

**FEDERAL-PROVINCIAL-TERRITORIAL FRAMEWORK AGREEMENT ON
AGRICULTURAL AND AGRI-FOOD POLICY FOR THE TWENTY-FIRST CENTURY**

BETWEEN THE GOVERNMENTS OF:

CANADA, as represented by the Minister of Agriculture and Agri-Food (referred to as ACanada@);

- and -

NEWFOUNDLAND AND LABRADOR, as represented by the Minister of Forest Resources and Agrifoods and the Minister for Intergovernmental Affairs;

PRINCE EDWARD ISLAND, as represented by the Minister of Agriculture and Forestry;

NOVA SCOTIA, as represented by the Minister of Agriculture and Fisheries;

NEW BRUNSWICK, as represented by the Minister of Agriculture, Fisheries and Aquaculture;

QUEBEC, as represented by the Ministre de l=Agriculture, des Pêcheries et de l=Alimentation and the Ministre délégué aux Affaires intergouvernementales canadiennes;

ONTARIO, as represented by the Minister of Agriculture and Food;

MANITOBA, as represented by the Minister of Agriculture and Food;

SASKATCHEWAN, as represented by the Minister of Agriculture, Food and Rural Revitalization;

ALBERTA, as represented by the Minister of Agriculture, Food and Rural Development;

BRITISH COLUMBIA, as represented by the Minister of Agriculture, Food and Fisheries;

YUKON TERRITORY, as represented by the Minister of Energy, Mines and Resources; and

NORTHWEST TERRITORIES, as represented by the Minister of Resources, Wildlife and Economic Development.

(Canada, the Provinces and the Territories are hereafter collectively referred to as the AParties@ and singularly as a AParty@).

WHEREAS the federal, provincial and territorial ministers of agriculture, representing their respective governments, recognize the important economic contribution of the entire agriculture and agri-food sector to Canada and, in particular, to its rural communities;

AND WHEREAS the responsibility for agriculture is shared between federal, provincial and

territorial governments of Canada and the Parties have had a long history of collaboration in advancing the interests of the Canadian agriculture and agri-food sector;

AND WHEREAS the profitability of the Canadian agriculture and agri-food sector depends on its capacity to innovate and to successfully compete for customers in Canada and in markets around the world;

AND WHEREAS the agriculture and agri-food sector is, on its own initiative, taking action to meet the changing demands of the marketplace and fostering new partnerships along the agriculture and agri-food continuum to improve competitiveness and capitalize on market opportunities;

AND WHEREAS on June 29, 2001, at the annual meeting of ministers of agriculture in Whitehorse, the Parties reached an Agreement in Principle that articulated an action plan to assist the agriculture and agri-food sector in its endeavours;

AND WHEREAS the Parties agreed in the Agreement in Principle that an integrated policy framework with common goals and effective mechanisms for implementation would be developed to secure the benefits of a consistent approach, while recognizing the need for flexibility in how these goals would be reached and respecting jurisdictions and responsibilities;

AND WHEREAS the Parties are committed to laying a foundation to further strengthen the agriculture and agri-food sector by developing a comprehensive and integrated national agricultural and agri-food policy that: a) fosters confidence in food safety and food quality systems and the environment; b) accelerates advances in science and technology; and c) provides farmers with the risk management and renewal tools that they need in order to be more profitable;

AND WHEREAS the national agriculture and agri-food policy articulated by the Parties in the Agreement in Principle will act as the foundation for a comprehensive branding strategy to ensure that the marketplace recognizes and rewards Canada as the world leader in the production of quality agriculture and agri-food products;

AND WHEREAS the Parties recognize that a national agriculture and agri-food policy requires a concerted international strategy to ensure that the Canadian agriculture and agri-food sector can use Canada's enhanced reputation to take full advantage of market opportunities around the world;

AND WHEREAS the Parties wish to ensure that the areas of food safety and food quality, science and innovation, environmental stewardship, risk management and renewal complement and strengthen one another;

AND WHEREAS the Parties recognize the importance of working with the agriculture and agri-food sector to promote the objectives of the Agricultural and Agri-food Policy Framework.

NOW THEREFORE the Parties agree to enter into this Federal-Provincial-Territorial Framework Agreement on Agricultural and Agri-Food Policy for the Twenty-First Century.

