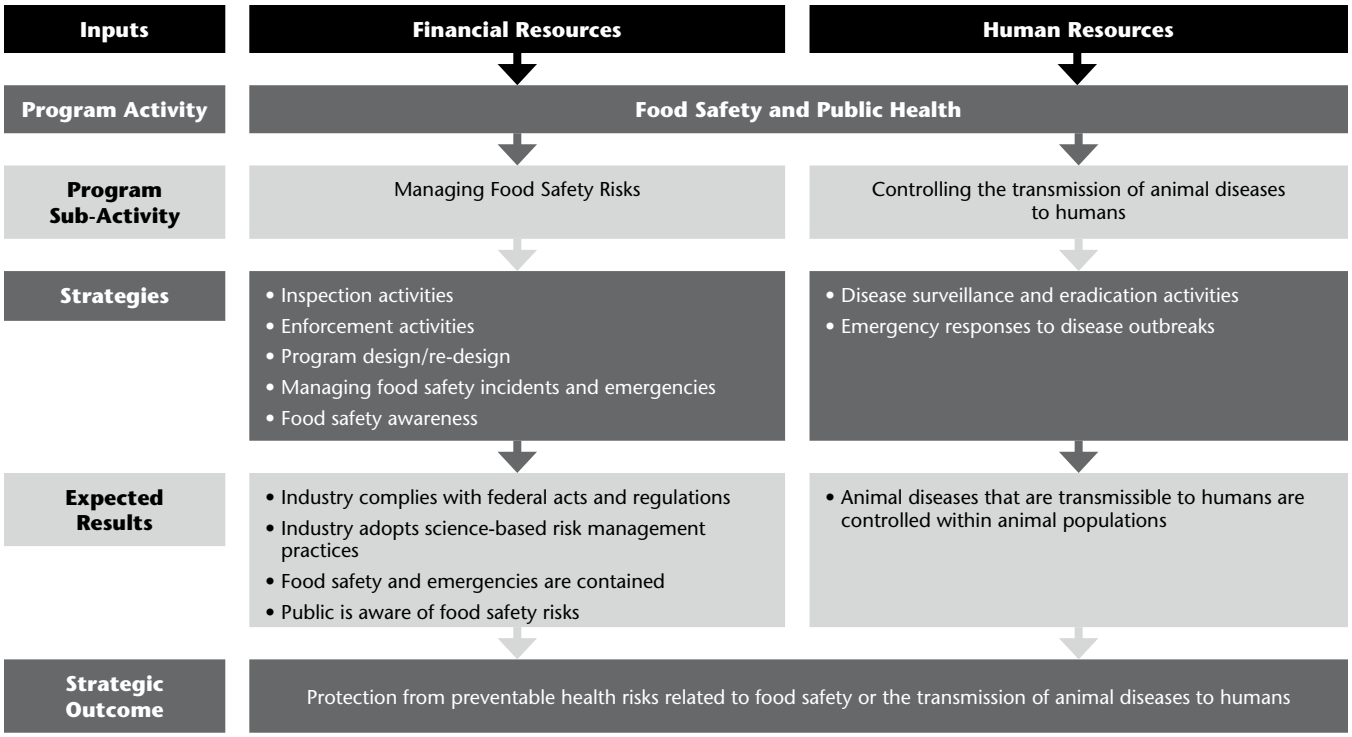
Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
298.6	346.0	341.5	58%

Source: SATURN.

Table 2.3.1.2 — Human Resources

Planned (FTEs)	Authorities (FTEs)	Actual (FTEs)	Proportion of Actual Agency FTEs
3,668	3,668	3,468	61%

Source: Salary Management System.



* *(unaudited)* — Data for this strategic outcome generally came from automated information management systems. The Agency used quality assurance processes to validate the information, therefore a higher level of assurance can be placed on information from automated sources.

Results achieved: In 2005–06, the Agency met or exceeded 14 of the 17 performance targets established under this Strategic Outcome, while an opportunity for improvement was noted in six additional areas, in which the CFIA is currently in a mode of continuous improvement. These achievements, combined with the CFIA's non-targeted performance, including its effective response to crises (which cannot be measured against targets), have contributed to the CFIA meeting its expected results and therefore playing a significant role in providing protection from preventable health risks related to food safety or the transmission of animal diseases to humans.

The CFIA, along with many federal, provincial, territorial and municipal organizations, is working to protect the health of Canadians. The CFIA's primary contribution is helping to ensure that food is safe, that consumers have appropriate information on which to base healthy food choices and that the risk of contracting animal diseases (e.g., avian influenza (AI)) is minimized.

To achieve this outcome, the CFIA works in collaboration with a number of partners and stakeholders, including Health Canada (HC), the Public Health Agency of Canada (PHAC), Agriculture and Agri-Food Canada (AAFC), and provincial and territorial governments.

The mandate to achieve this Strategic Outcome is drawn from the following federal legislation:

- the *Food and Drugs Act*
- the *Fish Inspection Act*
- the *Meat Inspection Act*
- the *Health of Animals Act*
- the *Canada Agricultural Products Act*
- the *Consumer Packaging and Labelling Act*
- the *Canadian Food Inspection Agency Act*

The Agency's work under this program activity is intended to mitigate the risks related to foodborne illness and the emergence or spread of animal diseases that could affect humans. The Agency spent approximately 60% of its budget on achieving this Strategic Outcome in 2005–06.

2.3.1a Program Sub-Activity: Managing food safety risks

In managing food safety risks at the federal level, the CFIA shares jurisdiction with a number of partners, particularly with Health Canada. Health Canada is responsible for the development of food safety policies, standards and regulations, while the CFIA is responsible for food inspection and compliance activities. Of the $341.5 million the Agency spent to achieve this Strategic Outcome, approximately $272 million was devoted to managing food safety risks.

Strategy: Inspection activities

Expected result: Industry complies with federal acts and regulations

Inspection is a critical element in ensuring that domestic and imported food products do not pose a significant threat to the health of Canadians. The CFIA inspects federally-registered food establishments as well as food products to verify that food traded inter-provincially and internationally or imported into Canada is safe and wholesome. The Agency identifies and focuses its inspection activities on high-risk sectors or commodities as part of its proactive risk-management approach.

ESTABLISHMENT INSPECTIONS

In order to ship certain products to other provinces and countries, food processing plants must be federally registered. Generally each establishment is subject to an initial and an annual registration process to confirm that critical systems and controls are in place. The CFIA

Table 2.3.1a-1 — Financial Resources — *Managing food safety risks*

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
234.8	275.8	272.2	46%

Source: SATURN.

Table 2.3.1a.2 — Federally-Registered Establishment Compliance

Sector	Number of Federally-Registered Establishments as of March 31, 2006	Compliance Rate	
		Target	Result
Meat	734	none*	87%
Fish and seafood**	920	≥ 99 %	99%
Processed product	548	≥ 98 %	97%
Egg			
Shell egg	324	≥ 99 %	98%
Processed egg	17	≥ 99 %	Not available***
Dairy	272	≥ 99 %	86%

* The target for industry compliance in the Meat sector was set according to inspection procedures that have since been changed.The compliance rate for 2005–06 was calculated in accordance with the new inspection procedures such that it is not measurable against the target.
** Compliance rate for fish and seafood is post-corrective action.
*** No compliance measure is available for establishment inspections for this commodity. Instances of non-compliance identified by CFIA inspections were required to be corrected within an appropriate timeframe.

Source: Food Safety Enhancement Program (FSEP) National Tracking Reports, Performance Management Framework (PMF), Resource Management System (RMS) Regional Quarterly Reports.

inspects these plants regularly to ensure that they comply with federal regulations. The level of inspection depends on the spectrum of risks managed by the Agency, with higher-risk products or manufacturing processes receiving more attention. While most facilities are inspected at least once each year, some are inspected every day.

The CFIA works toward having industry achieve full compliance with legislative requirements. However, with the complexity and inherent variability of the agriculture and food processing and distribution sectors, some degree of non-compliance is inevitable. The Agency therefore focuses its inspection work on systems, processes and facilities that have the most direct effect on the safety of the product. The CFIA's working assumption is that as industry improves compliance, food safety risks will diminish.

When CFIA inspectors detect non-compliance, they require the processing establishment to correct any deficiencies. Serious deficiencies are corrected on a priority basis. In some cases, production is stopped and products are recalled from the marketplace. Non-compliant facilities are subject to re-inspection to confirm that they have taken steps to correct any problems identified by the inspectors.

The results of CFIA monitoring inspections indicate a high level of compliance in the registered sector in 2005–06 (see Table 2.3.1a.2). These compliance rates are sufficient to provide assurance that the risks to food safety in the registered sector are well managed and that, as a result, the food it produces is safe.

As the data show, the target for federally-registered establishment compliance was met in the fish and seafood program, the processed product program and the shell egg programs.[8] The high rate of compliance post-corrective action in the monitoring of domestic fish and seafood establishments demonstrates the ability of non-compliant facilities to collaborate with the Agency to implement acceptable corrective actions, which result in domestic products that meet health and safety standards. In addition to the public health benefits, this high compliance rate also results in economic benefits for Canadians, in terms of market access for these products.[9]

8 For all targets presented in this report, results within +/-1% of the target are considered "met."
9 For more information on exports of Canadians products, please refer to Section 2.3.2d — Certifying exports.

As of December 2005, the meat slaughter and processing industry has moved to a new food safety control system (Hazard Analysis Critical Control Point system or HACCP), and the Agency has begun to adjust its inspection activities accordingly. Under the new inspection system, which is more demanding on operators than previous inspection systems, industry identifies specific hazards and measures for their control to ensure the safety of food. CFIA inspectors evaluate industry compliance to regulatory requirements through audits, inspections and sampling. As anticipated, there has been a lower rate of compliance during this transitional phase as industry adjusts to the more demanding system. This change is a significant one and the industry's efforts to adapt to HACCP must be matched by the CFIA's work to promote compliance. A concerted effort is underway involving CFIA inspection staff and industry management to improve the rate of compliance during this transitional phase. Meanwhile, the safety of domestic meat products is not compromised, as CFIA inspection presence continues and where non-compliance is identified, appropriate enforcement actions to improve compliance have been initiated. It is expected that all federally-registered meat establishments will be in compliance with the new system within the next reporting period. The CFIA will undertake proceedings to cancel the license of establishments unable to demonstrate satisfactory compliance.

Special Initiative: **National Food Safety Strategy**

The CFIA and Health Canada, in collaboration with the PHAC, AAFC and in consultation with the provinces and territories, are exploring a national strategy for food safety. In 2005–06, the focus was on public health performance outcomes and performance targets with respect to chemical and microbiological hazards and for nutritional safety of food. Expert panels that include representatives from the CFIA, Health Canada and the PHAC and from Alberta and Ontario have been established to develop specific performance targets for this initiative.

The dairy program has also introduced new control standards and inspection approaches which have resulted in an overall reduction of compliance for the 2005–06 year. The compliance rate for this program was therefore lower in this transitional year, as the industry adjusts to the more comprehensive controls. The target for this program will be re-defined in the future to reflect the new inspection approach. As in the case of the meat program, efforts are underway to improve the compliance rate. However, in both cases, the compliance rate reflects a change in inspection standards and approaches as opposed to a deterioration of industry performance.

The ultimate measure of food safety is the occurrence of foodborne illness in the general population. At this point, this data is not available. The CFIA is currently working with Health Canada, the PHAC and other partners on strategies to collect and analyze statistics on foodborne illness. Once collected, the data will provide the Agency, and thus the public, with a better means of assessing the effectiveness of its programs.

PRODUCT TESTING

In addition to inspecting food processing establishments, the Agency promotes the safety of food products by testing regulated commodities to confirm that they comply with applicable laws and regulations. This testing assists in verifying that domestic and imported food products do not pose a significant risk to the health of Canadians.

Health Canada establishes regulations under the *Food and Drugs Act* and policies related to chemical residues in foods. These include maximum levels for pesticide residues, veterinary drug residues and environmental contaminants in food.

The CFIA's program for monitoring chemical residues has monitoring, surveillance and compliance components. In the monitoring phase, an unbiased selection of samples is taken from the normal food supply and is tested for chemical residues. The Agency uses the monitoring data to prevent potential health hazards caused by chronic exposure to contaminants. This is done by monitoring areas of concern, examining trends of prevalence and developing effective action plans to deal with health risks. Health Canada conducts

re-evaluations for pesticides and other contaminants in the food supply, to verify that standards remain appropriate or to modify standards where necessary.

Table 2.3.1a.3 illustrates the proportion of domestic samples tested in the monitoring phase that comply with maximum residue levels, as established by Heath Canada.

Malachite green is a potential carcinogen that has been detected in aquacultured fish (i.e., fish cultivated under controlled conditions). It is used for the chemical control of fungi, but is not approved for use in Canada. The CFIA recently developed a method to detect malachite green and its metabolites. In conjunction with a limit set by Health Canada, the method enables the Agency to take the regulatory action needed to further assure the safety of these products.

Every finding of chemical residues in food products is evaluated to determine if there is a violation of Canadian standards and if the violation poses a potential health risk to consumers. Where maximum levels have not yet been established by Health Canada for specific chemical residues in particular foods, any residue found is considered to be a violation. In many cases, such violations may not pose an unacceptable health risk, however, the CFIA investigates all violations to promote compliance. The compliance rates that fell short of targets in shell eggs and honey are examples of this situation. Sampling has detected extremely low levels of ionophores (additives used in feeds to prevent parasitic infections) in shell eggs and chemical residues in honey where maximum residue limits have not yet been established. The resulting compliance rates are therefore not indicative of a significant risk to Canadian consumers of these products.

Special Initiative: **Import Control Strategy**

As a result of varying industry controls and requirements in exporting countries, the management of food safety risks associated with commodities imported into Canada presents challenges that differ from those associated with domestically-produced food. To address these risks, the CFIA, in collaboration with the CBSA, has committed to developing and implementing an import control strategy to enhance the consistency of import control programs.

In 2005–06, in conjunction with industry, the CFIA developed a set of "Good Importing Practices" to provide food importers with clear guidance on controls to promote the safety and regulatory compliance of imported food products.

Table 2.3.1a.3 — Chemical Residue Testing Compliance by Food Program

	Compliance	
Program	**Target**	**Result**
Meat	≥ 95%	96%
Fish and seafood	≥ 95%	98%
Fresh fruit and vegetables	≥ 95%	99%
Processed products		
Processed products	≥ 95%	99%
Honey	≥ 95%	94%
Egg		
Shell egg	≥ 95%	93%
Processed egg	≥ 95%	Not available*
Dairy	≥ 95%	99%

* Chemical residue testing is only on shell egg, as these eggs are used in the shell egg market as well as for processing.

Source: National Chemical Residue Monitoring Program (NCRMP) Database, and Laboratory Sample Tracking System (LSTS).

FOOD SAFETY INVESTIGATIONS PROGRAM

The CFIA draws its mandate for the Food Safety Investigations Program from the *Food and Drugs Act*. This program monitors non-registered products and facilities, i.e., facilities such as food processing establishments that are not federally-registered, to establish that their production adheres to the health and safety standards of the *Food and Drugs Act*. The Agency monitors commodities (e.g., bottled water and unpasteurized juice) using a risk-based management model, prioritizing compliance activities in areas of high risk, enforcement actions in areas of low compliance and gathering intelligence related to contraventions. Jurisdiction over the non-registered sector is shared between the federal and provincial governments.

Central to the Food Safety Investigations Program are scientific committees. These consist of food safety experts from the CFIA, Health Canada and other government departments and agencies. These committees evaluate potential risks to food safety and strategies to assess those risks are developed on a project-by-project basis. These assessments take into account complaints from the public or industry, information relating to recalls or foodborne illness, and review of the scientific literature. The committees then identify and prioritize these risks in terms of their potential implications for food safety and develop strategies for managing them effectively.

The target for this investigation program is to establish strategies for managing 90% of the high- and medium-level risks identified by the committees. The Agency fell slightly short of this target in 2005–06, addressing 88% of identified projects. Individual projects typically span several years. Efforts to complete the projects began during the fiscal year.

In 2005–06, the Agency developed guidance and codes of practice for non-registered importers and domestic producers of food products. These efforts were aimed at providing the non-registered sector with tools for reducing risk. In future years, the CFIA will conduct inspections to assess the extent to which the sector has used the guidance and adopted the codes of practice.

Strategy: Enforcement activities[10]

Expected result: Industry complies with federal acts and regulations

In 2005–06, under the authorities of the *Canada Agricultural Products Act*, the *Fish Inspection Act*, the *Food and Drugs Act*, and the *Meat Inspection Act*, the CFIA investigated 318 instances of non-compliance. Investigations from 2005–06 as well as those carried over from previous reporting periods resulted in 41 convictions and $95,705 in fines.

The number of enforcement actions carried out is only a partial indicator for measuring the effectiveness of the CFIA's enforcement work. The Agency recognizes that it is not possible to directly link enforcement to success in managing food safety risks. The CFIA is currently implementing quality control systems, such as those described above for the meat inspection program, for its inspection systems and is developing additional targets under this strategy. Results of these measures will be available in subsequent years' Performance Reports.

Strategy: Program design/re-design

Expected result: Industry adopts science-based risk management practices

The "Hazard Analysis Critical Control Point" (HACCP) approach is a science-based approach to food production which identifies and assists in the management of food safety risks in food processing. Over the past number of years, the CFIA has been working to promote industry adoption of HACCP-based systems in federally-registered food establishments.

The fish inspection industry adopted a mandatory HACCP type approach to process control in 1991. In addition, the number of federally-registered facilities with recognized voluntary HACCP systems in place has increased over the past year. As of March 31, 2006, there were 52 HACCP-recognized processed product establishments, as well as 18 egg establishments, 67 dairy establishments and 4 honey establishments. This represents a minor increase of 1%, of federally-registered facilities with

[10] The term "enforcement activity" refers to the actions taken by the Agency through a prosecution or an administrative penalty, where applicable, to obtain compliance. Those actions include investigations of violations and offences, injunctions, and even prosecutions. For more information please see www.inspection.gc.ca/english/fssa/labeti/inform/impprae.shtml.

recognized HACCP systems in place, over the previous year. The Agency will continue to work to further promote the implementation of the HACCP approach in the remaining voluntary sectors to assist with the identification of all critical stages that may affect the safety and quality of food products throughout the process.

The most significant development in this area for 2005–06 is that HACCP became mandatory for all 734 federally-registered meat establishments on December 31, 2005. In the past year, the Agency has worked extensively with over 200 meat establishments for HACCP recognition as of March 31, 2006. In order for a meat establishment to be granted HACCP-recognition, the establishment must be proven to meet a variety of conditions outlined by regulation. Further work will be conducted in 2006–07 to complete this transition to the HACCP approach by formally recognizing all establishments. It is anticipated that the Agency will grant HACCP-recognition to all meat establishments by December 2006.

Strategy: Managing food safety incidents and emergencies

Expected result: Food safety emergencies and incidents are contained in a timely and effective manner

Although Canadians have access to an abundance of safe and high-quality food, problems sometimes occur in the production, manufacturing and distribution chain that result in unsafe food in the marketplace. When public health emergencies occur, the PHAC is the focal point for federal leadership and accountability, while the CFIA works in partnership with Health Canada, provincial public health and food/agriculture inspection agencies and the food industry to operate an emergency response system to deal with such events. This response system can be triggered by a consumer complaint, information from industry or trading partners, or the results of inspection and monitoring activities of the CFIA or provincial food inspection agencies. Potential hazards, in the form of undeclared allergens, microbiological or chemical contamination or extraneous material (such as glass or other inappropriate substances) are investigated and appropriate emergency actions are taken to protect consumers.

The CFIA and its partners aim to ensure that food safety incidents and emergencies are successfully contained in a timely and appropriate manner. In particular, the CFIA works closely with Health Canada to determine the potential risks to the public. Last year, there were 4,223 investigations conducted and only 6% of investigations resulted in a recall.[11] In total, in 2005–06, 259 recalls were issued by the CFIA's emergency response system. As a result, most investigations determined that the vast majority of food safety incidents had not put the public at risk.

One of the key measures that the CFIA uses to assess its performance in managing food safety risks is the time the Agency takes to respond to situations requiring a Class 1 recall. A Class 1 recall is carried out when there is a reasonable probability that the use of, or exposure to, a food product in violation of standards will cause serious adverse health consequences or death. To determine this, CFIA's regulatory partners, in consultation with CFIA technical experts, will provide the CFIA with a risk assessment, which the CFIA will use as a basis in developing a risk management strategy of which one option could be a Class 1 recall. Once an assessment has been received that indicates that a Class 1 recall is warranted and there is a risk to the public, the CFIA will issue a public warning of the Class 1 recall within 24 hours of the recall decision, which is CFIA's standard for the timeliness. In 2005–06, the Agency met this target 100% of the time, with 28% of Class 1 recall warnings issued in less than four hours and a total of 88% of Class 1 recall warnings issued in less than eight hours.

The time period from an issue identification to public notification can vary significantly from investigation to investigation. The time can vary from one day to many weeks depending on many factors such as the identification of a specific suspect food and verification of hazard through inspections, epidemiological investigations, sampling etc.

An example of a very short time interval required for investigation is when a manufacturer notifies CFIA that they have manufactured a product with an undeclared allergen that represents a Class 1 risk. In this instance, the public is usually notified the same day that the CFIA is notified by the manufacturer.

[11] For further information, see www.inspection.gc.ca/english/corpaffr/recarapp/recaltoce.shtml.

In other allergen investigations more time could be required to verify that there is a food safety issue. An example of an investigation where additional time is required could be when a consumer complaint of an anaphylactic reaction has been reported to the CFIA but the food source is not confirmed. In these cases, CFIA would need to investigate the consumer, retailer and manufacturer levels and take samples for testing as appropriate. These activities may take several days before a hazard in a product can be identified and the risk assessed.

