



# Agriculture and Agri-Food Canada

## Performance Report

For the  
period ending  
March 31, 1996

Improved Reporting to Parliament –  
Pilot Document

©Minister of Public Works and Government Services Canada 1996

Available in Canada through

your local bookseller

or by mail from

Canada Communication Group – Publishing  
Ottawa, Canada K1A 0S9

Catalogue No. BT31-4/1-1996  
ISBN 0-660-60148-6



## Foreword

This document was prepared as phase two of the Improved Reporting to Parliament Project which has been established within the Treasury Board Secretariat to improve the Expenditure Management information provided to Parliament, and to update the processes used to prepare this information. This is part of a broader initiative known as “Getting Government Right” to increase the results orientation and increase the transparency of information provided to Parliament.

During the period from August 1995 to June 1996, extensive consultations were held with Members of Parliament and other key stakeholders to examine options to improve the information provided to Parliament. A clear requirement was identified to provide a focus on departmental performance and actual results achieved.

In June, 1996 the House of Commons gave its concurrence to tabling, on a pilot basis, separate performance reports from sixteen departments and agencies. These pilot documents will be evaluated, and if Parliament and others endorse the approach, Parliament will be asked to formally approve the introduction of separate performance reports for all departments and agencies beginning in the fall of 1997.

These documents are also available electronically from the Treasury Board Secretariat Internet site: <http://www.tbs-sct.gc.ca/tb/key.html>

Comments or questions about this document, or the Improved Reporting to Parliament Project, can be directed to the TBS Internet site, or to:

Government Review and Quality Services  
Treasury Board Secretariat  
L'Esplanade Laurier  
Ottawa, Canada  
K1A 0R5  
Telephone: (613) 957-7042

# **AGRICULTURE AND AGRI-FOOD CANADA**

**PERFORMANCE REPORT  
FOR THE PERIOD TO  
MARCH 31, 1996**



## **AGRICULTURE AND AGRI-FOOD CANADA**

---

### **PREFACE**

In early 1995, the Treasury Board Secretariat introduced the new Expenditure Management System (EMS). As part of EMS and under the guidance of the Treasury Board Secretariat, a number of departments, including Agriculture and Agri-Food Canada, were asked to participate as a pilot under the Improved Reporting to Parliament Project. One proposal being tested is to separate the traditional Part III of the Estimates into two parts, a Planning Document and a Performance Report. The objective is to highlight performance information, providing it at the same time as the Public Accounts are available, some six months earlier than in the past. The Standing Committees can then take past program performance into account as part of the Budget process.

The focus of the 1995-96 Performance Report is results achieved (for the resources expended) compared to the expected results as outlined in previous planning documents. AAFC is in the process of developing a new Planning, Reporting and Accountability Structure (PRAS), including a Performance Measurement Framework to provide improved results information to Parliament. It will identify the Business Lines of the Department, the objectives, expected results and performance indicators. However, until the PRAS is fully developed and approved by the Treasury Board, the Department manages under the approved Operational Plan Framework (OPF). This Performance Report is based upon the OPF.

**PERFORMANCE REPORT**

**1995-96**

TABLE OF CONTENTS

ITEM	PAGE
SECTION I: MINISTER'S MESSAGE	1
SECTION II: DEPARTMENTAL OVERVIEW	3
⊃ Mandate of the Department	
⊃ Minister's Vision for the Sector	
⊃ Key Strategic Issues	
SECTION III: CORPORATE PERFORMANCE	6
SECTION IV: ACTIVITY PERFORMANCE	9
ANNEX A: STATUTORY ANNUAL REPORTS	42
ANNEX B: SUPPLEMENTARY INFORMATION	60

---

## SECTION I

### Message from the Minister

Canadians have demanded that governments at all levels reduce spending and target tax dollars more effectively. They have called for greater input into decision-making and for services and programs that are more closely aligned with their needs. In Agriculture and Agri-Food Canada, we have listened and responded. This Performance Report highlights our accomplishments in the past fiscal year, accomplishments which will continue to pay dividends to our clients and Canadians for years to come.

1995-96 marked the beginning of the department's transition from an organization which invited reliance on government financial programs to one which encourages reliance on returns from the marketplace by actively and co-operatively working with our clients and partners to promote growth, diversification, innovation, adaptation and competitiveness.

To make this shift, we have launched reforms to the western grain transportation system, started the restructuring of our farm income protection programs, and initiated programs to facilitate adaptation in the agriculture and agri-food sector. In the past fiscal year, while major subsidies decreased by \$470 million, we contributed a total of \$1,028 million under a number of transition programs. These programs are specifically designed to help the agriculture and agri-food sector become more competitive and better placed to respond effectively to an environment of new market opportunities and fewer subsidies. We began a massive overhaul of federal farm income protection to implement a comprehensive national farm safety net system. This new system, based on whole farm income, is cost-shared with the provinces. In addition, we started negotiations with each provincial government on companion programs to address region-specific needs, disaster programs, adaptation measures and risk management approaches. In the end, we will have a framework for financial security which is affordable for both producers and governments, compatible with our trade agreements and does not distort market and production decisions.

However, this is only one part of the larger strategy which we embarked on in 1995-96 to foster a stronger sector. Competitiveness demands access to new technologies and new products.

We, therefore, introduced the Matching Investment Initiative - a program in which we match dollar-for-dollar private sector investments in joint research projects. In 1995-96, we conducted 507 joint research projects with industry, investing together a total of \$24.5 million. In addition, we have begun creating a critical mass of research capability strategically located across Canada through the consolidation and refocusing of existing research centres.

To succeed in the marketplace, producers must have secure access to existing and new markets for their products. In June, 1995, in partnership with Foreign Affairs and International Trade Canada, we launched the Agri-Food Trade Service to provide single window access to market information and intelligence, export counselling and export development programs. I also

led several trade missions to South America, Europe and Asia and the agri-food sector was a major component in the Prime Minister's trade missions abroad. This Team Canada approach, working with provinces and the private sector to cement and augment our international trading relationships, has proven to be very successful.

Finally, if the sector is to be competitive, it can not labour under the costs of excessive government. We are actively working to reduce the burden which we, as a government, impose on our clients. We are reviewing and streamlining our regulations, transferring some regulatory responsibilities to industry associations and working with other government departments, like Revenue Canada Customs to streamline procedures. In 1995-96, we started to amalgamate the food inspection responsibilities of this department along with those of Health Canada and Fisheries and Oceans Canada to create a Single Food Inspection Agency. The new Agency will introduce significant savings for both the government and our clients and provides an opportunity to extend the rationalization of inspection services to other levels of government.

However, we have not finished -- we must continue to ensure that we have the most effective programs in place to support our clients in their drive to be competitive. In the fall of 1995, I started a round table process, involving meetings across Canada with farmers, farm organizations, agri-businesses, academics, consumer and other stakeholder organizations. That process culminated in the Excellence Conference in June of 1996 to develop a sectoral Business Plan. Overall, the Round Tables highlighted what is working and what is broken and needs to be fixed. It has helped me and my department to assess our priorities over the years to come.

In the February 1996 Speech from the Throne, the federal government made a commitment to the economic renewal of rural Canada. While the agriculture sector is a major player, other sectors and industries also have an important role in the future of the rural economy.

Many issues facing rural Canadians cut across sectoral boundaries and need a strong collaborative approach for their resolution. To this end, AAFC is leading a federal initiative among a core group of departments which have a major role in the rural economy. This initiative, undertaken within the framework of existing resources, is focused on a number of key areas including: improving access to communications technology, information and government services; enhancing access to capital for rural businesses; promoting rural partnerships; improving opportunities for rural youth; improving and/or removing regulations; and communicating the value of rural Canada as part of the national economy.

Ultimately, the success of our efforts rests on the close partnership we have with farmers, farm organizations, other agri-food stakeholders and provinces. We will continue to work with these partners to make sure all Canadians, as well as investors, understand the strengths and potential of Canada's agriculture and agri-food sector.



## SECTION II

**Mandate of the Minister:** The Minister of Agriculture and Agri-Food promotes the development, adaptation and competitiveness of the agriculture and agri-food sector through policies and programs that are most appropriately provided by the federal government. This is designed to help the sector maximize its contribution to Canada's economic and environmental objectives while providing equitable returns to producers and processors.

The federal government's strategy to foster job creation and economic growth is based on enhancing the ability of the private sector to grow and thrive through a more effective, efficient and innovative role for government. The "right" role for government lies in creating an environment in which business and investment can grow, thus encouraging Canadians to adjust to change.

The Minister appeared before the Senate and House of Commons Committees on Agriculture and Agri-Food in September 1994 to outline the government's "Vision" for the sector:

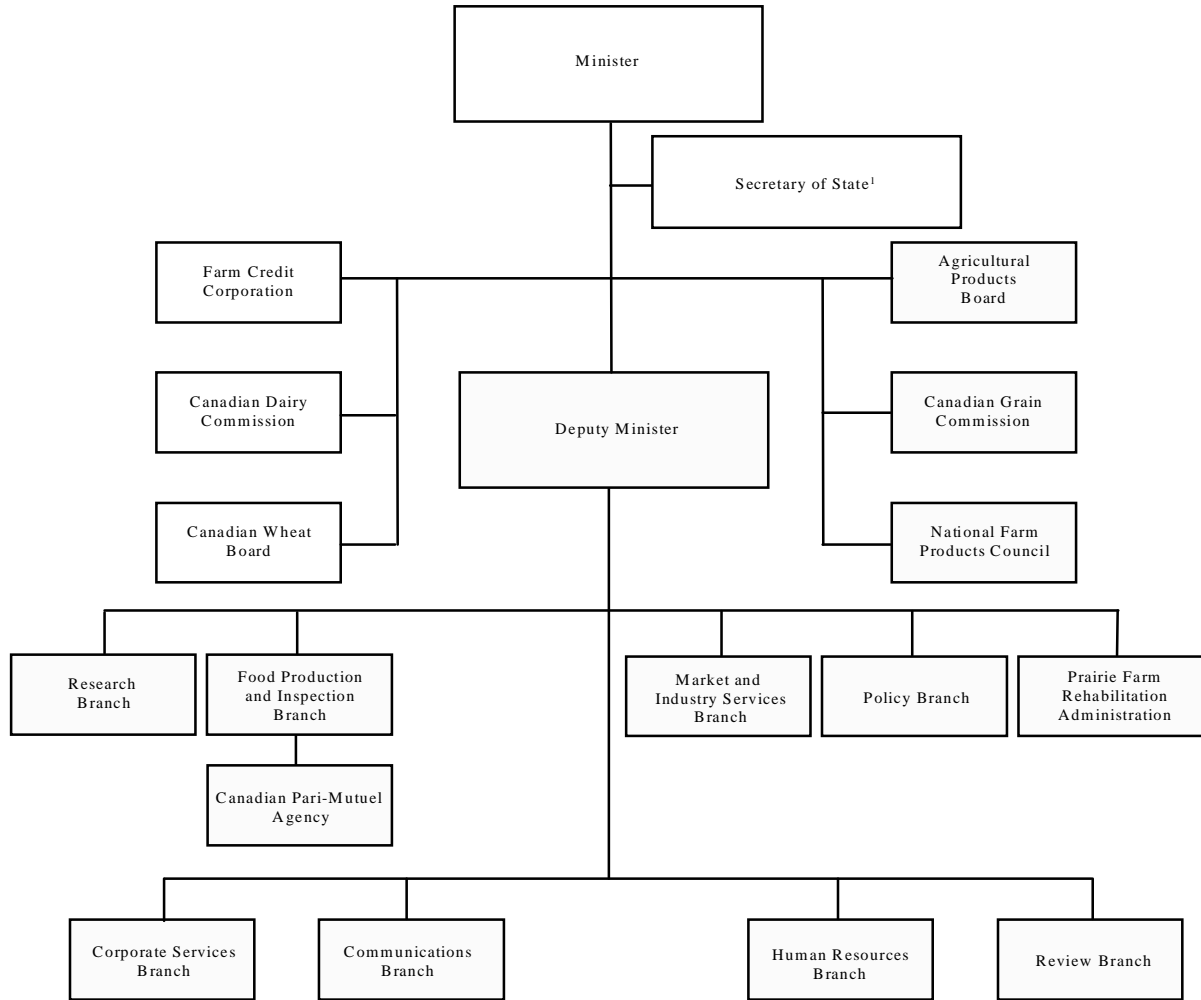
*A growing, competitive, market-oriented agriculture and agri-food industry that:*

- *is profitable;*
- *responds to the changing food and non-food needs of domestic and international customers;*
- *is less dependent on government support;*
- *contributes to the well-being of all Canadians and the quality of life in rural communities while achieving:*
  - *farm financial security;*
  - *environmental sustainability; and*
  - *a safe, high quality food supply.*

To assist the Minister to achieve this "Vision" for the sector, his Portfolio includes the Department of Agriculture and Agri-Food, the National Farm Products Council and three Crown Corporations - the Canadian Wheat Board, the Canadian Dairy Commission and the Farm Credit Corporation. This Performance Report covers only the Department.

The organizational structure of the Portfolio is shown in figure 1. Resources used in 1995-96 for the delivery of programs and the operation of the Department and the National Farm Products Council are shown in figure 2.

**Figure 1: Agriculture and Agri-Food Portfolio Organization Chart**



Notes:

1. The office of the Secretary of State for Agriculture and Agri-Food and Fisheries and Oceans is funded through Fisheries and Oceans Canada.
2. The shaded areas are funded through the Agri-Food Program.

**Figure 2: Resource Requirements by Organization and Activity: Comparison of Main Estimates to Actual Expenditures, 1995-96 (\$000's)**

Organization	Activities							TOTALS
	Agricultural Research and Development	Inspection and Regulation	Policy and Farm Economic Programs	Market and Industry Services	Rural Prairie Rehabilitation, Sustainability and Development	Corporate Management and Services	Canadian Grain Commission	
Research Branch	276,052							276,052
	275,567							275,567
Food Production and Inspection Branch <sup>1</sup>		255,119						255,119
		248,145						248,145
Policy Branch			878,858					878,858
			860,050					860,050
Market and Industry Services Branch				181,865				181,865
				116,828				116,828
National Farm Products Council				2,314				2,314
				2,066				2,066
Prairie Farm Rehabilitation Administration <sup>2</sup>					64,801			64,801
					978,784			978,784
Canadian Grain Commission <sup>3</sup>							45,821	45,821
							745	745
Executive Offices						5,924		5,924
						5,174		5,174
Review Branch						2,723		2,723
						2,961		2,961
Human Resources Branch						10,656		10,656
						16,877		16,877
Corporate Services Branch						33,597		33,597
						48,103		48,103
Communications Branch						5,203		5,203
						6,121		6,121
<b>TOTALS</b>	<b>276,052</b>	<b>255,119</b>	<b>878,858</b>	<b>184,179</b>	<b>64,801</b>	<b>58,103</b>	<b>45,821</b>	<b>1,762,933</b>
	<b>275,567</b>	<b>248,145</b>	<b>860,050</b>	<b>118,894</b>	<b>978,784</b>	<b>79,236</b>	<b>745</b>	<b>2,561,420</b>
<b>% of TOTAL</b>	<b>10.8</b>	<b>9.7</b>	<b>33.6</b>	<b>4.6</b>	<b>38.2</b>	<b>3.1</b>	<b>0.0</b>	<b>100.0</b>

1 The Canadian Pari-Mutuel Agency is included in the Food Production and Inspection Branch but is funded through the Canadian Pari-Mutuel Agency Revolving Fund.

2 Actual expenditures for 1995-96 include extraordinary payments of \$900.2 million for the Western Grain Transition Payments Program.

3 The Canadian Grain Commission began operating as a revolving fund on April 1, 1995 after the Main Estimates for 1995-96 were tabled. Only the net deficit for the Canadian Grain Commission is included in the actual expenditures for 1995-96.

**SECTION III**

1995-96 represents the first year in which changes resulting from the governments' first Program Review exercise were introduced. As a result of the review, the department has embarked on a three year program intended to redirect its focus in light of the declining resources and to prioritize work efforts for those programs deemed necessary to assist the agri-food sector to reach its potential and move into the global market place of the next century. Changes of this nature do not come quickly nor easily. Programs must be reviewed, options assessed, consultations with those affected undertaken and finally, plans put into effect that will bring about the desired results with minimal disruptions. Assistance may be required by a sector, in order to be able to make the transition to a new mode of operation.

The following table provides a brief summary of the strategies the Department announced in the 1995-96 Main Estimates as well as an update of the progress to date on these commitments. Greater detail may be found in section IV.

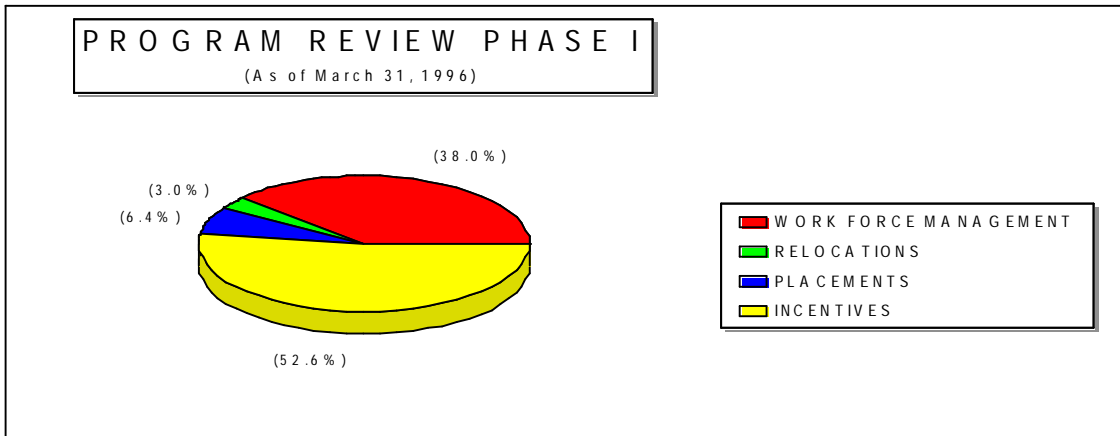
**Figure 3: Key Strategies and Achievements - 1995-96**

<b><i>STRATEGIES</i></b>	<b><i>MAJOR ACHIEVEMENTS</i></b>
<p><b>TRADE AND MARKET DEVELOPMENT</b></p> <ul style="list-style-type: none"> <li>- Strengthen trade and market development efforts to benefit from the General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Agreement (NAFTA)</li> <li>- Assist industry to achieve its \$20 billion export target by the year 2000 and an increased share of the \$80 billion domestic market</li> <li>- Launch new marketing initiatives to support industry in meeting its export target</li> </ul>	<ul style="list-style-type: none"> <li>- resolved trade and market access issues (see page 26)</li> <li>- increased efficiency and access to domestic and international market information (see page 28)</li> <li>- development of industry sensitive programs and policies (see page 28)</li> <li>- Agri-Food Trade Network (ATN) (see page 28)</li> <li>- Agri-Food Trade 2000 (see page 28)</li> </ul>
<p><b>ADAPTATION AND RURAL DEVELOPMENT</b></p> <ul style="list-style-type: none"> <li>- Foster adaptation and rural economic development</li> </ul>	<ul style="list-style-type: none"> <li>- development of the Canadian Adaptation and Rural Development Fund (see page 24)</li> <li>- Canadian Rural Information Service (see page 25)</li> </ul>
<p><b>INNOVATION AND TECHNOLOGICAL CHANGE</b></p> <ul style="list-style-type: none"> <li>- Increase private sector research funding and accelerate the commercialization of results to facilitate diversification and growth</li> </ul>	<ul style="list-style-type: none"> <li>- the Matching Investment Initiative has matched \$13.2 million from industry (see page 11)</li> </ul>

<p><b>RESOURCE AND ENVIRONMENTAL SUSTAINABILITY</b></p> <ul style="list-style-type: none"> <li>- Provide tools to help the primary production and processing sectors attain resource and environmental sustainability</li> <li>- Develop an environmental strategy for the sector, in cooperation with other federal departments, the provinces and industry</li> </ul>	<ul style="list-style-type: none"> <li>- Feed Freight Assistance Adjustment Fund (see page 23)</li> <li>- Sustainable Development Strategy (see page 24)</li> </ul>
<p><b>FINANCIAL SECURITY</b></p> <ul style="list-style-type: none"> <li>- Move towards whole farm income stabilization to help producers manage production and market risks</li> </ul>	<ul style="list-style-type: none"> <li>- changes to existing safety net program components (see page 21)</li> <li>- reduced dairy subsidy by 15% (see page 21)</li> <li>- Western Grain Transition Payments Program (see page 35)</li> <li>- Western Grain Transportation Adjustment Fund (see pages 23 and 24)</li> </ul>
<p><b>SAFE AND HIGH QUALITY FOOD SUPPLY</b></p> <ul style="list-style-type: none"> <li>- Move towards a single, integrated Canadian food inspection system</li> </ul>	<ul style="list-style-type: none"> <li>- detailed action plan for Canadian food inspection system developed (see page 17)</li> <li>- established the Office of Food Inspection (see page 17)</li> <li>- Hazard Analysis and Critical Control Point (see page 16)</li> </ul>
<p><b>THE FISCAL ENVIRONMENT AND THE ROLE OF GOVERNMENT</b></p> <ul style="list-style-type: none"> <li>- Promote a “Team Canada” approach to the design and implementation of policies and programs that balance growth and security (given limited federal funding)</li> <li>- Promote a shared agenda with the provinces on growth and security</li> <li>- Implement a “single window” approach to client services wherever possible to improve efficiencies and promote more accessible government</li> <li>- Implement operational and administrative efficiencies to enable expenditure reductions. Cost recovery and revenue retention opportunities will be applied where feasible</li> </ul>	<ul style="list-style-type: none"> <li>- provincially-based industry-led Adaptation Councils (see page 24)</li> <li>- Agri-Food Industry Market Strategies (see page 28)</li> <li>- Task Force on Orderly Marketing (see page 30)</li> <li>- PFRA partnership agreements (see page 33, 34)</li> <li>- Enhanced Import Operations (see page 19)</li> <li>- InfoHort (see page 28)</li> <li>- Agriculture and Agri-Food Canada Electronic Information Service (ACEIS) (see page 28, 67)</li> <li>- the Business Alignment Plan of FPIB (see page 18)</li> <li>- Research Branch consolidation (see page 10)</li> <li>- establishment of the Canadian Grain Commission Revolving Fund (see page 37)</li> </ul>