PART ONE - GENERAL COMPONENTS OF THE FRAMEWORK AGREEMENT

1 DEFINITIONS

- 1.1 In this Federal-Provincial-Territorial Framework Agreement on Agricultural and Agri-Food Policy for the Twenty-First Century:

AAgreement in Principle® means the Agreement in Principle on an Action Plan for an Agricultural and Agri-Food Policy Framework agreed to by the Ministers of Agriculture at the annual meeting in Whitehorse on June 29, 2001;

“agriculture and agri-food continuum” means an integrated complex chain that includes primary agriculture and inputs, processing, distribution, transportation, wholesale and retail of food and other products derived from agriculture, and also includes food services, and consumers;

“Existing Framework” means the Framework Agreement on Agricultural Risk Management, signed by Canada and the Provinces on July 5, 2000 in Fredericton, and any amendments to that agreement;

"Existing Program" means a program directly relating to the agriculture and agri-food sector that is in effect immediately prior to the Implementation Period and remains in effect as of the beginning of the Implementation Period;

“Fall Cash Advance Program” means the Advance Payments Program as provided for under Part I of the federal *Agricultural Marketing Programs Act*;

Afiscal year® means the period beginning April 1st and ending March 31st;

AFramework Agreement® means this agreement;

“Implementation Agreement” means an agreement between Canada and one or more of the participating Provinces or Territories setting out the terms and conditions governing the implementation of the Framework Agreement and, for greater certainty, includes agreements referred to in clause 18.8 and 18.9;

“Implementation Period® means the period from April 1, 2003 to March 31, 2008;

“other program” means a program that (a) falls within the scope of Common Goals and Implementation Measures set out in Sections B to E of Part Two of the Framework Agreement; and (b) is included in an Implementation Agreement;

AProvince” means a province of Canada;

“risk management program” means a program that (a) falls within the scope of Common Goals and Implementation Measures set out in Section A of Part Two of the Framework Agreement; and (b) is included in an Implementation Agreement;

“Spring Cash Advance Program” means a program in which Canada guarantees the repayment of advances that producer organizations and the Canadian Wheat Board make to producers in the spring, and in which Canada pays the interest related to the funds used to make the advances; and

“Territory” means the Northwest Territories or the Yukon Territory.

2 PURPOSE

2.1 The purpose of the Framework Agreement is to:

- 2.1.1 set out an integrated and comprehensive policy framework to enhance the profitability of the agriculture and agri-food sector, that respects the jurisdiction of each of the Parties and the international obligations of Canada;
- 2.1.2 identify common goals and mechanisms for implementation to ensure progress towards these common goals over the course of the Implementation Period, and to provide a foundation for further Implementation Periods;
- 2.1.3 provide a framework for Implementation Agreements that will set out the precise measures that each Party will take and the timing of those measures;
- 2.1.4 establish funding arrangements between the Parties; and
- 2.1.5 establish a mechanism for the Parties to report to citizens on progress on all elements of the Framework Agreement, in a manner that is measurable and meaningful.

3 RISK MANAGEMENT FUNDING

Provision of Funding for Risk Management

3.1 Canada agrees to provide up to \$1.1 billion per fiscal year during the Implementation Period for risk management programs.

3.2 Canada shall deduct, from the funding to be provided under clause 3.1, the cost of developing business interruption insurance, of furthering production insurance research to make it more inclusive, of the Spring Cash Advance Program, as well as costs related to the enhancement by Canada of risk management program service delivery.

3.3 Each Province or Territory agrees to provide, during the Implementation Period, funding for risk management programs that is equal to at least two-thirds of the funding provided by Canada in respect of risk management program costs attributable to that Province or Territory over the Implementation Period, as set out in Implementation Agreements.

Allocation of Funding – Newfoundland and Labrador, Northwest Territories, Yukon Territory

3.4 Each fiscal year during the Implementation Period, Canada shall allocate, from the amount referred to in clause 3.1, the following amounts to the following Parties for the purposes of programs meeting the requirements of clause 5.2:

- 3.4.1 \$3.612 million to Newfoundland and Labrador;
- 3.4.2 \$261,000 to the Northwest Territories; and
- 3.4.3 \$321,000 to the Yukon Territory.