After a recall is issued, the CFIA follows up on the effectiveness of the recall actions. Additional information on food recalls (e.g., products recalled) can be found on the CFIA's website.[12] This information is readily accessible and updated regularly.

Large-scale food safety emergencies are accidental or deliberate threats or events that affect the food supply. These require the Agency to carry out extensive emergency response activities with other departments for an extended period of time. No large scale emergencies occurred in 2005–06.

Strategy: Food safety awareness

Expected result: Public is aware of food safety risks

The Agency is involved in a number of public awareness initiatives to promote food safety. For example, the CFIA operates an on-line subscription service that sends updates to over 15,000 subscribers on a variety of key food allergy concerns. Food recalls and allergy alerts on the CFIA website were visited 1.2 million times by Canadian consumers and other interested parties in 2005–06.

Additionally, the CFIA produces a series of information brochures on nine priority food allergens, including peanuts, tree nuts, sesame seeds, milk, eggs, seafood, soy, wheat and sulphites. Over 220,000 were distributed through Service Canada sites and industry organizations in 2005–06 and an additional 69,000 were requested through 1-800-O-Canada.

Food safety information is also made available at CFIA and Government of Canada exhibits at fairs, conferences and other public exhibitions. In 2005–06, food safety information brochures, posters, colouring books, and fact sheets were distributed directly into the hands of Canadians at over 40 public events across the country.

Finally, the CFIA is an active member of the Canadian Partnership for Consumer Food Safety Education (CPCFSE), whose mandate is to work with government, health, food production and processing, the grocery industry, and food marketing agencies to raise awareness among Canadians of the importance of safe food handling practices. Through such initiatives as its website, media relations, the educators' program, the CPCFSE promotes four key messages: Cook, Chill, Clean and Separate, under the umbrella of the FightBAC!™ campaign. Working in partnership with the CPCFSE facilitates a wider and more targeted distribution of food safety messages to key food industry markets and to individual Canadians.

Overall, Canadians appear well-informed on food safety issues and have expressed high levels of confidence in the food safety system, as delivered by the CFIA and its many partners. Public opinion research conducted in November 2005 found that 78% of those polled believed that the Canadian food safety system was among the best in the world.[13] This was an increase of eight percentage points over a similar survey conducted in February 2005 (70%),[14] but a decrease of 4% over results of public opinion research conducted in June 2005 (82%).[15] The variation in public confidence in Canada's food safety system may be attributable, in part, to the focus of each survey — while the June 2005 survey was conducted in the context of Canada's response to BSE, the November 2005 research focused on the issue of AI.

[12] For further information, see www.inspection.gc.ca/english/corpaffr/educ/alerte.shtml.
[13] Decima Survey, November 2005; 1,116 interviews, the results are valid within a margin of error of +/- 3.1 percentage points (19 times out of 20).
[14] EKOS Survey, February 2005; 1,505 interviews, the results are valid within a margin of error of +/- 2.5 percentage points.
[15] Redfern Survey, June 2005; 1,507 interviews, the results are considered accurate to within 2.3% (19 times out of 20).

2.3.1b Program Sub-Activity: Controlling the transmission of animal diseases to humans

Recent crises have brought to the forefront the relationship between animal and human health. The CFIA, in cooperation with its partners, carries out several programs and activities to help ensure that zoonotic diseases — i.e., animal diseases that are transmissible to humans, either through contact or via the food chain — are controlled in animal populations. The programs focus on early detection, rapid response and strong domestic and international coordination.

The key strategies relating to this sub-activity include disease surveillance, testing activities and control measures to mitigate the risk to animal — and indirectly to human — health. Of the $341.5 million the Agency spent to achieve this Strategic Outcome, approximately $69 million was devoted to control the transmission of animal diseases to humans.

Strategy: Disease surveillance and eradication activities

Expected result: Animal diseases that are transmissible to humans are controlled within animal populations

To protect the health of Canadians, it is critical that the CFIA carry out timely and effective surveillance, detection, testing and control activities for zoonotic diseases. When the presence of a reportable disease[16] is confirmed in Canada, the Agency minimizes the spread of infection by implementing disease-specific biosecurity measures, including quarantines and movement controls. When eradication activities are necessary, the CFIA ensures humane destruction and appropriate disposal of affected animals, thereby minimizing the risk that other susceptible livestock are exposed to potential sources of infection. The status of three zoonotic diseases of particular importance is discussed below.

RABIES

Through its rabies monitoring program, the CFIA tested 5,384 animals suspected of having rabies that had come into contact with humans. Of these, 115 tested positive for rabies, which indicated a small increase in positive results with human contact over the previous year. Each positive case with human exposure is reported immediately to the public health authorities, who then implement treatment. Rabies diagnostic information is used to enhance surveillance and provides valuable information for the protection of public health.

AVIAN INFLUENZA (AI)

Wild birds are natural carriers of the avian influenza (AI) viruses. Most of these viruses circulate in wild bird populations and have little or no effect on their health. However, certain strains, although harmless to wild birds, can mutate into highly-pathogenic forms (i.e., forms that can cause illness to humans) when introduced to commercial poultry.

The Asian H5N1 virus is among the highly-pathogenic AI viruses that can cause serious and often fatal illness in commercial poultry. This strain has been found in Asia, Africa and Europe and has been linked to illness and death in humans who have been in close contact with infected birds.

Since 2004, Canada has faced two outbreaks of AI in domestic poultry flocks. Although the highly-pathogenic Asian H5N1 virus has not yet been detected here, Canada must work to keep it out of this country and to keep it from spreading if it does appear. Accordingly, the CFIA

Table 2.3.1b.1 – Financial Resources — *Controlling the transmission of animal diseases to humans*

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
63.8	70.2	69.3	12%

Source: Salary Management System.

[16] Reportable diseases are diseases for which the *Health of Animals Act* and *Regulations* require the immediate reporting of the suspicion or presence to the CFIA. These diseases are usually of significant importance to human or animal health or to the Canadian economy.

has continuously worked to develop strategies for responding quickly and decisively when it confirms that AI — regardless of the strain — is present in domestic poultry flocks.

In February 2006, the CFIA established a high-level working group led by a senior veterinarian reporting directly to the President to guide and oversee the development and implementation of the Agency's AI strategy.

The strategy focused on five areas, as described below.

Import controls. In April 2006, the CFIA announced stronger controls over imports of live birds from countries eligible to export birds to Canada. These controls are consistent with the standards of the OIE and were developed by the CFIA in consultation with provincial governments, the Canadian poultry industry and Canada's principal trading partners, the US and the European Union. The enhanced controls will further reduce the possibility that AI will be imported into Canada.

Surveillance activities. In partnership with provincial and university laboratories, the Agency established a National Avian Influenza Laboratory Network. The network is designed to provide rapid turnaround for AI testing, which is critical to detecting the presence of AI in Canada's domestic flocks as quickly as possible.

The Agency also contributed to Canada's 2006 Wild Bird Survey, which is a joint initiative of the Canadian Cooperative Wildlife Health Centre, the Government of Canada (particularly Environment Canada) and provincial and territorial governments. The survey's purpose is to better understand the presence and characteristics of AI viruses in wild birds.

Biosecurity. The CFIA has continued to work with the poultry industry to promote the adoption of best practices in biosecurity on the farm. Biosecurity is recognized as a key preventative measure in reducing the introduction and spread of an infectious agent into animal production. These practices relate to protecting poultry through good hygiene practices and limiting exposure to external contamination.

Emergency preparedness. The Agency worked with provincial governments to update the joint Foreign Animal Disease Emergency Support agreements (FADES) with respect to AI. The plans focus on rapidly detecting newly-infected flocks, stopping the disease from spreading by destroying birds or controlling their movement, maintaining surveillance over other flocks at risk of coming into contact with infected birds and preventing re-infection by strictly containing infective material (e.g., carcasses, manure and feed).

International cooperation. The CFIA strongly supports the global coordinating role of the Food and Agriculture Organization (FAO) of the United Nations, the World Health Organization (WHO) and the OIE with respect to AI. In October 2005, Canada hosted an international meeting of health ministers. A key outcome of this meeting was that the ministers recognized that controlling the disease at its source is the most effective way of preventing an AI pandemic.

As a result, the Agency began work on several initiatives relating to animal health. For example, the CFIA worked with the OIE on developing new guidelines for raising, handling and transporting animals that are susceptible to influenza. The Agency was also active internationally in promoting the adoption of science-based standards for international trade.

BOVINE SPONGIFORM ENCEPHALOPATHY (BSE)

Controlling this disease is critical — for animal and public health, for domestic and international confidence in the integrity of Canada's food safety programs and for the economy. BSE became a reportable disease in 1990 and an active surveillance program for the disease was implemented in 1992. The provinces, industry, the universities and private-sector veterinarians have collaborated with the CFIA in surveillance and testing work.

In 2005–06, the Agency carried out a number of activities under the Enhanced BSE Programs umbrella. Their common purpose was to strengthen the Government of Canada's scientific and policy response to BSE, to progress detection and the evaluation of the effectiveness of measures in place and to provide the foundation for the maintenance of consumer and international confidence in Canadian animals and animal products.

In 2005–06, the CFIA devoted much effort to developing appropriate indicators to track performance, and to building the systems needed both to collect performance information and to report on the results of its BSE programs.

The Agency's Enhanced BSE Programs are grouped into four program areas, as described below.

Surveillance and testing. The CFIA focuses its targeted testing on cattle with the highest risk of being infected with BSE and on testing specific tissues from these animals for the disease. This approach provides an accurate estimate of the prevalence of BSE in Canadian cattle and serves to monitor the effectiveness of mitigating measures over time. Consistent with the collective international experience, this approach also increases the likelihood of detecting any future cases of the disease.

In January 2004, the CFIA announced that it would enhance its BSE surveillance testing to at least 8,000 cattle during the first year and to 30,000 per year in subsequent years to calculate the prevalence of BSE in Canadian adult cattle. The level and design of this enhanced program continues to be in full accordance with the guidelines recommended by the OIE and reflects the demographics and distribution of the cattle population in Canada and those animals defined as being of highest risk. In 2005, the minimum target of 30,000 samples was surpassed in early June. From January 1, 2005 to December 31, 2005, 57,768 samples were evaluated by a network which includes provincial and university laboratories. This illustrates the CFIA's success in scaling up its surveillance testing program as well as the high degree of support for the national BSE surveillance program — from government at all levels, and from producers, private veterinarians and industry stakeholders — and the impact of the parallel awareness and reimbursement programs.

Results of sampling demonstrate that only one case of BSE was confirmed in 2005–06. This case was identified in the context of samples submitted to the BSE surveillance program. In this instance, the CFIA conducted a comprehensive animal and feed investigation, in accordance with international guidelines, resulting in the identification and removal of animals determined to be of equivalent risk. Based on these results, the annual incidence rate of BSE was determined to be 0.0145 cases per million animals over two years of age. Based on the former international standard for country categorization by the OIE, this level is consistent with a status of "minimal risk," a country classification Canada shares with many trading partners (e.g., the United States of America and Japan).

Special Initiative: **Continued implementation of Enhanced BSE Programs**

In December 2005, Canada adopted a revised BSE import policy for cattle and bison and their products. The CFIA is currently developing administrative procedures and regulatory amendments necessary for full implementation of this policy. The new BSE import policy emphasizes both animal and public health protection by reflecting current scientific understanding and international standards for BSE.

The Enhanced Tracking and Tracing Program. Tracking the movement of all cattle in Canada is an essential step in the control and eradication of animal disease and in preventing the transmission of animal diseases to humans. Compulsory tagging of cattle enables the Agency to trace any given animal and to identify other animals with which it has come in contact.

In 2005–06, the CFIA continued to carry out inspections at sites such as feedlots, slaughterhouses and auctions to confirm compliance with the tagging regulations. The key performance indicator for this activity is the rate of compliance with tagging requirements. Compliance has generally remained high. The estimated compliance rate for individual animals at all site types[17] was 99% for 2005–06, exceeding the target of 97%.

In November 2004, the CFIA introduced new regulations covering the re-tagging of animals. Early in 2005, the Canadian Cattle Identification Agency introduced new technology to improve tracking. The CFIA also encouraged enhancements to the industry program to capture birth date information and animal movement. Taken together, these measures will result in better identification, which will make it easier to trace the origin or path of contacts of any diseased animal.

[17] Site types include farms, ranches, auctions, feedlots, federal and provincial slaughterhouses and dead stock.

Removing "Specified Risk Material" from the food chain. Specified Risk Material (SRM) is material from particular tissues (e.g., the brain, spinal cord and small intestine) that can harbour the BSE agent. SRM is removed from all animals when they are slaughtered for human consumption. The removal of SRM from the human food supply is recognized internationally as the most effective food safety measure protecting human health from exposure to the agent of BSE. The CFIA conducts monitoring inspections of all federally-registered establishments to confirm that SRM has been removed from cattle slaughtered for human consumption. When non-compliance with these practices is identified, CFIA inspection staff assess the degree of non-compliance and immediate corrective action is requested when there is a potential risk to human health. Failure of the establishment to provide an adequate response can lead to the suspension and/or cancellation of the facility's license to operate. No carcass potentially contaminated with SRM is approved for human consumption until the SRM contamination has been completely eliminated. Through the integrated implementation of federal and provincial/territorial meat inspection systems, an equivalent level of protection with respect to cattle slaughtered in facilities that are not federally-registered is also achieved.

The indicator for the CFIA's inspections is the compliance rate in federally-registered plants for removing SRM. A total of 10,031 ratings were completed for three key tasks related to SRM-removal, of which 97% were compliant, thus meeting the established target. While the target includes minor and major deviations, of the 10,031 ratings completed, 99% did not have major deviations and none of the deviations were critical in nature, therefore no licenses were suspended or revoked. In the cases where major deviations occurred, corrective action plans were implemented immediately. It is important to note that in cases where deviations are critical in nature, this would refer to a systemic problem and would likely result in the suspension of operations in a plant. Where deviations are noted as major, corrective actions would be implemented, and if then verified to be effective, the issue would be closed. Minor deviations observed can include procedural or documentation problems that may neither affect the final product nor the actual removal of SRM from the food chain.

Re-opening international markets. An important objective of the Enhanced BSE Programs is to demonstrate the overall integrity of inspection controls as the foundation for trading partners to provide market access to Canadian animals and animal products. Regarding the foreign markets for cattle, meat, bovine semen, bovine embryos, and animal products, 66 trading partners have opened their markets to one or more of these market sectors since May 2003. This includes regaining full or partial access to 13 international markets for meat and nine for live cattle.

Strategy: Emergency responses to disease outbreaks

Expected result: Animal diseases that are transmissible to humans are controlled within animal populations

The Agency carried out a lessons learned study in 2005–06 to analyze and document the results of its response to two recent outbreaks of AI that occurred in Québec and British Columbia. This study also included a follow-up on the implementation of the lessons learned from an earlier outbreak that occurred in Abbottsford, British Columbia in early 2004. A similar study reviewed the Agency's progress on implementing the 12 recommendations that flowed from the BSE incident in 2003.

As of March 31, 2006, the Agency had made significant progress in implementing the AI- and BSE-related recommendations. For further information on this progress, please refer to the relevant discussions under Strategy: Disease surveillance and eradication activities. Due to the fact that many of the recommendations will continue to be implemented throughout the next fiscal year, a more detailed discussion on results achieved will be outlined in the 2006–07 *Performance Report*.

In summary, in less than one year, the Agency had developed a structure for responding to emergencies to align it more closely with the federal and provincial emergency response systems. These initiatives were tested and proved successful at the field and area level during the two recent AI emergencies. Approval of the structure at the national level was pending as of March 31, 2006.

2.3.2 Strategic Outcome: A fair and effective regulatory regime for food, animals and plants*

Table 2.3.2.1 — Financial Resources

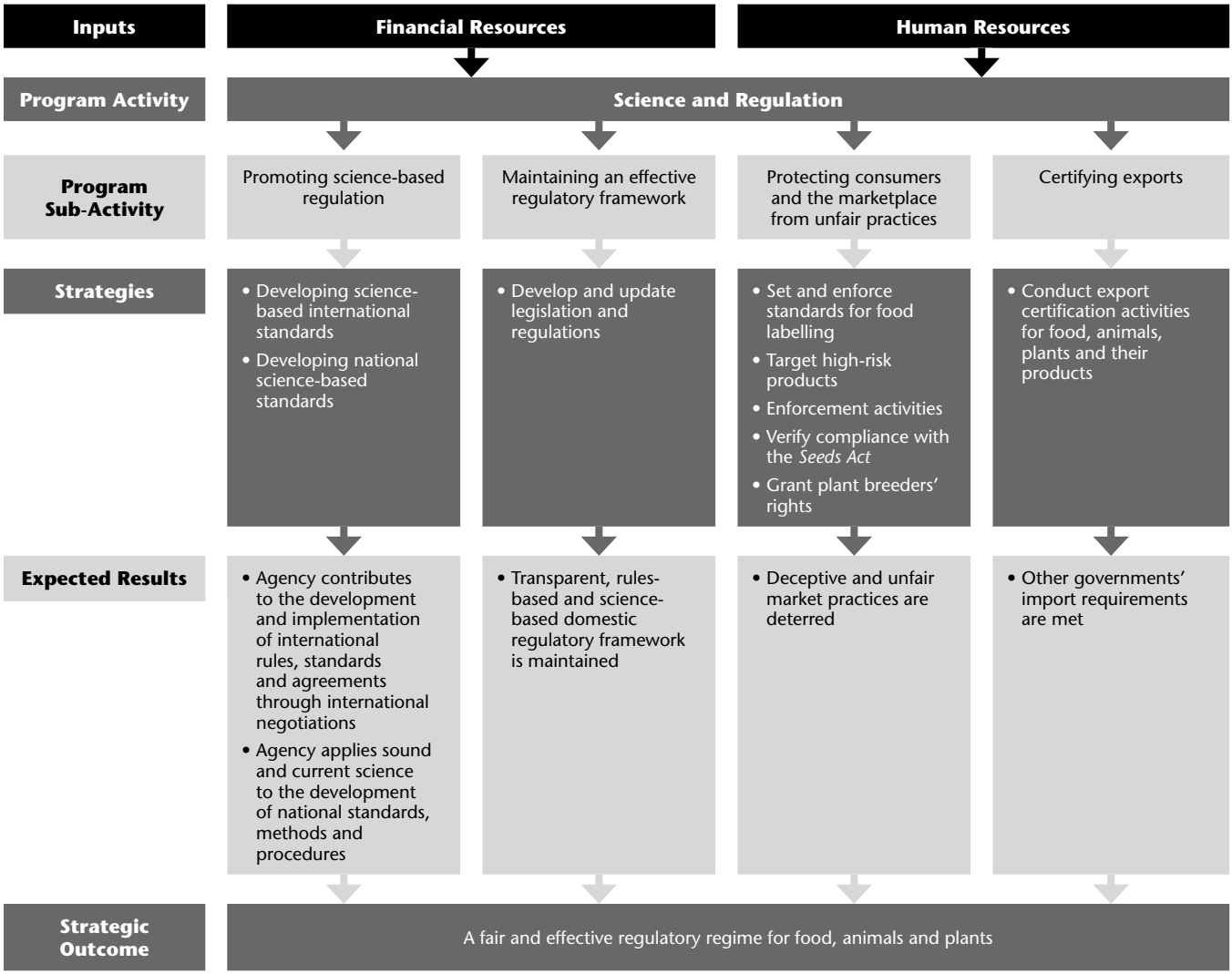
Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
111.3	128.8	82.4	14%

Source: SATURN.

Table 2.3.1.2 — Human Resources

Planned (FTEs)	Authorities (FTEs)	Actual (FTEs)	Proportion of Actual Agency FTEs
1,323	1,319	832	15%

Source: Salary Management System.



* *(unaudited)* — Data for this strategic outcome generally came from manual information management systems. While a quality assurance process is used to validate this information, at present a lower level of assurance can be placed on information from manual sources.

Results achieved: In 2005–06, the Agency met five of the seven performance targets established under this Strategic Outcome, while continuously improving in the area where needed improvements were identified. This achievement, combined with the CFIA's non-targeted performance, such as collaborating with its various partners to develop effective standards, methods and procedures and enforcing fair labelling practices, has assisted the CFIA in meeting its expected results. Therefore, the Agency has supported the delivery of a fair and effective regulatory regime.

A fair and effective regulatory regime for food safety, animal health and plant protection is critical to consumer confidence and to Canada's economy. It contributes to a competitive marketplace and protects consumers from unfair practices. It also helps to facilitate the access of Canadian products to foreign markets, thereby maintaining or expanding growth in international trade. As the primary federal regulator of food, animals, plants and related products, the CFIA is committed to promoting a regulatory regime that is fair and effective.

The activities related to achieving this Strategic Outcome support all legislation for which the CFIA has responsibility. They contribute to strong international science-based regulations and are designed to mitigate the risks associated with failing to maintain and update the domestic legislative framework. By international convention, certification of quality, safety and other related standards by a national-level competent public authority (e.g., CFIA) is mandatory prior to export for many commodities (for fish, meat, live animals, plant products, etc.). The Agency works collaboratively with Health Canada, the Department of Foreign Affairs and International Trade Canada, among others, to achieve this strategic outcome. The CFIA is currently developing a new strategic outcome that will better assist in reflecting the CFIA's achievements through the implementation of the program sub-activities protecting consumers and the marketplace from unfair practices and certifying exports. This advancement will ensure better alignment, which will enhance internal and external monitoring and reporting for the CFIA.

The Agency spent approximately 14% of its budget on achieving this Strategic Outcome in 2005–06.

2.3.2a Program Sub-Activity: Promoting science-based regulation

The strategies related to this sub-activity include developing international rules and standards as well as developing science-based standards, operational methods and procedures. These strategies are critical to expanding Canada's access to global markets by influencing standard-setting organizations responsible for developing international standards related to food safety and consumer protection, animal health and plant protection. In addition, these strategies are directly linked to the government's priorities of public health, economic growth, environmental protection and public security. Of the $82.4 million the Agency spent to achieve this Strategic Outcome, approximately $13 million was devoted to promoting science-based regulation.