**Work Force Management Strategy:**

As of March 31, 1996, the Department had reached 128% of the reduction originally targeted for the first year of Program Review I (PRI). This represents 73% of the PRI Reduction Exercise targets. To date, there has not generally been a disproportionate impact on Employment Equity group populations or on the regions. The following graph illustrates how the first year reductions

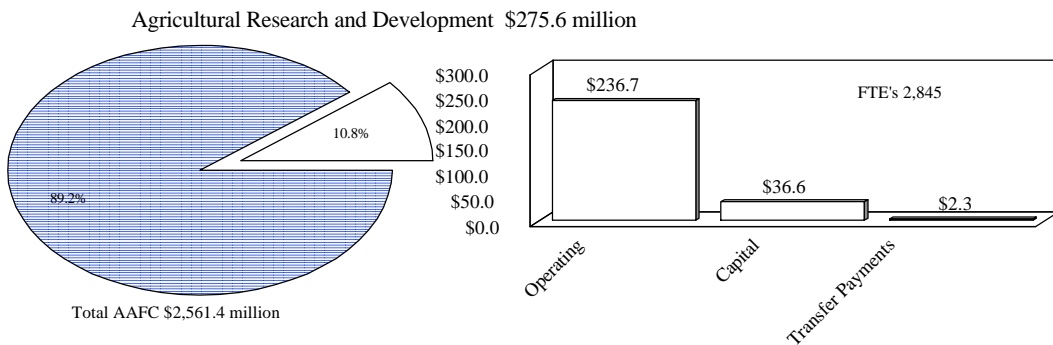


were obtained:

**SECTION IV****TABLE OF CONTENTS**

<b>ACTIVITY</b>	<b>PAGE</b>
AGRICULTURAL RESEARCH AND DEVELOPMENT	10
INSPECTION AND REGULATION	14
POLICY AND FARM ECONOMIC PROGRAMS	20
MARKET AND INDUSTRY SERVICES	26
RURAL PRAIRIE REHABILITATION, SUSTAINABILITY AND DEVELOPMENT	31
CORPORATE MANAGEMENT AND SERVICES	36
CANADIAN GRAIN COMMISSION	37

**AGRICULTURAL RESEARCH AND DEVELOPMENT:** this Activity aims to improve the competitiveness of the agri-food sector by helping to ensure the health and safety of agricultural production and adding value to this production. The Department focuses on research and development that is likely to benefit the nation but which the private sector, working alone, could not conduct profitably. The actual expenditures for this activity in 1995-96 are shown in the following graphs.



**Research Branch Rationalization:** Research undertaken by the Branch is being consolidated at 18 Centres across Canada. Each of these Centres will have a critical mass of scientific expertise to provide a specialized focus of national importance, reflecting the industry strengths of the region in which it is located. Seven research Centres will be closed or phased out and consolidated with other Centres, reducing administrative overhead. The following table outlines progress achieved in 1995-96.

**Figure 4: Research Centre Consolidation**

Location	Status Report
<b>La Pocatière, Québec</b>	Treasury Board approval has been received to negotiate transfer of facilities to a not-for-profit corporation.
<b>L'Assomption, Québec</b>	The municipality has tabled an offer with Public Works and Government Services Canada (PWGSC). The offer is being reviewed.
	Federal, provincial and municipal authorities have indicated no



Location	Status Report
<b>Smithfield, Ontario</b>	interest in facilities. Public offers are being solicited. Canadian Clonal Gene Bank is in the process of being transferred to the Greenhouse and Processing Crops Research Centre in Harrow.
<b>Thunder Bay, Ontario</b>	Research operations ceased as of July 1995. Municipal authorities made an offer at market value to PWGSC which was accepted.
<b>Vegreville, Alberta</b>	Phase out completed. Ownership of land/buildings transferred to town of Vegreville in September, 1995.
<b>Regina, Saskatchewan</b>	Some programs and staff are being transferred to Saskatoon Research Centre.
<b>Prince George, British Columbia</b>	Phase out completed. Disposal of facility being managed by PWGSC.

In addition, two small centres were administratively linked with larger centres - Morden with Winnipeg, and Beaverlodge with Lacombe. This was completed in 1995-96. The Vancouver Research Centre and the Centre for Food and Animal Research in Ottawa are being phased out and their programs and staff are being transferred to strengthen programs of other centres.

As a result of Program Review decisions announced in the 1995 budget, Research Branch is eliminating 917 positions. Furthermore, 365 positions were identified to be transferred between Centres. As of August 1996, the Branch had achieved approximately 76% of its total reduction target.

**Matching Investment Initiative (MII):** MII is an initiative aimed at increasing the level of collaborative research between industry and the Department. It was created to encourage industry investment in R&D by providing matching federal funding, up to 50%, for research projects. This gave industry a significant role in setting priorities. MII aims to increase investment in R&D by industry, strengthen Canadian agri-food technology development and commercialization and accelerate technology transfer. The research and development supported by the MII is related to the Branch mandate in the areas of resource conservation, crop, animal and food research.

**Figure 5: Matching Investment Initiative - 1995-96**

Branch	Number of Projects	Approved Contracts (a)	Industry Contribution (b)	Total Value (a+b)
Research	476	\$10.3M	\$12.2M	\$22.6M
Food Production and Inspection	31	\$ .9M	\$1.0M	\$1.9M
Total	507	11.2M	13.2M	24.5M

**Ongoing Activities:** Research and development is conducted in four areas: resource conservation, crop, animal, and food research. Highlights include:

### Resource Conservation Research

At the Lacombe Research Centre, researchers have shown that low rates of wild oat herbicides are not only economical and effective, but also reduce the rate of selection for herbicide-resistant wild oats. This research is welcome news to producers looking to lower input costs and herbicide use.

St. John's wort contains a substance that make some cattle sensitive to light, leading to severe irritation and weight loss. Kentville scientists have found a microscopic fungus that singles out St. John's wort as its exclusive victim as well as identifying a wort beetle that can help spread the fungus. The combination of disease and vector add up to a potential new biocontrol strategy.

### Crop Research

Early frosts in Western Canada have frequently taken their toll on the bean crop, causing serious losses and downgrades. Researchers at the Lethbridge Research Centre are developing new bean cultivars that mature in less time. A collaborative study at the centre is evaluating bean germplasm from Central and South America as well as identifying high-yielding cultivars with early maturity.

A new fruit is finding favour in the Fraser Valley. The grape kiwi produces abundant clusters of smooth skinned berries that have a bigger flavour than full sized kiwis. Production and handling techniques developed at Agassiz have led to commercial plantings in B.C.'s Lower Mainland. Because the grape vine is hardy to -25 degrees Celsius, the range could expand to other parts of the country.

### **Animal Research**

Using the most advanced processing and packaging technology, a test shipment of chilled pork was transported to Japan from the Lacombe Research Centre. Assessment of the product in Japan indicated that it was the freshest and safest product available from any source. This has opened the Japanese retail trade to Canadian producers.

Researchers at the Pacific Agricultural Research Centre have been examining alternative hen housing for commercial egg production. Aviary housing, one option that shows promise, allows greater freedom of movement for the hens. An experimental aviary provides litter on the ground floor for grazing, a sand box for dust bathing, raised tiers that let the birds fly to different levels and perches up top for roosting at night. A special lighting system simulates the gradual transition between night and day. Researchers are assessing the behavioural impact of the lodgings on the chickens with a view to developing appropriate management practices. The research addresses demands for alternative animal handling practices.

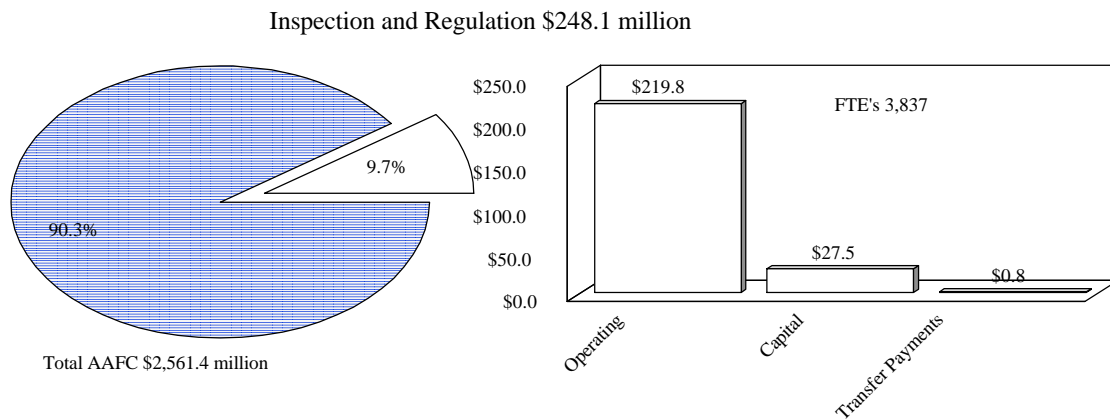
### **Food Research**

Research from the Centre for Food and Animal Research will help the specialty meat industry offer a better product. The pathogenic bacteria *Listeria monocytogenes* can grow on the surface of ready-to-eat meats. Two bacteriocins, proteins produced by bacteria which are lethal for other strains, were found to inhibit *Listeria* on raw chicken. Scientists at the Centre for Food and Animal Research have been combining the bacteriocin treatment with modified atmosphere packing (MAP) using elevated levels of carbon dioxide to enhance the inhibitor effect.

The Food Research and Development Centre in Saint Hyacinthe has been fine-tuning a process that encapsulates micro-organisms needed to make yogurt, dry sausages, and other food products. The immobilized cell technology encapsulates fermentation bacteria allowing them to be added in very large numbers to the material to be fermented. The cells can then be recovered and used in subsequent fermentations. The technology helps speed up production, giving manufacturers a competitive edge.

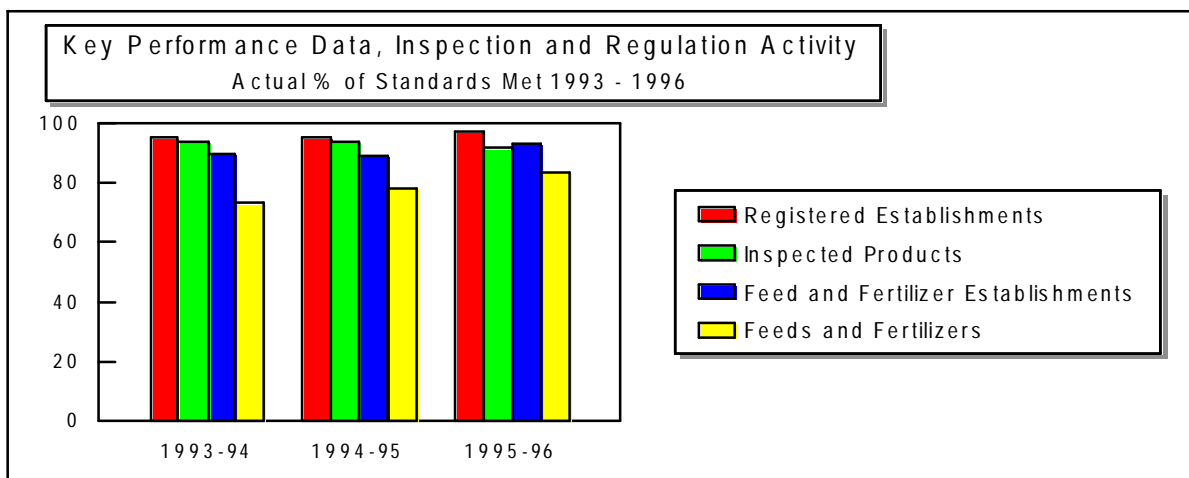
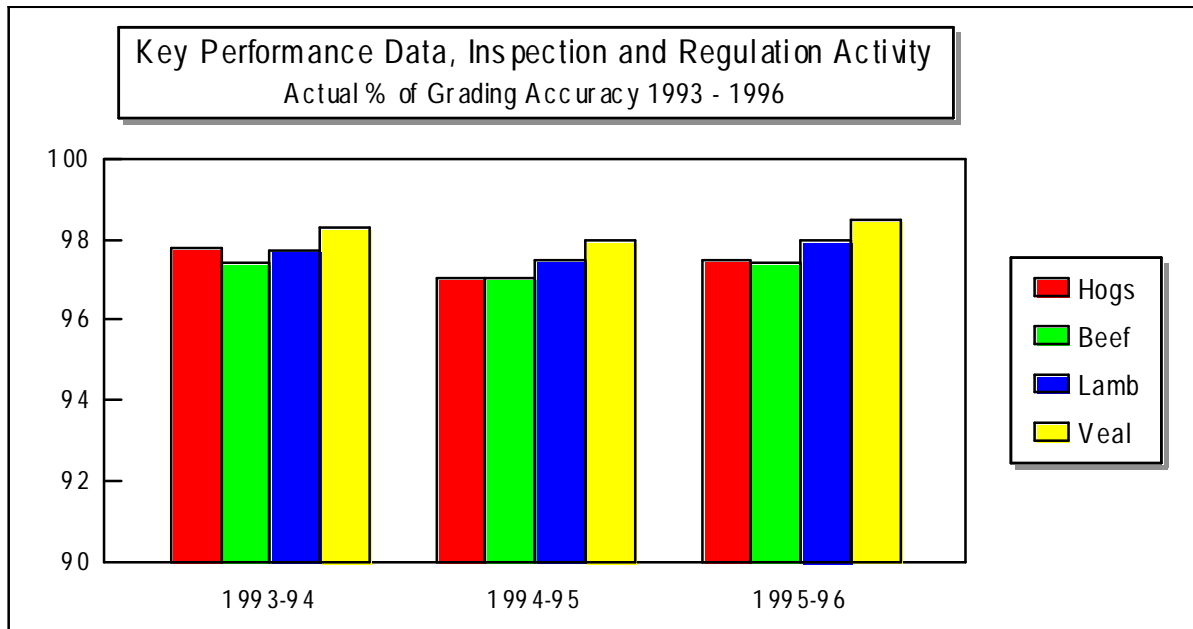
**INSPECTION AND REGULATION:** is committed to maintaining Canada’s excellent domestic and international reputation for a safe and high quality food supply. It involves both health and safety and trade and commerce responsibilities. Expected results in 1995-96 were:

- Consumer protection by providing Canadians with a safe food chain through the enforcement of health and safety standards and by providing consumers with reliable product information through fraud deterrence activities;
- Market access and safeguarding Canada’s valuable agri-food industry by eliminating or controlling the introduction and spread of foreign animal and plant pests and diseases by verifying the technical requirements of foreign countries and negotiating with other countries to resolve technical trade irritants and by deterring economic fraud within the business chain; and
- Betting fraud prevention by protecting the Canadian wagering public against potential fraudulent practices at race tracks through the supervision of pari-mutuel wagering on horse races.



**Consumer Protection:** Canadians are protected through domestic and import product inspections carried out in registered establishments. Historical compliance rates for both establishments and products are shown in the following graphs. Fraud prevention activities apply to registered establishments, to approximately 4,356 non - registered food manufacturing establishments and to activities at the retail and import levels.

This Activity is responsible for the administration of thirteen Acts and associated Regulations. The mandate requires the Department to maintain and coordinate a network of facilities across the country. For example: in 1995 there were 1,798 registered food processing establishments (dairy, egg, processed egg, processed fruit and vegetable and meat establishments) involved in interprovincial and international trade; 1,600 fresh fruit and vegetable licensees (person, corporation or co-operative that hold a federal produce license); 149 registered produce warehouses; and 841 Inspection and Regulation Offices.



As these graphs show, compliance rates, already at high levels, have been increasing over the last three years.

Progress on implementing new inspection/testing methodologies continues through Agriculture and Agri-Food Canada's Food Safety Enhancement Program (FSEP). The department continued to work with industry to initiate the Hazard Analysis and Critical Control Point (HACCP) System approach to all of the 1,798 federally registered food processing establishments. HACCP is an internationally accepted science-based food processing inspection system that stresses preventing food safety problems before they occur.

**Market Access:** Canada's 1995 agri-food exports were valued at \$8.6 billion to the U.S. and at \$361 million to Mexico. The approximate overall value of agri-food trade was \$17.5 billion in exports and \$12.7 billion in imports in 1995. Canada's high animal and plant health standards have contributed significantly to our nation's ability to export livestock, horticultural, and forestry products. By taking appropriate control measures in December 1993, Canada has ensured that BSE (bovine spongiform encephalopathy), a slowly progressive fatal nervous disorder of cattle, does not affect international and consumer confidence in our agri-food products. During the crisis experienced by the U.K. in 1995-96, Canada enjoyed the benefits of its ongoing disease control measures by having maintained its BSE-free status, and thereby successfully protecting \$1.1 billion in cattle exports.

In 1995-96, various risk management measures were applied through our inspection system. For example, Canada required that wheat shipments from the U.S. be certified as free from karnal bunt, thus protecting our export market for wheat, valued at about \$4 billion. Another example includes the surveys undertaken to ensure that Canada remains free of Asian gypsy moth. If established in Canada, this pest would have a significant impact on our forest industry at home (valued at \$40 billion) and on our exports (about \$17 billion of agriculture and forestry products annually).

By negotiating acceptable export health conditions with our trading partners, and by actively participating in the design and establishment of international trade standards, Canada has shown leadership in opening access to markets in about 160 countries. For example, Agriculture and Agri-Food Canada officials negotiated 13 trade protocols for semen and embryos in 1995-96.

As a result of this success, exports of semen were valued at \$29.6 million in 1995. Embryo exports to 31 countries increased by 43% over 1994 and were worth \$33.3 million.

As a result of several years of technical negotiation, Canada is now the only country in the world with access to the Mexican seed potato market. This year we successfully exported the first consignment of turkey eggs to Australia since 1948. In 1995-96, the resolution of technical trade issues for varying commodities was negotiated with eight countries, including China, Taiwan, Hungary, and New Zealand.

**Fraud Prevention at Race Tracks:** is carried out through the Canadian Pari-Mutuel Agency. It is funded through the Canadian Pari-Mutuel Agency Revolving Fund maintained by a levy (not to exceed 1%) deducted from all pari-mutuel bets. This levy has remained at 0.8% since April 1983.

The accuracy of pari-mutuel calculations is maintained at a standard of 99.9% or better. Additionally, blood and urine samples are taken from winning horse(s) and other randomly selected horses after each pari-mutuel race in order to identify any animals that may have been given illicit medication. In 1995 the number of positive tests was very small, between 0.15% and 0.25% of samples taken, indicating that the use of illicit drugs is well controlled.

### CHANGE MANAGEMENT SUMMARY

**The Office of Food Inspection Systems (OFIS):** was established in May 1995 in response to direction provided in the 1995 Budget, in consultation with the Interdepartmental Committee on Food Regulation. A discussion paper outlining four possible organizational options for the horizontal integration of federal food inspection activities was distributed in July 1995 to stimulate and focus public discussion.