Allocation of Funding to Other Provinces

3.5 Recognizing that demand for the improved risk management programs can only be accurately forecast once the program parameters are determined in Implementation Agreements, the Parties agree that allocation of funding to Provinces not listed in clause 3.4 shall be determined in Implementation Agreements, taking into account the following objectives:

- _____ 3.5.1 to treat farmers in a similar manner across Canada;
- 3.5.2 to be responsive to program demand;
- 3.5.3 to provide clarity with respect to the fiscal commitments of the Parties;
- 3.5.4 to permit risk management programs to be funded consistently; and
- 3.5.5 to develop the common risk management programming base identified in clause 15.2.1.

3.6 Canada's obligation to provide funding for risk management program costs attributable to a Party is limited, each fiscal year, to the allocation determined under clause 3.5.

3.7 Implementation Agreements that include risk management programs shall be structured to ensure that the requirements of clauses 3.3 and 3.6 are met. Where risk management program benefits are pro-rated in order to meet those requirements, the same ratio shall be used in all Provinces and Territories.

Four-Year Review of Allocation Funding

3.8 During the fourth fiscal year of the Implementation Period, the Parties shall, as part of the review process detailed in clause 12.2, review the allocation of funding for risk management under the Framework Agreement to determine whether the methodology for allocating funding between the Parties needs to be adjusted for future years.

Transition

3.9 Where funds have been allocated to a Party under the Existing Framework, any funds remaining upon the expiry of that agreement shall be carried forward and allocated to that Party in the first year of the Implementation Period.

3.10 Where agreements entered into under the Existing Framework remain in effect past April 1, 2003, and those agreements are not incorporated into Implementation Agreements, then the funding provided by a Party under those agreements during the Implementation Period shall be deemed to be funding for risk management programs for the purposes of Part One of the Framework Agreement.

4 OTHER PROGRAM FUNDING

4.1 Canada agrees to provide up to \$120 million per fiscal year for other programs during the Implementation Period.

4.2 Each fiscal year during the Implementation Period, Canada shall allocate the funds to be provided under clause 4.1 to the Parties to the Framework Agreement as follows:

- 4.2.1 one-half shall be allocated on the basis of each Party's proportionate share of market receipts from farming products in the period from 1996 to 2000 inclusive, including supply-managed commodities; and
- 4.2.2 one-half shall be allocated on the basis of each Party's proportionate number of farms with revenue in excess of \$10,000, as determined using data from the 2001 Census.
- 4.3 For other programs included in Implementation Agreements:
 - 4.3.1 Canada's obligation to provide funding for the costs attributable to a Province or Territory is limited, each fiscal year, to the allocation determined according to clause 4.2; and
 - 4.3.2 each Province or Territory agrees to provide funding that is equal to at least two-thirds of the funding provided by Canada in respect of costs for all other programs as a whole attributable to that Province or Territory over the Implementation Period.
- 4.4 Implementation Agreements which include other programs shall be structured so as to ensure that the requirements of clause 4.3 are met.

5 IMPLEMENTATION AGREEMENTS

- 5.1 Each Implementation Agreement shall identify and describe the programs to be included, and shall set out the terms and conditions for that Implementation Agreement.
- 5.2 An Implementation Agreement may only include those existing or new programs that:
 - 5.2.1 demonstrably contribute to the Common Goals as set out in Part Two of the Framework Agreement;
 - 5.2.2 fall within the scope of the Implementation Measures as set out in Part Two of the Framework Agreement; and
 - 5.2.3 directly relate to the agriculture and agri-food sector.
- 5.3 Canada shall deliver a copy of each proposed Implementation Agreement to all the Parties to the Framework Agreement at least sixty (60) days before entering into that agreement. The sixty (60) day period may be abridged with the consent of all of the Parties to the Framework Agreement.
- 5.4 Each Implementation Agreement shall set out:
 - 5.4.1 the program(s) that are to be included in the Implementation Agreement;
 - 5.4.2 which Party or other body will deliver each program;
 - 5.4.3 which Party or Parties will fund each program, and in what proportion;
 - 5.4.4 the estimated cost of each program;