Strategy: Developing science-based international standards

Expected result: The Agency contributes to the development and implementation of international rules, standards and agreements through international negotiations

Canadians benefit from safe food, healthy plants and animals and a protected environment, achieved through science-based rules applied in a predictable, transparent and non-discriminatory manner. Remaining at the forefront of scientific developments and advancing sound, science-based decisions and policies at the global level requires the CFIA to work with a number of international partners, both bilaterally (in partnership with Foreign Affairs and International Trade Canada) and multilaterally. In 2005–06, the CFIA made progress on a number of bilateral issues and made significant contributions to the development of international rules and standards through multilateral negotiations with a number of scientific and regulatory organizations, some of which are highlighted here.

Table 2.3.2a.1 — Financial Resources — *Promoting science-based regulation*

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
47.6	20.6	13.2	2%

Source: SATURN.

World Organisation for Animal Health (OIE). The OIE is an organization whose main objectives are to ensure transparency in the global status of animal disease and zoonotics and, through a number of activities, to safeguard world trade by publishing health standards for international trade in animals and animal products. As a member country, Canada has access to early notification of animal disease outbreaks that may affect trade as well as access to OIE standard-setting processes, in which Canada is a key player. Canadian experts, as members of OIE *ad hoc* groups, have helped set standards in areas such as epidemiology.

International Plant Protection Convention (IPPC). The IPPC is an international treaty to secure action to prevent the introduction and spread of pests of plants and plant products and to promote appropriate measures for their control. Canada holds a vice-chair position and has participated in seven expert working groups. Through its involvement with the IPPC, Canada has contributed to the development of international standards, such as guidelines for the determination and recognition of the equivalence of measures relating to the health of plants and plant material.

North American Plant Protection Organization (NAPPO). NAPPO provides a continental approach to plant protection by affording a means of sharing information and furthering common goals in plant health activities. Canada holds an executive position and has participated in 17 technical panels and five technical advisory groups. Canada leads the development of an international standard on plants for planting leading to quality control systems for import and domestic production of plants and plant parts.

Organisation for Economic Cooperation and Development (OECD) Seed Scheme. The OECD schemes for the varietal certification of seed being traded internationally promote the use of agricultural seed of consistently high quality. Certified seeds are produced and officially controlled according to common harmonised procedures in participating countries. Canada has been the chair of the OECD seed schemes for the past two years and contributes to the development of international standards and programs, such as standards for oilseed rape, more commonly known as canola.

Codex Alimentarius Commission. Codex is an international standard-setting organization whose mandate is to develop food standards to protect the health of consumers and to facilitate fair practices in international food trade. Codex standards, codes of practice and guidelines serve as the World Trade Organization (WTO) reference point for food safety. Along with Health Canada, the CFIA co-leads the interdepartmental process and the Canadian delegations for Codex committees. Canada also serves as the Chair of the Codex Committee on Food Labelling. Through its participation in Codex, the Agency influences the development of international guidelines and standards to reflect Canadian objectives for safe food and fair market practices. CFIA's involvement in Codex helps ensure that standards adopted internationally are based on sound science and result in a fair and effective international regulatory framework for food.

Strategy: Developing national science-based standards

Expected result: The Agency applies sound and current science to the development of national standards, operational methods and procedures

In 2005–06, the CFIA developed, implemented and improved a number of different science-based operational methods, primarily in the areas of food safety and nutrition. These methods included an expanded suite of tests for allergens and an expanded scope of residue testing (e.g., for veterinary drugs). The information generated by these tests is used to set guidelines for, and to defend the rejection of, domestic and imported products.

For example, CFIA microbiology laboratories conducted a number of studies, obtained necessary validation data and subsequently began implementing automated screening tests for the detection of foodborne pathogens. The objective is to reduce the reporting time for the detection of pathogens in food in order to enhance the Agency's ability to protect the health of Canadians, especially with respect to disease outbreaks and potential threats to public security.

When developing standards, operational methods and procedures, the CFIA leads and participates in various collaborative sessions aimed at knowledge-sharing. By strengthening partnerships with academia, national and international organizations and governments through enhanced communication and collaboration, the Agency can better meet its mandate of science-based regulations.

In certain circumstances, impediments prevent the most effective collaboration between parties. By identifying and eliminating these barriers, collaborations will be allowed to take place more efficiently. This will permit the gradual movement from knowledge-sharing to knowledge-exploitation. Creating this favourable environment will help give Canada the competitive edge it needs to build a world-class, integrated national science system and to continuously improve quality of life for its citizens.

2.3.2b Program Sub-Activity: Maintaining an effective regulatory framework

The key strategies related to this sub-activity include the development of regulations. Of the $82.4 million the Agency spent to achieve this Strategic Outcome, $19 million was devoted to promoting science-based regulation.

Strategy: Develop and update legislation and regulations

Expected result: Transparent, rules-based and science-based domestic regulatory framework is maintained

LEGISLATIVE INITIATIVES

There were no legislative initiatives passed this fiscal year.

REGULATORY INITIATIVES

More than 60 proposed regulatory packages, spanning all programs, were under development in 2005–06. Examples include the development of regulations for organic products and amendments to the hatchery, egg and honey regulations. Major regulatory initiatives undertaken by the CFIA are listed in Table 8 of Section 3.3.1 Reporting on Parliamentary Appropriations.

The CFIA also made progress toward developing a regulatory strategy. A comprehensive review of the Agency's strengths and weaknesses was conducted in relation to the development of a regulatory policy. This review included holding focus group sessions with participation from all Agency branches as well as interviews with key stakeholders. In response to the findings, the CFIA is undertaking a series of initiatives designed to respond specifically to the study's recommendations, including a focused effort to strengthen policy capacity and to adopt a more proactive approach to regulation development. More specifically, the CFIA will implement a new issue identification and streamlining process which will include a thorough assessment of instrument options and early and ongoing consultation with stakeholders and partners.

Table 2.3.2b.1 — Financial Resources — *Maintaining an effective regulatory framework*

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
6.3	29.6	19.0	3%

Source: SATURN.

The following regulations developed by the CFIA were promulgated during 2005–06:

- *Weed Seeds Order, 2005*
- *Plum Pox Virus Compensation Regulations, 2004*
- *Certain Ruminants and Their Products Importation Prohibition Regulations*

Regulations amending the:

Introduced Forest Pest Compensation Regulations

Plum Pox Virus Compensation Regulations

Health of Animals Regulations (Cattle ID)

Agriculture and Agri-Food Administrative Monetary Penalties

Health of Animals Regulations

Meat Inspection Regulations, 1990

Compensation for Certain Birds Destroyed in British Columbia (AI) Regulations

In addition, the Agency has also made progress toward modernizing and strengthening its own internal processes for developing policy and legislation specific to its mandated activities in food safety and plant and animal health. Ultimately, these improvements will result in fairer, more efficient and responsive regulatory activities.

***Special Initiative:* Government of Canada's Smart Regulation Strategy**

As one of Canada's largest regulatory agencies, the CFIA has a significant role to play in the federal government's Smart Regulation Strategy. The objective of this government-wide initiative is to develop a new approach to regulation that will better serve the needs of all Canadians — including the general public and all parties subject to regulation.

For 2005–06, the CFIA continued to provide input on the government's efforts to develop this new regulatory approach. More specifically, the Agency took the lead role in three pilot projects which feed into the wider Smart Regulation Strategy. These projects involved working with partners in industry and departments at the provincial and federal levels and focused on fair and ethical trading with respect to fruits and vegetables and on regulation relating to seeds, fertilizers and supplements.

2.3.2c Program Sub-Activity: Protecting consumers and the marketplace from unfair practices

Under this sub-activity, the CFIA carries out various strategies that are intended to deter deceptive and unfair market practices. These activities include enforcing standards relating to labelling composition, net quantity and advertising and how information is presented on the labels of food products. They also extend to promoting compliance with the *Seeds Act*, granting plant breeders' rights and administering licensing and resolving disputes between buyers and sellers of fresh fruits and vegetables. Of the $82.4 million the Agency spent to achieve this Strategic Outcome, approximately $18 million was devoted to protecting consumers and the marketplace from unfair practices.

Strategy: Set and enforce standards for food labelling

Expected result: Deceptive and unfair market practices are deterred

The Fair Labelling Practices Program protects Canadians from unfair market practices (such as improper weight, improperly-listed ingredients, inaccurate or misleading label information and misleading advertising).

Industry is responsible for complying with applicable regulations. The role of the CFIA is to assess industry compliance in the marketplace and, where necessary, take action to enforce the regulations. The Agency's compliance and enforcement actions are based on a risk management model which prioritizes activities in areas of high risk and low compliance.

In 2005–06, the CFIA's targeted inspections of deceptive and unfair market practices identified 9,561 violations. These occurred in areas such as net quantity, composition, adulteration, label information, nutrition labelling, bilingual labelling and misleading claims. Enforcement actions, such as product seizure or prosecution, were undertaken, as appropriate to support the outcome of a fair and effective market.

Strategy: Target high-risk products

Expected result: Deceptive and unfair market practices are deterred

In addition to its routine compliance and enforcement efforts, the CFIA carried out a number of risk-based targeted projects designed to bring about improvements in specific areas of low compliance. Because targeted sampling by definition seeks out problem areas, the resulting compliance rates are not indicative of marketplace compliance in general, but they do indicate that there is a segment of the industry not fully complying with the regulations.

One ongoing project focuses on compliance with compositional standards in ground meat. Levels of compliance resulting from targeted sampling (e.g., inspection of high risk retailers who have a past history of non-compliance) indicated that of 177 samples, 35 (approximately 20%) of ground meat products tested contained meat from other animals or contained more fat than is permitted by standards. Such non-compliant products do not necessarily pose a food safety risk but do result in economic losses to consumers and in unfair competition for industry. To promote improved and continued industry compliance with the regulations, the CFIA will continue to require retailers to establish processing and labelling protocols and will target non-compliant products through enforcement actions for repeat offenders.

Another project focused on olive oil. CFIA testing detected an increase in the adulteration of olive oil over the previous fiscal years. The rate of compliance in 2005–06 was only 81%, compared with 93% and above since 2002–03. While these compliance rates are not

Table 2.3.2c.1 — Financial Resources — ***Protecting consumers and the marketplace from unfair practices***

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
12.7	28.4	18.1	3%

Source: SATURN.

indicative of marketplace compliance in general, they do indicate that a significant volume of olive oil had been adulterated with cheaper oils, such as sunflower oil or canola oil. In 2006–07, the CFIA will analyze olive oil and foods packed in or said to contain olive oil as an ingredient and will respond with enforcement actions, including the prosecution of companies found to be in violation of regulatory standards.

Strategy: Enforcement activities[18]

Expected result: Deceptive and unfair market practices are deterred

In 2005–06, under the criminal law authorities of the *Consumer Packaging and Labelling Act* and of the *Food and Drugs Act*, the CFIA investigated 14 instances of major non-compliance. These investigations, as well as those carried over from previous reporting periods, resulted in two convictions and violators were fined a total of $30,000.

In October 2005, two retailers were fined $15,000 each for replacing labels on meat product packages with new labels that had more recent packaging dates. The offences, which occurred in December 2002 and July 2003 both constituted a violation of the *Food and Drugs Act*.

Strategy: Verify compliance with the *Seeds Act*

Expected result: Deceptive and unfair market practices are deterred

Under the *Seeds Act*, the CFIA regulates imported and domestic seed, certifies seed exports and registers seed varieties and seed establishments. As well, the CFIA operates two seed laboratories that provide scientific advice and test for a number of things, including seed germination, varietal and mechanical purity and seedborne diseases. The Agency also works with the Canadian Seed Institute (CSI) and the Canadian Seed Growers' Association (CSGA) to maintain systems for managing seed quality in Canada. These systems focus on ensuring that weeds or other plants have not contaminated the seed, and that what ultimately grows corresponds with what is in the bag or bulk shipment and on the label.

In 2005–06, the CSI carried out 205 assessments of seed establishments, from a total population of 1,241 establishments, to confirm that they were meeting the Institute's quality standards. Results indicate that 72% of establishments had no major or critical deficiencies. Where major or critical deficiencies were identified, 97% of the deficiencies were corrected within the time allotted to do so. In the one critical case reported by the CSI, where there was a violation of the *Seeds Regulations*, CFIA inspectors took immediate action by conducting detailed inspections of the facilities involved.

CFIA inspectors also conducted marketplace surveillance for both pedigreed and non-pedigreed seed and targeted establishments with poor compliance records (as identified by CSI) as well as those that have been the subject of complaints from seed buyers.

During the fiscal year, CFIA laboratories conducted 10,699 tests on 10,346 seed samples — testing primarily for mechanical and varietal purity, germination ability and disease. This analytical service is central to the Agency's seed inspection and enforcement program, and supports seed exports by issuing international seed-lot certificates. Sample and test numbers for 2005–06 are similar in total to 2004–05.

For 2004–05, testing results from CFIA's marketplace monitoring indicated that 92% of pedigreed seed, 86% of non-pedigreed seed and 99% of imported seed met standards for quality.[19] Although no target was set for compliance of imported seed, domestic non-pedigreed seed met the target of 85% while domestic pedigreed seed fell short of the target of 95%. The 2004–05 compliance rates for both pedigreed and non-pedigreed seed decreased from 2003–04, but still fell within expected ranges based on a ten-year average.

[18] The term "enforcement activity" refers to the actions taken by the Agency through a prosecution or an administrative penalty, where applicable, to obtain compliance. Those actions include investigations of violations and offences, injunctions, and even prosecutions.
[19] Due to the nature of the seed industry, the Agency reports on results for the previous seed year (July 1, 2004–June 30, 2005).

The CSGA certifies all agricultural pedigreed seed crops except seed potatoes.[20] CFIA staff inspect seed crops for the CSGA. Based on inspection reports, 99% of pedigreed seed crops met CSGA purity product and process standards, thus meeting the CFIA target of 99%.

COMPLIANCE INTERVENTIONS

In addition to carrying out CSI audit and verification activities, CFIA staff took 318 actions in response to marketplace incidents of non-compliance or complaints. Actions included issuing 165 education/warning letters, 26 detentions ("stop sale" orders) and 45 refusals of entry into Canada. The Agency's staff also conducted 70 complaint inspections and 12 investigations with no referrals for prosecution this year in response to instances of non-compliance. Further review of follow-up responses to non-compliance issues for seed products in 2005–06 indicated that 98% of such responses were addressed appropriately.

Strategy: Grant plant breeders' rights

Expected result: Deceptive and unfair market practices are deterred

The intent of plant breeders' rights legislation is to stimulate plant breeding in Canada through the protection of intellectual property rights, to provide Canadian producers better access to foreign varieties of seed and to facilitate the protection of Canadian varieties in other countries.

The CFIA grants exclusive rights to Canadian breeders for their new varieties. Pursuant to Section 78 of the *Plant Breeders' Rights Act*, the CFIA reports on the administration of the Act. In 2005, the CFIA received 688 applications for plant breeders' rights. The Agency granted rights to 288 plant varieties[21] and renewed 1,253 varieties previously approved for grant of rights. The Agency received $1,018,900 in revenue for its registration services.

2.3.2d Program Sub-Activity: Certifying exports

Of the $82.4 million the Agency spent to achieve this Strategic Outcome, approximately $32 million was devoted to certifying exports. The key strategies relating to this sub-activity include maintaining good relations with foreign governments, associations and domestic industries (as discussed elsewhere in the report) as well as certifying that certain Canadian exports of food and food products, along with plants and animals and their related products, meet the requirements of importing countries.

Strategy: Conduct export certification activities for food, animals, plants and their products

Expected result: Other governments' import requirements are met

The CFIA inspects and certifies regulated commodities destined for international markets and has used the proportion of certified products accepted into foreign countries as a success marker, as the Agency's sign off should confirm the adequacy and quality of the product exported. The certification process plays an important

Table 2.3.2d.1 — Financial Resources — *Certifying exports*

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
44.7	50.2	32.1	6%

Source: SATURN.

[20] For further information, see the CSGA website at www.seedgrowers.ca.

[21] Since the application process can span more than one fiscal year, those applications filed but not approved before March 31, 2006 were not all rejected — they may have been withdrawn or are still awaiting approval.

Table 2.3.2d.2 — Certifying Exports

	Value of Exports Traded (2005)	Certified	Accepted into Foreign Countries	
			Target	Result
Meat	$4.76 billion	1,714,446,888 kg	≥ 99%	> 99%*
Fish and seafood	$3.76 billion	32,800 certificates**	≥ 99%	> 99%*
Egg (processed)	$0.05 billion	626 shipments	≥ 99%	> 99%*
Dairy	$0.20 billion	2,789 certificates	≥ 99%	Not available
Plants and plant products***	$11.94 billion	65,977 certificates	none	99%

* Less than 1% of these commodities was rejected by importing countries.
** Certification is not required for all fish and seafood exports. The amount certified and the amount accepted into foreign countries reflects only exports for which certification was required.
*** Excluding trade facilitated by the *Seeds Act*.

Source: World Trade Atlas, Export Certification System, Resource Management System, Regional Quarterly Reports.

role in Canada's international trade, for CFIA-regulated exports of food, plants, animals, and associated products, which were valued at $42.3 billion in 2005.

As Table 2.3.2d.2 demonstrates, the CFIA has met its established target for the meat program and the processed egg program. When Canadian products are rejected by importing countries, it can be due to reasons other than health and safety violations. For example 60% of meat rejected was caused by a labelling error, 7% because of contamination, 10% because of "miscellaneous" reasons (e.g., damaged packaging) and the remaining rejections were due to reasons including processing defects and incorrect shipping markings.

Certification of exports in the fresh fruit and vegetable and processed products programs is not mandatory. Any certification conducted by the Agency is done as a service to the industry and is rendered on a cost-recovery basis. Rejections for these commodities are not currently tracked, as foreign governments are not required to notify the Canadian government when products are rejected at their borders.

While rejection rates are only available for some CFIA-regulated commodities at this time, the CFIA is making progress on collecting performance information for this activity and will continue to report on the data as it becomes available.

2.3.3 Strategic Outcome: A sustainable plant and animal resource base*

Table 2.3.3.1 — Financial Resources

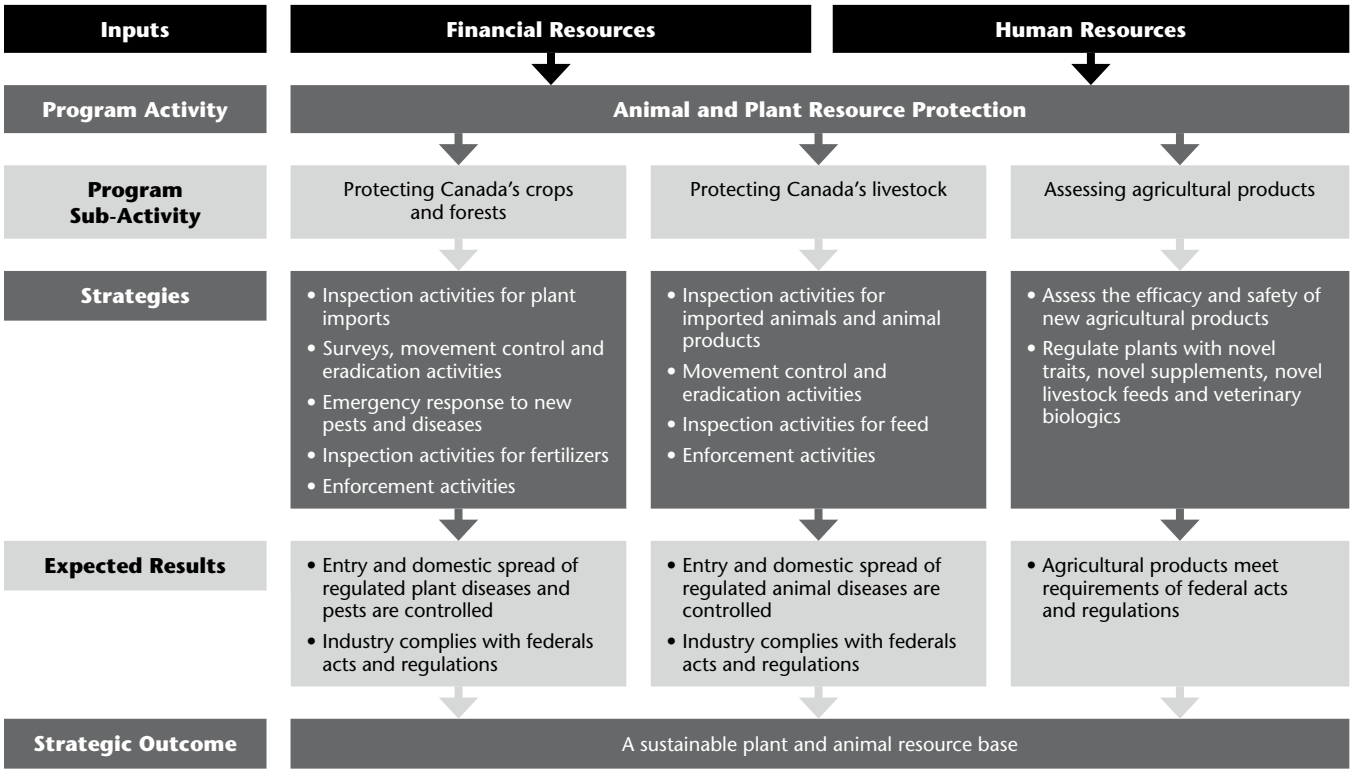
Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
99.7	116.1	139.0	24%

Source: SATURN.

Table 2.3.3.2 — Human Resources

Planned (FTEs)	Authorities (FTEs)	Actual (FTEs)	Proportion of Actual Agency FTEs
1,180	1,165	1,224	21%

Source: Salary Management System.