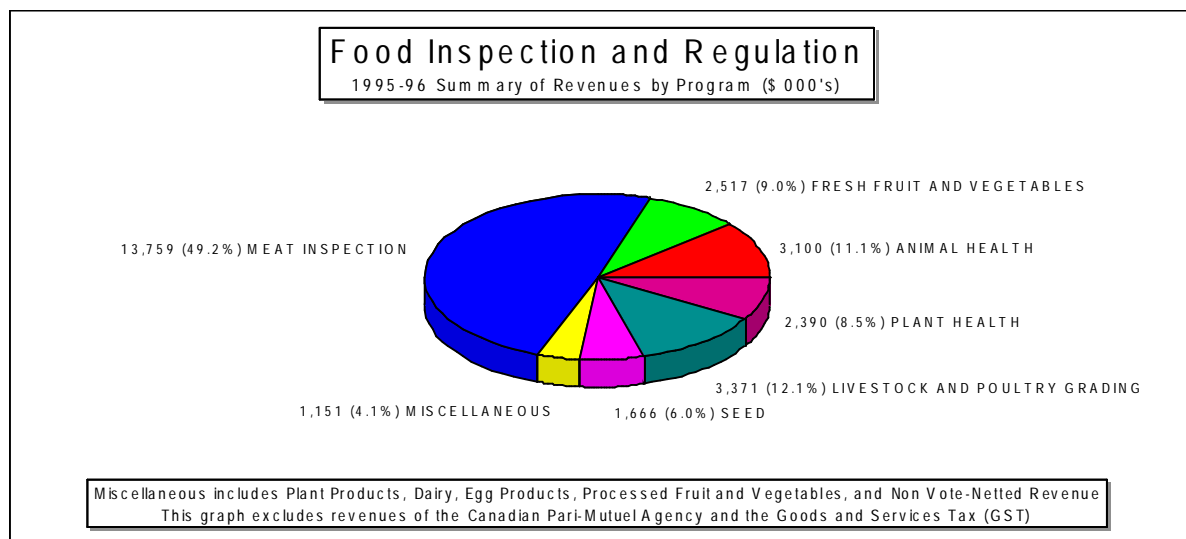
The 1996 Budget announced the consolidation of all federally mandated food inspection and quarantine services into a single federal agency. An interdepartmental structure was created by OFIS to oversee the smooth and timely transition to the new agency. Throughout the process, staff, unions, industry, consumers and provinces have been involved. Forty thousand brochures entitled "Reorganizing the Federal Food Inspection System" have been distributed since the March 1996 announcement. A toll-free line was used to provide a general information and hundreds of calls were answered in the months following the 1996 Budget announcement. A progress report was published and distributed. OFIS and staff from all three departments have met across the country with employees, industry and other stakeholders to provide as much information as possible and to solicit feedback and ideas. The Agency should be operational by early 1997.

**The Canadian Food Inspection System (CFIS):** is a collaborative initiative of all levels of government to design a vertically integrated and harmonized food inspection system which is responsive to both consumers and industry. A detailed action plan, the "Structure for Action" outlines a series of (17) projects.

The Canadian Food Inspection System Implementation Group (CFISIG) has initially focused on eight projects. At the federal-provincial Ministers of Agriculture meeting in August 1995, the CFISIG co-chairs presented progress on the initiative. Ministers endorsed the progress and offered their ongoing support. Subsequently, at the Federal/Provincial Ministers of Health meeting, support for the CFIS initiative by health departments responsible for food safety was confirmed. The project working groups continue to make steady progress. The consolidation of all federally mandated food inspection and quarantine services into a single agency will speed up and simplify work already begun under CFIS.

**Business Alignment Plan:** The implementation of the Business Alignment Plan (BAP) is a complex project involving all Food Production and Inspection Branch (FPIB) programs and activities. In accordance with the Treasury Board policy on cost recovery, FPIB is seeking to shift more of the financial burden from the general tax payer to the specific beneficiary of the service. The introduction of cost recovery when coupled with respending authority provides an alternative to the possible discontinuation of services to the agri-food industry. The project involves the phased implementation of various elements spanning the entire 1995-96 fiscal year. The BAP will introduce "Market Forces" through the setting of service fees which will potentially redesign every program.

Throughout 1995-96, FPIB undertook an extensive consultation process, involving over 200 separate meetings with stakeholders, unions, provincial governments and other federal departments on aspects of the BAP. All revenue generated through the service fees is used by FPIB to provide more services than would otherwise be possible if the Branch had to rely on its general appropriation. The objective in 1995-96 was to generate \$38.7 million in new revenues to supplement the Branch's general appropriation. FPIB introduced eight regulatory amendments (completed in 1995) which enabled the charging of various fees for services rendered. Collectively these amendments either maintained or increased revenue levels by a total of \$27.3 million in 1995-96. The revenue shortfall was offset by accelerating the Program Review Reduction Plan. A summary of revenues (Total of \$27.9 million) by program is shown in the following graph.



FPIB set a reduction target over the period 1995-98 of \$24 million to be attained through a combination of cost avoidance and cost reduction initiatives. In 1995-96 FPIB developed plans with the Canadian red meat industry to reduce the Meat Hygiene program expenditures by \$10.2 million effective April 1996.



**Enhanced Import Operations:** Ninety-seven percent of the volume of Canada's agricultural imports comes through 65 of the existing 215 points of importation. In 1995-96, thirty-six of these had an on-site single window of service to provide information on all agri-food import requirements through Import Primary Contacts. The other 29 had access to these contacts by phone or facsimile. The remaining 150 points of importation received only three percent of the volume of imports. The use of Customs pre-arrival review procedures (agri-PARS and agri-FIRST), which reduce waiting time at the border for agricultural products that comply with all regulatory requirements, was available to all approved agricultural products. Service centres and integrated support have been developed in conjunction with Revenue Canada, Customs and are due to be piloted in late 1996.

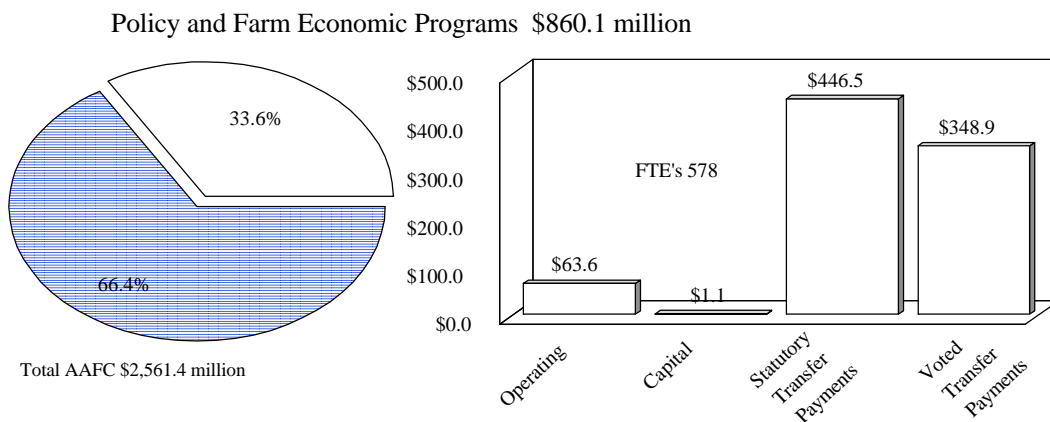
**Regulatory Review Implementation:** In 1995-96, all of the 1992 Regulatory Review Recommendations had been actioned and regulatory amendments initiated to eliminate the regulatory and administrative requirements for low risk agricultural commodities. Industry/government cost sharing arrangements were extended for inspection services in the horticulture and agriculture input sectors. As of April 1996, the Canadian Beef Grading Agency assumed the responsibility for beef grading. Further recommendations are scheduled for completion in 1997-98.

**Administrative Monetary Penalties:** This system was developed to improve regulatory compliance and give the Department an additional enforcement option. Royal Assent was given to the legislation in December 1995. Regulations are currently being drafted and should be completed by the end of the 1996-97 fiscal year. The drafting process includes extensive consultation with industry associations.

**The Auditor General (OAG):** completed an audit of the animal and plant health programs. It identified ways to improve the management and administration functions of the programs and action is being taken to implement these recommendations. The OAG also recognized the value of the programs in maintaining access to export markets. Canada's relative freedom from animal diseases and plant pests and its high health standards have contributed significantly to our nation's ability to export over \$17 billion of agriculture and forestry products annually.

**POLICY AND FARM ECONOMIC PROGRAMS:** The Activity develops a policy environment which improves the ability of the agriculture and agri-food sector to compete and to adapt to change and delivers income stabilization and adaptation programs consistent with these goals.

Primary responsibilities of the Activity:



- managing the federal partnership role in an integrated national system of farm income stabilization programs;
- developing adaptation policies and programs that enhance the sector's competitiveness, sustainability and ability to pursue market opportunities for diversification and value-added products;
- developing and coordinating review and consultation on policy options and assessing progress of programs toward policy objectives;
- generating information on the agri-food sector that promotes understanding of issues; and
- managing federal/provincial relations to develop a common understanding amongst governments and to generate strategic approaches to achieve federal objectives.

Principal initiatives under this Activity in 1995-96 were in the areas of supply management, safety nets, transportation and grain policy reform, sustainable development, adaptation, and rural development.

**SUPPLY MANAGEMENT**

The federal dairy program seeks to stabilize dairy producer revenues by including a direct payment to producers based on their industrial milk market sharing quota. These payments are administered by the Canadian Dairy Commission (CDC) who receive funds under the authority of the Farm Income Protection Act. In the 1995-96 fiscal year, \$207.5 million was paid out to producers.

The 1995 Budget announced reductions in the rate of the dairy subsidy by 15 percent effective on each of August 1, 1995 and August 1, 1996. The 1996 Budget, announced that the balance of the subsidy would be phased out through five equal annual subsidy rate cuts starting August 1, 1997 to help the federal government reach its deficit reduction targets. The program will conclude effective August 2001.

**SAFETY NETS**

1995-96 was devoted to negotiations with the provinces to put in place the Safety Net Policy Framework, an important step in the evolution towards whole-farm programming. The objective of the Framework is to promote the long-term viability and competitiveness of Canadian agriculture through a non-distorting system of income stabilization designed to provide the tools to help farmers adjust to market signals and become more self-sufficient in managing risks.

The approach is based on recommendations made by the National Safety Nets Consultative Committee to federal and provincial Ministers in December 1994. It provides for a complementary 3-pronged approach to agricultural safety nets in Canada: a whole-farm program (currently NISA) supplemented by crop insurance, and provincial companion programs. As part of the Framework, an agreement has also been reached on principles, joint policy development processes, and a formula to allocate federal funding.

Highlights for the major safety net programs in 1995-96 include:

**Gross Revenue Insurance Program (GRIP)**

- 1995-96 was the last year of GRIP in most provinces, although Ontario and possibly Quebec will offer their producers a similar program that will be funded out of and operated as part of those provinces' companion program allocation.
- High grain prices and a good quality crop resulted in very small payouts under the Program in 1995-96, with federal contributions of \$100 million.

**Crop Insurance**

- The five year federal/provincial agreement originally due to expire at the end of 1994-95 was continued in 1995-96 to provide the time required to develop new programs as a result of the national review. The only significant program change was the reintroduction of the Hail Spot Loss benefit in Alberta. Federal contributions for 1995-96 totalled \$163.6 million.

**Net Income Stabilization Account (NISA)**

- During the 1995-1996 fiscal year, most accounts were processed for the 1994 stabilization (tax) year and applications were sent out for the 1995 stabilization (tax) year.
- For the 1994 stabilization year, the base NISA rate was increased to allow participants to deposit up to 2.5% of their eligible net sales and receive matching contributions of 1.5% from the federal government and 1% from the provincial government. For the 1995 stabilization year, the federal government increased its matching contribution to 2%, allowing participants to deposit up to 3%.
- For the 1994 and 1995 stabilization years, most agricultural commodities except those produced under supply management regimes were eligible for coverage. The few exceptions related principally to the red meat sector in Alberta and beef cattle in B.C. Quebec covered edible horticulture, bees and bee by-products, as it currently operates its own agricultural stabilization program for other commodities.
- Federal contribution payments to the basic NISA program for the 1994 stabilization year were \$126 million compared to \$70.7 million for the 1993 stabilization year. Federal contributions relating to additional matching contributions under the NISA program in British Columbia, Saskatchewan and Ontario for the 1994 stabilization year were \$77 million. Approximately 128,000 applications were received from participants across Canada. This number is expected to increase to 130,000 for the 1995 stabilization year.
- The NISA Administration developed and implemented service standards to provide turn-around times for the processing of applications and the payment of funds from participants' accounts. The Administration continued to develop partnerships with financial institutions, Revenue Canada and Canada Post to provide better quality service to participants.

**National Tripartite Stabilization Plans (NTSP)**

- The National Tripartite Stabilization Plans were established in 1987 and 1988 to reduce losses by producers due to adverse changes in market prices or costs. Of the original 8 plans only the honey, apples and sugar beet plans were active during 1995-96 with federal contributions of \$2.4 million. However, during this same period governments agreed to retroactively terminate honey effective June 1, 1994. Agreement in principle was also reached on the retroactive termination of the NTSP for apples effective August 1, 1994. The only remaining Plan is sugar beets in Manitoba and Alberta. This Plan is scheduled to terminate at the end of the 1996 crop year.

**Feed Freight Assistance Adjustment Fund (FFAAF)**

- The FFAAF is a three-year, \$72.7 million program, established as transitional assistance for former Feed Freight Assistance (FFA) beneficiaries in eastern Canada, British Columbia, the Yukon and the Territories. These producers are required to adapt to an environment without the FFA Program that was terminated as part of the 1995 Budget. In 1995-96, \$34 million was paid out to eligible recipients, with the balance of funds to be distributed by April, 1997.

**TRANSPORTATION AND GRAIN POLICY REFORM**

Despite lower exports, 1995-96 was a very good year for Canadian grains and oilseeds producers.

Canada harvested an above average crop, both in terms of quantity and quality. Due to extremely low beginning stocks and high domestic feed demand, grains and oilseeds exports declined about 20 per cent from 1994-95. However, grains and oilseeds prices were very strong due to tight world supply, with record wheat and barley prices and near-record canola prices in Canada. The Canadian Wheat Board initial payments for wheat and barley were raised several times throughout the year.

The end of the Western Grain Transportation Act (WGTA) subsidy, announced in the 1995 Budget, and the reform of the Canadian Wheat Board's (CWB) pooling system on August 1, 1995, changed the western grain transportation environment. As a result, the cost of transporting grain is more accurately reflected in the rates paid by prairie grain producers. During 1995-96, high grain prices offset the relative price-decreasing impact, at the farm level, of the removal of the WGTA subsidy.

Overall, during 1995-96, Canadian producers received much of their income from the marketplace instead of government programs. Also, there were encouraging signs of increased value-added activity on the prairies with the announcement of expansions in canola, barley, potato and hog processing.

Decisions on the allocation of the \$300 million Western Grain Transportation Adjustment Fund were announced with \$105 million allocated to assist producers affected by the CWB pooling change, \$45 million for the dehydrated alfalfa and compressed hay industries, and \$140 million for agricultural infrastructure improvements of which \$125 million was charged to 1995-96. The government also announced its intention to dispose of its hopper car fleet, and to transfer rail car allocation responsibilities to industry, continuing the withdrawal of government from direct involvement in grain transportation.

### **SUSTAINABLE DEVELOPMENT**

In response to the federal government's new environmental agenda, as outlined in "*A Guide to Green Government*", the Department began work on the preparation of a sustainable development strategy that is comprehensive and results-oriented.

The first draft of the Sustainable Development Strategy (SDS) was completed and circulated for public comment. The SDS provides direction to departmental activities related to sustainable development over the next three years. Work continued on the development of agri-environmental indicators and integrated economic/environmental modelling systems that will better allow for the inclusion of environmental considerations in the design and implementation of policies and programs.

Other achievements included completion of a draft three year departmental Action Plan for Biodiversity and collaboration with the pork industry on a code of environmentally sound production practices.

### **ADAPTATION**

In 1995-96, AAFC initiated policies and programs under the Canadian Adaptation and Rural Development Fund (CARDF) to assist the agriculture and agri-food sectors to adapt to ongoing changes in domestic and global markets. CARDF programming includes initiatives with a national focus, responding to broadly-based, widespread needs, and provincial initiatives capitalizing on local strengths and responding to particular needs. CARDF provides \$60 million annually for programs to improve business skills, access to market information and to capital.

Under CARDF in 1995-96:

- Provincial/industry-led councils were established in Ontario and Quebec. The first of four annual instalments of \$7 million and \$10 million were provided to the councils in Ontario and Quebec respectively.
- The Canadian Agriculture and Safety Program was established and spent \$480,000 on activities promoting farm and rural safety. Children and youth are a priority target group for this program.

**RURAL DEVELOPMENT**

The primary tasks of the Rural Secretariat are to: provide analysis and advice on issues affecting rural Canada; facilitate networking/liaison and partnerships, both internally and externally; and facilitate two-way communications between rural stakeholders and the government.

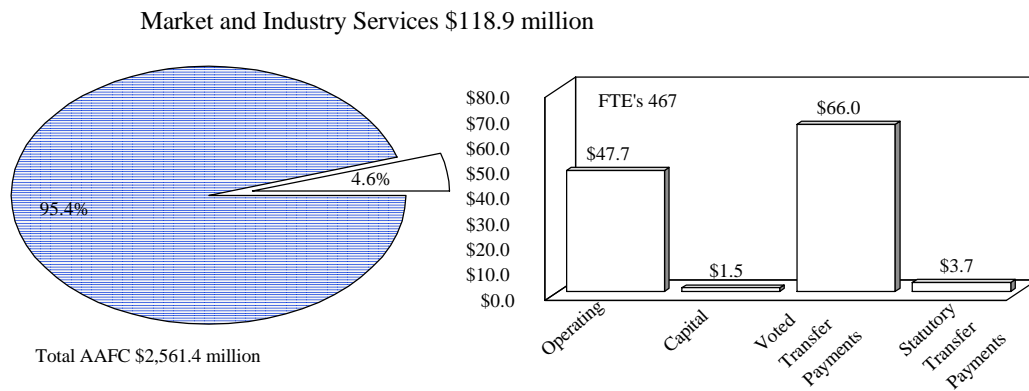
Accomplishments in 1995-96 include:

- The Canadian Rural Information Service (CRIS) was launched as part of Agriculture and Agri-Food Canada's information service. CRIS is a data base of the most up to date information on rural development. Initial response has been very positive, particularly from rural entrepreneurs seeking information on how to begin new businesses thereby creating employment in rural Canada.
- The Rural Secretariat continued to support rural youth leadership development with a \$300,000 contribution to the national 4-H Program.

**FARM WOMEN'S BUREAU**

With the elimination of the Farm Women's Advancement Program in the 1995 Budget, effective April 1996, it became necessary to review and redefine the Farm Women's Bureau mandate. A broad consultation process was undertaken with national farm women leaders, farm women and 100 general farm organizations. From this process, an action plan was developed for implementation in 1996-97.

**MARKET AND INDUSTRY SERVICES:** Programs and services are provided to assist the Canadian agri-food industry to enhance its international and domestic market share. The key lines of business in 1995-96 were Market Access; Information, Intelligence and Analysis; and Industry-Sensitive Programs and Policies.



**Market Access:** Key achievements in improving and securing access to markets through the negotiation and enforcement of agri-food trade agreements and by managing trade irritants and disputes were:

- Resolving a number of market access issues with the United States that could have impeded agri-food exports. These included limiting U.S. reinspection of Canadian table potato shipments, assisting industry in presenting its defence to the U.S. Section 201 investigation on tomatoes and peppers and challenging the State of Florida's imposition of additional inspection fees for fruits and vegetables.
- Implementing an agreement with the European Union (EU) providing a resolution to the longstanding trade issues on barley and other agri-food products. It will ensure more secure and favourable market access for these products into the EU.



- Resolving longstanding sanitary and phyto-sanitary issues with Mexico to restore market access for Canadian seed potatoes.
- Resolving a number of market access issues with Australia and New Zealand and with selected Asia Pacific countries (e.g., Japan, Korea, Taiwan, China) to increase Canadian market presence in key sectors including beef and pork products, bottled water, alcoholic beverages, feed grains, vegetable oils and oilseeds.
- Concluding a trade agreement with Israel restoring Canada's competitive position in Israel's market for key agri-food products and initiating negotiations with Chile as a first step towards its accession to the North American Free Trade Agreement (NAFTA).
- Negotiating improved market access for the Canadian agri-food sector in several countries seeking accession to the World Trade Organization (WTO), including China, Taiwan, Vietnam, the Russian Federation and Saudi Arabia.
- Monitoring the implementation of the WTO agreement and participating actively in the preparations for the WTO Ministerial meeting in Singapore which included a CAIRNS Group Ministerial meeting in June attended by Minister Goodale. These efforts are to ensure that progress is achieved in a direction favourable to Canadian trade policy interests.
- Implementing Canada's commitments under the WTO Agreement on Trade-Related Intellectual Property Rights (TRIPs) by establishing the legal and administrative framework aimed at protecting domestic and foreign geographical indications for wines and spirits against their misuse.
- Assisting the horticulture industry in initiating discussions to resolve interprovincial trade barriers including bulk product movement, the Canada No.1 Small Potato Grade, and the Canada Creamer Potato Grade. This resulted in the establishment of a national Creamer grade for potatoes and further test markets for developing a grade for Canada No.1 Small Potatoes.
- Coordinating the activities of the Minister's Ad Hoc Beef Industry Trade and Development Committee which investigated various issues surrounding the importation of beef from non-NAFTA countries. A very successful process culminated with the February 1996 release of the committee's unanimous report. The most important result was the transformation of what originally was viewed as an import issue (the management of beef Tariff Rate Quota), into recognition, by the beef sector, of a market opportunity for Canadian beef.