- 5.4.5 the basis upon which the actual costs of the programs will be calculated and verified;
 - 5.4.6 the mechanisms by which the Implementation Agreement will be managed by the Parties, including, where the Parties agree, the establishment of a management committee to facilitate the implementation of the Implementation Agreement under a mandate to be set out in that Implementation Agreement; and
 - 5.4.7 a detailed description of the template that will be used for the purposes of reporting under clause 8.
- 5.5 Where an Implementation Agreement includes a program delivered for the benefit of more than one Province or Territory, the Implementation Agreement must specify the method by which the cost of the program will be attributed to each Province or Territory.
- 5.6 To the extent there is any conflict between the terms of the Framework Agreement and an Implementation Agreement, the terms of the Framework Agreement govern.

6 EXISTING PROGRAMS

- 6.1 In addition to the requirements of clause 5.2, the Parties agree that an Existing Program that does not conform to the requirements of clause 5.2 may nevertheless be included in an Implementation Agreement, on the following conditions:
- 6.1.1 the Implementation Agreement shall either (a) provide for a schedule of changes to be made to the Existing Program that will result in compliance with clause 5.2 by no later than March 31, 2006; or (b) specify that funding for the Existing Program shall not be provided under Part One of the Framework Agreement after March 31, 2006; and
 - 6.1.2 the Implementation Agreement shall specify whether the Existing Program shall be considered to be a risk management program or an other program for the purpose of funding under Part One of the Framework Agreement.

7 GOVERNANCE

- 7.1 Where the Framework Agreement confers a power or duty on the Parties, that power or duty may be exercised by the representatives of each Party as set out in the Framework Agreement, or such delegates as those representatives may designate for the exercise of that power or duty.

8 REPORTING

- 8.1 The Parties shall establish a template for annual reports on the operation of the Framework Agreement. The template shall be used to report to citizens on progress made by all Parties on all elements of the Framework Agreement in a manner that is measurable and meaningful and that reflects the targets and indicators contained in the Framework Agreement.
- 8.2 Canada and the Parties will agree, before October 31, 2002, on the information to be included in the template established under clause 8.1.
- 8.3 Each Party shall annually prepare a report on the operation of the Framework Agreement, using the established template. The report shall measure progress towards Common Goals identified in the Framework Agreement, using the Targets and Indicators set out in Part Two of the Framework

Agreement and in the Implementation Agreements. Canada shall prepare a report for the Framework Agreement as a whole.

8.4 By the end of October following each fiscal year included in the Implementation Period, each Party shall submit its report to all other Parties with respect to that fiscal year.

8.5 By the end of December following each fiscal year included in the Implementation Period, Canada shall compile and publish the reports submitted by each Party.

9 AMENDMENT PROCEDURES FOR THE FRAMEWORK AGREEMENT

9.1 An amendment to the Framework Agreement may be made with the unanimous consent of the Parties. A copy of the amended Framework Agreement shall be delivered by Canada to each of the Parties.

9.2 Any amendments to the Framework Agreement shall be included by Canada in its annual report on the Framework Agreement.

10 AMENDMENT PROCEDURES FOR THE IMPLEMENTATION AGREEMENTS

10.1 An Implementation Agreement may be amended with the unanimous consent of the Parties to the Implementation Agreement.

10.2 Every proposed amendment to an Implementation Agreement shall be delivered by Canada to all of the Parties to the Framework Agreement at least sixty (60) days before that amendment is made. The sixty (60) day period may be abridged with the consent of all of the Parties to the Framework Agreement.

10.3 Canada shall deliver a copy of the amended Implementation Agreement to each of the Parties to the Framework Agreement.

10.4 No amendment may be made that is inconsistent with the Framework Agreement.

10.5 Any amendments to an Implementation Agreement shall be included by Canada in its annual report on the Framework Agreement.

11 WITHDRAWAL FROM FRAMEWORK AGREEMENT

11.1 Subject to clause 11.2, any Party may withdraw from the Framework Agreement effective at the end of a fiscal year by giving notice in writing before the beginning of that fiscal year. All commitments undertaken by the Parties under the Framework Agreement will be honoured to the end of that fiscal year.

11.2 A Party may not withdraw from the Framework Agreement prior to two (2) years from the date on which the Framework Agreement comes into effect.