Results achieved: In 2005–06, the CFIA met 7 of the 11 performance targets established under this Strategic Outcome. In the areas for which an opportunity for improvement was identified, the Agency focused its efforts on continuous improvement. When reflecting upon the Agency's non-targeted performance, such as quickly and effectively responding to the detection of new plant pests in Canada, it is apparent that the Agency has made significant gains in fulfilling the expected results under this Strategic Outcome. The Agency will continue to work closely with the partners with which it shares these responsibilities and take corrective action where necessary, as the Agency continues to promote a sustainable plant and animal resource base over the coming years.

* *(unaudited)* — Data for this strategic outcome generally came from manual information management systems. While a quality assurance process is used to validate this information, at present a lower level of assurance can be placed on information from manual sources.

Canada's social and economic well-being is closely linked to the health of its environment, including plants and animals. The CFIA contributes to protecting the natural environment by promoting a sustainable plant and animal resource base. This aspect of environmental protection entails protecting Canada's crops and forests and its livestock from regulated pests[22] and diseases. It also includes preventing the introduction of substances into animal and plant production systems — via animal feeds, seeds, fertilizers and supplements, etc. — that could adversely affect human health or the environment.

The mandate for achieving this Strategic Outcome flows from the following legislation:

- the *Plant Protection Act*
- the *Fertilizers Act*
- the *Health of Animals Act*
- the *Feeds Act*
- the *Seeds Act*

To fulfill this Strategic Outcome, the CFIA works cooperatively with Agriculture and Agri-Food Canada (AAFC), Natural Resources Canada (NRCan) including the Canadian Forest Service (CFS), Environment Canada (EC) including the Canadian Wildlife Service (CWS), the Canada Border Services Agency (CBSA), as well as with other provincial, territorial and municipal partners and stakeholders.

2.3.3a Program Sub-Activity: Protecting Canada's crops and forests

Protecting Canada's crops and forests contributes to the environment and the economy. The Agency works with the federal and provincial government agencies noted above, industry and other stakeholders to protect these resources from a list of pests and diseases (e.g., Sudden Oak Death, Emerald Ash Borer, etc.), the management of which is the responsibility of the CFIA.

The Canadian Forest Service estimates that approximately 300 species of tree-feeding insects have entered North American forests over the last one hundred years as part of commercial shipments and/or individual travelers' effects. Most of these pests and diseases do not pose a threat to Canada's natural environment. The Agency has developed an elaborate detection and control strategy to identify, assess and control or eradicate those pests and diseases which are deemed harmful to Canada's crops and forests.

Central to this strategy is the Agency's role in keeping plant diseases and pests from entering Canada. The CFIA's prevention efforts are supported by the CBSA, which enforces the CFIA's import policies and standards at Canada's borders and other points of entry. Within Canada, the CFIA works to control or eradicate pests. Keeping Canadian plants and plant products disease- and pest-free is also critical to ensuring the safety and quality of Canadian plant resources and to protecting our export markets. (For more details, see the section on Export Certification in 2.3.2d.)

Table 2.3.3a.1 — Financial Resources — *Protecting Canada's crops and forests*

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
35.6	48.1	57.6	10%

Source: SATURN.

[22] A regulated pest is one which Canada has designated as being particularly injurious from a socio-economic perspective and is not present in Canada or not widely distributed. The CFIA has official programs to control those regulated pests that are present in the country. Canada is working with its many partners to control the spread of these pests.

Economic value of trade in plants and plant products to Canada (2005)

Total imports:	$9.365 billion
Total exports:	$21.855 billion

Source: World Trade Atlas, Statistics Canada

The stated purpose of the *Plant Protection Act* is to prevent pests and diseases injurious to plants from being imported into Canada, from spreading within the country and from being exported out of it. The Act also provides for controlling and eradicating pests and diseases and for certifying the pest- and disease-free status of plants and plant material. To encourage reporting of plant pests, regulations under the *Plant Protection Act* allow for compensation to producers for the destruction of plants and plant products due to a specified regulated pest or disease. For example, the Agency had paid $1.8 million in compensation to Ontario producers who reported the presence of Emerald Ash Borer in their ash trees. In 2005–06, under these regulations, the CFIA paid out $4.4 million in compensation.

Strategy: Inspection activities for plant imports

Expected result: Entry and domestic spread of regulated plant diseases and pests are controlled

The CFIA undertakes a series of activities to mitigate the risk of imported plant pests and diseases. Importers who wish to bring plants and plant products into Canada must first obtain an import permit from the CFIA for items regulated under the *Plant Protection Act*. Regulated commodities are examined by government inspectors to confirm that they comply with federal acts and regulations before they enter the country. This CFIA program is delivered by the CBSA, with the help of Agency staff, when the latter's expertise is required. In 2005–06, inspection of regulated plant products imported into Canada totalled 18,581. These inspections resulted in 1,745 interventions, i.e., treatment orders, detentions, disposals or refusals of entry for reasons including improper documentation and the presence of a regulated plant pest or disease.

Special Initiative: **Enhanced risk mitigation in country of origin**

In 2005–06, as a means to increase the effectiveness of its import program, the CFIA increased its focus on on-site verifications of certification systems in the imported plant material's country of origin. The purpose of such verifications is to help ensure that certification systems put in place by foreign countries are appropriate and stringent enough to generate a product that meets Canadian standards and is free from plant pests and diseases.

Two examples of on-site systems verifications which took place in 2005–06 are verifications of the export certification systems for Chinese Ya pears and French grapevines. The CFIA's verification of the Ya pear certification system identified deficiencies in the implementation of the program, which were addressed by the Chinese government. A follow-up verification confirmed that requested changes were sufficiently implemented, resulting in the resumption of trade in this commodity.

A similar review of the French export certification system was conducted to allow the importation of grapevines. The existing system was improved and import conditions were increased before this product was permitted entry into Canada.

The Agency's goal is the prevention of the entry of new regulated pests and plant diseases into Canada. Although difficult to achieve, given the nature of plant pests and diseases and the globalized trade of plant and plant products, the current target in relation to the goal is the absence of evidence that any regulated plant pests and diseases have been detected in this country in the last fiscal year. In 2005–06, the Agency detected three new regulated pests, and one whose status was not yet fully assessed, which had been introduced into Canada, therefore not fully meeting the established target.

Following the detection of these new regulated pests, the CFIA responded immediately to determine the extent of the introduction and put control measures in place to prevent the spread of these pests.

Strategy: Surveys, movement control and eradication activities

Expected result: Entry and domestic spread of regulated plant diseases and pests are controlled

Depending on the pest or disease, when the Agency confirms that the pest or disease has been detected in the country, it responds quickly by investigating the risk posed to Canada's plant resource base and by developing strategies for control and eradication, as appropriate. The following summarizes the CFIA's responses to the four new pests detected in 2005–06.

Various regions of Canada are surveyed routinely to detect foreign pests and diseases that may have entered this country, and to define the boundaries of any infestations. Some pest surveys are conducted in cooperation with other agencies. However, CFIA operational staff is responsible for the survey program, and the Agency acts as a central repository for all data on regulated pests and diseases, regardless of which agencies are involved in carrying out the survey.

Pest surveys allow Canada to validate its claims of pest- and disease-free status for certain areas, to detect any new pests, and to establish quarantine restricted zones to limit their spread. These surveys are also central to control and eradication programs.

In 2005–06, the CFIA surveyed sites across Canada for the presence of specific insects, fungi, viruses and parasites. The Agency's target is to complete 100% of the surveys planned for the fiscal year. 52 surveys were planned for 2005–06, yet the Agency actually conducted a total of 60 pest surveys. All originally planned surveys were conducted (with one having inconclusive results). Overall, the Agency's efforts focused on Plum Pox Virus (PPV) and Potato Wart (PW). Surveys for Emerald Ash Borer (EAB), the Brown Spruce Longhorn Beetle (BSLB) and the Asian Long-horned Beetle (ALHB) were limited to quarantine zones or regulated areas.

Chrysodeixis

The Chrysodeixis moth was discovered in two tomato greenhouses in British Columbia in December 2005. The Agency placed both greenhouses under regulatory control and steps were taken to eradicate the insect.

Apple Clearwing Moth

This insect is considered a serious economic pest in Europe and could become one in this country. The two orchards where this pest was confirmed in October 2005 were placed under regulatory control to prevent the pest from spreading. A national survey began in the spring of 2006 to determine the extent to which the Apple Clearwing Moth exists in Canada. Survey results will be available shortly and will be reported in 2006–07.

Pyralid Moth

In April 2005, the CFIA confirmed the presence of this moth in two Ontario greenhouses and in another in May 2005. This pest was eradicated, as a result of CFIA control and eradication activities, while allowing the greenhouses to continue to operate. Traceback surveys of other "at risk" facilities showed no further infestation.

European Wood Wasp

This pest appeared in six locations in Southern Ontario in 2005–06 — its first reported presence in Canada. As of March 31, 2006, neither the United States Department of Agriculture (USDA) nor the CFIA had any regulations in place for controlling the European Wood Wasp. More work to assess the risk posed by this pest began in 2005, the results of which will be reported in 2006–07.

The target for these programs is to keep pests and diseases from spreading beyond quarantine zones or restricted areas, with no increase in the size of these areas due to human activity. The CFIA cannot control the natural spread of pests and diseases — e.g., spread caused by wind or the movement of wildlife. However, the Agency can limit spread resulting from human activity, including the movement of material such as logs, firewood or nursery stock from an infected area to a non-infected area.

The CFIA has had success in controlling the spread and eradicating three of the five plant pests and diseases that were the focus of the Agency in 2005–06, thus meeting the established target in those three cases. Efforts in relation to the remaining two pests have not yet resulted in a decrease in the regulated areas for those pests.

Special Initiative: **Development of Invasive Alien Species Action Plans**

Working with Environment Canada (EC), the CFIA is committed to the development and implementation of Invasive Alien Species (IAS) Action Plans, to enhance Canada's capacity to prevent the entry of injurious plant pests into the country from abroad. In 2005–06, the Agency continued its progress toward the implementation of these action plans, in particular, the Action Plan for Invasive Alien Terrestrial Plants and Plant Pests.

In partnership with the Ontario Ministry of Agriculture, Food and Rural Affairs, the CFIA co-chaired a federal/provincial/territorial working group on IAS and led the development and implementation of this action plan, which closely reflects the concerns and priorities of the CFIA with respect to protecting Canada's crops and forests. The implementation of this action plan requires the combined efforts of a number of CFIA's federal, provincial and municipal partners, including AAFC, which is involved in the development of IAS management strategies and NRCan's CFS provides scientific expertise to minimize the impact of IAS on the biodiversity and sustainability of Canada's forests.

Implementation commenced in 2005–06 with the establishment of a new IAS section within CFIA which is responsible for the Agency's component of the Action Plan for Invasive Alien Terrestrial Plants and Plant Pests. In addition, strategic investments were made to enhance the Agency's scientific capacity in inspection, identification, surveillance and pest risk analysis.

Details on the Agency's efforts to control and eradicate these pests and diseases are outlined below.

- Surveys indicate that Potato Wart (PW) did not spread outside its quarantined area of central Prince Edward Island in 2005–06.
- In 2005–06, efforts to control the spread of Asian Long-horned Beetle (ALHB) have been successful. Although continued pest-mitigation activities are required in the Toronto area where it had established itself, the program to eradicate ALHB shows promise.
- The Emerald Ash Borer (EAB) is a devastating pest that infects ash trees. Unfortunately, EAB has established itself in Chatham-Kent, Essex, Lambton and Elgin counties in Southwestern Ontario. Although the CFIA focused on carrying out expanded surveys to track the presence of the pest and establish quarantine zones to control it, the Agency did not achieve the target of no increase in the size of the regulated areas with respect to this pest.
- In April 2004, the Agency began a seven-year program (developed with the provinces and industry) to eradicate Plum Pox Virus (PPV). The program involves sampling, testing and removing trees where necessary and has succeeded in suppressing the disease in the Niagara region of Ontario, and nearly eradicating it in other parts of the province and in Nova Scotia. For 2005–06, the CFIA met its target, as there was no increase in the size of the areas regulated for this pest.
- In 2005–06, the Agency proposed and implemented a Brown Spruce Longhorn Beetle (BSLB) management plan for the Halifax area where the pest had established itself, calling for a transition from eradication to quarantine control management. Survey results indicate difficulties in achieving eradication within the regulated area and the Agency continues to promote the development of additional management tools and detection methods jointly with the Canadian Forest Service (CFS) and Natural Resources Canada (NRCan) for the longer-term management of BSLB.

More detailed reports of each survey, including maps of survey locations and findings, are posted on the CFIA's Plant Pest Surveillance Web page.[23]

[23] For further information, see www.inspection.gc.ca/english/sci/surv/surve.shtml.

Strategy: Emergency response to new pests and diseases

Expected result: Entry and domestic spread of regulated plant diseases and pests are controlled

In March 2004, the USDA notified the CFIA about the possible introduction of *Phytophthora ranorum*, into Canada. *Phytophthora ranorum* is the pathogen that causes Sudden Oak Death (SOD) which affects at least 58 types of plants. In response, the CFIA carried out an emergency survey, in conjunction with provincial and municipal authorities, to locate suspect imported material into British Columbia and took steps to eradicate the disease at each of the sites where it was detected. More infested sites were identified in 2005–06, and efforts have focused on eradicating the disease at these sites and on monitoring for further signs of the disease.

Traditional detection of SOD involved visual inspection of plant leaves, increasing the risk that infected plant material could enter into Canada if it was dormant (i.e., without leaves) at the time of inspection. In 2005–06, CFIA laboratories validated a faster, more efficient pre-screening process which allows for better detection of SOD at production facilities and retail locations, thus facilitating trade while protecting Canada's crops and forests from this injurious disease.

In June 2004, Chrysanthemum White Rust (CWR) was found in a single greenhouse in British Columbia. An action plan was implemented and the disease was eradicated. In 2005–06, CWR again appeared at two sites in British Columbia and one in Ontario. The CFIA activated CWR Eradication Protocol, and subsequently found no further infestations.

Strategy: Inspection activities for fertilizers

Expected result: Industry complies with federal acts and regulations

The Agency verifies that fertilizer and supplement products either sold in Canada or imported into this country meet the standards set for them in the *Fertilizers Act* and *Regulations*. These products are also sampled to test their efficacy and to confirm that product guarantees are met and that contamination does not exceed set maximums.

Bulk-Blend Fertilizer Monitoring

The Agency monitors 1,188 bulk-blend fertilizer facilities across Canada from which it tests samples of fertilizer products to confirm label guarantees that levels of nitrogen, phosphorus and/or potassium fall within regulatory tolerances for efficacy. The target for this monitoring program is 95% compliance. In 2005–06, CFIA inspections found that 82% of samples were in compliance.

Compliance rates have remained stagnant over the past five years. In the past, the CFIA has tried various approaches to improving compliance, such as issuing warning letters and conducting follow-up inspections of the blending facilities to improve compliance. The most recent efforts focused on blending facilities with a history of non-compliant products in an effort to increase these facilities' awareness of the compliance problem and take further regulatory action if required. The Agency also consults with the industry on the issue of non-compliance and possible solutions to the problem. The CFIA and the fertilizer industry are also working to increase compliance through the implementation of a permanent consultative body where issues of this nature can be discussed and steps taken to correct them.

Pathogen, Heavy Metal and Pesticide Contamination Testing

The Agency also tested fertilizer and supplement products for pathogen, heavy metal and pesticide contamination. These monitoring programs help to ensure the safety of fertilizer and supplement products for plants, animals, humans and the environment. The target for these testing programs is a cumulative compliance rate of 95%. In 2005–06, CFIA inspections found that 96% of samples were in compliance, thus meeting the target.

Fertilizer-Pesticide Guarantee Monitoring

Pesticide guarantees in fertilizer-pesticide products are also monitored by the CFIA for their compliance with the tolerances set forth in the *Fertilizers Regulations*. In 2005–06, the Agency found that only 61% of the samples tested through monitoring and targeted testing were in compliance. The majority of non-compliant samples contained less than the amount of active pesticide ingredient indicated on the label and, as such, are considered non-compliant from an efficacy perspective. The CFIA has engaged the Pest Management Regulatory Agency and the fertilizer pesticide industry to help re-design the program with a view to rectifying any underlying problems contributing to the low rate of compliance prior to the 2007 season.

Strategy: Enforcement activities[24]

Expected result: Industry complies with federal acts and regulations

In 2005–06, under the criminal law authorities of the *Plant Protection Act* and the *Fertilizers Act*, the CFIA investigated 110 instances of non-compliance. Investigations from 2005–06 as well as those carried over from previous reporting periods resulted in no convictions and $2,500 in fines.

2.3.3b Program Sub-Activity: Protecting Canada's livestock

The CFIA helps to protect Canada's animal health status through two programs: Animal Health (under the authority of the *Health of Animals Act*) and Livestock Feeds (under the authority of the *Feeds Act*).

Strategy: Inspection activities for imported animals and animal products

Expected result: Entry and domestic spread of animal diseases are controlled

Under the *Health of Animals Act*, anyone having the care or control of an animal must report the presence or suspicion of a reportable disease to the CFIA. The *Reportable Diseases Regulations*[25] list these diseases. Under the Act, the Agency monitors, tests, inspects and orders quarantines so that regulated animal diseases can be prevented, controlled or eradicated. To encourage early reporting of suspected diseased animals, the CFIA administers a compensation program.

The compensation program is designed to encourage owners to report disease in their herds and flocks at the earliest signs, thereby preventing or reducing the spread of disease and assisting owners in rebuilding their herds. The control of animal disease is a shared responsibility of the owner, the industry, and the federal government. In addition to the human and animal health benefits of reporting disease in farm animals, public confidence in Canada's safe food supply is enhanced. Early reporting and control of any disease outbreak also helps Canada maintain its excellent international animal health status which bolsters Canadian exports of animals and animal products. For example, the Agency had compensated

Table 2.3.3b.1 — Financial Resources — *Protecting Canada's livestock*

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
52.9	59.4	71.1	12%

Source: SATURN.

[24] The term "enforcement activity" refers to the actions taken by the Agency through a prosecution or an administrative penalty, where applicable, to obtain compliance. Those actions include investigations of violations and offences, injunctions, and even prosecutions.

[25] For further information, see laws.justice.gc.ca/en/H-3.3/SOR-91-2/132116.html.

$2.7 million to owners whose herds were infected with bovine tuberculosis. In 2005–06, the CFIA paid livestock owners $5.1 million in compensation.

The CFIA reports annually to the World Organisation for Animal Health (OIE) on the status of animal diseases in Canada. The Agency belongs also belongs to the Canadian Animal Health Network (CAHNet), which links partners involved in monitoring animal diseases within Canada. While the CFIA can provide information on all OIE diseases that are reportable in Canada, it relies on the provinces and other CAHNet partners for information on the remaining OIE notifiable diseases.

Import Controls and Risk Evaluations

To control the entry of regulated diseases, the CFIA, along with its partners, including the CBSA and the Canadian Wildlife Service (CWS), regulates the entry of all imported animals and animal products. The Agency also carries out scientific risk evaluations, which guide its import policies. The CFIA evaluates the risks relating to both the commodity being imported and the disease status of the country from which the product originates. These evaluations provide objective information to support regulatory decisions as well as any decisions to impose import controls against other countries.

Economic value of trade in animals and animal products to Canada (2005)

Total imports:	$774 million
Total exports:	$2.45 billion

Source: World Trade Atlas, Statistics Canada.

The Agency's target is to keep any new regulated animal diseases from entering the country. To do so, the CFIA works in partnership with the CBSA, which is responsible for carrying out inspections and enforcing CFIA's import policies and standards at points of entry into Canada. Although it is not possible to say with scientific certainty that the CFIA's and its partners' controls (such as surveillance and eradication activities) and risk evaluations prevented any new disease from entering Canada, there is no evidence at this time that any new foreign animal disease entered Canada during the last fiscal year.

Strategy: Surveys, movement control and eradication activities

Expected result: Entry and domestic spread of regulated animal diseases are controlled

Despite the best efforts of the CFIA, foreign animal diseases occasionally do enter into Canada. In such cases, the Agency focuses on regulated diseases in livestock through control programs designed to prevent or mitigate the effects of disease outbreaks. The target for these control programs is to have no increase in the proportion of domestic animals with regulated animal diseases found in Canadian herds or flocks.

Special Initiative: **Development of the National Aquatic Animal Health Program**

The National Aquatic Animal Health Program (NAAHP) is a comprehensive science-based regulatory program to protect aquatic animal resources from infectious diseases that could significantly impact aquatic animal health, as well as access to domestic and international markets. Modelled after the CFIA's well-established program for terrestrial animal health, the NAAHP involves surveillance and disease control activities, diagnostic testing, research and animal welfare. The program is co-delivered by the CFIA and the Department of Fisheries and Oceans Canada (DFO), with the CFIA providing the program authority under the *Health of Animals Act* and delivering the operational activities associated with the aquacultured sector, while DFO conducts surveillance and monitoring of wild aquatic animal stocks and delivers and oversees diagnostic research and science responsibilities associated with the NAAHP.

Funding for the program was received in November 2005. A new Aquatic Animal Health Division was established within the CFIA and program governance was established with the creation of a steering committee which involves both the CFIA and DFO, as well as provincial governments, aboriginal communities, aquaculture and commercial fishing industries and representatives of the Canadian Veterinary Medical Association.

Three examples of CFIA's ongoing animal disease control programs are those for Chronic Wasting Disease (CWD), bovine tuberculosis (TB) and Scrapie. Each of these diseases has a long incubation period (between one year and a lifetime for the host animal), which necessitates constant vigilance and active surveillance programs to control these diseases and to protect herds.

(The CFIA's programs for controlling animal diseases that can be transmitted to humans — e.g., rabies, AI and BSE — are discussed in Section 2.3.1b.)