**Information, Intelligence and Analysis:** Initiatives undertaken in providing information, intelligence and analysis on Canadian and export markets to improve client service and provide timely, relevant and unbiased market information on a national basis include:

- Improved efficiency of InfoHort, a cooperative electronic database of Canadian and U.S. horticultural markets information and statistics with Agriculture and Agri-Food Canada, Statistics Canada and the horticulture industry. Client services were improved with the addition of several automated analytical tables relative to provincial production levels.
- Improved efficiency and increased availability of export data in the Fats and Oils sector. Updates are being provided quarterly, instead of annually, and electronically through the Agriculture and Agri-Food Canada Electronic Information Service (ACEIS).
- Increased efficiency and access to domestic and international technical and market information by the Canadian food and beverage industry through the creation of FoodNet, an Internet site (<http://foodnet.fic.ca>) that replaced the Food Industry Database. Further diversification of Foodnet's information is offered through the Canadian Food Trade Alliance's Internet site (<http://www.cfta.ca>).
- The Agri-Food Trade Network (ATN) launched in June 1995 to provide Canadian exporters access to agri-food trade information and related sources. Information, produced primarily by departmental analysts and trade commissioners, is available through the ATN on market intelligence, trade leads, market information, trade rules, Canadian supply capability, trade shows and missions and trade contacts. Trade officers responded to over 1,000 inquiries per month.

**Industry Sensitive Programs and Policies:** Achievements in ensuring industry needs and perspectives are reflected in the development of policies and regulations include:

- The *New Look* theme for Canada at international food exhibitions, starting with Anuga '95 (with over 50 participating companies) followed by Foodex in Tokyo and Hotel and Food Asia in Singapore. Financially assisted 40 initiatives by agri-food specialists in target markets (e.g. buyer missions to Canada, special product/market studies and food promotion events) to expand exports.
- Agri-Food Trade 2000, a contribution program providing financial assistance to projects which support the Department's trade and market development objectives. In 1995-96 funding was directed towards projects which included:
  - The inter-departmental Agri-Food Industry Market Strategies (AIMS) process under which twenty-four agri-food industry sectors committed to developing long-term market responsive export strategies. Seventeen sectors of the agri-food industry have developed strategies to enhance exports and nearly \$8 million in federal program

- funding was approved through AIMS to assist with their implementation. The industry strategies fostered a collaborative approach to trade development and contributed to achieving the record \$17.5 billion in agri-food exports in 1995-96.
- Organizing and conducting courses for exporters on all aspects of exporting special crops.
  - Introducing internet capabilities to the dairy genetics exporters group.
  - Coordinating company brand promotions and organizing trade seminars in specific export markets in response to government support activities by other countries exporting into the same market.
- Support to the Special Measures Committee for Apples assisted the industry to assess its national and inter-regional production and marketing needs and to develop recommendations contributing to long-term development and competitiveness in Canadian and international markets.
  - Developed a dairy strategy to assist the dairy sector to adapt to a new world trade environment and increase global market share of Canadian dairy products and genetic material on a sustainable basis.
  - Supported the Western Grain Marketing Panel, looking at future changes to the Western Canadian grain marketing industry.
  - Facilitated use of export credit programs for the Canadian Wheat Board, through the Credit Grain Sales Program and for all agri-food products through the implementation of the Agri-Food Credit Facility.
  - Hosted the Food and Agriculture Organization (FAO) 50th Anniversary Events in October, 1995, with representatives from 145 countries. The Ministerial meeting, chaired by Minister Goodale, approved the “Quebec Declaration” renewing and updating the objectives of the FAO to revitalize the agency. Prior to the Ministerial meeting, an International Symposium was held with over 1,000 representatives from 92 countries focusing on increased use of local expertise and partnerships with all relevant stakeholders in addressing problems of food security.
  - Provided loan guarantees on approximately \$900 million in loans, assistance of approximately \$18 million in loans interest and price guarantees for approximately 22,000 producers accounting for more than \$270 million in crops.

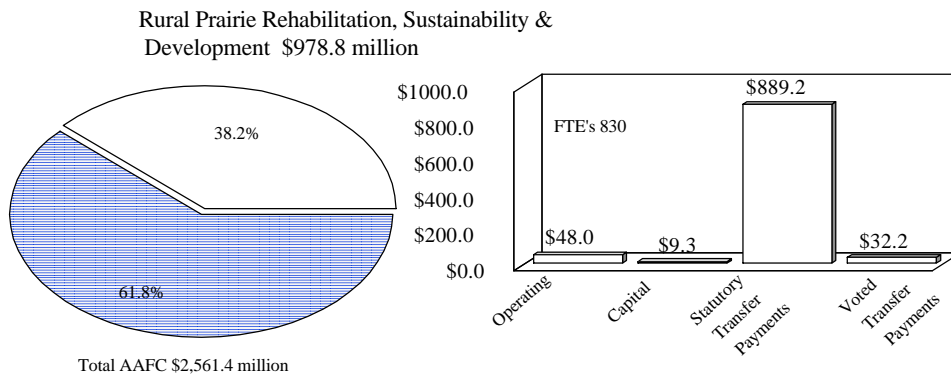
**National Farm Products Council (NFPC):** Implementation of the recommendations emanating from the Federal-Provincial Task Force on Orderly Marketing dominated the last half of 1995 and the first half of 1996. Three major areas of activity were involved:

- by proclamation, the boards of directors for the chicken, egg and turkey national agencies were expanded to include industry representation while maintaining the clear producer majority stipulated in the Farm Products Agencies Act. The NFPC assumed a leading role in the legislative process and enabled direct input by industry stakeholders into agency operations and policy development.
- the process of revising the federal-provincial agreements to reflect changes in the operations of both the egg and chicken agencies was undertaken.
- Council assumed the leading role in negotiating entry of the NWT into the supply management system and reached agreements on the entry level quotas for chicken and turkey. An agreement has yet to be reached regarding eggs.

In the latter half of 1995, Council assumed responsibility for administering the Agricultural Products Marketing Act (APMA). The APMA allows provincially legislated commodity groups, through the delegation of federal authority, to regulate and levy farm products in interprovincial and export trade, as they currently are able to do intra-provincially.

**RURAL PRAIRIE REHABILITATION, SUSTAINABILITY AND DEVELOPMENT:** Through its’ programs and services, the Prairie Farm Rehabilitation Administration (PFRA) promoted the sustainable development of land and water resources and diversification into activities that contribute to economic security, while preserving and enhancing the health of the environment.

*Note: The statutory transfer payments are significantly larger than normal due the one-time payment for the*



*Western Grain Transition Payments Program.*

The PFRA continues to play a fundamental role in helping Canada reach its goals for the agriculture and agri-food sector. Partnerships among federal, provincial and municipal governments and industry have been very effective in bringing decision making closer to clients while accommodating research findings and professional experience. PFRA uses partnerships extensively to address rural issues. The Branch also works with other parts of Agriculture and Agri-Food Canada to ensure a coordinated approach, and partners with provincial departments and industry across Western Canada for a wide range of activities. The breadth of the partnerships and the network of offices across Western Canada provides regional consistency in negotiating and delivering programs, while at the same time enabling PFRA to target local priorities.

Environmental sustainability continued to be a focus in preserving and enhancing the quality and diversity of physical resources in rural areas, while supporting the long-term economic use of these resources.

- The Shelterbelt Centre used agroforestry, through the distribution of tree and shrub material, to improve agricultural sustainability by enhancing soil environmental conservation, improving quality of life and fostering innovative economic opportunities. In cooperation with provincial governments and special interest groups, multi-use

plantings and agroforestry were promoted, expanding the community forest project to four more towns. Diversification initiatives included information on alternative crops like ginseng and maple syrup. The choke cherry project demonstrated possibilities for the fruit and wood product industries.

- Under the Community Pastures Program, 275 hectares of tame forage were reseeded and 810 hectares were prepared for reseeding, 79 hectares of new forage were established, and 3,731 patrons received grazing services, a small decrease from the previous year. Levels of grazing services to patron's cattle were consistent with sustainable carrying capacity adjusted to local climatic conditions prevalent in 1995-96. Permit and licence requirements associated with the non-agricultural use of pastures were modified to comply with the national environmental assessment and notification provisions of the Canada Environmental Assessment Act (CEAA). A number of pastures continue to enact steps to prevent the spread of Trichomoniasis Protozoa with the disease confined to two pastures. Cost recovery targets for 1995-96 for the operation of the pastures were achieved.

Recent agricultural policy changes and global markets have severely challenged the sustainability of rural areas and emphasized the need for diversified economic activities. PFRA strived to maintain and strengthen the economy of the Prairies by encouraging agricultural diversification both in primary and value-added agro-activities. Efforts in the areas of economic adaptation and rural development were also targeted at expanding the economic base to new non-traditional economic activities outside of agriculture. Irrigation provides an important opportunity for adaptation through diversification into higher value crops which present value-added opportunities.

In 1995-96, PFRA concentrated on a number of irrigation initiatives:

- Efforts of the Saskatchewan Irrigation Development Centre (SIDC) and the Manitoba Crop Diversification Centre (MCDC) led to producer diversification into drybean, fababean, pea, canola, mint and seed potato production in irrigated areas. Over 1,200 acres of mint production and a doubling of acreage of potato production in the Lake Diefenbaker area are directly related to work conducted by the SIDC.
- The MCDC participated in the development of the potato industry of Manitoba through applied research and demonstration activities at six locations in Manitoba. The Surplus Water Irrigation Initiative is directed at the development of community irrigation infrastructure to enable further expansion of the 68,000 acres now in production. The centre, in partnership with industry and the Province of Manitoba, is developing strategies for further sustainable development. A market development project initiated in cooperation with Wheatbelt Community Futures Corporation will enhance the profile of prairie-grown herbs and spices in the marketplace.

- The Southwest Saskatchewan Irrigation Projects maximize the number of patrons served and acres irrigated, while meeting the water supply needs of several municipal centres, the apportionment commitments on international streams, local requirements for recreation and wildlife habitat and flood protection for several downstream developments. These irrigation systems, which provide forage for winter feed, together with the community pastures which provide summer grazing, are an important component of the cattle industry in southwest Saskatchewan. The projects contribute to sustainable growth in agriculture while ensuring resource and environmental sustainability. In 1995/96, irrigation was provided to over 500 producers, including over 36,000 acres of cultivatable land on the Southwest Saskatchewan Irrigation Projects. Efforts continue to reduce overheads and increase water use fees to bring revenues more closely in line with operating costs for these projects. Refer to Annex A, Figure 22 for details.
- The Rural Water Development Program (RWDP) provides federal funding for the development of dependable water supplies. The program was expanded to allow for a broader range of clients and a more diversified base of program coverage. Emphasis was placed on rural water projects that support economic activity and the environment, as well as projects that improve water quality or extend the life of existing water development projects. Refer to Annex A, Figure 21 for details on RWDP activity.

PFRA is currently the federal delivery partner for a number of federal/provincial programs such as:

**The Greenplan:** The overall objective of the Green Plan agreements was to facilitate the adoption of effective resource management and environmentally sustainable farming practises by minimizing the impact of the agri-food sector on the environment. Specific activities include promoting soil conservation and a clean water supply, integrating agriculture and wildlife, and managing waste and pollution.

Interim evaluations undertaken in the prairie provinces during 1995-96 identified that the program has been well received, is generally perceived to have been administered efficiently, and is fulfilling a need for programming to address environmental sustainability in agriculture. No major changes to program structure, administration, or the use of existing delivery agencies were recommended for future agreements.

**The Partnership Agreement on Rural Development (PARA):** Assistance with feasibility studies, development of business plans, marketing studies/strategies and specialized assistance for a broad range of diversification and value-added enterprises, including eco-tourism, manufacturing, food processing and specialty products, were part of the 150 approved projects and 40 contribution agreements and payment requests provided under PARA.

**The Partnership Agreement on Municipal Water Infrastructure (PAMWI):** Program objectives are to encourage the sustainable development and economic diversification of

Manitoba's rural economy, improve the quality of life in rural communities and protect the environment by ensuring that economic development is environmentally sustainable. Program expenditures under PAMWI totalled \$20.2 million, with a federal share of \$8.4 million. PFRA facilitated implementation of tri-partite agreements with Manitoba in 20 rural centres including construction of a new sewage treatment facility for Portage la Prairie, upgrading the sewage treatment works at Winkler and the development of an improved water supply and treated water storage reservoir at Selkirk.

**The Partnership Agreement on Water-Based Economic Development (PAWBED):** has supported water supply development for a number of small scale intensive irrigation projects (vegetables and fruit) and hog operations, was instrumental in work in diversification and intensification of irrigated production, particularly for potatoes and mint, and provided assistance to a wide variety of agricultural processing industries including potato, flax straw, alfalfa, beef, aquaculture and vegetables. Specific projects included assisting in funding the rehabilitation of the Eastend Dam (\$ .5 million) and \$1.9 million in support of Wakaw-Humboldt regional water supply system which includes a river pumpstation, a water treatment plant, and a 220 km pipeline to service several communities.

**Saskatchewan Irrigation Based Economic Development (SIBED):** To contribute to the economic stability of the Eastend area, the Eastend Dam spillway was replaced at a cost of \$2.8 million with \$1.8 million provided by SIBED. This project addressed safety related concerns of the existing dam as well as the economic interests of the region. The new spillway, by accommodating future increases in the full supply level of the reservoir, will improve the supply of water to irrigators; provide a more secure, better quality water supply for the Town of Eastend; improve the suitability of the reservoir for water-based recreation; and contribute to the regions' rapidly growing tourism industry.

**Assiniboine River Dikes:** As part of the ongoing process of rationalizing federal government programs, an agreement was reached with the Province of Manitoba whereby the responsibility for operation, maintenance and control of the Assiniboine River Diking System was transferred, in perpetuity, to the Province. A one-time payment of \$4.5 million covered the cost of immediate capital works, land control, ongoing maintenance and future capital repairs.

Finally, PFRA has been appointed the delivery agent for the following programs which began in 1995-96:

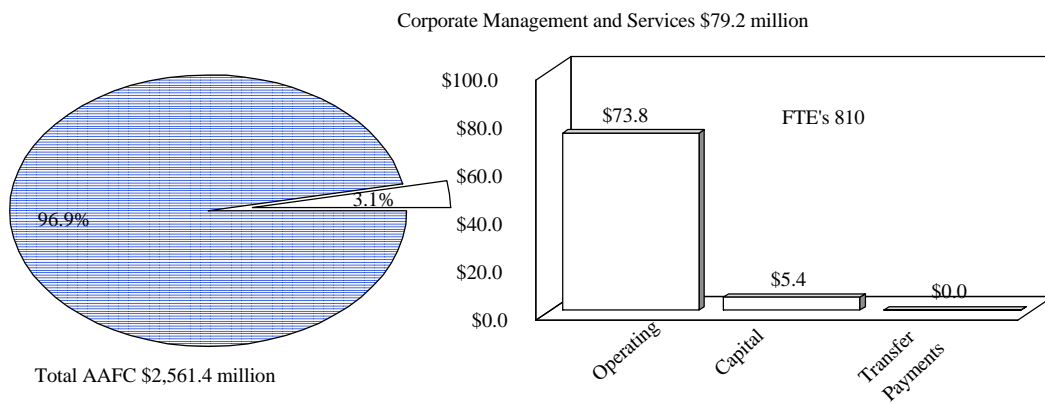
- The Canada-Saskatchewan Agri-Food Innovation Agreement was established to facilitate the delivery of federal/provincial funding, resulting from the Canada/Saskatchewan base framework and funding arrangements for safety nets for Saskatchewan. The agreement supports the development of emerging primary and value-added agriculture sectors in Saskatchewan by providing assistance for research, development and infrastructure needs which will facilitate transition to a more market driven economy for the Saskatchewan agri-food industry. Delays in program implementation resulted in only \$150,000 of



\$4 million being spent in 1995-96. The balance will be spent in future years. Strategic Area Committees were formed to develop strategic plans and performance indicators for the program.

- The Western Grain Transition Payments Program (\$1.6 billion) as announced in the 1995 Federal Budget. The program provides landowners in Manitoba, Saskatchewan, Alberta and the Peace River and Creston-Wyndel areas of B.C. with a one-time transition payment which is intended to compensate for a reduction in land values resulting from transportation reform initiatives introduced in the 1995 Budget. Approximately 174,000 cheques worth a total of \$.9 billion were issued in 1995-96. The balance will be issued in 1996-97. In addition, the program resulted in the recovery of \$7.5 million of accounts receivable in 1995-96 through set-offs.

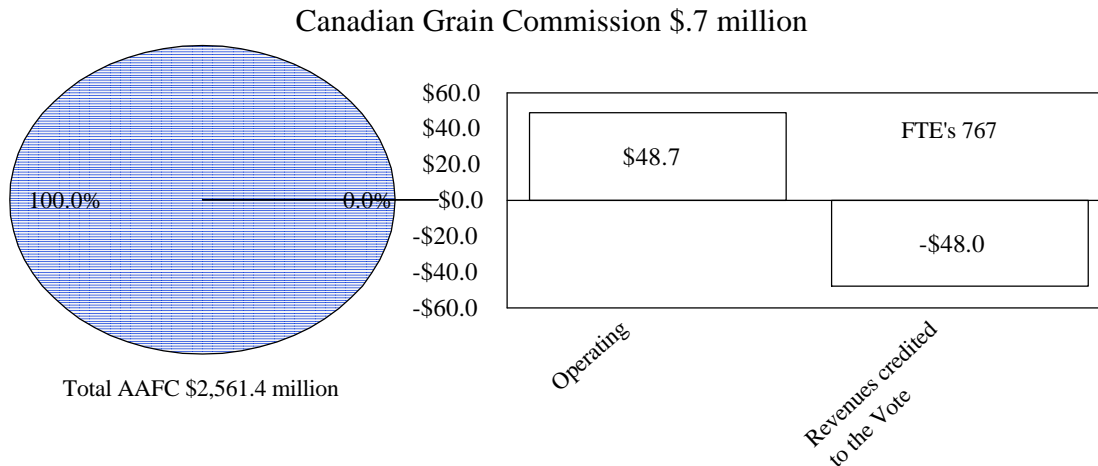
**CORPORATE MANAGEMENT AND SERVICES:** The mandate of this Activity is to provide management and administration services in support of the objectives and operations of the Agri-Food Program. The level of activity for many of these program support functions is influenced by the size of the department as measured by the number of Full Time Equivalents. However, the Activity remained focused on addressing the management priorities of the Department, meeting clients’ need for services and working in partnership with clients.



This Activity consists of the collected resources of the Review, Human Resources, Communications and Corporate Services Branches and the offices of the Minister and Deputy Minister.

These branches continue to improve effectiveness and efficiency of program delivery within the Department through such initiatives as the Agri-Food Awareness Program, introduction of a standard platform for informatics technology and user fees within the Canadian Agriculture Library, improved fleet management aimed at reducing the overall Departmental fleet by 16% over three years, and the use of credit cards to reduce accounts processing and cheque issues. This activity continues to coordinate the downsizing of the work force in accordance with Program Review I and II (see page 8) as well as conduct the ongoing internal audit and evaluation program.

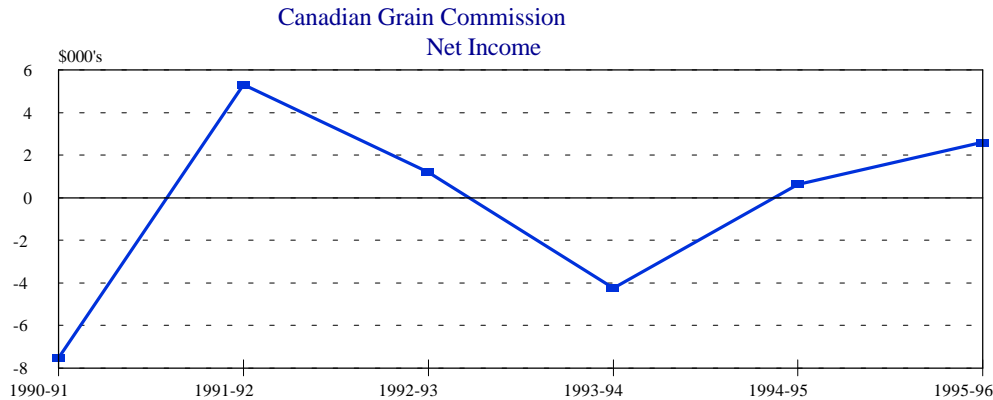
**Canadian Grain Commission (CGC):** the CGC provides services to the grain industry in support of international and domestic markets on a cost recovery basis. The Commission’s mandate and mission are derived from the Canada Grain Act and the Grain Futures Act. The Revolving Fund Authority established on April 1, 1995, provides the Commission with the flexibility to serve the grain industry and respond to business opportunities with minimal cost to the Canadian taxpayer.



*Note: The above graph illustrates the net effect of expenditures for the Canadian Grain Commission (both those funded through an appropriation and those funded through the revolving fund) and revenues.*

The CGC operates with a large fixed component of highly trained employees as well as large non-variable costs such as rent. Expenses vary less than revenues when grain volumes are lower. The CGC measures its total activity by the grain volume handled. This is a composite of major grains received at terminals, shipped from terminals and exported from transfer elevators. Grain volumes handled have fluctuated annually between 55 and 79 million tonnes over the past five years, as a result of factors such as weather, production varieties, market conditions and shipping constraints. The CGC adjusts its staffing levels, capital spending and discretionary costs when levels of work change significantly. Capital investments and operating costs are curtailed to compensate for lower than normal revenues, grain volumes and services.