12 REVIEW OF FRAMEWORK AGREEMENT

12.1 During the fourth fiscal year of the Implementation Period, the Parties will review the terms of the Framework Agreement and its operation and administration with a view to improving it for further Implementation Periods.

13 TERM OF FRAMEWORK AGREEMENT

- 13.1 The Framework Agreement will come into effect when it is signed, and shall remain in effect until such time as the Parties withdraw from the Framework Agreement in accordance with clause 11.

PART TWO - CHAPTER COMPONENTS OF THE FRAMEWORK AGREEMENT

SECTION A - BUSINESS RISK MANAGEMENT

14 DEFINITIONS

- 14.1 In this Section:

“business interruption” means loss due to the destruction of productive assets, including income loss;

“business risk” means the potential for income loss due to unanticipated or uncontrollable perils;

“Crop Insurance program” means a crop insurance program as defined in section 2 of the federal *Farm Income Protection Act*;

“NISA program” means the net income stabilization account program as defined in section 2 of the federal *Farm Income Protection Act*; and

“production insurance program” includes a Crop Insurance program.

15 COMMON GOALS

- 15.1 The Parties agree to pursue the following common outcome goals:

15.1.1 to improve the tools available to producers for the purpose of managing business risk; and

15.1.2 to ensure that these tools are designed as incentives for producers to increase profitability through growth, diversification, value-added activity, and other means.

- 15.2 The Parties agree to pursue the following common management goal:

15.2.1 to develop a common risk management program base across Canada in which program eligibility and payment calculation provisions are jointly agreed to by governments, and are cost-shared with producers on a federal-provincial-territorial basis.

16 TARGETS AND INDICATORS

- 16.1 The Parties agree to use the following principles for the design and evaluation of risk management programs:

16.1.1 minimizing countervail risk;

- 16.1.2 minimizing the distortion of farmers' production and marketing decisions;
 - 16.1.3 focussing on the management of risks related to the stability of the entire farm entity and avoiding duplication of payments;
 - 16.1.4 encouraging the use of risk management practices and the use and development of private sector risk management tools;
 - 16.1.5 being relatively simple to administer and easily understandable;
 - 16.1.6 minimizing the capitalization of program benefits;
 - 16.1.7 contributing to profitability through innovation and value-added activity;
 - 16.1.8 assisting in the management of risks related to environmental stewardship and food safety; and
 - 16.1.9 facilitating long-term planning by farmers.
- 16.2 The Parties shall establish specific targets with respect to the principles set out in clause 16.1.
- 16.3 The Parties further agree to measure progress using the following indicators:
- 16.3.1 comparing farmers' aggregate sector margin to the five-year average in order to determine the extent to which farm incomes have been stabilized by risk management programs;
 - 16.3.2 analysing commodity mixes in order to determine the extent to which profitability and competitiveness have been strengthened;
 - 16.3.3 tracking the usage of private and public risk management tools and strategic planning practices by farmers in order to determine the extent to which whole-farm risks are being covered; and
 - 16.3.4 analysing administrative procedures in order to monitor improvements in the administrative efficiency of risk management programs.

17 SUPPLY MANAGEMENT

- 17.1 For the purposes of supply-managed commodities, supply management constitutes a risk management tool.

18 IMPLEMENTATION MEASURES

- 18.1 To achieve the objectives and principles of clauses 15 and 16, the Parties agree to work with stakeholders to use Existing Programs as a foundation for new risk management programming and agree to work with stakeholders towards making improvements that are necessary to expand the ability of these programs to provide for insurance coverage, income stabilization, disaster mitigation and support for investments.