Transmissible spongiform encephalopathies (TSEs) comprise a group of fatal diseases which includes BSE, Scrapie and CWD. The detection method currently recognized as the most sensitive is both time- and labour-intensive. In 2005–06, CFIA scientists investigated the use of an in vitro procedure to detect small amounts of abnormal prion protein in the tissues and body fluids of infected animals. The study established the in vitro procedure is a vast improvement over the previous method, both in timeliness and in resource requirements. The new method can also be used for further research to bridge knowledge gaps related to TSEs.

Chronic Wasting Disease (CWD)

Chronic Wasting Disease (CWD) is a transmissible spongiform encephalopathy (TSE) that affects deer and elk. First discovered in Canada in farmed elk, CWD has since been controlled in farmed elk and deer. Only one out of 46,937 animals has tested positive for the disease in the last three years as a result of targeted testing, with none testing positive in 2005–06. Thus, the target for this program was met. These data indicate that the eradication program has controlled the spread of the disease in farmed animals. However, sampling and testing programs indicate that CWD is still present in wild deer and elk. Given CWD's long incubation period, surveillance and testing of farmed animals will continue to determine whether or not the disease has spread from wild to farmed animals.

Bovine Tuberculosis (TB)

Bovine tuberculosis (TB) is a bacterial disease that can be latent in animals for several years, then re-emerge to cause disease. For that reason, years of careful surveillance by veterinary inspectors in slaughterhouses is required before a country can declare itself free of this disease. This year, there was a slight increase in the proportion of bovine TB-infected animals in Canada, as eight cases of the disease were confirmed through monitoring at routine slaughter inspection in Southern Ontario. Surveillance determined that there were two farms exposed to bovine TB-infected animals and both were depopulated. However, most of Canada is considered free of bovine TB by international standards and the occasional finding is expected in the last stages of the eradication process. It is important to note that none of the infected carcasses entered the food chain and there was no risk to human health.

Scrapie

Scrapie is a TSE (see box opposite) that affects sheep and goats. The CFIA's control program requires that all animals exposed to the disease must be destroyed and prevented from entering the food chain. In 2005, the CFIA identified and destroyed 1,217 animals from four different flocks due to scrapie, up from 441 animals destroyed from a single flock in 2004. While more scrapie-infected animals than expected were identified, the increase in the number of incidences of the disease from 2004 was expected, as the CFIA recently undertook active surveillance for the disease, which will continue.

Strategy: Inspection activities for (livestock) feed

Expected result: Industry complies with federal acts and regulations

Key program associated with the priority of protecting Canada's livestock is related to monitoring the feed industry's compliance with federal acts and regulations.

Under the authority of the federal *Feeds Act* and the *Health of Animals Act* and their respective regulations, the CFIA administers a national livestock feed program to confirm that livestock feeds — either manufactured and sold in Canada or imported into this country — are safe, effective and labelled appropriately. Effective feeds contribute to producing and maintaining healthy livestock.

The CFIA carries out inspections of feed mills, rendering facilities and on farm feed mixers to assess the extent to which feed products are in compliance with federal regulations. Feed product tests are conducted through various inspection programs, including the traditional feed inspection system (which analyzes feed products for

Table 2.3.3b.2 — Compliance on a facility-by-facility basis

	Target	Compliance Rate
Feed Mills Percentage of mills that are compliant (without major deviations)*	≥ 95%	96%
Feed Renderer Percentage of feed renderers that are compliant (without major deviations)	≥ 93%	93%

* Major deviations include situations where there is a lack of required procedures, a use of inappropriate procedures, a lack of records, or inaccurate product labelling which may give rise to the potential exposure of ruminants to prohibited animal proteins.

Source: Multi-Commodity Activities Program.

chemical contamination, drug residue, heavy metals and salmonella), testing of guidelines controlling the consumption and production of medicated feed, and inspection related to controlling the feeding of mammalian proteins to ruminant animals (i.e., the 1997 Feed Ban).

Traditional Inspections

In 2005–06, traditional inspections found that 93% of the feed products tested complied with applicable regulations. Instances of non-compliance were addressed with follow-up activities.

Medicated Feeds

Inspections of medicated feeds found that 80% of products tested complied with the guidelines. This is consistent with the historical average of 79% compliance. Compliance with the medicated feed guidelines is generally lower than with traditional inspections because the nature of medicated feeds requires that they be tested against newly introduced voluntary guidelines (not regulatory requirements). Non-compliance for medicated feeds can represent either a major or a minor issue. Non-compliance with the medicated feed guidelines does not automatically constitute an immediate or direct risk to animal or human health and safety. However, all instances of non-compliance are addressed through follow-up activities, and major variances from the standards are dealt with on a priority basis.

Feed Ban Inspections

In 1997, as part of a series of preventative measures to mitigate the spread of BSE in the Canadian herd, regulations were introduced for the rendering, feed production and distribution sectors. Referred to as the "Feed Ban," — these regulations prohibit feeding most mammalian proteins to ruminant animals, such as cattle, sheep and goats. The ban requires rendering facilities,[26] feed manufacturers, feed retailers and livestock producers to follow and document production and feeding procedures to prevent the inclusion of prohibited materials (mammalian proteins) in feed and feed ingredients intended for ruminant animals, such as cattle sheep and goats.

Ensuring that feed for these animals is free from prohibited mammalian proteins is a critical step in reducing the risk that new cases of BSE will occur. The CFIA conducts inspections at commercial and on-farm feed manufacturers, rendering facilities and retail outlets to verify compliance with the *Health of Animals Regulations*, with respect to the Feed Ban. When instances of non-compliance are identified, CFIA inspectors set out timeframes for corrective actions, based on health and safety considerations, after which they return to verify that the issue has been appropriately addressed.

In 2005, the CFIA received additional funding to increase inspection and enforcement activities associated with the ban and to work toward implementing enhancements to the existing feed ban proposed by the CFIA in December 2004. Throughout 2005–06, additional inspection staff have been recruited, trained and deployed to augment feed ban-related programs. In 2005–06, the CFIA increased the number of feed inspection staff from approximately 70 to 185, an increase of

[26] Renderers recycle dead animals, fat and meat waste into protein supplements to be fed to pets and livestock, as well as into other products, such as cosmetics and gelatine.

115 FTEs. Across the country, 85 feed mills were subjected to two inspections during the fiscal year as a result of availability of additional inspection resources. Additionally, the CFIA is in the process of developing a documented training and assessment program for inspection and licensing activities related to facility inspections for operational staff.

Industry compliance with these regulations in relation to the targets set by the CFIA is presented in Table 2.3.3b.2 above. Compliance rates for inspections performed at commercial feed mills and rendering establishments are reported because these facilities represent a higher risk in terms of potential contamination of non-prohibited material or ruminant feed with contaminated material.

The 2005–06 feed ban compliance data shows high levels of compliance. Targets were met for both the feed mill and rendering industries. The additional resources, training and efforts invested during the past year, coupled with experience gained from BSE case investigations, will enhance CFIA's oversight of feed manufacturing facilities in Canada, which will assist in reducing the risk related to transmission through the animal feed chain.

Strategy: Enforcement activities[27]

Expected result: Industry complies with federal acts and regulations

In 2005–06, under the criminal law authorities of the *Health of Animals Act* and the *Feeds Act*, the CFIA investigated 875 instances of non-compliance. Investigations from 2005–06 as well as those carried over from previous reporting periods resulted in one conviction and $90,000 in fines.

2.3.3c Program Sub-Activity: Assessing agricultural products

This sub-activity focuses on assessing and approving new agricultural products to determine whether or not they meet standards set by federal acts and regulations.

Strategy: Assess the efficacy and safety of new agricultural products

Expected result: Agricultural products meet the requirements of federal acts and regulations

The CFIA assesses and approves new feeds, fertilizers and supplements. The CFIA also monitors the release of proposed new products for research purposes.

Feeds

The *Feeds Act* and *Regulations* require pre-market approval of all new ingredients in livestock feeds and registration of specialty mixed feeds. In the case of both fertilizers and feeds, products are approved only if the review has determined that they pose minimal risk of adversely affecting the environment, animals, plants or humans. In 2005–06, the CFIA received and completed reviews of 466 submissions requesting approval for new products. Of these, 430 (92%) met legislative requirements and were approved. It should be noted that this is not a reflection of the Agency's performance, but that of the applicants. No data are available on the effectiveness and results relating to post-licensing activities.

Fertilizer-Supplements

The CFIA samples biotechnology-derived fertilizer-supplement products from both retail and manufacturing outlets to help ensure that the products have the appropriate amount of viable cells in accordance with the guarantee. The Agency's target for compliance is

Table 2.3.3c.1 — Financial Resources — *Assessing agricultural products*

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
11.2	8.6	10.3	2%

Source: SATURN.

[27] The term "enforcement activity" refers to the actions taken by the Agency through a prosecution or an administrative penalty, where applicable, to obtain compliance. Those actions include investigations of violations and offences, injunctions, and even prosecutions.

95%. In 2005–06, the compliance rate for fertilizer-supplement products of biotechnology was 92%. The CFIA is engaged in a pilot project which has resulted in the creation of a permanent consultative body known as the Canadian Fertilizer Products Forum (CFPF). With the creation of the CFPF, the Agency will be better able to work with industry to promote improved compliance.

Strategy: Regulate plants with novel traits, novel supplements, novel livestock feeds and veterinary biologics

Expected result: Agricultural products meet the requirements of federal acts and regulations

Products created using biotechnology include feeds, fertilizer-supplements and products designed to diagnose, prevent or treat animal diseases (veterinary biologics) as well as plants and seeds with "novel" traits. Novel traits are traits that result from various plant-breeding techniques such as genetic engineering, the production of mutations or conventional cross-breeding. With respect to products of biotechnology, the CFIA is engaged in inspection, testing and monitoring, verification, compliance and enforcement activities.

Approval of Plants With Novel Traits (PNTs) and Inspection of Confined Field Trials

The CFIA is responsible for regulating plants with novel traits (PNTs) that are imported or released into the natural environment. The confined field trial programs allows PNT developers to conduct research on their products and to determine how they behave in the environment, while allowing the CFIA to establish that the material is being adequately controlled and confined. The CFIA sets specific terms and conditions for conducting these trials. The 90% target compliance rate for monitoring confined field trials was exceeded in 2005–06, with 94% of trials complying with CFIA requirements. Compliance problems identified by the Agency were all addressed and did not pose any environmental or safety concerns.

In addition to assessing and inspecting confined field trials of PNTs, the CFIA assessed and approved PNTs before they could be released into the environment and subsequently be commercialized and grown in Canada. In 2005–06, the CFIA approved five new PNTs for unconfined environmental release, bringing the total as of March 31, 2006 to 49.

Licensing Veterinary Biologics

The CFIA is responsible for licensing and regulating veterinary biologics in Canada. These include animal health products such as vaccines, antibody products and diagnostic tests. This licensing program is central to Canada's national animal health program, which strives to protect the health of Canadian citizens, their domestic pets and animals used for food.

To meet Canadian licensing requirements, veterinary biologics must be shown to be pure, potent, safe and effective when used in accordance to the manufacturer's label recommendations.

No data are available on the effectiveness and results relating to post-licensing activities such as inspections of manufacturing plants.

"Veterinary biologics" are products designed to diagnose, prevent or treat animal diseases in a variety of animals, including farm animals, household pets, poultry, and fish, both domestic and wild. Most biologics leave no chemical residues in animals, unlike some pharmaceutical products. Furthermore, most disease organisms do not develop a resistance to the immune response produced by a veterinary biologic. In recent years, the animal health products industry has increasingly been relying on veterinary biologics to prevent and diagnose disease.

Canadian Regulatory System for Biotechnology

Since 2003–04, the CFIA has received $11.1 million annually to implement the Canadian Regulatory System for Biotechnology (CRSB), as part of a broader government initiative. The CRSB aims to develop an efficient, credible and well-respected regulatory system that safeguards the health of all Canadians and the environment and that permits safe and effective products. The CFIA has implemented a comprehensive regulatory program for products of biotechnology, including PNTs, novel feeds and feed ingredients and veterinary biologics. This enhanced regulatory capacity has improved the consistency between the government's regulatory requirements and those of domestic and recognized international standards. Furthermore, a strengthened research capacity has allowed the CFIA to undertake new scientific studies in relevant areas such as molecular biology and crop biology.

An improved approach to transparency and a more comprehensive and consultative framework has provided Canadians with the ability to provide input into the regulatory process for food and agricultural products of biotechnology and to learn about the many roles of the CFIA in this evolving field.[28] Additionally, an extensive interdepartmental survey and evaluation of the CRSB program was initiated in 2005–06 to assess the CRSB fund's performance and to collect information to support evidence-based decision-making. Final results will be reported in 2006–07.

For additional information on CRSB, please refer to the TBS Canadian Biotechnology Strategy website.[29]

[28] For further information, see www.inspection.gc.ca/english/sci/biotech/offbure.shtml.
[29] For further information, see www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/cbs-scb/2005–06_e.asp.

2.3.4 Strategic Outcome: Security from deliberate threats to Canada's food supply and agricultural resource base*

Table 2.3.4.1 — Financial Resources

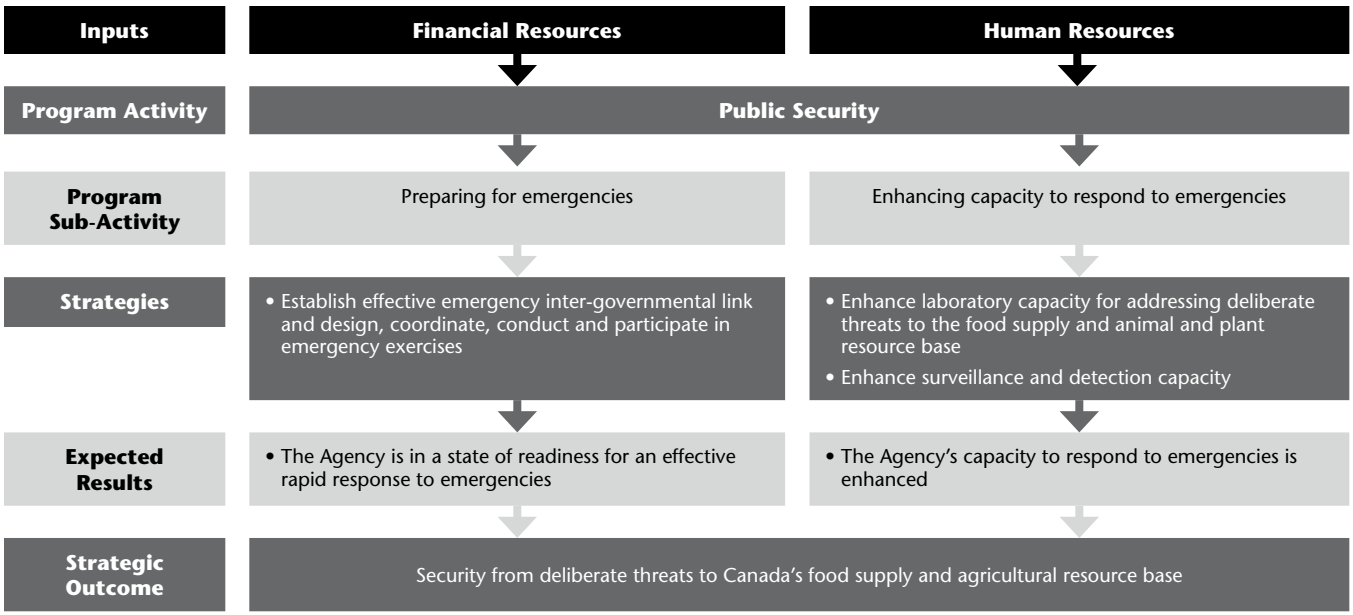
Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
25.6	31.3	25.2	4%[30]

Source: SATURN.

Table 2.3.4.2 — Human Resources

Planned (FTEs)	Authorities (FTEs)	Actual (FTEs)	Proportion of Actual Agency FTEs
197	197	168	3%

Source: Salary Management System.



Results achieved: In 2005–06, the Agency fell short of its performance target established under this Strategic Outcome, the implementation of the National Emergency Response System (NERS), because its resources were shifted to manage unexpected emergencies that occurred throughout the year. However, the CFIA was committed to achieving the NERS target by implementing outstanding aspects of the system in 2006–07. This target was met as of June 2006. Additionally, the CFIA has implemented several initiatives to prepare for and respond to deliberate threats to Canada's food supply and agricultural resource base, such as enhancing surveillance and early detection activities. The Agency is also currently developing additional targets to measure its performance, which will assist in reflecting a more complete and accurate performance story under this Strategic Outcome in future years.

* *(unaudited)* — Data for this strategic outcome generally came from manual information management systems. While a quality assurance process is used to validate this information, at present a lower level of assurance can be placed on information from manual sources.

[30] The sum of the sub-activities' proportion of actual Agency spending does not match the proportion of actual Agency spending for the Strategic Outcome because of rounding to the nearest percentage point.

The Government of Canada is committed to protecting Canadians from deliberate threats to their safety. Chemical and biological threats to humans can occur through the deliberate contamination of the environment or of food and water. Threats to Canada's animal and plant resource base may occur through the deliberate introduction of significant plant pests or foreign animal diseases. Under the *Emergency Preparedness Act*, the CFIA is mandated to prepare for, and respond to, emergencies involving food safety, animal health, plant health and any other situation related to the Agency's programs. The CFIA's emergency preparedness program focuses on strategies that help the Agency and its partners reach a state of readiness to promote an effective and rapid response to food safety, animal or plant health emergencies, including deliberate threats.

The strategies associated with this Strategic Outcome are all related to activities carried out under the Government of Canada's Public Security and Anti-Terrorism (PSAT) initiative. PSAT is the framework through which the CFIA and other federal departments and agencies receive special funding for activities related to national security. PSAT activities are part of Canada's National Security Policy, which was developed in 2003 in response to the new security environment triggered by the events of September 11, 2001.

To achieve this Strategic Outcome, the CFIA works in collaboration with a number of partners, including Public Safety and Emergency Preparedness Canada (PSEPC), the Public Health Agency of Canada (PHAC) and provincial and territorial governments as well as municipalities and law enforcement authorities.

The Agency spent approximately 4% of its budget on achieving this Strategic Outcome in 2005–06.

2.3.4a Program Sub-Activity: Preparing for emergencies

This section provides information on what the Agency has done to prepare for emergencies and to refine its responses to them. However, the true level of preparedness can only be known when an emergency occurs. In the interim, the CFIA continues to prepare emergency response plans and participate in or lead emergency response exercises. These exercises give the Agency the opportunity to test, assess and refine its approaches, as necessary.

Of the $25.2 million the Agency spent to achieve this Strategic Outcome, approximately $4 million was devoted to preparing for emergencies.[31]

Strategy: Establish effective emergency intergovernmental links and design, coordinate, conduct and participate in emergency exercises

Expected result: The Agency is in a state of readiness for an effective, rapid response to emergencies

Responding to an emergency is a complicated process involving many partners. Launching an effective, integrated response to agricultural and food safety emergencies requires that all players involved understand their respective roles and responsibilities, and that information for making decisions flows quickly among them. Numerous federal departments, provinces, territories, municipal authorities as well as the United States government and others, play key roles in responding to an emergency. Therefore, effective intergovernmental links must be established.

In 2005–06, the CFIA participated in the Trilateral Cooperation's new Emergency Preparedness and Response Working Group, whose purpose is to enhance

Table 2.3.4a.1 — Financial Resources — *Preparing for emergencies*

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
1.6	5.5	4.4	1%

Source: SATURN.

[31] These funds are dedicated to preparing for emergencies and do not reflect the spending for actual emergency response controlling avian influenza, BSE, etc.

the ability to respond to emergencies, including those for food which may affect more than one participating country (Canada, the United States and Mexico). The group's workplan supported the objectives of the Security and Prosperity Partnership of North America. The Agency also participated in a number of exercises designed to test responses to both deliberate threats and animal disease outbreaks. Three such exercises are highlighted below.

"Food Alert 2006" — This exercise was a Public Security and Anti-Terrorism (PSAT) exercise for the CFIA in coordination with federal partners for food safety emergency management. The exercise provided the opportunity to test and improve the Agency's food safety emergency communications capacity and to ensure that the Public Affairs Emergency Communications Action Plan was coordinated with the Agency's new emergency response plan. The After Action Report, which will record major observations and lessons learned from this exercise, is currently under development.

"Hot Nosh" — The Canadian Supply Chain Food Safety Coalition (CSCFSC) Emergency Preparedness Workshop consisted of an intensive one-day session of presentations and an exercise that required various elements of the food supply chain to respond to a serious terrorist incident. The overall objectives of the exercise were to raise awareness of the need for joint responses to emergencies, to familiarize participants with plans and arrangements, to provide an understanding of roles and responsibilities and to address government/media/public interaction. The analysis of the exercise has been captured in a final report.

"KT" — This Trilateral Cooperation tabletop exercise was designed to test communications and information sharing among Emergency Preparedness and Response Working Group members in the event of a food and drug emergency. Both the CFIA and Health Canada participated on behalf of Canada. The Working Group will use the exercise feedback to enhance its trilateral Emergency Alert procedure and to identify other initiatives it might undertake.

The Agency's target for preparing for emergencies is to have implemented all CFIA-related aspects of Public Safety and Emergency Preparedness Canada's National Emergency Response System (NERS). This was not completed in 2005–06. While a CFIA Emergency Response Plan was drafted, its implementation was delayed due to the redirection of resources necessary to respond to the BSE and AI emergencies in a timely and effective manner. However, the CFIA implemented outstanding aspects of the CFIA Emergency Response Plan, including the training and exercising associated with it, in June 2006.