The revolving fund achieved a net operating surplus of \$2.6 million. The Accumulated Net Charge Against the Funds Authority account had a cash balance of \$1.1 million as at March 31, 1996.

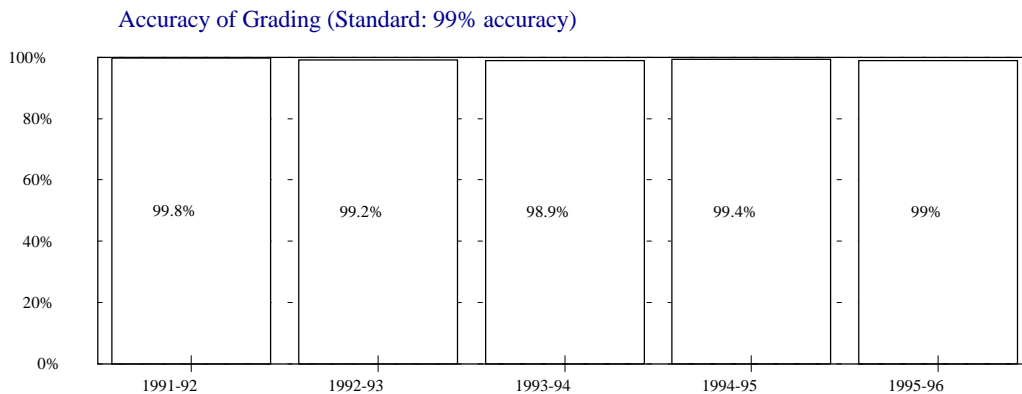


In addition to more than \$44 million of self funded activities, the CGC manages \$6.5 million in appropriated funds. These appropriated funds cover the CGC services that benefit all Canadians, like activities related to food safety, research and development, the supervision of commodity futures trading, and the protection of grain producers through arbitration with the industry.

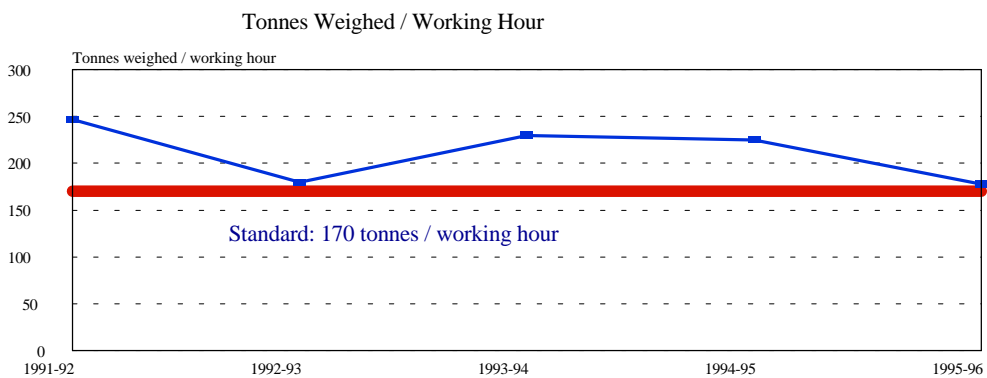
Fees for major grains are approved by the Minister of Agriculture and Agri- Food Canada and Treasury Board. They are reviewed annually and set to recover the full cost of services provided to the grain industry. Fees have not changed since 1991.

**Industry Services:** This division focuses on grain quality management and quantity assurance. These services allow the industry to maintain the highest standard of excellence using a unique inspection and grading system. The performance target for grain grades inspected and unchanged is set at 99% efficiency for all inspections. This promotes and enhances grain quality, uniformity, food safety and the integrity of the grain handling system, the foundation of Canada's grain marketing success.

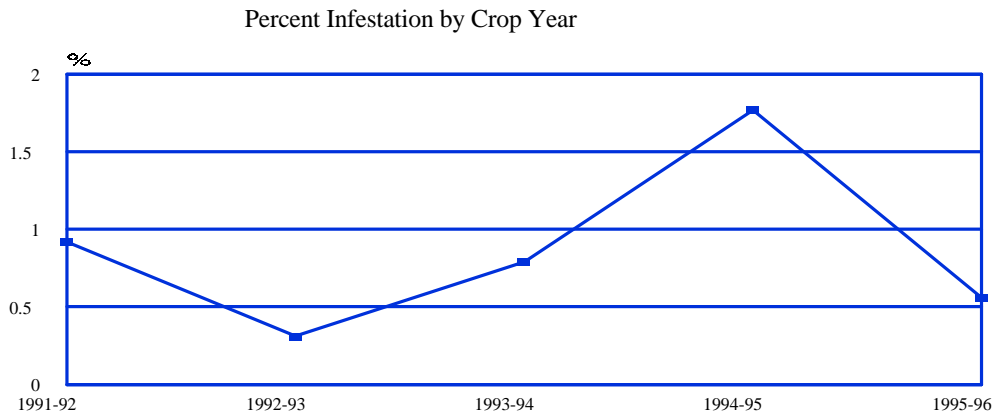
In the 1995-96 crop year, there were no valid grading complaints concerning overseas cargo shipments. In addition, approximately 279,000 carlot inspections were performed on grade unloads at terminal elevators. Ninety nine percent of the assigned grades remained as determined at the time of the unload.



Grain is weighed to provide quantity certification and assurance. In 1995-96, this activity achieved 178 tonnes weighed per working hour which is higher than the standard efficiency of 170 tonnes/working hour. This positive efficiency was achieved by operational cost curtailment in line with the less than normal volume of grain weighed.



The CGC defines infestation as the presence of one or more primary insects in a 1000 gram or larger sample (minimum 800 gram). The level of infestation is affected by harvest conditions, winter temperatures, and storage conditions. The CGC maintains a zero tolerance for infestations. In the 1995-96 crop year, the incidence of infestations was 0.6 percent of the 42,000 tests made. The dry harvest conditions and extremely cold winter resulted in a reduced infestation level. All infestations were successfully controlled and eradicated.



**Grain Research Laboratory:** A program review of the Grain Research Laboratory (GRL) was completed in 1995-96. A survey of our customers and stakeholders indicated that research on end use quality and analytical services in support of quality control are highly respected in the domestic and international marketplaces. An average of ninety-five per cent of customers are satisfied with the GRL effectiveness in quality research and service support.

The GRL has responded to customer demand by providing certification of a wide variety of quality features on shipments. These services generated new revenues of \$1 million. Because of the interest in the residue analysis program by other countries, the GRL may be required to expand the program. Demand for integrity in the Canadian grain handling system led to increased efforts to provide accurate and rapid identification of cereal varieties. A new reference procedure for protein determination was introduced in 1995-96. The process is environmentally friendly and is faster, more accurate and less expensive than the existing method. A colour print grading standard was developed that will provide a long-term standard for certain special crops, such as lentils, which change colour in storage. This allows consistent grading standards to be applied throughout the crop year. In connection with the annual harvest survey which seeks to obtain tens of thousands of individual grain samples from producers each fall, a 1-888 number has been established to be more responsive and allow farmers access to their individual sample grade and analytical data. The GRL responded to 210 inquiries related to grain safety, most of which required issuance of special "letters of assurance" related to freedom from unacceptable levels of a wide range of toxic or undesirable contaminants in cargo shipments. All inquiries were resolved to the satisfaction of all parties.

Other highlights of the 1995-96 fiscal year are:

Through an agreement to inspect and weigh U.S. grain shipped out of licensed transfer elevators on the St. Lawrence, the CGC provided increased services, maintained employment and improved revenues.

A new contract with the Japan Grain Importers Association provided pesticide residue certification. The increased revenues financed a pesticide certification laboratory which can provide a spectrum of new tests for customers.

- A CGC process improvement team streamlined the sample retrieval process, saving the grain industry and the CGC about \$180,000 and earning a Treasury Board Excellence Award.
- New service centres were opened in Edmonton and Melville, providing more accessible services for producers and businesses on the Prairies.
- An amendment to the Canada Grain Act improved CGC effectiveness by clarifying responsibilities of licensees and producers, and deregulating grain elevator tariffs.
- New industry driven research on frozen dough technology, feed grain evaluation, pasta processing and the quantification of environmental effects on oilseed quality has provided value added research information for the industry in its marketing of Canadian grain.
- The GRL is working towards obtaining ISO accreditation in order to enhance the credibility of its work.

In 1996, the Commission licensed 1,412 elevators and grain dealers in accordance with the requirements of the Canada Grain Act. In 1995-96, there were 83 fewer primary and terminal licenses as a result of changes in the elevator system, rail line abandonment, closing elevators and industry mergers. The CGC did not realize any posted securities for bankruptcies in 1995-96. (Licensees must provide adequate and timely financial security to cover producer grain liabilities payments of outstanding obligations to producers).

A grain appeal tribunal composed of CGC and industry personnel examines appeals by persons dissatisfied with the grain grade assigned at CGC inspection offices and re-inspections processed through the official CGC re-inspection program. Of the 1,061 appeals handled in 1995-96, 95% of cases had the assigned grain grade upheld.

The CGC provides a forum for free and open discussion on grain issues. Four assistant commissioners located in each prairie province and Quebec maintain direct contact with elevator companies and grain producers to resolve inquiries and complaints concerning grain transactions. In 1995-96, 1,263 producer enquiries were handled successfully.

**ANNEX A****STATUTORY ANNUAL REPORTS**

Section 157 of the *Financial Administration Act* allows a Minister to discontinue the production of a separate annual report when the information contained in that report is the same as or less than the information contained in the Part III of the Estimates and/or the Public Accounts.

The Department has successfully integrated Annual Reports contained in this Annex into Part III and the Performance Report and therefore, now meets the requirements of legislation that the Minister report annually on activity under the respective legislation.

The information contained in this annex is workload related, that is, it relates to the amount of activity that was conducted under the various pieces of legislation. The overall results achieved for the agriculture and agri-food sector by the activity reported here may be found in Section IV.

## TABLE OF CONTENTS

ANNUAL REPORT	PAGE
Farm Income Protection Act Annual Report	43
Crop Insurance Program	43
Gross Revenue Insurance Plan	45
Federal Crop Reinsurance Program	47
Net Income Stabilization Account Program	47
National Tripartite Stabilization Program	50
Agricultural Products Board Act Annual Report	52
Farm Debt Review Act Annual Report	54
Agricultural Products Co-operative Marketing Act Annual Report	55
Farm Improvement and Marketing Co-operatives Loans Act Annual Report	56
Plant Breeders' Rights Act Annual Report	56
Prairie Farm Rehabilitation Administration Annual Report	57
Canadian Grain Commission Annual Report (See page 37 )	
National Farm Products Council Annual Report (See page 30 )	



**FARM INCOME PROTECTION ACT ANNUAL REPORT**

On April 1, 1991, the new *Farm Income Protection Act* (FIPA) came into force, replacing and building on, among other Acts, the provisions of the *Crop Insurance Act*. Currently, the Department operates the following programs under FIPA:

**Crop Insurance**

The following highlights growing conditions and crop yields by province during the 1995-96 program and are unchanged from the 1996-97 Main Estimates reporting:

- Conditions were generally favourable in British Columbia. The production of most commodities was better than average.
- Alberta had a successful crop year overall despite some drought-affected areas in the northeastern portion of the province. A significant portion of incurred losses was attributable to hail storms.
- In Saskatchewan, yields were also affected by the adverse weather in the spring and fall. However, quality and grades were very good on average. Hail storms were also a major factor in losses this year.
- Manitoba encountered normal to below normal precipitation in most of the province. Crop yields were variable, with generally good grades. Provincially, yields were generally equal to long-term averages.
- Drought and heavy rain storms caused localized and sometimes extensive damage in Ontario. Yields of spring grains, canola, cole crops, and vegetables were below average. Many other crops had above average yields.
- Abnormally rapid climatic transitions between seasons were experienced in Quebec. This resulted in slightly lower yields overall, although quality ranged from good to very good.
- New Brunswick crops were sporadically affected by excessive moisture in the spring and drought during the summer. There were slightly above average losses in potatoes, soybeans, and blueberries, depending on the area. Other crops, such as strawberries, had some of the largest yields on record.
- Weather conditions remained relatively dry throughout Nova Scotia. Yields ranged from good to above average. The exceptions were tree fruits, blueberries, and beans.
- As with the rest of the Maritimes, Prince Edward Island was also affected by drought, although to a lesser extent. Soybean yields were slightly below average while all other crops had at least average yields and quality.

- Newfoundland had a good growing season overall. The only crop experiencing poor yields was carrots, primarily due to low germination.

**Figure 6: Details on the Operation of Crop Insurance Program by Crop Year**

	No. of Producers	Insured Acreage	Coverage (\$000's)	Total Premiums (\$000's)	Total Indemnities (\$000's)	Annual Loss Ratio	Cumulative Indemnity to Cumulative Revenue
<b>Newfoundland</b>							
1992-93	53	531	460	45	117	2.60	1.41
1993-94	42	472	443	60	80	1.32	1.40
1994-95	36	432	419	57	29	0.50	1.29
<b>1995-96</b>	<b>35</b>	<b>347</b>	<b>303</b>	<b>38</b>	<b>33</b>	<b>0.87</b>	<b>1.27</b>
<b>Prince Edward Island</b>							
1992-93	584	105,530	32,734	3,184	2,722	0.86	0.95
1993-94	647	113,804	33,076	3,092	2,483	0.80	0.94
1994-95	562	109,509	31,626	3,143	2,099	0.67	0.92
<b>1995-96</b>	<b>547</b>	<b>108,646</b>	<b>32,946</b>	<b>2,807</b>	<b>1,598</b>	<b>0.57</b>	<b>0.90</b>
<b>Nova Scotia</b>							
1992-93	527	30,225	12,344	642	199	0.31	0.68
1993-94	571	28,132	11,572	625	933	1.49	0.71
1994-95	562	28,969	10,881	585	489	0.83	0.76
<b>1995-96</b>	<b>540</b>	<b>29,233</b>	<b>11,749</b>	<b>548</b>	<b>321</b>	<b>0.58</b>	<b>0.71</b>
<b>New Brunswick</b>							
1992-93	337	63,783	34,862	4,066	11,649	2.86	1.57
1993-94	580	69,026	38,304	6,711	5,060	0.75	1.41
1994-95	400	66,343	38,028	6,428	6,929	1.08	1.36
<b>1995-96</b>	<b>450</b>	<b>71,099</b>	<b>40,065</b>	<b>7,254</b>	<b>6,989</b>	<b>0.96</b>	<b>1.30</b>
<b>Quebec</b>							
1992-93	20,069	2,206,370	550,454	41,142	66,564	1.62	0.99
1993-94	19,251	2,219,978	491,552	40,261	35,127	0.87	0.97
1994-95	17,552	2,036,141	440,145	36,979	41,985	1.14	0.98
<b>1995-96</b>	<b>11,706</b>	<b>1,899,937</b>	<b>426,848</b>	<b>34,880</b>	<b>19,716</b>	<b>0.57</b>	<b>0.95</b>
<b>Ontario</b>							
1992-93	27,000	3,605,496	862,826	68,465	165,815	2.42	0.95
1993-94	24,058	3,483,725	1,000,459	86,683	58,096	0.67	0.91
1994-95	22,444	3,327,345	870,042	72,836	26,865	0.37	0.86
<b>1995-96</b>	<b>18,292</b>	<b>3,109,342</b>	<b>930,917</b>	<b>70,705</b>	<b>19,023</b>	<b>0.27</b>	<b>0.82</b>
<b>Manitoba</b>							
1992-93	13,928	5,884,762	455,103	53,725	40,852	0.76	1.02
1993-94	12,385	5,839,680	466,606	50,854	104,896	2.06	1.08
1994-95	12,100	6,313,996	519,017	55,752	38,964	0.70	1.05
<b>1995-96</b>	<b>10,515</b>	<b>5,825,514</b>	<b>492,138</b>	<b>54,654</b>	<b>21,687</b>	<b>0.40</b>	<b>0.97</b>
<b>Saskatchewan</b>							
1992-93	47,081	24,529,771	1,680,204	218,737	329,012	1.50	1.23
1993-94	42,146	19,912,470	1,299,958	196,734	174,749	0.89	1.21
1994-95	43,096	18,401,988	1,222,910	174,397	119,257	0.68	1.18
<b>1995-96</b>	<b>41,490</b>	<b>19,320,193</b>	<b>1,319,866</b>	<b>180,354</b>	<b>148,965</b>	<b>0.83</b>	<b>1.15</b>
<b>Alberta</b>							
1992-93	29,700	17,424,436	829,381	97,947	162,485	1.66	1.02
1993-94	28,096	14,658,170	883,798	109,379	68,699	0.63	0.99
1994-95	23,882	10,515,473	645,294	89,216	23,358	0.26	0.96
<b>1995-96</b>	<b>23,000</b>	<b>9,394,680</b>	<b>691,822</b>	<b>121,155</b>	<b>54,961</b>	<b>0.45</b>	<b>0.93</b>
<b>British Columbia</b>							
1992-93	2,200	205,290	76,084	9,349	4,585	0.49	1.13
1993-94	2,200	182,715	75,738	10,193	13,441	1.32	1.15
1994-95	2,000	116,593	66,045	9,258	5,388	0.58	1.07
<b>1995-96</b>	<b>2,000</b>	<b>104,461</b>	<b>75,585</b>	<b>7,805</b>	<b>1,760</b>	<b>0.23</b>	<b>1.03</b>
<b>Canada</b>							
1992-93	141,479	54,056,194	4,534,452	497,302	784,000	1.58	1.10
1993-94	129,976	46,508,172	4,301,506	504,592	463,564	0.92	1.08
1994-95	122,634	40,916,789	3,844,407	448,651	265,363	0.59	1.05
<b>1995-96</b>	<b>108,575</b>	<b>39,863,450</b>	<b>4,022,237</b>	<b>480,200</b>	<b>275,052</b>	<b>0.57</b>	<b>1.01</b>

**Gross Revenue Insurance Plan**

**Figure 7: Gross Revenue Insurance Plan - Estimated Account Surplus (Deficit) by Crop Year (\$ millions)**

	Total Premiums	Interest	Total Indemnities	Surplus (Deficit)	Accumulated Surplus (Deficit)
<b>Prince Edward Island</b>					
1992-93	4.34	0.03	(2.93)	1.44	(3.17)
1993-94	4.69	0.03	(5.22)	(0.50)	(3.67)
1994-95	4.54	(0.03)	(0.23)	4.28	0.61
<b>1995-96</b>	<b>4.01</b>	<b>-</b>	<b>(1.32)</b>	<b>2.69</b>	<b>3.30</b>
<b>Nova Scotia</b>					
1992-93	0.99	(0.03)	(0.70)	0.26	(0.09)
1993-94	0.82	0.01	(1.01)	(0.18)	(0.27)
1994-95	0.86	0.01	(0.77)	0.10	(0.17)
<b>1995-96</b>	<b>0.85</b>	<b>0.01</b>	<b>(0.04)</b>	<b>0.82</b>	<b>0.65</b>
<b>New Brunswick</b>					
1992-93	1.42	(0.04)	(1.40)	(0.02)	(0.83)
1993-94	1.36	0.02	(2.06)	(0.68)	(1.51)
1994-95	1.73	(0.04)	(2.21)	(0.52)	(2.03)
<b>1995-96</b>	<b>2.00</b>	<b>(0.01)</b>	<b>(0.92)</b>	<b>1.07</b>	<b>(0.96)</b>
<b>Quebec</b>					
1992-93	115.50	3.13	(176.66)	(58.03)	(83.99)
1993-94	111.44	4.31	(124.00)	(8.25)	(92.24)
1994-95	101.87	3.30	(67.74)	37.43	(54.81)
<b>1995-96</b>	<b>96.14</b>	<b>(0.38)</b>	<b>(15.38)</b>	<b>80.38</b>	<b>25.57</b>
<b>Ontario</b>					
1992-93	199.80	(0.13)	(206.47)	(6.80)	(97.05)
1993-94	163.00	0.11	(20.41)	142.70	45.65
1994-95	147.72	7.69	(28.60)	126.81	172.46
<b>1995-96</b>	<b>55.95</b>	<b>8.00</b>	<b>-</b>	<b>63.95</b>	<b>236.41</b>
<b>Manitoba</b>					
1992-93	199.31	0.65	(184.10)	15.86	(67.05)
1993-94	150.64	(2.72)	(233.99)	(86.07)	(153.12)
1994-95	159.04	(2.79)	(46.64)	109.61	(43.51)
<b>1995-96</b>	<b>118.18</b>	<b>(1.14)</b>	<b>(9.90)</b>	<b>107.14</b>	<b>63.63</b>
<b>Saskatchewan</b>					
1992-93	526.11	8.31	(394.28)	140.14	36.50
1993-94	375.88	8.28	(7.44)	376.72	413.22
1994-95	336.42	19.35	-	355.77	768.99
<b>1995-96</b>	<b>-</b>	<b>17.80</b>	<b>-</b>	<b>17.80</b>	<b>786.79</b>
<b>Alberta</b>					
1992-93	349.97	5.29	(496.00)	(140.74)	(251.98)
1993-94	333.33	(1.16)	(217.79)	114.38	(137.60)
1994-95	226.69	(1.20)	(44.03)	181.46	43.86
<b>1995-96</b>	<b>9.70</b>	<b>4.46</b>	<b>(1.27)</b>	<b>12.89</b>	<b>56.75</b>
<b>British Columbia</b>					
1992-93	6.50	0.08	(8.58)	(2.00)	(3.22)
1993-94	6.95	(0.02)	(3.00)	3.93	0.71
1994-95	4.19	0.13	(0.35)	3.97	4.68
<b>1995-96</b>	<b>0.63</b>	<b>0.26</b>	<b>(0.20)</b>	<b>0.69</b>	<b>5.37</b>
<b>Canada</b>					
1992-93	1,403.94	17.29	(1,471.12)	(49.89)	(470.88)
1993-94	1,148.11	8.86	(614.92)	542.05	71.17
1994-95	983.06	26.42	(190.57)	818.91	890.08
<b>1995-96</b>	<b>287.46</b>	<b>29.05</b>	<b>(29.03)</b>	<b>287.43</b>	<b>1,177.51</b>

Note: Total estimated premiums and indemnities include the following amounts that are not eligible for Federal legislation: Saskatchewan for 1993-94, \$27 million in premiums and \$20 million in indemnities. Alberta for 1993-94, \$24 million in premiums and \$35 million in indemnities.