- 18.2 The Parties agree to assess, each year, the degree to which risk management programs are achieving the goals set out in clause 18.1.
- 18.3 The Parties agree, in consultation with stakeholders, to develop improvements to production insurance programs that would provide farmers in all Provinces and Territories with more programming options to cover production losses for a wide range of agricultural products, including livestock, and that will include whole-farm and “basket of crops” benefit options.
- 18.4 The options under clause 18.3 shall ensure that actuarial calculations take into account the full range of activities that have an impact on a farmer’s risk profile, ensure premiums reflect that accordingly, and enable a farmer’s track record to be taken into account when new enterprises are undertaken by that farmer.
- 18.5 The Parties agree to develop a federal-provincial-territorial performance model on which these improved production insurance programs would be based, the purpose of which would be to:
- 18.5.1 strengthen, through the use of incentives, linkages between production insurance and the other elements of the Framework Agreement;
 - 18.5.2 contribute to universality of access;
 - 18.5.3 provide comprehensiveness of protection;
 - 18.5.4 provide cost-effective and transparent program delivery; and
 - 18.5.5 promote adherence to sound insurance and actuarial principles.
- 18.6 The Parties agree to develop, for the use of interested Provinces and Territories, shared capacity to improve program delivery efficiency.
- 18.7 The Parties agree, in consultation with stakeholders, to develop improvements to the NISA program that would:
- 18.7.1 expand its ability to provide for income stabilization and disaster mitigation;
 - 18.7.2 provide a means for beginning farmers to make better use of the NISA program; and
 - 18.7.3 provide support for investments made by farmers in activities that strengthen profitability.
- 18.8 After consulting with stakeholders, the Parties shall implement clause 18.7 by amending the existing agreements with respect to the NISA program. The amendments are to be executed, in a timely manner, so that the modified NISA program can be implemented by April 1, 2003.
- 18.9 After consulting with stakeholders, the Parties shall implement clause 18.3 by amending the existing agreements with respect to the Crop Insurance program. The amendments are to be executed, in a timely manner, so that the full range of production insurance options can be made available no later than the 2005 crop year.
- 18.10 The Parties agree to work with the private sector to develop, prior to April 2005, new risk management instruments and protocols to provide for business interruption coverage.

- 18.11 The Parties agree to develop and maintain an integrated database system for the delivery, by the Parties or their delivery agents, of business risk management programs and other related programs under the Framework Agreement. For that purpose, and for the purposes of audit, evaluation, design and analysis, the Parties agree to share all producer and administrative data required to deliver the programs, in a manner consistent with applicable privacy legislation.
- 18.12 The Parties agree that the Fall Cash Advance Program is a risk management program, and funding provided by Canada for that program shall count as funding for risk management programs for purposes of Part One of the Framework Agreement.

SECTION B - FOOD SAFETY AND FOOD QUALITY

19 DEFINITIONS

19.1 In this Section:

“agri-food continuum” means an integrated complex chain that includes primary agriculture and inputs, food and beverage processing, distribution, transportation, wholesale and retail of food, food services, and consumers;

“HACCP” means Hazard Analysis Critical Control Point system, a world-wide recognized, science-based, preventative approach to food safety that addresses Hazards by anticipating and preventing such Hazards, rather than by inspecting a final product;

“HACCP-based” means an on-farm food safety program based on the principles on HACCP, but one in which the Hazard analysis conducted is generic, in that it covers all the producers in a given commodity sector and results in a list of commonly accepted Hazards which are then translated into a series of good production practices to which participants shall adhere;

“Hazard” means, as set out in *Hazard and Critical Control Point System and Guidelines for its Application, Annex to the Recommended International Code of Practice - General Principles of Food Hygiene (CAC/RCP 1 - (1969), Rev 3 (1997))*, a biological, chemical or physical agent in, or that is a condition of, food, having the potential to cause an adverse health effect;

“Identity Preservation” means, as set out in *Identity-Preserving Production and Marketing Systems in the Global Agri-Food Market: Implications for Canada - (Stuart Smyth and Peter W.B. Phillips, University of Saskatchewan, 2001)*, a ‘closed loop’ channel that facilitates the production and delivery of an assured quality by allowing traceability of a commodity from the germplasm, or breeding stock, to the processed product on a retail shelf;

“industry” means any private sector enterprise that is a part of the agriculture and agri-food sector;

“model legislation” means, as set out in *A Common Legislative Base For Food Law In Canada (April 2001)*, a set of common standards and requirements against which existing federal, provincial, and territorial legislation can be compared and harmonized;

“on-farm food safety program” means a systematic approach that represents a set of production practices and control measures, and includes an on-farm food safety (“OFFS”) program backgrounder as currently understood within the context of the Canadian On-Farm Food Safety Program, producer manual and management manual, and is developed to promote the production of safe products at the farm level;