Special Initiative: **Foreign Animal Disease Emergency Support (FADES) agreements with the provinces and territories**

The control and eradication of a foreign animal disease outbreak requires the joint efforts of CFIA, AAFC, PSEPC, PHAC and HC, as well as provincial emergency management and health ministries, municipal governments, law enforcement authorities, industry associations, and professional and non-governmental organizations. FADES Plans outline the emergency coordination arrangements and roles of federal and provincial organizations in the event of a foreign animal disease outbreak. These plans are intended to ensure that all relevant federal and provincial bodies and private organizations understand their respective roles in controlling and eradicating foreign animal disease when an outbreak occurs.

The CFIA has developed and delivered the finalized template for FADES Plans, which are being used to negotiate specific agreements with the provinces and territories. Recognizing the varied legislative authorities present across Canada, individual FADES plans are developed for each province and territory. As of March 31, 2006, the province of Ontario had signed its FADES agreement. In 2005–06, British Columbia, Québec, New Brunswick, Prince Edward Island, and Newfoundland and Labrador all signed letters of intent, indicating their commitment to FADES agreements once finalized.

2.3.4b Program Sub-Activity: Enhancing capacity to respond to emergencies

In addition to preparing for emergencies through joint exercises, the Agency plays a significant role in emergency response to deliberate threats. The CFIA's front-line investigation and scientific expertise and its considerable, widely-dispersed laboratory system have enhanced its capacity for testing for potential contaminants.

Of the $25.2 million the Agency spent to achieve this Strategic Outcome, approximately $21 million was devoted to enhancing the CFIA's capacity to respond to emergencies.[32]

Strategy: Enhance laboratory capacity for addressing deliberate threats to the food supply and animal and plant resource base

Expected result: The Agency's capacity to respond to emergencies is enhanced

In 2005–06, the CFIA continued to expand the capacity of its laboratories to deal with deliberate threats to the food supply and to plant and animal resources. Improvements include the enhancement of biosecurity measures and procedures, greater laboratory capacity and the enhancement of laboratory infrastructure.

Under PSAT, the CFIA developed guidelines and standards for the containment of plant and animal pathogens. In addition, new and faster test methodologies for microbial food contaminants were developed. The CFIA has also worked with federal, provincial and international partners to enhance its animal health diagnostic network. Laboratory emergency response capacity was enhanced during 2005–06 through funding equipment and infrastructure upgrades at CFIA laboratories across the country.

Special Initiative: **Implement Chemical, Biological, Radiological and Nuclear Research and Technology Initiative projects**

The Chemical, Biological, Radiological and Nuclear (CBRN) Research and Technology Initiative (CRTI) is a national initiative administered by the Department of National Defence (DND). Its key mandate is to strengthen Canada's preparedness for, prevention of, and response to a CBRN terrorist attack. An important activity was to create clusters of federal and other government laboratories that can help in responding to a potential terrorist attack.

In 2005–06, Agency officials continued to work on the CRTI laboratory clusters. The clusters focus on the joint needs of federal scientific laboratories and on the operational community with respect to addressing potential CBRN terrorist attacks. Through the clusters, representatives from federal departments and laboratories share their ideas, knowledge, experience and resources, and discuss challenges and solutions.

Under CRTI, the Agency also developed rapid, highly sensitive diagnostic tests for use during emergency responses to outbreaks of high-threat animal viruses, including AI, which could be introduced into this country and transmitted to livestock, wildlife and, in some cases, to humans. The project, which began in 2003, was completed in March 2006 and builds capacity in Canada for early detection of these diseases.

Through its involvement in CRTI-related activities, the CFIA has strengthened its linkages with emergency response partners and enhanced its readiness to respond to terrorist attacks.

Table 2.3.4b.1 — Financial Resources — *Enhancing capacity to respond to emergencies*

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
24.0	25.8	20.8	4%

Source: SATURN.

[32] These funds are dedicated to enhancing capacity to respond to emergencies and do not reflect the spending for actual emergency response controlling avian influenza, BSE, etc.

Strategy: Enhance surveillance and detection capacity

Expected result: The Agency's capacity to respond to emergencies is enhanced

The PSAT funding for surveillance and early detection activities supplements the Agency's regular funding for monitoring food, animal and plant commodities. For example, in 2005–06, the CFIA enhanced its capacity to conduct establishment inspections and expanded the national livestock identification system.

The Agency has also upgraded its Emergency Operations Centres in Ottawa, the Atlantic, Québec, Ontario and Western areas with enhanced technical equipment and informatics systems to substantially improve its ability to coordinate national response to emergencies that affect the Agency's mandate. To ensure business continuity in the event that the primary National Emergency Operations Centre becomes incapacitated, or if the CFIA is required to deal with multiple national-level emergencies at once, a secondary National Emergency Operations Centre was constructed at the CFIA's Ottawa Laboratory at Fallowfield.

3. SUPPLEMENTARY INFORMATION

3.1 Organizational Information*

The CFIA is mandated to safeguard Canada's food supply and the plants and animals on which safe and high-quality food depends. To carry out this mandate, the Agency has almost 5,700 dedicated full-time equivalents working across Canada to regulate food safety, animal health and plant protection.

The CFIA is headed by a President, who is the Chief Executive Officer of the Agency. He supervises and directs Agency work and staff. The President reports to the Minister of Agriculture and Agri-Food Canada (AAFC). An Executive Vice-President supports the President in his role.

There are two Vice-Presidents (VPs) who are responsible for the delivery of the Agency's programs. The VP Science Branch supports the CFIA's business objectives through laboratory science, risk assessment, technology development and research. The VP Operations is responsible for administering and enforcing the Agency's various acts and regulations. A third VP, the VP Programs, manages program policy and design and supports the operational delivery of the Agency's programs.

Two other VPs, three Executive Directors, a Branch Head and a Chief Veterinary Officer provide policy and corporate support for the delivery of the Agency's mandate. They cover functions such as policy development and program design, human resources, corporate services, emergency preparedness, legal services, parliamentary and regulatory coordination, international affairs, corporate planning, reporting and accountability, and public affairs.

3.2 Sound Agency Management*

The Agency's fifth Strategic Outcome is sound agency management. Any results related to this Strategic Outcome support the overall achievement of the Agency's mandate. Effective, cost-efficient and risk-based internal management is key in contributing to the achievement of all the Agency's goals. Therefore, because of the supportive nature of this Strategic Outcome, a discussion of related activities is presented separately from the performance information in Section 2.3 — Performance by Strategic Outcome. For that same reason, financial and human resources attributable to sound agency management have been allocated among the Agency's other Strategic Outcomes on a pro-rata basis.

The CFIA is committed to enhancing the effectiveness and efficiency of federal inspection and related services for food safety, animal health and plant protection. For the CFIA, this means a management focus on effective program delivery, responsible management and well-managed administration.

These priorities are in line with the Government of Canada's Management Accountability Framework (MAF) initiative, as required by TBS. MAF encourages management excellence and enhances oversight of management practices throughout the federal government. The framework itself consists of ten interconnected elements critical to management excellence. Using over 40 indicators, TBS assesses each department and agency on the implementation of MAF on an annual basis.[33]

The TB assessment of the CFIA concluded that the Agency had generally improved since the previous assessment. The CFIA was commended for improving in the areas of risk, capital assets, material management, real property, evaluation, TB submissions and planning.

Opportunities for improvement were noted in employment equity, horizontal initiatives and official languages, performance reporting and information management and information technology.

* *(unaudited)*

[33] For further information, please see www.tbs-sct.gc.ca/maf-crg/index_e.asp.

Given the Agency's status as a separate employer, TBS does not evaluate the CFIA on some of the indicators in MAF. However, the CFIA commissioned an independent assessment of the MAF indicators, including those not covered by TBS' review. This assessment determined that the CFIA had implemented most or all of the MAF requirements for just over half of the indicators and was continuously improving in those areas. The Agency's focus was drawn to areas for which there was a particular need for improvement: information and decision making, policy framework, performance review, project management and service delivery and user fees.

The CFIA views the ongoing implementation of MAF as a means to improve management processes so that the Agency's core mandate can be delivered in the most effective and efficient manner possible. The Agency is committed to meeting the expectations of MAF and has thus re-aligned its plans and priorities under this Strategic Outcome accordingly.

Key areas where the CFIA has worked towards sound agency management are discussed below.

PERFORMANCE INFORMATION

***Special initiative:* Continued implementation of the Performance Management Framework**

The Performance Management Framework (PMF) is a data entry, data extracting/warehousing and reporting tool that provides information to senior management on the Key Performance Indicators (KPI) of the Agency's core activities and programs. The existing performance information is currently being captured and reported on a quarterly basis.

In 2005–06, the CFIA continued to implement its PMF by refining its KPIs and expanding the core activities and programs encompassed by the PMF database tool. In addition, the performance metrics of the PMF database tool were realigned with the MRRS-workplanning tool and overall performance targets were identified and adopted for many of the Agency's regulatory and administrative activities. The CFIA will continue to develop and define the PMF tool in 2006–07 and will endeavour to continuously align data collection and business performance measurement activities, to enhance reporting, decision-making and overall sound agency management.

Central to the government's commitment to modernizing management practices is the promotion of a corporate and systematic approach to managing risk and its importance in the decision-making process. To assist in this, the Agency has identified a need for enhanced performance management information, which links planning to reporting on results and which is critical to overall sound agency management. In recent years, the CFIA has devoted much effort to strengthening its ability to measure its performance.

A SUSTAINABLE WORKFORCE

The CFIA recognizes that its success relies on the quality and ability of its employees and the sustainability of its workforce. To that end, the Agency strives toward an enabling work environment, i.e., one in which employees have the resources (whether tangible or otherwise) to do their jobs effectively. More specifically, such an environment is one that, among other things, offers adequate and timely training, promotes diversity and ensures that processes and practices are in place to resolve workplace issues.

The Agency has made progress toward achieving a representative workforce, i.e., one that reflects the makeup of Canada's workforce as a whole, as demonstrated by Table 3.2.1. The Agency's representation in three of the groups (women, aboriginal peoples and persons with disabilities) has remained stable over the last year and closely mirrors the Canadian workforce as a whole. In addition, much progress has been made in the representation of visible minorities, which increased by three percentage points over last year and by six percentage points over 2003–04. This is a result of the implementation of the Agency's Employment Equity Plan, the purpose of which was to narrow the gaps in representation.

A sustainable workforce allows the Agency to maintain the flexibility needed to respond to crises and changes in its priorities. Creating such a workforce requires balancing hiring new employees with normal attrition resulting from retirements, resignations and so on. The Agency works continuously to quickly identify human resource needs in terms of the number of employees required and their competencies.

Table 3.2.1 — Employment Equity Representation as a Percentage of CFIA Workforce

Identifiable Group	Percentage of CFIA Workforce as of March 31, 2006	Percentage of Labour Market Availability
Women	49.3%	47.3%
Aboriginal peoples	2.3%	2.6%
Persons with disabilities	4.8%	5.3%
Visible minorities	9.8%	12.6%

Source: Peoplesoft and Statistics Canada.

As of March 31, 2006, the Agency had experienced a workforce growth rate of approximately 5% over the previous year. For its part, the CFIA's scientific, professional and technical community grew by almost 4%.

STEWARDSHIP

Enhanced corporate stewardship and a commitment to sound financial planning and prudent controls are also essential components of sound agency management. Faced with limited resources and mounting demands for public engagement and accountability, modern managers must continually seek out innovative ways of delivering results for Canadians.

Special initiative: **Complete the Long-Term Capital Plan**

During 2005–06, the Agency completed its Long-Term Capital Plan (LTCP), which was approved by Treasury Board. This five-year plan applies to all types of capital assets, including buildings and equipment. The LTCP now serves as a foundation for the assessment and prioritization of investments across the Agency. A Strategic Investment Board now makes decisions on funding capital items. The Board uses the LTCP as its principal reference tool to ensure that the Agency can make the best use of its capital funds, not only when setting priorities for acquiring assets, but also when managing them throughout their life cycle.

In recent years, the Agency began to establish integrated asset management planning, including the consolidation of movable and fixed assets categories (e.g., real property, fleet, IM/IT and scientific equipment) and the definition of their specific linkages to corporate priorities. This has been accomplished through the development of a Long-Term Capital Plan, as discussed below.

Strengthened IM/IT capacity is essential to the achievement of the Agency's Strategic Outcomes in that modern systems and office tools provide more functionality and support for new software and hardware accessories, which leads to better communication with stakeholders at all levels of governments and throughout industry.

Special initiative: **Implement an action plan to develop information and processing capabilities to manage emergency situations**

Strengthened IM/IT capacity is a priority in the usual business of the CFIA, but becomes especially important in emergency situations, when the rapid, effective processing of information is critical to the management of the emergency. The CFIA has thus begun the implementation of an action plan to develop information and processing capabilities to manage such situations.

A number of areas for improvement were identified as a result of the "post-mortem" on the 2004 and 2005 AI incidents in British Columbia. In 2005–06, the Agency deployed an improved Critical Emergency Response System. It also instituted revised corporate support logistics for emergency procurement, information technology, front-line support, funding controls and access to emergency accommodation.

3.3 Financial Performance

3.3.1 Reporting on Parliamentary Appropriations*

Table 1 — Comparison of Planned to Actual Spending (including FTEs) ($ millions)

			2005–06			
	2003–04 Actual[1]	2004–05 Actual[1]	Main Estimates	Planned Spending[2]	Total Authorities[3]	Total Actuals
Food Safety and Public Health	228.7	262.2	261.1	298.6	346.0	341.5
Science and Regulation	98.8	155.9	112.9	111.3	128.8	82.4
Animal and Plant Resource Protection	119.6	105.5	89.2	99.7	116.1	139.0
Public Security	21.0	36.8	25.8	25.6	31.3	25.2
Total[4]	**468.1**	**560.4**	**489.0[5]**	**535.2**	**622.2[5,6]**	**588.1[6]**
Less: Non-respendable revenue	0.4	0.0	0.0	0.5	0.0	0.5
Plus: Cost of services received without charge[7]	43.3	44.8	N/A	47.0	N/A	63.4
Total Agency Spending	**511.0**	**605.2**	**489.0**	**581.7**	**622.3**	**651.0**
Full-Time Equivalents	**5,516**	**5,518**	**5,971**	**6,368**	**6,349**	**5,692**

1 The 2003–04 and 2004–05 Actual data has been restated to reflect the CFIA's current Program Activity Architecture (PAA) structure.

2 The "Planned Spending" column reflects the figures displayed in the 2005–06 Report on Plans and Priorities (RPP) for the Planned Spending 2005–06 year.

3 For the 2005–06 reporting cycle, the "Total Authorities" column refers to total spending authorities received during the fiscal year (i.e., through Main Estimates), as well as funding received from 2005–06 Governor General Special Warrants.

4 All figures are net of Respendable Revenues for the respective fiscal years ($59.6M in 2003–04; $55.0M in 2004–05; 50.0M for Main Estimates and Planned Spending and $58.4M for Total Authorities and Total Actuals in 2005–06).

5 Explanation of variance: The major items accounting for the increase of $133.2M between the 2005–06 Main Estimates ($489.0M) and the 2005–06 Total Authorities ($622.2M) are:
- Statutory Compensation ($8.0M)
- 2004–05 carry forward ($18.3M)
- Treasury Board submission approved and Treasury Board Secretariat (TBS) Adjustments ($48.4M for collective bargaining; $14.0M for Paylist Shortfalls; $34.9M for bovine spongiform encephalopathy (BSE); $5.2M for avian influenza (AI); $1.3M for National Aquatic Animal Health Program (NAAHP); $2.8M for Invasive Alien Species (IAS) and a reduction of $4.0M for Expenditure Review Committee Reductions).
- Increase in Employee Benefit Plans ($4.3M)

6 The variance ($34.1M) between Total Authorities ($622.2M) and Actuals ($588.1M) is attributable to lapsing funds in:
- Operating Expenditures and Contributions ($32.9M)
- Capital Expenditures ($1.2M)

7 Cost of services received without charge include accommodations provided by Public Works and Government Services Canada (PWGSC) at border crossings, airports and other government departments, the employer's share of employees' insurance premiums and expenditures paid by TBS (excluding revolving funds), Workers' Compensation coverage provided by Human Resources and Skills Development Canada, audit services provided by the Office of the Auditor General of Canada (OAG) and legal services provided by the Department of Justice Canada (see Table 4).

* *(unaudited)*

Table 2 — Resources by Program Activities ($ millions)

Program Activity	2005–06 Budgetary Operating	Capital	Contributions and other Transfer Payments	Total: Gross Budgetary Expenditures	Less: Respendable Revenue	Total: Net Budgetary Expenditures	Total
Food Safety and Public Health							
Main Estimates	287.8	1.0	0.1	288.9	27.8	261.1	261.1
Planned Spending	*325.3*	*1.0*	*0.1*	*326.4*	*27.8*	*298.6*	*298.6*
Total Authorities[1]	378.9	1.6	0.0	380.5	34.5	346.0	346.0
Actual Spending	*368.4*	*7.6*	*0.0*	*376.0*	*34.5*	*341.5*	*341.5*
Science and Regulation							
Main Estimates	118.2	7.0	0.0	125.2	12.3	112.9	112.9
Planned Spending	*116.6*	*7.0*	*0.0*	*123.6*	*12.3*	*111.3*	*111.3*
Total Authorities[1]	135.8	8.7	0.0	144.5	15.7	128.8	128.8
Actual Spending	*95.1*	*3.0*	*0.0*	*98.1*	*15.7*	*82.4*	*82.4*
Animal and Plant Resource Protection							
Main Estimates	95.8	1.5	1.6	98.9	9.7	89.2	89.2
Planned Spending	*105.9*	*1.9*	*1.6*	*109.4*	*9.7*	*99.7*	*99.7*
Total Authorities[1]	112.7	2.1	9.5	124.3	8.2	116.1	116.1
Actual Spending	*134.3*	*3.4*	*9.5*	*147.2*	*8.2*	*139.0*	*139.0*
Public Security							
Main Estimates	21.0	5.0	0.0	26.0	0.2	25.8	25.8
Planned Spending	*20.8*	*5.0*	*0.0*	*25.8*	*0.2*	*25.6*	*25.6*
Total Authorities[1]	25.1	6.2	0.0	31.3	0.0	31.3	31.3
Actual Spending	*21.8*	*3.4*	*0.0*	*25.2*	*0.0*	*25.2*	*25.2*
Total							
Main Estimates	522.8	14.5	1.7	539.0	50.0	489.0	489.0
Planned Spending	*568.6*	*14.9*	*1.7*	*585.2*	*50.0*	*535.2*	*535.2*
Total Authorities[1]	652.5	18.6	9.5	680.6	58.4	622.2	622.2
Actual Spending	*619.6*	*17.4*	*9.5*	*646.5*	*58.4*	*588.1*	*588.1*

[1] For the 2005–06 reporting cycle, the "Total Authorities" rows refer to total spending authorities received during the fiscal year (i.e., through Main Estimates), as well as funding received from 2005–06 Governor General Special Warrants.

Table 3 — Voted and Statutory Items ($ millions)

Vote or Statutory Item	Truncated Vote or Statutory Wording	2005–06			
		Main Estimates	Planned Spending	Total Authorities[1]	Total Actuals
30	Operating expenditures	406.6	452.4	523.0	490.1
35	Capital expenditures	14.5	14.9	18.6	17.4
(S)	Compensation payments under the *Health of Animals Act* and the *Plant Protection Act*	1.5	1.5	9.5	9.5
(S)	Contributions to employee benefit plans	66.4	66.4	70.7	70.7
(S)	Collection agency fees	0.0	0.0	0.4	0.4
	Total[2]	**489.0**	**535.2**	**622.2**	**588.1**

1 For the 2005–06 reporting cycle, the "Total Authorities" column refers to total spending authorities received during the fiscal year (i.e., through Main Estimates), as well as funding received from 2005–06 Governor General Special Warrants.

2 All figures are net of Respendable Revenues ($50.0M for Main Estimates and Planned Spending and $58.4M for Total Authorities and Total Actuals).

Table 4 — Services Received Without Charge ($ millions)

	2005–06
Accommodations provided by PWGSC at border crossings, airports and other government departments	22.6
Contributions covering employers' share of employees' insurance premiums and expenditures paid by TBS (excluding revolving funds). Employer's contribution to employees' insured benefits plans and associated expenditures paid by TBS	31.1
Workers' Compensation coverage provided by Human Resources and Skills Development Canada[1]	0.0
Audit Services provided by the Office of the Auditor General of Canada	0.2
Salary and associated expenditures of legal services provided by the Department of Justice Canada	9.5
Total 2005–06 services received without charge	**63.4**

1 Amount is less than $50,000, therefore it is not shown on this table.

Table 5 — Sources of Respendable and Non-respendable Revenue ($ millions)

			2005–06			
	Actual 2003–04[1]	Actual 2004–05[1]	Main Estimates	Planned Revenue	Total Authorities	Actual
Respendable Revenue						
Food Safety and Public Health	30.8	26.3	27.8	27.8	34.5	34.5
Science and Regulation	13.4	16.3	12.3	12.3	15.7	15.7
Animal and Plant Resource Protection	15.3	8.9	9.7	9.7	8.2	8.2
Public Security	0.1	3.5	0.2	0.2	0.0	0.0
Total Respendable Revenue	**59.6**	**55.0**	**50.0**	**50.0**	**58.4**	**58.4**
Non-Respendable Revenue						
Food Safety and Public Health	0.4	0.0	0.0	0.5	0.0	0.5
Science and Regulation	0.0	0.0	0.0	0.0	0.0	0.0
Animal and Plant Resource Protection	0.0	0.0	0.0	0.0	0.0	0.0
Public Security	0.0	0.0	0.0	0.0	0.0	0.0
Total Non-respendable Revenue	**0.4**	**0.0**	**0.0**	**0.5**	**0.0**	**0.5**

[1] The 2003–04 and 2004–05 actual data has been restated to reflect the CFIA's current PAA structure.