**Figure 8: Details on the Operation of Gross Revenue Insurance Plan (GRIP) by Crop Year**

	No. of Producers	Insured Acreage	Target Revenue (\$000's)	Total Premiums (\$000's)	Total Indemnities (\$000's)	Loss Ratio	
						Annual	Cumulative To Date
<b>Prince Edward Island</b>							
1992-93	378	81,503	17,118	4,355	4,714	1.08	1.27
1993-94	426	90,501	19,985	5,949	7,922	1.33	1.25
1994-95	405	86,640	16,294	4,619	3,836	0.83	1.14
<b>1995-96</b>	<b>383</b>	<b>84,608</b>	<b>15,760</b>	<b>4,011</b>	<b>1,328</b>	<b>0.33</b>	<b>1.03</b>
<b>Nova Scotia</b>							
1992-93	199	16,892	4,194	985	697	0.71	1.07
1993-94	221	15,580	3,743	820	1,010	1.23	1.14
1994-95	213	15,292	3,594	864	775	0.90	1.08
<b>1995-96</b>	<b>201</b>	<b>15,038</b>	<b>3,631</b>	<b>852</b>	<b>149</b>	<b>0.18</b>	<b>0.90</b>
<b>New Brunswick</b>							
1992-93	332	36,083	6,486	1,421	1,403	0.99	1.30
1993-94	394	36,884	6,186	1,363	2,079	1.53	1.42
1994-95	394	37,030	6,362	1,727	2,210	1.28	1.38
<b>1995-96</b>	<b>371</b>	<b>41,656</b>	<b>7,215</b>	<b>2,002</b>	<b>920</b>	<b>0.46</b>	<b>1.12</b>
<b>Quebec</b>							
1992-93	10,404	1,382,973	479,085	115,481	170,646	1.48	1.37
1993-94	11,352	1,415,517	490,566	111,152	112,246	1.01	1.28
1994-95	10,843	1,426,593	471,480	99,601	65,075	0.65	1.13
<b>1995-96</b>	<b>10,683</b>	<b>1,453,451</b>	<b>493,668</b>	<b>96,135</b>	<b>15,370</b>	<b>0.16</b>	<b>0.94</b>
<b>Ontario</b>							
1992-93	25,898	4,563,340	1,111,389	199,798	206,468	1.03	1.28
1993-94	27,502	4,445,874	1,056,594	162,996	20,414	0.13	0.92
1994-95	26,274	4,386,544	1,013,070	147,723	28,589	0.19	0.76
<b>1995-96</b>	<b>22,746</b>	<b>4,316,250</b>	<b>1,017,287</b>	<b>55,960</b>	<b>-</b>	<b>-</b>	<b>0.70</b>
<b>Manitoba</b>							
1992-93	12,643	7,670,585	1,035,095	199,309	184,100	0.92	1.20
1993-94	11,929	7,661,480	958,159	150,636	233,998	1.55	1.27
1994-95	11,615	7,613,086	932,351	159,043	51,430	0.32	1.06
<b>1995-96</b>	<b>10,987</b>	<b>9,020,872</b>	<b>1,070,257</b>	<b>138,361</b>	<b>8,129</b>	<b>0.06</b>	<b>0.92</b>
<b>Saskatchewan</b>							
1992-93	43,815	24,978,804	2,886,209	526,107	394,279	0.75	0.98
1993-94	42,648	23,374,971	2,411,876	375,882	7,443	0.02	0.75
1994-95	40,623	23,468,054	2,310,463	343,897	-	-	0.62
<b>1995-96</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Alberta</b>							
1992-93	22,453	12,889,980	1,660,786	349,970	496,000	1.42	1.38
1993-94	21,948	12,508,738	1,510,639	333,329	217,789	0.65	1.13
1994-95	20,887	11,626,867	1,208,698	226,692	44,034	0.19	0.96
<b>1995-96</b>	<b>1,139</b>	<b>649,671</b>	<b>59,169</b>	<b>9,711</b>	<b>1,263</b>	<b>0.13</b>	<b>0.96</b>
<b>British Columbia</b>							
1992-93	365	241,626	28,461	6,501	8,895	1.37	1.28
1993-94	322	229,530	25,207	6,950	3,004	0.43	0.97
1994-95	263	184,808	18,924	4,190	347	0.08	0.82
<b>1995-96</b>	<b>48</b>	<b>52,866</b>	<b>5,746</b>	<b>625</b>	<b>200</b>	<b>0.32</b>	<b>0.82</b>
<b>Canada</b>							
1992-93	116,487	51,861,786	7,228,823	1,403,927	1,467,202	1.05	1.17
1993-94	116,742	49,779,075	6,482,955	1,149,077	605,905	0.53	0.98
1994-95	111,517	48,844,914	5,981,236	988,356	196,295	0.20	0.83
<b>1995-96</b>	<b>46,558</b>	<b>15,634,412</b>	<b>2,672,733</b>	<b>307,657</b>	<b>27,359</b>	<b>0.09</b>	<b>0.79</b>

**Figure 9: Total Federal Contributions to the Crop Insurance Program<sup>1</sup> and the Gross Revenue Insurance Plan (GRIP) for the 1995-96 Fiscal Year Ending March 31, 1996 (\$000's)**

	Federal Contribution to Crop Insurance Premiums	Federal Contribution to GRIP Premiums	Federal Contribution to Provincial Administrative Costs
Newfoundland	9	-	<b>83</b>
Prince Edward Island	703	1,686	<b>419</b>
Nova Scotia	138	306	<b>259</b>
New Brunswick	1,762	522	<b>557</b>
Quebec	9,516	32,345	<b>8,659</b>
Ontario	18,977	35,887	<b>6,546</b>
Manitoba	13,613	19,056	<b>4,874</b>
Saskatchewan	47,688	(385)	<b>14,474</b>
Alberta	29,203	4,622	<b>7,382</b>
British Columbia	2,020	342	<b>2,160</b>
<b>Total</b>	<b>123,629</b>	<b>94,381</b>	<b>45,413</b>

1. Crop Insurance premiums and administrative costs include Waterfowl Crop Damage Compensation.

## Federal Crop Reinsurance

**Figure 10: Crop Reinsurance Fund by Fiscal Year (\$000's)**

	Actual 1992-93	Actual 1993-94	Actual 1994-95	Actual 1995-96
<b>Nova Scotia</b>				
Opening Balance	640	673	691	<b>710</b>
Revenue	33	18	19	<b>20</b>
Expenditures	-	-	-	-
Closing Balance	673	691	710	<b>730</b>
<b>New Brunswick</b>				
Opening Balance	(1,478)	(4,161)	(8,702)	<b>(7,815)</b>
Revenue	314	1,450	1,004	<b>1,150</b>
Expenditures	(2,997)	(5,991)	(117)	<b>(1,204)</b>
Closing Balance	(4,161)	(8,702)	(7,815)	<b>(7,869)</b>
<b>Ontario<sup>1</sup></b>				
Opening Balance	9	9	9	<b>9</b>
Closing Balance	9	9	9	<b>9</b>
<b>Manitoba</b>				
Opening Balance	(57,383)	(49,527)	(40,686)	<b>(36,729)</b>
Revenue	7,856	8,841	7,428	<b>8,169</b>
Expenditures	-	-	(3,471)	-
Closing Balance	(49,527)	(40,686)	(36,729)	<b>(28,560)</b>
<b>Saskatchewan</b>				
Opening Balance	(397,269)	(352,535)	(370,802)	<b>(324,542)</b>
Revenue	39,942	10,615	43,216	<b>31,196</b>
Expenditures	4,792	(28,882)	3,044	<b>2,470</b>
Closing Balance	(352,535)	(370,802)	(324,542)	<b>(290,876)</b>
<b>Alberta</b>				
Opening Balance	12,665	11,498	12,425	<b>25,412</b>
Revenue	17,162	14,407	13,000	<b>16,175</b>
Expenditures	(18,329)	(13,480)	(13)	-
Closing Balance	11,498	12,425	25,412	<b>41,587</b>
<b>Canada</b>				
Opening Balance	(442,816)	(394,043)	(407,065)	<b>(342,955)</b>
Revenue	65,307	35,331	64,667	<b>56,710</b>
Expenditures	(16,534)	(48,353)	(557)	<b>1,266</b>
Closing Balance	(394,043)	(407,065)	(342,955)	<b>(284,979)</b>

1. Ontario left the Program during the 1968-69 fiscal year.

2. The premiums up to 1993-94 were reported on a crop year basis. This account is a cash account and therefore changes were required to previous years to bring the report into a fiscal year reporting basis.

## Net Income Stabilization Account (NISA)

This account was established by section 15 of the *Farm Income Protection Act* and the federal/provincial agreement establishing the Net Income Stabilization Account Program, to help participating producers of qualifying agricultural commodities achieve long term income stability.

The Program allows participants to deposit funds up to predetermined limits into either the Consolidated Revenue Fund (CRF) or participating financial institutions, and receive a matching contribution from the federal and provincial governments. These funds are held on behalf of the participants as follows:

- (a) participant matchable deposits held in the CRF or participating financial institutions: For the fiscal year ending March 31, 1996, participant deposits pertained, in most part, to the 1994

stabilization year. Participants are entitled to make matchable deposits based on eligible net sales (ENS) which are limited to \$250,000 per individual. For the 1994 stabilization year, matchable deposits could be made up to 2.5% of the ENS for most qualifying commodities except in the following provinces where enhanced rates were available for certain commodities: British Columbia (4.5% for edible horticulture and 3.5% for all other commodities except wheat, barley, canola and edible horticulture); Saskatchewan (4.5% for all grains, oilseeds, special crops and edible beans); and Ontario (4.5% for edible horticulture);

- (b) government matching contributions held in the CRF: For the 1994 stabilization year, the federal government provided matching contributions equal to 60% of the participant matchable deposits, except in the following cases: 56% of British Columbia and Ontario matchable deposits based on ENS of edible horticulture and 43% of British Columbia matchable deposits based on ENS of all eligible commodities except wheat, barley, oats, canola and edible horticulture. In all cases, the provinces provided the remaining matching contribution. The federal government also contributed 1.5% of ENS as “top-up” funds for Saskatchewan producers of grains, oilseeds, special crops and edible beans;
- (c) participant non-matchable deposits held in the CRF or participating financial institutions are limited to an annual maximum of 20 percent of ENS (carried forward for up to five years);
- (d) interest is paid by the federal government on funds held in the CRF, at rates and in accordance with terms and conditions determined by the Minister of Finance;
- (e) interest is paid by participating financial institutions on funds held for participants at rates set by negotiation between the participant and the financial institution;
- (f) bonus interest of 3 percent per annum, split between the federal and provincial governments is calculated on participant contributions; and
- (g) withdrawals are made by participants from funds held in the CRF or participating financial institutions. Participants are entitled to make annual account withdrawals up to the amount allowed by the larger of two triggers (a stabilization trigger and a minimum income trigger).

Figures 11 and 12 illustrate producer deposits and withdrawals, government contributions and interest paid into the Account for stabilization years 1990 to 1994. Refer to the definitions of financial statement accounts above (a to g).

**Figure 11: Net Income Stabilization Account (NISA) Statement of Net Assets March 31, 1996 (dollars)**

Assets	March 31, 1994 <sup>1</sup>	March 31, 1995 <sup>2</sup>	March 31, 1996 <sup>3</sup>
Cash			
Participant Accounts (a)+(c) - (g)			
Fund 1			
Consolidated Revenue Fund	175,041,175	241,253,428	<b>264,711,345</b>
Financial Institutions	66,635,584	145,433,587	<b>345,998,402</b>
	<u>241,676,759</u>	<u>386,687,015</u>	<u><b>610,709,747</b></u>
Fund 2 (b),(d),(e),(f) - (g)	201,993,377	313,525,680	<b>529,488,626</b>
	<u>443,670,136</u>	<u>700,212,695</u>	<u><b>1,140,198,373</b></u>
Provincial advances (b)	9,348,416	8,104,867	<b>31,921,414</b>
	<u>453,018,552</u>	<u>708,317,562</u>	<u><b>1,172,119,787</b></u>
Accounts Receivable			
Financial Institutions - accrued interest	500,000	1,623,500	<b>2,935,200</b>
Federal Government			
Contributions on unprocessed participant deposits at year end and accrued bonus interest	2,719,918	6,480,420	<b>53,276,229</b>
	<u>3,219,918</u>	<u>8,103,920</u>	<u><b>56,211,429</b></u>
<b>Total Assets</b>	<u>456,238,470</u>	<u>716,421,482</u>	<u><b>1,228,331,216</b></u>
<b>Liabilities</b>			
Participant withdrawals payable	6,121,620	21,291,160	<b>17,374,950</b>
Deferred provincial contributions			
Provincial advances	9,348,416	8,104,867	<b>31,921,414</b>
Less contributions on unprocessed participant deposits at year end and accrued bonus interest	2,205,278	5,973,680	<b>25,942,604</b>
	<u>7,143,138</u>	<u>2,131,187</u>	<u><b>5,978,810</b></u>
<b>Total Liabilities</b>	<u>13,264,758</u>	<u>23,422,347</u>	<u><b>23,353,760</b></u>
<b>Net Assets of Program Participants</b>	<u>442,973,712</u>	<u>692,999,135</u>	<u><b>1,204,977,456</b></u>

1. The Office of the Auditor General is currently completing the audit of the 1990-1992 stabilization years.  
 2. Per NISA's unaudited financial statements.  
 3. Per NISA's unaudited financial statements - subject to change pending completion of all 1994 stabilization year processing.

**Figure 12: Net Income Stabilization Account (NISA) Statement of Changes in Net Assets of Program Participants (dollars).**

	Stabilization Year(s) (note 4)		
	1990 to 1992 <sup>1</sup>	1993 <sup>2</sup>	1994 <sup>3</sup>
Participant deposits			
Matchable (a)	438,462,312.	139,260,994	253,725,418
Non-matchable (c)	87,424,494	30,246,250	27,835,722
Pre-deposits (a)	-	834,810	1,218,924
Administrative cost share	6,564,074	551,142	229,887
	<u>532,450,880</u>	<u>170,893,196</u>	<u>283,009,951</u>
Government matching contributions (b)			
Federal matching	219,231,374	69,837,148	150,888,382
Provincial matching	195,638,339	69,914,766	102,952,483
	<u>414,869,713</u>	<u>139,751,914</u>	<u>253,840,865</u>
Other government assistance (b)			
Federal			
Contribution for province	119,994,304	180,750	-
Incentive contribution	179,707,499	-	-
Early enrolment bonus	35,664,990	-	-
Start-up contribution Saskatchewan/Other	2,500,011	-	44,250,000
Ontario horticulture assistance program	4,071,529	-	-
	<u>341,938,333</u>	<u>180,750</u>	<u>44,250,000</u>
Interest			
Regular Interest			
Consolidated Revenue Fund (d)	34,012,607	25,761,062	40,732,398
Financial institutions (e)	1,190,303	4,981,405	11,374,175
Bonus interest (f)			
Federal	7,751,247	4,138,539	6,321,475
Provincial	3,767,546	4,057,798	6,320,790
	<u>46,721,703</u>	<u>38,938,804</u>	<u>64,748,838</u>
NISA Bridge Program deposits (b)	-	4,589,422	8,969
<b>Increase in Net Assets</b>	<u>1,335,980,629</u>	<u>354,354,086</u>	<u>645,858,623</u>
Participant withdrawals (g)			
Fund 1			
Consolidated Revenue Fund	284,250,330	32,599,974	35,110,890
Financial Institutions	1,365,280	5,501,706	13,675,782
Fund 2	589,354,979	60,979,071	79,681,262
	<u>874,970,589</u>	<u>99,080,751</u>	<u>128,467,934</u>
Administrative cost share (g)	<u>18,036,328</u>	<u>5,247,912</u>	<u>5,412,368</u>
<b>Decrease in Net Assets</b>	<u>893,006,917</u>	<u>104,328,663</u>	<u>133,880,302</u>
<b>Change in Net Assets for the Stabilization Year(s)</b>	<u>442,973,712</u>	<u>250,025,423</u>	<u>511,978,321</u>
<b>Net Assets - Beginning of Stabilization Year(s)</b>	-	442,973,712	692,999,135
<b>Net Assets - End of Stabilization Year(s)</b>	<u>442,973,712</u>	<u>692,999,135</u>	<u>1,204,977,456</u>

1. The Office of the Auditor General is currently completing the audit of the 1990 - 1992 stabilization years.
2. Per NISA's unaudited financial statements.
3. Per NISA's unaudited financial statements - subject to change pending completion of all 1994 stabilization year processing.
4. The period for which the participants filed an income tax return.

**National Tripartite Stabilization Plan (NTSP):** The NTSP is a market risk protection program originally established under the *Agricultural Stabilization Act* (which was repealed in April 1991). It now operates as a "revenue insurance program" under the authority of the FIPA. The



objective of this program is to reduce losses to producers due to adverse changes in market prices or costs. Between 1986 and 1989, the federal and provincial governments signed eight agreements establishing twelve commodity plans including: Beef (Slaughter Cattle, Feeder Cattle, Cow-Calf), Hogs, Lambs, Beans (White Pea Beans, Kidney/Cranberry, Other Coloured), Apples, Sugar Beets, Onions and Honey. Producers voluntarily enrolled into the plans.

All of the NTSP commodity plans have been terminated with the exception of apples and sugar beets. The apple plan is currently in the process of being terminated effective the end of the 1994-95 crop year while the sugar beet plan's scheduled expiry date is the end of the 1996-97 crop year. In general, if a Plan terminates in a surplus position, the surplus is shared proportionately between the producers, participating provinces and the federal government. If a Plan terminates in a deficit position, the deficit is generally shared equally between the participating province and the federal government.

NTSP has joint government responsibility for administration and cost sharing. Each Plan is directed by a National Tripartite Stabilization Committee (NTSC) comprised of from six to nine members (one-third from the federal government, one-third from the provincial governments, and one-third are producer representatives). The NTSC for each Plan reviews and sets the premium rate at the start of each marketing period. Each Plan is required to be financially self-sustaining,

that is, over time, the producer premiums, government contributions and net interest should equal total stabilization payments.

**Figure 13: National Tripartite Stabilization Plan Account Balances (active accounts only) for the fiscal year ending March 31, 1996 (\$000's)**

	Sugar Beets II	Apples
Opening Operating Balance <sup>1</sup>	8,959	4,556
Add:		
Producer Premiums	2,231	1,297
Provincial Contributions	3,682	1,311
Federal Contributions	2,231	873
Interest Earned	510	231
<b>Total Revenue</b>	<b>8,654</b>	<b>3,712</b>
Less:		
Stabilization Payments	105	3,180
Interest Paid	-	(31)
<b>Total Expenditure</b>	<b>105</b>	<b>3,149</b>
Closing Operating Balance	17,508	5,119

1. The opening balance for Apples has been \$684,000 as federal contributions originally recorded in subsequently reversed.

The premiums paid by participating producers are matched by the federal and provincial governments to a maximum of 3% each of the average aggregate market value of the commodity sold by producers during the current and the two immediately preceding years (in the case, of sugar beets, up to 5% of the support price). Premiums in excess of this amount are the sole responsibility of the producer.

Payments are made to producers at times when there are adverse changes in market prices or costs of production. A stabilization payment, authorized for any period when the national average market price falls below the calculated

support price, is equal to the difference between the support price and the national average market price for the period.

**AGRICULTURAL PRODUCTS BOARD ACT ANNUAL REPORT**

The *Agricultural Products Board Act* (APBA), until recently was administered by the Agricultural Products Board (the Board), which consisted of four members appointed by the Governor in Council. The Government of Canada announced on December 21, 1994 its intention to wind up the Board. New legislation (the *Agricultural Marketing Programs Act*) has been introduced that, when passed, will repeal the APBA, but will continue the use of the powers provided under the APBA.