“process control systems” means, as set out in *A Common Legislative Base For Food Law In Canada - derived from the definition for HACCP* (April 2001), systems that are based on HACCP principles and which place emphasis on preventing Hazards from occurring during production, as opposed to detecting defects during end-product inspection;

“public health surveillance” means, as set out in *Health Canada, Population and Public Health Branch, Notifiable Diseases On-line (Glossary)*, the on-going, systematic collection, analysis and interpretation of data essential to planning, implementation and evaluation of public health practice which is disseminated in a timely manner to those responsible for prevention and control;

“quality” means the ability of a set of inherent characteristics of a product, system or process to fulfill requirements of customers and other interested parties; and

“traceability” or “traceability system” means the ability to trace the history, application or location of an entity by means of recorded identifications.

20 COMMON GOALS

20.1 The Parties agree to work with industry and consumers on the following food safety and food quality common outcome goals:

20.1.1 to protect human health by reducing exposure to Hazards;

20.1.2 to increase consumer confidence in the safety and quality of food produced in Canada;

20.1.3 to increase industry’s ability to meet or to exceed market requirements for food safety and food quality; and

20.1.4 to provide value-added opportunities through the adoption of food safety and food quality systems.

20.2 The Parties agree on the following food safety and food quality common management goals:

20.2.1 to work with industry towards the development and implementation by industry of government-recognized food safety and food quality process control systems throughout the agri-food continuum;

20.2.2 to increase significantly the quality, quantity and availability of data or other information to support the development of risk management strategies and industry-led food safety and food quality process control systems; and

20.2.3 to establish governance systems to allow for integrated policy development and legislative harmonization among the Parties.

21 TARGETS AND INDICATORS

21.1 The Parties agree to work with industry towards reaching the following food safety and food quality targets by the end of the Implementation Period:

21.1.1 the development of, or participation in, industry-developed and government-recognized

on-farm food safety process control systems by all commodity sectors;

- 21.1.2 the participation in food safety process control systems, developed or to be developed by industry and recognized by government, of all sectors of the agri-food continuum to the retail level;
 - 21.1.3 the participation in food process control systems for quality, developed or to be developed by industry and recognized by government, by all sectors requesting a national system for food quality to meet market requirements and consumer demands;
 - 21.1.4 the development by industry of traceability systems which would allow for eighty (80) per cent of domestic products available at the retail level to be traceable through the agri-food continuum; and
 - 21.1.5 the development by industry of traceability components for all products/commodities within the food quality and food safety control systems.
- 21.2 The Parties further agree on the following targets and indicators:
- 21.2.1 an increase in the rate of transfer of technology arising from publicly-supported research and development to support Hazard detection and control; and
 - 21.2.2 the sharing among governments and, where appropriate, with industry and other partners, of relevant data and information to support public health and food safety systems, and the ready availability of such data and information.

22 IMPLEMENTATION MEASURES

- 22.1 The Parties agree to work with industry and, where appropriate, other stakeholders, to put in place the following implementation measures:

Food Safety

- 22.1.1 to offer funding, program and technical assistance to facilitate industry development and implementation of process control systems recognized or to be recognized by government;
- 22.1.2 to introduce measures to facilitate the development by industry of food safety training materials and appropriate training courses;
- 22.1.3 to establish a credible and co-ordinated system that allows for recognition by Canada of food safety process control systems, the administration of which could be done in collaboration with the Parties, including the completion of the design for a national recognition system for on-farm food safety programs by the end of 2003 and the expansion of government recognition to other sectors in the agri-food continuum as requested;
- 22.1.4 to work with health ministers, where appropriate, towards the development of a national mechanism for integrated decision-making on food safety matters;
- 22.1.5 to enhance food safety surveillance systems and public health surveillance systems as

they relate to food safety within the Parties' jurisdictions by,

- 22.1.5.1 completing an inventory and analysis of existing information gathering and dissemination systems by the end of 2003;
- 22.1.5.2 identifying any legal implications associated with information gathering, sharing and dissemination, and developing a proposed strategy for addressing these implications by the end of 2004;
- 22.1.5.3 developing a proposed strategy and implementation plan for improved food safety surveillance and public health surveillance, information sharing and dissemination by 2005; and
- 22.1.5.4 working towards improving the legislative framework and decision-making process for food safety, including outcome-based national standards and legislative harmonization. The Parties further agree to jointly develop a work plan for model legislation for consideration by June 2003 and to work towards incorporating model legislation into their legislative systems by the end of the Implementation Period.