Table 6 — Resource Requirements by Branch or Sector ($ millions)

	2005–06				
Organization	Food Safety and Public Health	Science and Regulation	Animal and Plant Resource Protection	Public Security	Total
Operations					
Planned Spending	133.1	49.6	45.4	11.4	239.5
Actual Spending	197.4	31.5	61.5	10.0	300.4
Programs					
Planned Spending	40.5	15.1	13.3	3.5	72.4
Actual Spending	32.8	9.5	25.7	0.9	68.9
Science					
Planned Spending	61.5	22.9	20.2	5.3	109.9
Actual Spending	58.7	14.4	31.9	7.4	112.4
Corporate Branches					
Planned Spending	63.5	23.7	20.8	5.4	113.4
Actual Spending	52.6	27.0	19.9	6.9	106.4

Table 7 — User Fees/External Fees

			2005–06			
User Fee[1]	**Fee Type[2]**	**Fee-Setting Authority**	**Date Last Modified**	**Forecast Revenue ($000)**	**Actual Revenue ($000)**	**Full Cost ($000)[3]**
Managing food safety risks	R	*CFIA Act*	1998	31,262	34,518	307,153
Protecting consumers and the marketplace from unfair practices	R	*CFIA Act*	1998	2,189	3,813	20,458
Certifying exports	R	*CFIA Act*	1998	10,404	11,827	36,266
Protecting Canada's crops and forests	R	*CFIA Act*	1998	4,404	4,017	65,004
Protecting Canada's livestock	R	*CFIA Act*	1998	5,474	3,868	80,188
Assessing agricultural products	R	*CFIA Act*	1998	1,078	331	11,671
Preparing for emergencies	R	*CFIA Act*	1998	189	0	4,948
Access to Information and Privacy (ATIP)[4]	O	*Access to Information Act*	1992	0	11	482
Total				**55,000**	**58,385**	**526,170**

1 The CFIA's individual user fees have not changed. The grouping of these fees have been realigned with the Program Activity Architecture (PAA) in support of the Management Resources and Results Structure (MRRS) initiative. Note that only sub-activities for which there are associated user fees are listed. Detailed information on each of CFIA's individual user fees is available on the CFIA's website.

2 R = regulating; O = other products and services.

3 The full cost of the user fees' activities includes all direct and indirect expenditures in addition to its share of the Governance and Management expenditures. The full cost also includes services provided without charge by other government departments as well as year end accruals.

4 These figures are pulled from the reference levels established in the Annual Reference Level Update (ARLU) and the estimated amounts of services provided without charge by other government departments as well as year end accruals.

2005–06		Planning Years		
Performance Standard	**Performance Result**	**Fiscal Year**	**Forecast Revenue ($000)**	**Estimated Full Cost ($000)[5]**
Inspection activities are to be provided in accordance with corresponding federal regulations	See Section 2.3.1a.	2006–07	31,262	280,939
		2007–08	31,262	273,482
		2008–09	31,262	269,333
Inspection activities are to be provided in accordance with corresponding federal regulations	See Section 2.3.2c.	2006–07	2,189	15,374
		2007–08	2,189	15,402
		2008–09	2,189	15,513
Inspection activities are to be provided in accordance with corresponding federal regulations	See Section 2.3.2d.	2006–07	10,404	53,988
		2007–08	10,404	51,607
		2008–09	10,404	51,982
Inspection activities are to be provided in accordance with corresponding federal regulations	See Section 2.3.3a.	2006–07	4,404	47,284
		2007–08	4,404	48,655
		2008–09	4,404	48,502
Inspection activities are to be provided in accordance with corresponding federal regulations	See Section 2.3.3b.	2006–07	5,474	60,363
		2007–08	5,474	60,559
		2008–09	5,474	59,944
Inspection activities are to be provided in accordance with corresponding federal regulations	See Section 2.3.3c.	2006–07	1,078	12,924
		2007–08	1,078	12,039
		2008–09	1,078	12,384
Inspection activities are to be provided in accordance with corresponding federal regulations	See Section 2.3.4a.	2006–07	189	2,041
		2007–08	189	2,029
		2008–09	189	2,058
Requested information is to be provided in a timely fashion according to corresponding federal regulations		2006–07	0	511
		2007–08	0	511
		2008–09	0	511
		2006–07		**473,424**
		2007–08		**464,284**
		2008–09		**460,227**

[5] While ATIP is not a program activity as set out in the PAA, the user fees associated with ATIP are listed separately here because the fee-setting authority is derived from distinct legislation.

Table 8 — Major Regulatory Initiatives*

Regulations	Expected Results	Performance Measurement Criteria	Results Achieved
Certain Ruminants and their Products Importation Prohibition Regulations At the time of the discovery, in December 23, 2003, of a case of a dairy cow infected with bovine spongiform encephalopathy (BSE) in the US, the CFIA implemented broad prohibitions, under the authority of the *Health of Animals Act*, on US animals and their products based upon the belief that the discovery of a US-based case of BSE presented public and animal health threats to Canada. These prohibitions were formalized in a regulation, and have been updated. This amendment would maintain the prohibition while introducing exemptions for animals and products for which the risk does not justify an ongoing prohibition against importation.	By prohibiting the importation of the animals and other commodities set out in the proposed regulations, the CFIA will continue to protect Canadian livestock and consumers against exposure to BSE.	Each of the Importation Prohibition Regulations has had only a limited period during which it has been in force. At the end of their lifespan, the prohibitions were evaluated against the latest scientific information and international standards available to determine whether there is an ongoing need for them.	This amendment maintains the prohibition against higher risk animals and products. At the same time, prohibitions against animals and products which are no longer seen to pose a significant risk have been removed, thereby allowing Canadian importers access to a broader range of imported animals and products from the US.

* The enhancements to Canada's BSE-related animal feed controls made in the "Regulations Amending Certain Regulations Administered and Enforced by the Canadian Food Inspection Agency" was passed June 23, 2006 (these amendments have a delayed coming into force date and will not come into effect until July 12, 2007). Most of the work to complete the amendments to the regulations (*Feeds Act*, *Fertilizers Act*, *Health of Animals Act*, and *Meat Inspection Act*) was completed in the 2005–06 fiscal year. This major regulatory initiative will be reported in the 2006–07 *Performance Report*.

Table 9 — Details on Project Spending ($ millions)

	Current Estimated Cost	Actual 2003–04[1]	Actual 2004–05	2005–06			
				Main Estimates	Planned Spending	Total Authorities	Actual
Food Safety and Public Health							
HQ Complex for the Agriculture Portfolio, ON	2.4	—	0.2	0.0	0.5	0.0	0.3
Mid Life Retrofit — Saskatoon, SK[2]	6.1	—	0.0	0.0	0.3	0.0	0.2
Mid Life Retrofit — Ottawa Lab (Fallowfield), ON	9.2	—	0.1	0.0	0.1	0.0	0.0
Structural Building Reinforcement — Lethbridge, AB	2.1	—	0.4	0.0	0.2	0.0	0.2
Level 3 Animal Wing Construction — Ottawa Lab (Fallowfield), ON	5.3	—	0.0	0.0	0.1	0.0	0.1
Mid Life Retrofit — St. Hyacinthe Lab, QC[3]	5.5	—	0.0	0.0	0.0	0.0	0.0
Science and Regulation							
HQ Complex for the Agriculture Portfolio, ON	2.4	—	0.2	0.0	0.5	0.0	0.3
Mid Life Retrofit — Saskatoon, SK[2]	2.4	—	0.0	0.0	0.1	0.0	0.1
Mid Life Retrofit — Ottawa Lab (Fallowfield), ON	13.7	—	0.1	0.0	0.2	0.0	0.0
Structural Building Reinforcement — Lethbridge, AB	2.1	—	0.4	0.0	0.2	0.0	0.2
Level 3 Animal Wing Construction — Ottawa Lab (Fallowfield), ON	6.3	—	0.0	0.0	0.1	0.0	0.1
Mid Life Retrofit — St. Hyacinthe Lab, QC[3]	2.2	—	0.0	0.0	0.0	0.0	0.0
Animal and Plant Resource Protection							
HQ Complex for the Agriculture Portfolio, ON	2.4	—	0.2	0.0	0.5	0.0	0.3
Mid Life Retrofit — Saskatoon, SK[2]	2.4	—	0.0	0.0	0.1	0.0	0.1
Mid Life Retrofit — Ottawa Lab (Fallowfield), ON	13.7	—	0.1	0.0	0.2	0.0	0.0
Structural Building Reinforcement — Lethbridge, AB	5.2	—	1.0	0.0	0.6	0.0	0.6
Level 3 Animal Wing Construction — Ottawa Lab (Fallowfield), ON	6.3	—	0.0	0.0	0.1	0.0	0.1
Mid Life Retrofit — St. Hyacinthe Lab, QC[3]	2.2	—	0.0	0.0	0.0	0.0	0.0

Table 9 — Details on Project Spending ($ millions) *(continued)*

	Current Estimated Cost	Actual 2003–04[1]	Actual 2004–05	2005–06			
				Main Estimates	Planned Spending	Total Authorities	Actual
Public Security							
HQ Complex for the Agriculture Portfolio, ON	2.4	—	0.2	0.0	0.5	0.0	0.3
Mid Life Retrofit — Saskatoon, SK[2]	1.2	—	0.0	0.0	0.1	0.0	0.0
Mid Life Retrofit — Ottawa Lab (Fallowfield), ON	9.2	—	0.1	0.0	0.1	0.0	0.0
Structural Building Reinforcement — Lethbridge, AB	1.0	—	0.2	0.0	0.1	0.0	0.1
Level 3 Animal Wing Construction — Ottawa Lab (Fallowfield), ON	3.2	—	0.0	0.0	0.1	0.0	0.0
Mid Life Retrofit — St. Hyacinthe Lab, QC[3]	1.1	—	0.0	0.0	0.0	0.0	0.0

1 The 2003–04 Actuals are not shown as they were tracked by Business Line and are not available according to the PAA structure.
2 The Laboratory Expansion and Mid Life Retrofit — Saskatoon, SK, listed in the CFIA 2004–05 Departmental *Performance Report*, has been changed to the Mid Life Retrofit — Saskatoon, SK.
3 The Level 3 Lab Construction — St. Hyacinthe, QC, listed in the CFIA's 2004–05 *Performance Report* has been changed to the Mid Life Retrofit, St. Hyacinthe Lab, QC.

Table 10 — Details on Transfer Payment Programs (TTPs) ($ millions)

Statutory Compensation Payments — Supplementary information on the CFIA's Transfer Payment Programs can be found at www.tbs-sct.gc.ca/est-pre/estime.asp.

Table 11 — Horizontal Initiatives

According to TBS guidelines, horizontal initiatives are initiatives in which partners* from two or more organizations have established a formal funding agreement (e.g., Memorandum to Cabinet, Treasury Board submission, federal-provincial agreement) to work toward the achievement of shared outcomes.** The following outlines the CFIA's major horizontal initiatives for 2005–06.

Supplementary information on horizontal initiatives can be found on the TBS website at www.tbs-sct.gc.ca/est-pre/estime.asp.

Initiative	Profile	Partners
Public Security and Anti-Terrorism (PSAT)	In the 2001 Budget, the government allocated $7.7 billion in new funds to be spent over the subsequent five years on the PSAT initiative to enhance security for Canadians. The CFIA receives approximately $30 million dollars a year and contributes the following for the initiative: • Delivers all federal food inspection, animal health and plant protection measures; and • Responds to biological outbreaks of pests and diseases in plants and animals. More information on this initiative can be found in Section 2.3.4b of this report.	**Lead: Public Safety and Emergency Preparedness Canada** Provinces and Territories Canada Border Services Agency
Chemical, Biological, Radiological and Nuclear (CBRN) Research and Technology Initiative (CRTI)	The events of September 11, 2001 moved the issues of counter terrorism and national security to the forefront of the nation's concerns. CRTI represents the federal science community's response and commitment to providing scientific solutions to these issues. Through the creation of laboratory networks across the federal government that collaborate with industry, academia and first responder communities, the CFIA will provide new knowledge, technology and research necessary for CBRN response and preparedness. In 2005–06, the CFIA focused on areas such as developing a curriculum for employee training to respond to CRBN threats. More information on this initiative can be found in Section 2.3.4b of this report.	**Lead: Department of National Defence** Agriculture and Agri-Food Canada Canada Border Services Agency Canadian Security and Intelligence Service Department of National Defence — Intelligence Defence Research and Development Canada — Ottawa Defence Research and Development Canada — Suffield Environment Canada Health Canada Natural Resources Canada Royal Canadian Mounted Police Transport Canada Public Safety and Emergency Preparedness Canada
Canadian Regulatory System for Biotechnology (CRSB)	CRSB aims to develop an efficient, credible and well-respected system that safeguards the health of all Canadians and the environment and permits safe and effective products. The CFIA conducted a horizontal formative formative evaluation of the CRSB on behalf of the six participating departments. In 2005–06, an evaluation of CRSB was completed, the results of which will be reported in 2006–07, once the report is approved. More information on this initiative can be found in Section 2.3.3c of this report.	**Lead (rotating): Health Canada** Environment Canada Industry Canada Fisheries and Oceans Canada Natural Resources Canada

* Types of partners: Other federal departments or agencies, other national governments, provincial and territorial governments, municipal governments, non-governmental organizations, private sector organizations, First Nations, and other organizations.

** Shared outcomes are outcomes that partnering departments plan to achieve as a result of their collective programming efforts.

Table 12 — Travel Policies

The CFIA follows and uses the TBS Travel policies.

3.3.2 Audited Financial Statements

3.3.2a Auditor's Report

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

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

I have audited the statement of financial position of the Canadian Food Inspection Agency as at March 31, 2006 and the statements of operations, equity of Canada and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
August 11, 2006
except as to Note 12
which is as of
August 17, 2006

3.3.2b Financial Statements

Financial Statements of

CANADIAN FOOD INSPECTION AGENCY

Year ended March 31, 2006

CANADIAN FOOD INSPECTION AGENCY

Statement of Management Responsibility

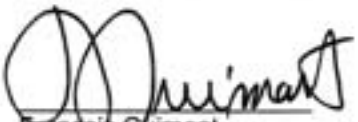
Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2006 and all information contained in these statements rests with the Agency's management. These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles as required under Section 31 of the *Canadian Food Inspection Agency Act*.

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

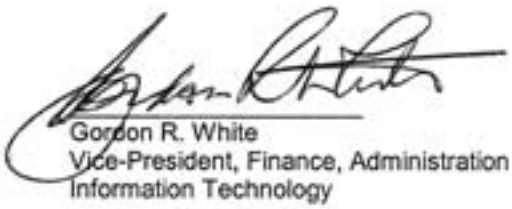
Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed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

The Executive Sub-Committee on Audit and Risk Management (SCARM) is the Agency's internal audit and evaluation committee. The SCARM is responsible to review audit reports and recommendations, approve the Agency's response and management plan developed to address recommendations and to monitor progress.

The financial statements of the Agency have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.



François Guimont
President



Gordon R. White
Vice-President, Finance, Administration and Information Technology

Ottawa, Canada
August 11, 2006

CANADIAN FOOD INSPECTION AGENCY

Statement of Financial Position

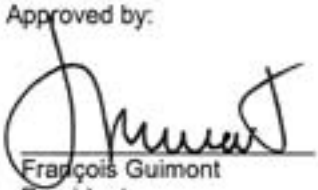
As at March 31
(In thousands of dollars)

	2006	2005
Assets		
Financial assets:		
Due from the Consolidated Revenue Fund	$ 69,362	$ 42,358
Accounts receivable and advances (Note 4)	8,716	17,119
	78,078	59,477
Non-financial assets:		
Inventory	1,139	1,103
Tangible capital assets (Note 5)	192,849	180,491
	193,988	181,594
	$ 272,066	$ 241,071
Liabilities		
Accounts payable and accrued liabilities	$ 73,387	$ 87,614
Vacation pay	25,240	25,092
Deferred revenue	1,789	1,553
Employee severance benefits (Note 6)	75,447	67,145
	175,863	181,404
Equity of Canada	96,203	59,667
	$ 272,066	$ 241,071

Contingent liabilities (Note 8)
Contractual obligations (Note 9)

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

Approved by:



François Guimont
President

Gordon R. White
Vice-President, Finance, Administration and Information Technology

CANADIAN FOOD INSPECTION AGENCY

Statement of Operations

Year ended March 31
(In thousands of dollars)

	2006					2005
	Food Safety and Public Health	Science and Regulation	Animal and Plant Resource Protection	Public Security	Total	Total
Revenues						
Inspection fees	$28,184	$8,684	$4,714	$ -	$41,582	$41,838
Registrations, permits, certificates	2,509	6,574	899	-	9,982	8,254
Miscellaneous fees and services	185	3,092	1,028	-	4,305	4,145
Establishment license fees	1,895	167	-	-	2,062	1,975
Grading	243	4	-	-	247	225
Administrative monetary penalties	246	133	51	-	430	804
Gain (loss) on disposal of assets	28	5	10	-	43	(543)
Interest	22	12	4	-	38	62
Total Revenues	33,312	18,671	6,706	-	58,689	56,760
Operating expenses						
Salaries and employee benefits	306,683	62,893	99,093	13,948	482,617	442,030
Professional and special services	33,071	5,375	14,289	1,251	53,986	58,694
Travel and relocation	15,158	2,983	6,912	807	25,860	23,455
Amortization	13,198	2,650	4,540	661	21,049	21,553
Accommodation	14,318	2,866	4,877	717	22,778	21,813
Utilities, materials and supplies	10,893	2,119	4,878	1,413	19,303	19,439
Furniture and equipment	9,472	1,688	3,434	726	15,320	13,448
Communications	5,446	1,087	2,080	334	8,947	7,804
Repairs	5,149	975	1,676	849	8,649	6,503
Equipment rentals	943	189	780	71	1,983	3,062
Information	924	310	468	44	1,746	1,726
Miscellaneous	601	808	10	20	1,439	1,150
Total operating expenses	415,856	83,943	143,037	20,841	663,677	620,677
Transfer payments						
Compensation payments (Note 7)	-	-	9,478	-	9,478	72,659
Other	-	-	18	-	18	762
Total transfer payments	-	-	9,496	-	9,496	73,421
Total Expenses	415,856	83,943	152,533	20,841	673,173	694,098
Net Cost of Operations	$382,544	$65,272	$145,827	$20,841	$614,484	$637,338

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

CANADIAN FOOD INSPECTION AGENCY

Statement of Equity of Canada

Year ended March 31
(In thousands of dollars)

	2006	2005
Equity of Canada, beginning of year	$ 59,667	$ 87,466
Net cost of operations	(614,484)	(637,338)
Net cash provided by Government of Canada	560,662	570,777
Change in due from the Consolidated Revenue Fund	27,004	(11,317)
Services received without charge from other government departments (Note 10)	63,354	48,018
Assets funded by other government departments	-	2,061
Equity of Canada, end of year	$ 96,203	$ 59,667

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

CANADIAN FOOD INSPECTION AGENCY

Statement of Cash Flows

Year ended March 31
(In thousands of dollars)

	2006	2005
Operating activities:		
Net cost of operations	$ 614,484	$ 637,338
Non-cash items:		
Amortization of tangible capital assets	(21,049)	(21,553)
Gain (loss) on disposal of assets	43	(543)
Services received without charge	(63,354)	(48,018)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	(8,403)	8,470
Increase in inventory	36	168
Decrease (increase) in liabilities	5,541	(25,271)
Cash used by operating activities	527,298	550,591
Capital investment activities:		
Acquisition of tangible capital assets	33,689	20,560
Proceeds from disposal of assets	(325)	(374)
Cash used by capital investment activities	33,364	20,186
Net cash provided by Government of Canada	$ 560,662	$ 570,777

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

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2006

1. Authority and Purposes

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

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

The mandate of the Agency is to enhance the effectiveness and efficiency of federal inspection and related services for food, animals and plants. 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.

In delivering its mandate, the Agency operates under the following program activities:

(a) Food Safety and Public Health: ensures that food is safe, consumers have appropriate information on which to base healthy food choices and the transmission of animal disease to human is prevented.

(b) Science and Regulation: provides a fair and effective regulatory regime for food, animals and plants, and maintains the integrity of the Agency's regulatory policy, inspection and certification activities.

(c) Animal and Plant Resource Protection: protects Canada's livestock, crops and forests from regulated pests and diseases including invasive species and regulates agricultural products, including products of biotechnology.

(d) Public Security: contributes to public security and agri-food security.

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

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

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

Operating and capital expenditures are funded by the Government of Canada through budgetary lapsing authorities. Compensation payments under the *Health of Animals Act* and the *Plant Protection Act* and employee benefits are authorized by separate statutory authorities. Revenues

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2006

received through the conduct of its operations are deposited to the Consolidated Revenue Fund and are available for use by the Agency.

2. Summary of Significant Accounting Policies

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

(a) Parliamentary appropriations

The Agency is mainly financed by the Government of Canada through parliamentary appropriations. Appropriations provided to the Agency do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high level reconciliation between the bases of accounting.

(b) Net cash provided by Government of Canada

The Agency operates within the Consolidated Revenue Fund (CRF), which is administrated by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF and all cash disbursements made by the Agency are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(c) Due from the Consolidated Revenue Fund (CRF)

Due from the CRF represents the amount of cash that the Agency is entitled to draw from the CRF without further appropriations to discharge its liabilities. These amounts have been charged to current or prior years' appropriations but will be paid in the future.

(d) Revenues

Revenues for fees, permits and certificates are recognized in the accounts based on the services provided in the year.

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

(e) Expenses

Expenses are recorded on the accrual basis:

- Grants are recognized in the year in which the conditions for payment are met. In the case of grants which do not form part of an existing program, the expense is recognized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2006

- Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.
- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

(i) Pension benefits:

The Agency's eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. Both the employees and the Agency contribute to the cost of the Plan. The Agency's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Agency. The Agency is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

(ii) Severance benefits:

Eligible employees are entitled to severance benefits, as provided for under labor contracts and conditions of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(iii) Other future benefit plans:

The federal government sponsors a variety of other future benefit plans from which employees and former employees can benefit during or after employment or upon retirement. The Public Service Health Care Plan and the Pensioners' Dental Service Plan represent the two major future benefit plans available to the Agency's employees.