When specifically authorized by Governor in Council, departmental officials can: sell or deliver agricultural products; purchase agricultural products on behalf of any Government or agency; buy, sell or import agricultural products pursuant to an agreement made by the Government of Canada; and store, transport or process, or enter into contracts for the storing, transportation or processing of agricultural products. Except with the approval of the Governor in Council, agricultural products cannot be sold at a price lower than the purchase price plus handling, storage and transportation costs.

Figure 14 provides a schedule of Use of Parliamentary Appropriations and Figure 15 provides a Statement of Operations of the APB for fiscal years ending March 31.

<b>Figure 14: Agricultural Products Board - Use of Parliamentary Appropriations (\$000's)</b>				
	1992-93	1993-94	1994-95	<b>1995-96</b>
Purchases, processing and carrying charges				
Apple juice concentrate	-	683	-	-
Mink pelts	-	20,559	253	-
	-	21,242	253	-
Administrative expenses	183	167	102	<b>20</b>
Settlement of claim	108	-	2,476	<b>(2,476)</b>
	291	21,409	2,831	<b>(2,456)</b>
Less:				
Services provided without charge by government departments	(32)	(39)	(11)	-
Previous year's expenditure charged to current year's Parliamentary appropriation	-	99	1,370	-
Current year's expenditure not charged to current year's Parliamentary appropriation	(57)	(1,370)	(582)	<b>582</b>
Total expenditure financed by Parliamentary appropriation	202	20,099	3,608	<b>(1,874)</b>

**Figure 15: Agricultural Products Board - Statement of Operations (\$000's)**

	1992-93	1993-94	1994-95	<b>1995-96</b>
Sales	6,263	13,390	7,880	-
Cost of sales	6,263	13,616	7,880	-
Loss on sales	-	(226)	-	-
Settlement of claim	(108)	-	(2,476)	<b>2,476</b>
Recovery of loss on apple juice concentrate sales from the Province of Nova Scotia	-	113	-	-
Interest earned	19	-	7	<b>39</b>
Income/(Loss) from operations	(89)	(113)	(2,469)	<b>2,515</b>
Administrative expenses	171	167	102	<b>20</b>
Income/(Loss) for the year	(260)	(280)	(2,571)	<b>2,495</b>

Note: Financial information extracted from annual financial statements audited by the Auditor General of Canada.

**FARM DEBT REVIEW ACT ANNUAL REPORT**

Farm Debt Review Boards were established in 1986 in each province to ensure that farmers in financial difficulty, or actually facing a farm foreclosure, are afforded an impartial third-party review of individual farm circumstances. As part of the process, the Boards mediate between the farmer and his/her creditor(s) and seek to reach a mutually satisfactory arrangement.

The trend to a decreasing number of applications continued in 1995 as financial difficulties in the farm sector returned to more normal levels. The number of applications received in 1995 compared to 1994 decreased by 15.9% (i.e., to 1,100 from 1,308 applications). Of the 25,700 applications which have come to the Boards since program inception in August 1986, 21,600 have now been completed 3,780 were withdrawn or rejected, and 320 are currently being processed. Within the completed cases 75% (16,280) have had mutually satisfactory arrangements identified among the parties and of these, 87.9% (14,305) have been signed. Of the remaining 5,320 completed cases where no arrangements were identified, farmers still received a detailed financial review and mediation service and are in a better position to manage their overall situation as a result of the process. Figure 16 provides a summary of activity under the Farm Debt Review Board Process.

**Figure 16: Summary of Activity Under the Farm Debt Review Boards Process**

Applications by Calendar Year		Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada Total
Actual 1995	New Applications	14	11	28	16	111	281	51	455	131	2	1,100
	Applications Withdrawn/ Rejected	4	-	-	3	7	165	-	37	26	1	243
	No Arrangement Identified	2	4	5	1	11	78	37	57	26	-	221
	Arrangements Identified	9	11	25	9	108	61	17	399	84	-	723
	Arrangements Signed	6	1	17	8	46	29	11	387	89	-	594
Actual 1994	New Applications	18	27	24	13	143	291	71	566	140	15	1,308
	Applications Withdrawn/ Rejected	7	3	5	2	8	152	3	49	18	8	255
	No Arrangement Identified	3	7	4	2	17	68	46	136	32	4	319
	Arrangements Identified	6	20	15	12	120	63	32	509	94	6	877
	Arrangements Signed	8	2	13	9	31	76	30	546	92	5	812
Actual 1993	New Applications	6	44	21	41	212	220	105	1,063	174	30	1,916
	Applications Withdrawn/ Rejected	-	3	1	2	8	82	11	161	24	5	297
	No Arrangement Identified	-	18	2	5	27	43	38	334	60	7	534
	Arrangements Identified	6	25	21	53	206	108	84	1,046	102	25	1,676
	Arrangements Signed	6	11	13	22	79	53	57	1,050	171	28	1,490
Actual 1992	New Applications	10	40	30	58	254	305	209	1,609	299	46	2,860
	Applications Withdrawn/ Rejected	3	1	1	1	8	112	23	193	52	13	407
	No Arrangement Identified	1	9	3	8	35	87	50	542	77	18	830
	Arrangements Identified	5	25	20	40	231	160	167	1,232	192	27	2,099
	Arrangements Signed	2	16	13	18	110	130	162	1,235	182	46	1,914

Notes:

1. Applications received in any year might not be completed nor arrangements signed until the following year.

---

**AGRICULTURAL PRODUCTS COOPERATIVE MARKETING ACT ANNUAL REPORT**

The APCMA encourages producers to market and/or process their products through cooperatives by providing price guarantees. In 1995-96, the APCMA program entered into eight (8) agreements with producer organizations, representing 21,900 producers to provide a price guarantee on \$271 million of crops. To date, no payments have been made under the provisions of the APCMA for the 1995-96 crop year. However, not all of the commodities have been sold from the pools.

The Commercial Pheasant Producers Cooperative Ltd. has made a claim for the 1992-93 crop year. It is anticipated that a payment of \$15,524 will be made. Also, in 1993, the Receivers for Eastern Ontario Vegetable Growers Co-operative Inc. filed a claim under the APCMA relating to the 1991-92 crop year losses incurred by the Cooperative which is currently being reviewed. For the 1996-97 crop year, total guarantees are estimated to be worth \$200 million.

---

**Figure 17: APCMA Historical Summary of Agreements**

Crop Year	Number of Agreements	Number of Producers	Total Guarantee (\$000's)	Liability Payments (\$000's)	
1987-88	36	30,676	244,038	1,048	(a)
1988-89	33	29,650	267,133	594	(b)
1989-90	30	43,644	402,085	5,549	(c)
1990-91	26	37,721	350,641	57,980	(d)
1991-92	22	36,183	199,612	4,684	(e)
1992-93	19	24,504	228,351		
1993-94	14	23,865	130,476		
1994-95	9	21,177	270,060		
<b>1995-96</b>	<b>8</b>	<b>21,900</b>	<b>271,614</b>		
Total			2,364,010	69,854	

**Liability Payments (\$000's)**

- 
- a. Ontario Bean Producers' Marketing Board (1987)
  - b. Norfolk Fruit Growers' Association (1988)
  - c. B.C. Tree Fruits Ltd. (1989) - \$176  
Fédération des producteurs acéricoles du Québec (1989) - \$5,372
  - d. Ontario Wheat Producers' Marketing Board (1990) - \$48,082  
Fédération des producteurs acéricoles du Qué. (1990) - \$9,898
  - e. Fédération des producteurs acéricoles du Qué. (1991)
-

**FARM IMPROVEMENT AND MARKETING COOPERATIVES LOANS ACT ANNUAL REPORT**

*The Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA) helps producers and producer-owned cooperatives gain access to intermediate term credit on reasonable terms to improve farm assets, strengthen production and improve financial stability. Under FIMCLA, The Minister of Agriculture and Agri-Food provides a loan guarantee to designated lending institutions. These loans are based on up to 80% of the current appraised value or the purchase price, whichever is smaller. Farmers and farmer-owned cooperatives apply directly through a lending institution.*

Figure 18 provides statistics on the operation of this program since 1992-1993. FIMCLA provided over \$1.6 billion in loan guarantees to the farming sector over the last five years. Revenues have exceeded payments by about \$6.5 million over the past 5 years. The FIMCLA program has presented a low level of risk to Canadian taxpayers, with net losses of about 1%.

In 1995-96, over 14,000 loans were issued by Canadian financial institutions, for a total of about \$372 million. The number of new loans registered decreased in 1995-96 by about 28% from the previous year. Claims increased by 87% in the same period. These trends are expected to level off in 1996-97.

<b>Figure 18: General Stats - FIMCLA</b>	1992-93	1993-94	1994-95	<b>1995-96</b>
Number of new loans registered	9,297	15,902	19,702	<b>14,086</b>
Value of new loans registered (\$000's)	196,503	423,267	551,500	<b>371,922</b>
Claims paid (\$000's)	2,190	975	822	<b>1,537</b>
Loan registration fees (\$000's)	982	2,119	2,758	<b>1,860</b>
Recoveries of claims paid out (\$000's)	2,334	1,715	1,555	<b>1,149</b>
Variance revenue versus (loss) (\$000's)	1,126	2,859	3,491	<b>1,471</b>

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

**PLANT BREEDERS' RIGHTS ANNUAL REPORT**

The purpose of the Plant Breeders' Rights Act is to grant to the breeders of new plant varieties exclusive rights respecting the multiplication and sale of reproductive material for up to 18 years. Implementation of the legislation, on a species-by-species basis, is through regulation. On March 4, 1991, Canada joined the International Union for the Protection of New Varieties of Plants (UPOV). This facilitates Canadian plant breeders protecting their varieties in other countries and allows Canada to obtain protected foreign varieties.

In 1995, 265 applications for protection were received, 83 grants of rights were issued, and 120 rights were renewed. Revenues for services under the Act in 1995 totalled \$278,100.

**PRAIRIE FARM REHABILITATION ACT ANNUAL REPORT**

**Green Plan:** Federal-provincial sustainable agriculture agreements under the Agriculture and Agri-Food Canada's Green Plan with Manitoba, Saskatchewan and Alberta provides for cooperation in the development and adoption of environmentally sound production practices for the agri-food industry on the prairies. Program components are delivered through local and provincial agricultural organizations and through the formation of partnerships among governments and the agricultural industry. These applicants submit proposals to the industry-led committees in order to be evaluated and subsequently rejected or approved for financial assistance.

The Green Plan Farm-Based Program represents over 20% of Green Plan funding. This component recognizes the need for management practice changes in the primary production sector to address a broad range of environmental issues. The program is intended to accelerate adoption, at the farm level, of environmentally sustainable agricultural practices. The following table depicts 1995-96 activity by province under the Green Plan Farm-Based Program.

**Figure 19: Green Plan Farm-Based Program 1995-96 Activities**

Indicators	Alberta	Saskatchewan	Manitoba	Total
Number of people attending tours, workshops, public events and school presentations	10,575	30,150	9,100	<b>49,825</b>
Number of acres treated by conservation measures <sup>1</sup>	65,200	85,100	114,500	<b>264,800</b>
Number of people receiving newsletter/publications	13,136	55,515	2,150	<b>70,801</b>
Number of tours, workshops, public events, and school presentations	1,003	683	764	<b>2,450</b>
Number of miles of shelter belts planted/maintained/renovated	459	287	706	<b>1,452</b>

1. Includes equipment demonstrations, residue management systems, grassed waterways, and forage establishment

**Community Pastures:** The Community Pastures program provides for breeding services and summer grazing of approximately 210,000 head of livestock, primarily cattle. Approximately 76% of total costs and 83% of direct costs are recovered. The following figure provides statistics associated with operating the community pastures. As services are largely dependent upon climatic conditions, there are some fluctuations in volumes. This is most evident in revenues collected which are highly dependent upon the number of days available for grazing.

**Figure 20: Community Pastures**

	1992-93	1993-94	1994-95	1995-96
Adult Cattle	115,732	117,753	119,990	<b>123,768</b>
Calves	88,905	91,989	93,715	<b>96,934</b>
Horses and Colts	3,631	4,097	4,675	<b>4,287</b>
Bulls				
Owned	2,577	2,609	2,626	<b>2,637</b>
Rented	880	936	904	<b>923</b>
Patrons	3,659	3,661	3,737	<b>3,731</b>
Avg. Days of Grazing	142	146	138	<b>138</b>
Grazing Revenue (\$000's)	5,621	6,033	6,302	<b>6,659</b>
Other Revenue	4,671	5,125	5,337	<b>6,385</b>

**Rural Water Development Program:** The RWDP provides technical assistance and federal funding for the planning and development of water supplies for individual rural residents, groups and small communities across the Prairies. The following table shows a gradual trend away from individual projects to group and community projects which are viewed as long-term solutions to regional water.

**Figure 21: Federal Funding for the Rural Water Development Program (\$000's)**

Fiscal Year	PFRA			Alberta			Saskatchewan			Manitoba		Total <sup>4</sup>
	Total <sup>4</sup>	Individ <sup>1</sup>	G and C <sup>2</sup>	Total <sup>4</sup>	Individ <sup>1</sup>	G and C <sup>2</sup>	Total <sup>4</sup>	Individ <sup>1</sup>	G and C <sup>2</sup>	Total <sup>4</sup>		
1980-81	4,399	1,985	-	1,985	1,720	85	1,805	594	15	<b>609</b>		
1981-82	5,725	2,393	3	2,396	2,531	65	2,595	669	65	<b>734</b>		
1982-83	5,224	2,282	7	2,289	1,827	108	1,936	607	392	<b>999</b>		
1983-84	5,138	2,347	31	2,378	1,625	129	1,754	632	374	<b>1,006</b>		
1984-85	6,185	2,528	189	2,717	2,017	203	2,220	712	535	<b>1,247</b>		
1985-86	6,150	3,557	221	3,778	1,472	190	1,662	415	295	<b>710</b>		
1986-87	9,772	4,552	1,986	6,538	1,631	386	2,017	430	787	<b>1,217</b>		
1987-88	7,339	2,329	1,688	4,016	2,157	313	2,470	579	273	<b>852</b>		
1988-89	23,959	10,666	2,711	13,377	6,834	706	7,540	1,346	1,696	<b>3,042</b>		
1989-90	16,641	6,511	1,716	8,226	5,068	1,087	6,155	968	1,293	<b>2,260</b>		
1990-91	7,144	2,476	1,035	3,511	1,398	472	1,870	757	1,007	<b>1,764</b>		
1991-92	7,777	2,389	1,631	4,020	983	942	1,925	540	1,293	<b>1,832</b>		
1992-93	8,884	4,133	813	4,946	1,238	712	1,951	514	1,473	<b>1,987</b>		
1993-94	7,269	2,187	537	2,725	879	1,945	2,824	490	1,230	<b>1,720</b>		
1994-95	5,187	1,401	495	1,897	784	1,398	2,181	501	608	<b>1,109</b>		
<b>1995-96</b>	<b>5,277</b>	<b>664</b>	<b>917</b>	<b>1,581</b>	<b>268</b>	<b>1,332</b>	<b>2,100</b>	<b>330</b>	<b>1,216</b>	<b>1,546</b>		
Average	8,252	3,275	874	4,149	2,058	630	2,688	630	785	<b>1,415</b>		

Notes:

1. Individ: water supplies for individual rural residents
2. G and C: water supplies for groups and rural communities.
3. In response to the drought of 1988, the governments of Alberta and Saskatchewan supplemented PFRA contributions. Also, the Federal government, through PFRA, provided a one-year program to assist producers with emergency water hauling.
4. In 1994-95, PFRA reorganized into five regions, namely, N. Alberta, S. Alberta, N. Saskatchewan, S. Saskatchewan and Manitoba. The RWDP budget was allocated equally among these regions.
5. Notes: Totals may not agree due to rounding.

**Southwest Saskatchewan Irrigation**

**Projects:** The following table outlines the types of clients, the number of patrons and the number of acres of land under irrigation. As water supply is dependent upon climatic conditions, there can be fluctuations in the number of patrons and acres. Revenue targets for cost recovery are also shown.

**Figure 22: Southwest Saskatchewan Irrigation Projects**

	1992-93	1993-94	1994-95	1995-96
Non-irrigated Acres	9,251	9,251	9,251	<b>9,251</b>
Irrigated Acres	21,489	21,181	21,181	<b>121,181</b>
PFRA Projects				
Number of Patrons	354	348	343	<b>343</b>
Irrigated Acres	14,722	18,214	19,946	<b>16,893</b>
Private Water Rights				
Number of Patrons	103	102	102	<b>102</b>
Developed Acres	10,392	10,283	10,274	<b>10,274</b>
Provincial Projects				
Number of Patrons	87	87	87	<b>87</b>
Developed Acres	9,118	9,118	9,118	<b>9,118</b>
Revenue (\$000's)	164	178	163	<b>177</b>



**Other PFRA Activity:** The following table shows indicators from the Shelterbelt Centre and the Irrigation Demonstration Centres.

**Figure 23: Performance Indicators for Shelterbelt Centre and the Irrigation Demonstration Centres**

	Actual 1992-93	Actual 1993-94	Actual 1994-95	Actual <b>1995-96</b>
Kilometres of new shelterbelt established	1,818	1,521	1,326	<b>1,329</b>
Number of people who attend irrigation demonstrations - SIDC	1,800	1,900	2,000	<b>2,000</b>
- MCDC	-	-	300	<b>1,152</b>
Acres of specialty crops seeded - SIDC	-	1,500	2,700	<b>5,700</b>
- MCDC	-	-	-	<b>60,000</b>

**Notes:**

! the 1991-92 increase was a result of additional resources provided under the National Soil Conservation Program.

! there has been growing interest in the demonstration of irrigated crops and current irrigation technology which is expected to increase further as producers seek adaptation measures. MCDC is a new centre in Manitoba.

! the success of the irrigation centres is evident by the increase in acres of specialty crops seeded in local areas.

## ANNEX B

## SUPPLEMENTARY INFORMATION

## TABLE OF CONTENTS

---

	FIGURE	PAGE
Departmental Expenditures by Vote	24	61
Net Cost of Program by Activity	25	62
Appropriated Departmental Spending by Activity	26	63
Controlled Capital Expenditures by Activity	27	64
Transfer Payments by Activity	28	64
Personnel Requirements by Activity	29	65
Non-Tax Revenue Credited to the Vote by Activity	30	65
Non-Tax Revenue Credited to the Consolidated Revenue Fund by Activity	31	66
Non-Tax Revenue Credited to the Consolidated Revenue Fund by Type	32	66
Revolving Funds' Financial Statements	33,34	67
Legislation Administered by the Minister of AAFC	35	68
References, AAFC Portfolio	36	69

---

**Figure 24: Departmental Expenditures by Vote**

Vote	(thousands of dollars)	1995-96 Main Estimates	1995-96 Actual
<b>Agriculture and Agri-Food Program</b>			
1	Operating expenditures	569,216	618,592
5	Canadian Grain Commission - Operating expenditures	41,694	1,367
10	Capital expenditures	103,731	81,406
15	Grants and Contributions	364,714	450,153
(S)	Minister of Agriculture and Agri-Food - Salary and motor car allowance	49	49
(S)	Payments in connection with the <i>Farm Income Protection Act</i> - Revenue Insurance Program	4,000	2,366
(S)	Payments in connection with the <i>Farm Income Protection Act</i> - Crop Insurance Program	180,000	163,557
(S)	Loan guarantees under the <i>Farm Improvement and Marketing Cooperatives Loans Act</i>	4,000	1,537
(S)	Loan guarantees made under the <i>Advance Payments for Crops Act</i>	1,500	370
(S)	Grants to agencies established under the <i>Farm Products Agencies Act</i>	200	-
(S)	Payments in connection with the <i>Farm Income Protection Act</i> - Gross Revenue Insurance Program	200,000	99,866
(S)	Payments in connection with the <i>Farm Income Protection Act</i> - Transition Programs for Red Meats	6,000	1,560
(S)	Payments in connection with the <i>Prairie Grain Advance Payments Act</i>	35,000	325
(S)	Payments in connection with the <i>Western Grain Transition Payments Act</i>	-	889,047
(S)	Payments in connection with the <i>Farm Income Protection Act</i> - 1994 New Brunswick Debt Refinancing Program	-	114
(S)	Payments in connection with the <i>Farm Income Protection Act</i> - Net Income Stabilization Account	188,000	126,018
(S)	Payments in connection with the <i>Farm Income Protection Act</i> - Crops Sector Companion Program	-	54,500
(S)	Payments in connection with the <i>Farm Income Protection Act</i> - Agri-Food Innovation Program	-	150
(S)	Contributions to employee benefit plans	64,829	63,946
(S)	Canadian Pari - Mutuel Agency Revolving Fund	-	(745)
(S)	Canadian Grain Commission Revolving Fund	-	(623)
(S)	Refund of amounts credited to revenues in previous years	-	4
(S)	Collection agency fees	-	76
(S)	Spending of proceeds from the disposal of Crown assets	-	4,694
(S)	Court awards	-	3,092
<b>Total Department</b>		<b>1,762,933</b>	<b>2,561,420</b>

**Figure 25: Net Cost of the Program by Activity: Comparison of Main Estimates to Actual Expenditures, 1995-96 (\$000's)**