The Agency does not pay for these programs as they fall under the federal government's financial responsibilities, but the Agency records its share of the annual benefits paid under these programs as a service provided without charge by other government departments. No amount is recorded in the Agency's financial statements with regard to either the actuarial liability of these programs at year end or the annual increase of such liabilities.

(g) Accounts receivables and advances

Accounts receivables and advances are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

(h) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is

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accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(i) Environmental liabilities

Environmental liabilities reflect the estimated costs related to the management and remediation of environmentally contaminated sites. Based on management's best estimates, a liability is accrued and an expense recorded when the contamination occurs or when the Agency becomes aware of the contamination and is obligated, or is likely to be obligated to incur such costs. If the likelihood of the Agency's obligation to incur these costs is not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

(j) Inventories

Inventories consist of laboratory materials, supplies and livestock held for future program delivery and not intended for re-sale. They are valued at cost. If they no longer have service potential, they are valued at the lower of cost or net realizable value.

(k) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life or the asset as follows:

Asset class	Amortization Period
Buildings	20-30 years
Machinery and equipment	5-20 years
Computer equipment and software	3-10 years
Vehicles	7-10 years
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement
Assets under construction	Once in service, in accordance with asset type

(l) Measurement uncertainty

The preparation of these financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, environmental liabilities, the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

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3. Parliamentary Appropriations

The Agency receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Agency has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year appropriations used:

(in thousands of dollars)	2006	2005
Net cost of operations	$614,484	$637,338
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (less):		
Services received without charge	(63,354)	(48,018)
Amortization of tangible capital assets	(21,049)	(21,553)
Revenue not available for spending	462	940
Net changes in future funding requirements	24,178	(27,950)
Gain (loss) on disposal of assets	43	(543)
	(59,720)	(97,124)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Add (less):		
Proceeds from disposal of assets	(325)	(374)
Acquisition of tangible capital assets	33,689	20,560
	33,364	20,186
Current year appropriations used	$588,128	$560,400

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(b) Appropriations provided and used

(in thousands of dollars)	2006	2005
Vote 30 - Operating expenditures	$522,995	$434,972
Vote 35 - Capital expenditures	18,621	28,319
Statutory contributions to employee benefit plans and compensation payments	80,634	132,537
Less:		
Appropriations available for future years	(57)	(25)
Lapsed appropriation – operating	(32,875)	(25,287)
Lapsed appropriation – capital	(1,190)	(10,116)
Current year appropriations used	$588,128	$560,400

(c) Reconciliation of net cash provided by Government to current year appropriations used:

(in thousands of dollars)	2006	2005
Net cash provided by Government of Canada	$560,662	$570,777
Revenue not available for spending	462	940
Variation in accounts receivable and advances	8,403	(8,470)
Variation in accounts payables and accrued liabilities	(14,227)	21,147
Variation in deferred revenue	236	(120)
Other adjustments	32,592	(23,874)
	27,004	(11,317)
Current year appropriations used	$588,128	$560,400

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4. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

(in thousands of dollars)	2006	2005
Receivables from other government departments and agencies	$2,744	$10,739
Receivables from external parties	5,828	6,495
Employee advances	193	189
Cash	446	308
	9,211	17,731
Less:		
Allowance for doubtful accounts on external receivables	(495)	(612)
Total	$8,716	$17,119

5. Tangible Capital Assets

(in thousands of dollars)

	Cost				Accumulated amortization					
Capital asset class	Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance	2006 Net book value	2005 Net book value
Land	$3,331	$ -	$ -	$3,331	$ -	$ -	$ -	$ -	$3,331	$3,331
Buildings	246,110	4,229	-	250,339	132,790	8,600	-	141,390	108,949	113,320
Machinery and equipment	55,355	12,906	1,657	66,604	24,371	3,248	1,087	26,532	40,072	30,984
Computer equipment and software	40,021	4,511	3,358	41,174	28,755	4,906	2,338	31,323	9,851	11,266
Vehicles	27,175	8,342	2,213	33,304	12,392	3,184	2,094	13,482	19,822	14,783
Assets under construction	3,804	5,079	1,309	7,574	-	-	-	-	7,574	3,804
Leasehold improvement	6,958	1,389	34	8,313	3,955	1,111	3	5,063	3,250	3,003
	$382,754	$36,456	$8,571	$410,639	$202,263	$21,049	$5,522	$217,790	$192,849	$180,491

Amortization expense for the year ended March 31, 2006 is $21,049 (2005 - $21,553).

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6. Employee Benefits

(a) Pension benefits:

The Agency's employees participate in the Public Service Pension Plan, which is sponsored and administrated by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and are indexed to inflation.

Both the employees and the Agency contribute to the cost of the Plan. The 2005-2006 expense is $52,699,000 (2005 - $44,070,000) which represents approximately 2.6 times the contributions by employees.

(b) Severance benefits

The Agency provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as March 31, is as follows:

(in thousands of dollars)	2006	2005
Accrued benefit obligation, beginning of year	$67,145	$63,796
Expense for the year	14,771	8,399
Benefits paid during the year	(6,469)	(5,050)
Accrued benefit obligation, end of year	$75,447	$67,145

7. Compensation Payments

The *Health of Animals Act* and the *Plant Protection Act* allow for the Minister, via the Agency, to compensate owners of animals and plants destroyed pursuant to the Acts. During the year, compensation payments incurred pursuant to these two Acts totaled $9,478,000 (2005 - $72,659,000). These payments pertained to the following diseases:

(in thousands of dollars)	2006	2005
Bovine Tuberculosis	$2,706	$100
Plum Pox Virus	2,139	3,133
Emerald Ash Borer	1,790	286
Avian Influenza	1,573	67,793
Scrapie	552	197
Other	718	1,150
	$9,478	$72,659

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8. Contingent Liabilities

(a) Contaminated sites

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites where the Agency is obligated or likely to be obligated to incur such costs. The Agency has identified two sites (none in 2005) where such action is possible and for which a liability of $264,000 has been recorded. The Agency's ongoing effort to assess contaminated sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These liabilities will be accrued by the Agency in the year in which they become known.

(b) Claims and litigation

Claims have been made against the Agency in the normal course of operations, including class action suits against the Agency and other defendants related to bovine spongiform encephalopathy (BSE) for which the amounts claimed have not been specified. Legal proceedings for claims totaling approximately $340 million (2005 - $330 million) were still pending at March 31, 2006. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements.

9. Contractual Obligations

The nature of the Agency's activities can result in some large multi-year contracts and obligations whereby the Agency will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	2007	2008	2009	2010	2011 and thereafter	Total
Capital projects	$1,753	$1,182	$ -	$ -	$ -	$2,935
Operating leases	31	25	19	14	320	409
Other agreements	3,111	815	223	181	170	4,500
Total	$4,895	$2,022	$242	$195	$490	$7,844

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10. Related Party Transactions

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

The total value of services received from and provided to related parties, including services without charge, totaled $129,892,000 (2005 - $107,245,000). These services have been exchanged with the following departments and agencies:

(in thousands of dollars)	2006	2005
Public Works and Government Services Canada	$40,811	$42,082
Treasury Board of Canada, Secretariat	36,936	36,770
Canada Customs and Revenue Agency	20,439	3,720
Agriculture and Agri-food Canada	9,197	6,941
Public Health Agency of Canada	4,739	-
Department of Justice Canada	4,643	3,599
Health Canada	2,856	5,962
National Defence	2,629	3,046
Other	7,642	5,125
	$ 129,892	$107,245

Also during the year, the Agency received without charge from other departments, accommodation, legal fees and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the Agency's Statement of Operations as follows:

(in thousands of dollars)	2006	2005
Accommodation	$22,638	$21,405
Employer's contribution to the health and dental insurance plans	31,111	25,618
Legal services	9,410	745
Audit services	195	250
	$63,354	$48,018

The Government of Canada has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The cost of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included in the Agency's Statement of Operations.

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Receivables and payables outstanding at year-end with related parties are as follows:

(in thousands of dollars)	2006	2005
Accounts receivable from other government departments and agencies	$2,744	$10,739
Accounts payable to other government departments and agencies	8,149	7,990

11. Comparative Information

Comparative figures have been reclassified to conform to the current year's presentation.

12. Subsequent Event

On August 11, 2006, the Agency confirmed the detection of a serious potato pest, Golden Nematode, in a 30-acre field on a farm in Quebec. Golden Nematode and Pale Cyst Nematode are two species of Potato Cyst Nematodes considered quarantine pests internationally because they can dramatically affect the yields of potatoes and other host crops, such as tomatoes and eggplants. Potato Cyst Nematodes are not hazardous to human health. On August 17, 2006, the Agency declared an emergency under the authority of Treasury Board to allow the Agency to take prompt action beyond normal business activities in order to control the pest.

In such circumstances, the Agency is authorized by law to take strict quarantine measures. Since the extent of the infestation is unknown, the financial impact cannot be estimated at this time.

4. OTHER ITEMS OF INTEREST*

4.1 Details of Summary of Performance Results and Spending

Included in Section 1.3 — Summary Information is Table 1.3.3 — Summary of Performance Results and Spending. According to Treasury Board guidelines, Table 1.3.3 is part of an overall summary of the Agency's performance in relation to the targets it set for itself.[34] The table presents the performance results for groupings of individual targets, which have been "rolled-up" for the sake of the summary. The breakdown of the individual targets and associated performance results is detailed in Table 4.1.1.

* *(unaudited)*

[34] For details on the target-setting process, please refer to Section 2.1 — How the Agency Plans and Reports.

Table 4.1.1 — Details of Summary Performance of Results and Spending

Targeted Performance	Actual	Target[35]	Result Opportunity for improvement (X) Met* (√) Exceeded (√+)
***Strategic outcome*: Protection from preventable health risks related to food safety or the transmission of animal diseases to humans**			
Government of Canada outcome: Healthy Canadians with access to quality health care			
Program activity: Food safety and public health			
Program sub-activity: Managing food safety risks			
Expected result: *Industry complies with federal acts and regulations*			
Registered food establishment compliance — Meat	87%	None[36]	—
Registered food establishment compliance — Fish and seafood	99%	≥ 99%	√
Registered food establishment compliance — Processed products	97%*	≥ 98%	√
Registered food establishment compliance — Shell egg	98%*	≥ 99%	√
Registered food establishment compliance — Processed egg	N/A	≥ 99%	—
Registered food establishment compliance — Dairy	86%	≥ 99%	X[37]
Compliance with chemical residue testing — Meat	96%	≥ 95%	√
Compliance with chemical residue testing — Fish and seafood	98%	≥ 95%	√+
Compliance with chemical residue testing — Fresh fruits and vegetables	99%	≥ 95%	√+
Compliance with chemical residue testing — Processed products	99%	≥ 95%	√ +
Compliance with chemical residue testing — Honey	94%*	≥ 95%	√
Compliance with chemical residue testing — Shell egg	93%	≥ 95%	X[38]
Compliance with chemical residue testing — Processed egg	N/A	≥ 95%	—
Compliance with chemical residue testing — Dairy	99%	≥ 95%	√+
Investigation of known food safety incidents	88%	≥ 90%	X[39]

* A variation of +/- 1% from the target is interpreted as "met."

[35] Performance targets are based on historical averages of actual performance or on expected results of effective programming (see page 11 for further discussion on targets). When key targets have not been met, the regulated parties are required to undertake corrective actions and are subject to re-inspection to confirm that the steps have been undertaken to address deficiencies. Also, the Agency has action plans in place to address programs that fall below established targets. Industry compliance targets of less than 100% are representative of the Agency's risk-based inspection approach which targets areas of high-risk and past non-compliance.

[36] As of December 2005, the meat slaughter and processing industry has moved to a new food safety control system (Hazard Analysis Critical Control Point system or HACCP), and the Agency has begun to adjust its inspection activities accordingly. During the transition phase lower compliance rates were expected. The 87% compliance rate is a measure of the transition to the new system. Also, during the transition the traditional inspection system was maintained. Compliance rates under the traditional system have historically exceeded 95%.

[37] New control standards have been recently introduced for these commodities. The compliance rate in this case reflects the adjustment to more comprehensive controls and a change in inspection standards as opposed to a deterioration of industry performance. An action plan has been established to address the variance between the target and results achieved.

[38] Maximum levels have not been established by Health Canada for specific chemical residues. Therefore any residue found is considered to be a violation; however, these levels are extremely low and Health Canada considers that they do not pose significant risks to Canadian consumers of these products.

[39] The target for this investigation program is to establish strategies for managing 90% of the high- and medium-level risks identified in the non-registered sector. An action plan has been established to address the variance between the target and results achieved.

Table 4.1.1 — Details of Summary Performance of Results and Spending *(continued)*

Targeted Performance	Actual	Target[40]	Result Opportunity for improvement (X) Met* (√) Exceeded (√+)
***Expected result**: Food safety recalls and incidents are contained in a timely and effective manner*			
Timeliness of public food recall warnings	100%	100%	√
Program sub-activity: Controlling the transmission of animal diseases to humans			
***Expected result**: Animal diseases that are transmissible to humans are controlled within animal populations*			
• Level of sampling, as compared with OIE standards	57,768	30,000	√
• Compliance with cattle tagging regulations	99%	≥ 97%	√+
• Compliance with SRM removal regulations in federally-registered plants	97%	≥ 97%	√
• Number of new cases (if any) of BSE outside accepted parameters	0	0	√
Strategic outcome*: A fair and effective regulatory regime for food, animals and plants** ***Government of Canada outcome: A fair and secure marketplace ***Program activity***: Science and regulation			
Program sub-activity: Protecting consumers and the marketplace from unfair practices			
***Expected result**: Deceptive and unfair market practices are deterred*			
• Compliance with quality standards for non-pedigreed seed	86%	≥ 85%	√
• Compliance with quality standards for pedigreed seed	92%	≥ 95%	X[41]
• Compliance with varietal purity standards for seed	99%	≥ 97%	√+
Program sub-activity: Certifying exports			
***Expected result**: Other governments' import requirements are met*			
• Meat — Requirements of importing countries met	≥ 99%	≥ 99%	√
• Fish and seafood — Requirements of importing countries met	≥ 99%	≥ 99%	√
• Egg — Requirements of importing countries met	≥ 99%	≥ 99%	√
• Dairy — Requirements of importing countries met	N/A[42]	≥ 99%	—

* A variation of +/- 1% from the target is interpreted as "met."

[40] Performance targets are based on historical averages of actual performance or on expected results of effective programming (see page 11 for further discussion on targets). When key targets have not been met, the regulated parties are required to undertake corrective actions and are subject to re-inspection to confirm that the steps have been undertaken to address deficiencies. Also, the Agency has action plans in place to address programs that fall below established targets. Industry compliance targets of less than 100% are representative of the Agency's risk-based inspection approach which targets areas of high-risk and past non-compliance.

[41] Although the compliance rate fell short of the performance target, the compliance rate fell within expected thresholds based on a ten-year average. An action plan has been established to address the variance between the target and results achieved.

[42] While this performance information is not currently available, CFIA is making progress on collecting information on this activity and will continue to report on the data as it becomes available.

Table 4.1.1 — Details of Summary Performance of Results and Spending *(continued)*

Targeted Performance	Actual	Target[43]	Result Opportunity for improvement (X) Met* (√) Exceeded (√+)
Strategic outcome*: A sustainable plant and animal resource base** ***Government of Canada outcome: A clean and healthy environment ***Program activity***: Animal and plant resource protection			
Program sub-activity: Protecting Canada's crops and forests			
***Expected result**: Entry and domestic spread of regulated plant diseases and pests are controlled*			
Number of new regulated plant diseases or pests introduced into Canada through regulated pathways (if any)	4	None	X[44]
Increase (if any) in size of regulated areas for plant diseases/pests attributable to human activity	Some increase	No increase	√[45]
Number of pest surveys that are completed as per workplan	100%	100%	√
***Expected result**: Industry complies with federal acts and regulations*			
Fertilizers and supplement (non-biotechnology) — compliance with efficacy standards	82%	≥ 95%	X[46]
Fertilizer and supplement — compliance with safety standards (heavy metals, pathogens, and pesticide contamination)	96%	≥ 95%	√
Program sub-activity: Protecting Canada's livestock			
***Expected result**: Entry and domestic spread of animal diseases are controlled*			
• Number of new regulated animal diseases introduced into Canada through regulated pathways (if any)	None	None	√
• Increase (if any) in proportion of domestic animals infected with a regulated animal disease in Canadian herds or flocks	Some increase	No increase	X[47]
***Expected result**: Industry complies with federal acts and regulations*			
• Percentage of feed mills that are compliant (without major deviations)	96%	≥ 95%	√
• Percentage of feed renderers that are compliant (without major deviations)	93%	≥ 93%	√

* A variation of +/- 1% from the target is interpreted as "met."

[43] Performance targets are based on historical averages of actual performance or on expected results of effective programming (see page 11 for further discussion on targets). When key targets have not been met, the regulated parties are required to undertake corrective actions and are subject to re-inspection to confirm that the steps have been undertaken to address deficiencies. Also, the Agency has action plans in place to address programs that fall below established targets. Industry compliance targets of less than 100% are representative of the Agency's risk-based inspection approach which targets areas of high-risk and past non-compliance.

[44] Following the detection of these new regulated pests, the CFIA responded immediately to determine the extent of the introduction and establish control measures to prevent the spread of these pests.

[45] The CFIA successfully controlled the spread and eradication of three of the five plant pests and diseases that were the focus of the Agency in 2005–06 (PW, ALHB, PPV). Efforts in relation to the remaining two pests have not yet resulted in a decrease in the regulated areas for those pests. (BSLB & EAB). Therefore, this target was met.

[46] Compliance rates have remained static over the past five years. The CFIA and the fertilizer industry are working to increase compliance through the implementation of a permanent consultative body where corrective action will be agreed upon and implemented.

[47] The Agency is reporting on the tracking of three animal diseases: CWD, TB, and Scrapie. The Agency found no increase in CWD, and increases in TB and Scrapie. None of the infected animals entered the food chain and there is no risk to other human health. An action plan has been established to address the variance between the target and results achieved.

Table 4.1.1 — Details of Summary Performance of Results and Spending *(continued)*

Targeted Performance	Actual	Target[48]	Result Opportunity for improvement (X) Met* (√) Exceeded (√+)
Program sub-activity: Assessing agricultural products			
***Expected result**: Agricultural products meet the requirements of federal acts and regulations*			
Novel fertilizer and supplement testing — compliance with efficacy and safety standards (biotechnology)	92%	≥ 95%	X[49]
Compliance of confined field trials for plants with novel traits (PNTs)	94%	≥ 90%	√+
***Strategic outcome*: Canada's food supply and agricultural resource base are secure from deliberate threats**			
Government of Canada outcome: Safe and secure communities			
Program activity: Public security			
Program sub-activity: Preparing for emergencies			
***Expected result**: The Agency is in a state of readiness for an effective, rapid response to emergencies*			
Implementation of Public Safety and Emergency Preparedness Canada's (PSEPC) National Emergency Response System (NERS)	Partial	Full	X[50]

* A variation of +/- 1% from the target is interpreted as "met."

[48] Performance targets are based on historical averages of actual performance or on expected results of effective programming (see page 11 for further discussion on targets). When key targets have not been met, the regulated parties are required to undertake corrective actions and are subject to re-inspection to confirm that the steps have been undertaken to address deficiencies. Also, the Agency has action plans in place to address programs that fall below established targets. Industry compliance targets of less than 100% are representative of the Agency's risk-based inspection approach which targets areas of high-risk and past non-compliance.

[49] A permanent consultative body has been created, which will facilitate the promotion of improved compliance.

[50] This target, to implement all aspects of Public Safety and Emergency Preparedness Canada's (PSEPC) National Emergency Response System (NERS), was met in June 2006.

4.2 Notes on Reporting Against the Report on Plans and Priorities

As discussed in Section 2.1 — How the Agency Plans and Reports, the Agency is required to report on its performance against the 2005–06 *Report on Plans and Priorities* (RPP). The 2005–06 Performance Report has also been structured to reflect the Agency's performance over the reporting year in the most accurate manner possible. While the Performance Report reflects the Strategic Outcomes, program activities, program sub-activities and expected results around which the RPP is structured, discrepancies between the two documents may exist, including:

- **Ongoing strategies and special initiatives as related to expected results**: The complexity of the Agency's business demands that the CFIA engage in a number of ongoing strategies and special initiatives that *collectively* contribute to the achievement of expected results (as outlined in the RPP). There is therefore not a linear correlation between any one strategy/ initiative and expected result. However, for the purposes of reporting, ongoing strategies and special initiatives have been associated with one main expected result.
- **Reporting on selected strategies and special initiatives**: The RPP sets out a number of strategies and initiatives to support the achievement of the Agency's Strategic Outcomes. Where possible, performance information is presented for each ongoing strategy. However, to more accurately reflect performance and to enhance clarity, a number of strategies are often discussed under a single strategy heading. For example, under "Managing food safety risks," inspection activities[51] and program design/re-design are listed as two separate strategies in the 2005–06 RPP, however, in the Performance Report, the two strategies are discussed as one, under the heading "Inspection Activities." Results chains appear under each Strategic Outcome and outline the strategies discussed in this report.
- **Sound agency management**: The RPP presents its plan for sound agency management along with the Agency's four other Strategic Outcomes. While the CFIA places a high priority on effective internal management as it contributes to the Agency's ability to fulfill its mandate, this performance information is discussed separately in this report.

[51] Please note that inspection activities under this program sub-activity are listed as "verification activities" in the RPP. It was changed to prevent confusion with the audit-related implications of the term "verification."