Activities	Operating	Capital	Voted Grants and Contributions	Subtotal: Gross Voted Expenditures	Statutory Grants and Contributions	Total Gross Expenditures	Less: Revenue Credited to the Vote	Total Net Expenditures
<b>Agricultural Research and Development</b>	219,705	51,695	4,652	276,052	-	276,052	-	276,052
	<b>236.737</b>	<b>36.588</b>	<b>2.242</b>	<b>275.567</b>	-	<b>275.567</b>	-	<b>275.567</b>
<b>Inspection and Regulation</b>	267,618	39,635	683	307,936	-	307,936	52,817	255,119
	<b>261.757</b>	<b>27.463</b>	<b>857</b>	<b>290.077</b>	-	<b>290.077</b>	<b>41.932</b>	<b>248.145</b>
<b>Policy and Farm Economic Programs</b>	62,219	1,936	236,703	300,858	578,000	878,858	-	878,858
	<b>63.581</b>	<b>1.151</b>	<b>348.853</b>	<b>413.585</b>	<b>446.464</b>	<b>860.049</b>	-	<b>860.049</b>
<b>Market and Industry Services</b>	41,844	414	101,221	143,479	40,700	184,179	-	184,179
	<b>47.708</b>	<b>1.478</b>	<b>65.960</b>	<b>115.146</b>	<b>3.748</b>	<b>118.894</b>	-	<b>118.894</b>
<b>Rural Prairie Rehabilitation, Sustainability and Development</b>	44,495	8,764	21,447	74,706	-	74,706	9,905	64,801
	<b>60.540</b>	<b>9.335</b>	<b>32.234</b>	<b>102.109</b>	<b>889.197</b>	<b>991.306</b>	<b>12.521</b>	<b>978.784</b>
<b>Corporate Management and Services</b>	56,658	1,437	8	58,103	-	58,103	-	58,103
	<b>73.837</b>	<b>5.391</b>	<b>7</b>	<b>79.236</b>	-	<b>79.236</b>	-	<b>79.236</b>
<b>Canadian Grain Commission</b>	44,365	1,449	7	45,821	-	45,821	-	45,821
	<b>48.728</b>	-	-	<b>48.728</b>	-	<b>48.728</b>	<b>47.983</b>	<b>745</b>
<b>Totals</b>	736,904	105,330	364,721	1,206,95	618,700	1,825,65	62,722	1,762,93
	<b>792,888</b>	<b>81,406</b>	<b>450,153</b>	<b>1,324,44</b>	<b>1,339,40</b>	<b>2,663,85</b>	<b>102,436</b>	<b>2,561,42</b>
<b>Other Revenues and Expenditures</b>								
Revenue credited to the Consolidated Revenue Fund								(281,625)
								<b>(602,132)</b>
Cost of services provided by other departments								50,860
								<b>50,860</b>
<b>Net Cost of the Program</b>								1,532,168
								<b>2,010,148</b>

- Notes:**
1. Shaded numbers denote actual expenditures/revenues in 1995-96.
  2. Statutory payment numbers do not include contributions to employee benefit plans or other items which are allocated to operating expenditures.
  3. PFRA was assigned the responsibility to deliver the one-time (\$1.6 Billion) Western Grain Transition Payments Program. Supplementary estimates provide the resources for 1995-96.
  4. The Canadian Grain Commission obtained authority, after the 1995-96 Main Estimates were tabled, to operate as a revolving fund beginning April 1, 1995.

**Figure 26: Appropriated Departmental Spending by Activity (\$000's)**

<b>Activities</b>	<b>Actual 1992-93</b>	<b>Actual 1993-94</b>	<b>Actual 1994-95</b>	<b>Estimates 1995-96</b>	<b>Actual 1995-96</b>
Agricultural Research and Development	262,386	266,994	261,770	276,052	<b>275,567</b>
Inspection and Regulation	287,275	289,468	293,305	255,119	<b>248,145</b>
Policy and Farm Economic Programs	1,898,905	1,168,926	1,097,743	878,858	<b>860,049</b>
Market and Industry Services	314,425	237,267	242,157	184,179	<b>118,894</b>
Rural Prairie Rehabilitation, Sustainability and Development <sup>1</sup>	106,726	100,735	65,850	64,801	<b>978,784</b>
Corporate Management and Services <sup>2</sup>	70,996	66,765	63,490	58,103	<b>79,236</b>
Canadian Grain Commission	52,162	51,783	52,910	45,821	<b>745</b>
<b>Total</b>	<b>2,992,876</b>	<b>2,181,938</b>	<b>2,077,225</b>	<b>1,762,933</b>	<b>2,561,420</b>

1. This Activity was given the responsibility to deliver the Western Grain Transition Payments Program (\$1.6 billion over 2 fiscal years) after the tabling of the 1995-96 Main Estimates.
2. The increase in actual expenditures between 1994-95 and 1995-96 is due in part to a reallocation of resources for Department-wide initiatives such as informatic updates and for new department responsibilities for activities such as translation and services of the Grain Research Laboratory.

**FIGURE 27: Controlled Capital Expenditures by Activity (\$000's)**

<b>Activities</b>	<b>Actual 1992-93</b>	<b>Actual 1993-94</b>	<b>Actual 1994-95</b>	<b>Estimates 1995-96</b>	<b>Actual 1995-96</b>
Agricultural Research and Development	13,606	12,741	14,404	33,345	<b>18,282</b>
Inspection and Regulation	11,348	16,061	41,508	30,567	<b>13,713</b>
Policy and Farm Economic Programs	-	-	-	-	-
Market and Industry Services	-	-	-	-	<b>494</b>
Rural Prairie Rehabilitation, Sustainability and Development	818	430	791	1,850	<b>2,934</b>
Corporate Management and Services	-	448	-	-	-
Canadian Grain Commission	-	-	-	-	-
<b>Total</b>	<b>25,772</b>	<b>29,680</b>	<b>56,703</b>	<b>65,762</b>	<b>35,423</b>

**Figure 28: Transfer Payments by Activity (\$000's)**

<b>Activities</b>	<b>Actual 1992-93</b>	<b>Actual 1993-94</b>	<b>Actual 1994-95</b>	<b>Estimates 1995-96</b>	<b>Actual 1995-96</b>
<b>GRANTS</b>					
Agricultural Research and Development	999	844	992	999	<b>996</b>
Inspection and Regulation	-	-	-	-	-
Policy and Farm Economic Programs	354,059	4,414	1,705	1,499	<b>103,173</b>
Market and Industry Services	50,799	3,735	-	200	-
Rural Prairie Rehabilitation, Sustainability and Development <sup>1</sup>	35	25	30	41	<b>893,581</b>
Corporate Management and Services	2	2	2	3	<b>2</b>
<b>Total Grants</b>	<b>405,894</b>	<b>9,020</b>	<b>2,729</b>	<b>2,742</b>	<b>997,752</b>
<b>CONTRIBUTIONS</b>					
Agricultural Research and Development	2,523	2,602	3,141	3,653	<b>1,246</b>
Inspection and Regulation	7,502	4,023	1,094	683	<b>857</b>
Policy and Farm Economic Programs	1,468,215	1,062,959	1,022,489	813,204	<b>692,146</b>
Market and Industry Services	213,744	189,504	181,364	141,721	<b>69,708</b>
Rural Prairie Rehabilitation, Sustainability and Development	49,559	44,325	19,665	21,406	<b>27,848</b>
Corporate Management and Services	12	12	12	12	<b>5</b>
<b>Total Contributions</b>	<b>1,741,559</b>	<b>1,303,425</b>	<b>1,227,765</b>	<b>980,679</b>	<b>791,810</b>
<b>Total Transfer Payments</b>	<b>2,147,453</b>	<b>1,312,445</b>	<b>1,230,494</b>	<b>983,421</b>	<b>1,789,562</b>

1. PFRA has the responsibility to deliver the one-time Western Grain Transition Payments Program (\$1.6 billion over two fiscal years). If this Grant were excluded from the total, Transfer Payments for 1995-96 would have been \$900.5 million, a decrease of 27% from 1994-95.

**Figure 29: Personnel Requirements by Activity (FTEs)**

Activities	Actual 1992-93	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
Agricultural Research and Development	3,173	3,188	3,102	3,015	2,845
Inspection and Regulation	4,382	4,245	4,167	4,216	3,837
Policy and Farm Economic Programs	884	826	708	741	578
Market and Industry Services	433	506	494	439	467
Rural Prairie Rehabilitation, Sustainability and Development	837	833	801	805	830
Corporate Management and Services	917	901	850	813	810
Canadian Grain Commission	814	738	754	740	767
<b>Total</b>	<b>11,778</b>	<b>11,237</b>	<b>10,876</b>	<b>10,769</b>	<b>10,134</b>

**Figure 30: Non-Tax Revenue Credited to the Vote by Activity (\$000's)**

Activities	Actual 1992-93	Actual 1993-94	Actual 1994-95	Estimates 1995-96	Actual 1995-96
<b>Inspection and Regulation</b>					
Inspection Services	-	-	13,294	38,712	27,269
Canadian Pari-Mutuel Agency Revolving Fund - Levy on Pari-Mutuel Betting	14,950	13,613	14,389	14,105	14,663
<b>Activity Total</b>	14,950	13,613	27,683	52,817	41,932
<b>Rural Prairie Rehabilitation, Sustainability and Development</b>					
Community Pasture Program	-	-	11,639	9,905	12,521
<b>Activity Total</b>	-	-	11,639	9,905	12,521
<b>Canadian Grain Commission</b>					
Canadian Grain Commission Revolving Fund	-	-	-	-	47,983
<b>Activity Total</b>	-	-	-	-	47,983
<b>Total Revenue Credited to the Vote</b>	<b>14,950</b>	<b>13,613</b>	<b>39,322</b>	<b>62,722</b>	<b>102,436<sup>1</sup></b>

1. The Canadian Grain Commission began operating under the authority of a revolving fund in 1995-96.

**Figure 31: Non-Tax Revenue Credited to the CRF by Activity (\$000's)**

<b>Activities</b>	<b>Actual 1992-93</b>	<b>Actual 1993-94</b>	<b>Actual 1994-95</b>	<b>Estimates 1995-96</b>	<b>Actual 1995-96</b>
Agricultural Research and Development	3,700	5,387	7,082	5,513	<b>7,729</b>
Inspection and Regulation	13,285	14,440	1,142	240	<b>685</b>
Policy and Farm Economic Programs <sup>1</sup>	145,247	141,305	104,703	20,979	<b>364,957</b>
Market and Industry Services	2,023	4,462	39,069	4,642	<b>10,143</b>
Rural Prairie Rehabilitation, Sustainability and Development	12,708	13,988	1,362	1,788	<b>1,655</b>
Corporate Management and Services	233,081	212,034	202,351	199,563	<b>212,763</b>
Canadian Grain Commission <sup>2</sup>	48,808	43,254	56,629	48,900	<b>4,199</b>
<b>Total</b>	<b>458,852</b>	<b>434,870</b>	<b>412,339</b>	<b>281,625</b>	<b>602,131</b>

1. The federal portion of the GRIP surplus in Saskatchewan was returned to the Consolidated Revenue Fund in 1995-96.

2. The Canadian Grain Commission (CGC) began operating as a revolving fund April 1, 1995, after the 1995-96 Main Estimates were tabled. Therefore all revenue for the CGC is now credited to the vote (see figure 30).

**Figure 32: Non-Tax Revenue Credited to the CRF by Revenue Type (\$000's)**

<b>Activities</b>	<b>Actual 1992-93</b>	<b>Actual 1993-94</b>	<b>Actual 1994-95</b>	<b>Estimates 1995-96</b>	<b>Actual 1995-96</b>
Return on investments	336,892	226,034	214,804	202,423	<b>215,403</b>
Privileges, licences and permits	10,815	4,379	2,668	4,331	<b>3,530</b>
Proceeds from sales	2,126	13,996	7,929	185	<b>66</b>
Proceeds from sale of Crown assets	-	4,560	4,760	3,448	<b>4,719</b>
Service and service fees	75,540	76,201	58,196	55,597	<b>6,383</b>
Refund of previous years' expenditures	4,791	37,148	43,002	687	<b>316,640</b>
Adjustments of prior year PAYE	1,144	4,800	35,475	510	<b>29,244</b>
Other non-tax revenues	27,544	67,749	45,505	14,444	<b>26,146</b>
<b>Total</b>	<b>458,852</b>	<b>434,870</b>	<b>412,339</b>	<b>281,625</b>	<b>602,131</b>



**Figure 33: Canadian Pari - Mutuel Agency Revolving Fund (\$000's)**

	<b>Actual 1993-94</b>	<b>Actual 1994-95</b>	<b>Estimates 1995-96</b>	<b>Actual 1995-96</b>
Expenditures	13,551	13,477	13,955	13,669
Revenues	13,613	14,390	14,105	14,663
<b>Profit or (Loss)</b>	62	913	150	995
Changes in working capital	506	(185)	-	321
Capital requirements	(97)	(35)	(150)	(286)
Less depreciation and other changes	113	99	-	139
<b>Cash requirements</b>	584	792	-	1,176
<b>Authority balance</b>	<b>1,357</b>	<b>2,149</b>	<b>2,149</b>	<b>3,325</b>

Note: A "line of credit" of \$ 2 million was approved as the maximum amount that may be drawn down from the CRF at any point in time.

**Figure 34: Canadian Grain Commission Revolving Fund (\$000's)**

	<b>Estimates 1995-96</b>	<b>Actual 1995-96</b>
Expenditures	52,100	49,107
Revenues	52,129	51,689
<b>Profit or (Loss)</b>	29	2,582
Changes in working capital	(604)	(273)
Capital requirements	(1,785)	(1,201)
Less depreciation and other changes		
<b>Cash requirements</b>	(2,360)	1,108
<b>Authority balance</b>	(2,360)	1,108

Note: A "line of credit" of \$12 million was approved as the maximum amount that may be drawn down from the CRF at any point in time.

**Figure 35: Legislation Administered by the Minister of Agriculture and Agri-Food****The Minister has sole responsibility to Parliament for the following Acts:**

<i>Advance Payments for Crops Act</i>	R.S.C., 1985, c. C-49, as amended
<i>Agricultural Products Board Act</i>	R.S.C., 1985, c. A-4, as amended
<i>Agricultural Products Cooperative Marketing Act</i>	R.S.C., 1985, c. A-5, as amended
<i>Agricultural Products Marketing Act</i>	R.S.C., 1985, c. A-6, as amended
<i>Animal Pedigree Act</i>	R.S.C., 1985, c. 8 (4th Supp.), as amended
<i>Canada Agricultural Products Act</i>	R.S.C., 1985, c. 20 (4th Supp.), as amended
<i>Canada Grain Act</i>	R.S.C., 1985, c. G-10, as amended
<i>Canadian Dairy Commission Act</i>	R.S.C., 1985, c. C-15, as amended
<i>Canadian Wheat Board Act</i>	R.S.C., 1985, c. C-24, as amended
<i>Canagrex Dissolution Act (dormant)</i>	S. C. 1987, c. 38, S.6
<i>Department of Agriculture and Agri-Food Act</i>	S.C., 1994, c. 38, as amended
<i>Experimental Farm Stations Act</i>	R.S.C., 1985, c. E-16, as amended
<i>Farm Credit Corporation Act</i>	S.C., 1993, c. 14, as amended
<i>Farm Debt Review Act</i>	R.S.C., 1985, c. 25 (2nd Supp.), as amended
<i>Farm Improvement and Marketing Cooperatives Loans Act</i>	R.S.C., 1985, c. 25 (3rd Supp.), as amended
<i>Farm Improvement Loans Act</i>	R.S.C., 1985, c. F-3, as amended
<i>Farm Income Protection Act</i>	S.C., 1991, c. 22, as amended
<i>Farm Products Agencies Act</i>	R.S.C., 1985, c. F-4, as amended
<i>Feeds Act</i>	R.S.C., 1985, c. F-9, as amended
<i>Fertilizers Act</i>	R.S.C., 1985, c. F-10, as amended
<i>Grain Futures Act</i>	R.S.C., 1985, c. G-11, as amended
<i>Hay and Straw Inspection Act (dormant)</i>	R.S.C., 1985, c. H-2, as amended
<i>Health of Animals Act</i>	S.C., 1990, c. 21, as amended
<i>Livestock Feed Assistance Act (dormant)</i>	R.S.C., 1985, c. L-10, as amended
<i>Meat Inspection Act</i>	R.S.C., 1985, c. 25 (1st Supp.), as amended
<i>Plant Breeders' Rights Act</i>	S.C., 1990, c. 20, as amended
<i>Plant Protection Act</i>	S.C., 1990, c. 22, as amended
<i>Prairie Farm Rehabilitation Act</i>	R.S.C., 1985, c. P-17, as amended
<i>Prairie Grain Advance Payments Act</i>	R.S.C., 1985, c. P-18, as amended
<i>Seeds Act</i>	R.S.C., 1985, c. S-8, as amended

**The Minister shares responsibility to Parliament for the following Acts:**

Criminal Code, Section 204	R.S.C., 1985, c. C-46, as amended (Minister of Justice and Attorney General of Canada)
<i>Department of Foreign Affairs and International Trade Act</i> , Paragraph 10(2)(e)	R.S.C., 1985, c. E-22, as amended (Minister of Foreign Affairs)
<i>Food and Drug Act</i> , Sections 2 and 27	R.S.C., 1985, c. F-27, as amended (Minister of National Health and Welfare)
<i>Consumer Packaging and Labelling Act</i>	R.S.C., 1985, c. C-38, as amended (Minister of Industry)

**Figure 36: References, Agriculture and Agri-Food Portfolio**

<p><b>Agriculture and Agri-Food Canada</b> General Enquiries, 930 Carling Avenue, Ottawa, Ontario K1A 0C5</p> <p>(613) 759-1000</p>	<p><b>Market and Industry Services Activity</b> Diane Vincent, Assistant Deputy Minister, Market and Industry Services Branch, 930 Carling Avenue, Ottawa, Ontario K1A 0C5</p> <p>(613) 759-7563</p>	<p><b>Corporate Management &amp; Services Activity</b> Dennis Kam, Acting Assistant Deputy Minister, Corporate Services Branch, 930 Carling Avenue, Ottawa, Ontario K1A 0C5</p> <p>(613) 759-6811</p>
<p><b>World Wide Web:</b> <a href="http://www.agr.ca">http://www.agr.ca</a></p>	<p>Dr. C. McIsaac, Chairperson, National Farm Products Council, 13th. Floor, Martel Building, 270 Albert Street, Ottawa, Ontario K1P 6L4</p> <p>(613) 995-6752</p>	<p>Jane Roszell, Director General, Human Resources Branch, 930 Carling Avenue, Ottawa, Ontario K1A 0C5</p> <p>(613) 759-1197</p>
<p><b>Telnet:</b> <a href="http://www.agr.ca">www.agr.ca</a> (login: guest)</p>	<p><b>Policy and Farm Economic Programs Activity</b> David Oulton, Assistant Deputy Minister, Policy Branch, 930 Carling Avenue, Ottawa, Ontario K1A 0C5</p> <p>(613) 759-7321</p>	<p>George Shaw, Acting Director General, Communications Branch, 930 Carling Avenue, Ottawa, Ontario K1A 0C5</p> <p>(613) 759-7965</p>
<p><b>Electronic Bulletin Board System (max. modem speed of 14.4 Kbps):</b> <b>National: 1-800-234-4410</b> <b>Ottawa: (613) 759-1100</b></p>	<p><b>Rural Prairie Rehabilitation, Sustainability, and Development Activity</b> Bernie Sonntag, Director General, Prairie Farm Rehabilitation Administration, CIBC Tower, 301-1800 Hamilton Street, Regina, Saskatchewan S4P 4L2</p> <p>(306) 780-6545</p>	<p>Elaine Lawson, Director General, Review Branch, 930 Carling Avenue, Ottawa, Ontario K1A 0C5</p> <p>(613) 759-6502</p>
<p><b>Agricultural Research and Development Activity</b> Dr. Brian Morrissey, Assistant Deputy Minister, Research Branch, 930 Carling Avenue, Ottawa, Ontario K1A 0C5</p> <p>(613) 759-7794</p>	<p><b>Canadian Grain Commission Activity</b> M. E. Wakefield, Chief Commissioner, 303 Main Street, Winnipeg, Manitoba R3C 3G8</p> <p>(204) 983-2735</p>	
<p><b>Inspection and Regulation Activity</b> Dr. Art Olson, Assistant Deputy Minister, Food Production and Inspection Branch, 59 Camelot Drive, Nepean, Ontario K1Y 0Y9</p> <p>(613) 952-8000</p>		
<p>Elizabeth Massey, Executive Director, Canadian Pari-Mutuel Agency 62 Auriga Drive, Nepean, Ontario K2E 7W6</p> <p>(613) 998-4922</p>		
<p><b>Canadian Dairy Commission,</b> 1525 Carling Avenue, Suite 300, Ottawa, Ontario K1A 0Z2</p> <p>(613) 998-9490</p>	<p><b>Farm Credit Corporation,</b> P.O. Box 4320, Regina, Saskatchewan S4P 4L3</p> <p>(306) 780-8100</p>	<p><b>Canadian Wheat Board,</b> P.O. Box 816, Stn. Main, Winnipeg, Manitoba R3C 2P5</p> <p>(204) 983-0239</p>