Food Quality

- 22.1.6 to promote international acceptance of Canadian agricultural and agri-food products and to meet market requirements and consumer demands by establishing, where appropriate and at the request of industry, national, credible and co-ordinated programs to facilitate the development by industry of food quality systems including, where appropriate, funding, technical assistance and government recognition.

Traceability

- 22.1.7 to facilitate the development and implementation of traceability systems by industry throughout the agri-food continuum by, *inter alia*,
 - 22.1.7.1 assisting the agriculture and agri-food sector in the development of data management standards for traceability systems;
 - 22.1.7.2 continuing to support the development of traceability systems at the retail level; and
 - 22.1.7.3 providing funding and technical support for development of traceability and Identity Preservation systems, along the agri-food continuum to the retail level.

Research for Food Safety and Food Quality

- 22.1.8 to coordinate research activities and promote technology transfer to,
 - 22.1.8.1 improve food safety Hazard detection and control methodologies;
 - 22.1.8.2 identify risks and develop intervention strategies for the management of risks; and

22.1.8.3 support and improve the development and implementation of more effective industry-led food safety, traceability, and food quality systems.

22.2 The Parties recognize that industry is taking a leadership role in working to develop insurance coverage options with respect to food safety and traceability.

SECTION C - ENVIRONMENT

23 DEFINITIONS

23.1 In this Section:

“agri-environmental indicator” means either a measure of: a) important environmental condition, risk, benefit or change resulting from agriculture or b) management practices used by farmers that affect the environment;

“agri-environmental standard” means a level of required environmental quality, or a specific management practice that is required to achieve a desired level of environmental quality;

“analytical tool” means an instrument developed for the purpose of using data to analyze relationships between agriculture and the environment;

“basic agri-environmental scan” means a tool used to identify those farms requiring corrective environmental action, based on a preliminary examination of key agricultural factors that may pose environmental risks or provide benefits to air, soil, water and biodiversity;

“beneficial management practice” means farm production or management practice that will contribute to reducing environmental risks or realizing environmental benefits from agriculture;

“decision tool” means an information package, which may include computer-based decision support models, provided to land users and decision-makers to inform and improve the decision-making process in a manner that will benefit the environment;

“environmental benefit” means the potential for, or realized, improvement in the environment resulting from agricultural activity;

“environmental certification” means formal recognition, through an auditing process, that a specific level of farm environmental management performance is being met;

“agri-environmental farm plan” means a process: a) used to conduct a systematic and comprehensive assessment that identifies all actual and potential environmental risks and benefits from agricultural operations, and b) used to develop a plan of action to mitigate priority risks and realize benefits; and c) will include independent review and documentation covering progress and data on implementation;

“environmental monitoring network” means an organized collection of sampling points or stations used to detect environmental conditions and trends influenced by agriculture;

“environmental risk” means potential for some form of environmental degradation resulting from

agricultural activity;

“equivalent agri-environmental plan” means a plan that has similar characteristics to an agri-environmental farm plan, implemented by an organized group involving producers on a multi-farm basis covering a given commodity or over a specified geographic area, such as a watershed or other ecological area; and

“farm management target” means desired, measurable level of progress to be achieved toward reaching a farm environmental management goal, relative to a baseline and within a specified time period.

24 COMMON GOALS

24.1 The Parties agree to achieve, in collaboration with the agriculture sector and other stakeholders, the following common environmental outcome goals:

24.1.1 reduce agricultural risks and provide benefits to the health and supply of water, with key priority areas being nutrients, pathogens, pesticides and water conservation;

24.1.2 reduce agricultural risks and provide benefits to the health of soils, with key priority areas being soil organic matter and soil erosion caused by water, wind or tillage;

24.1.3 reduce agricultural risks and provide benefits to the health of air and the atmosphere, with key priority areas being particulate emissions, odours, and emissions of gases that contribute to global warming; and

24.1.4 ensure compatibility between biodiversity and agriculture, with key priority areas being habitat availability, species at risk, and economic damage to agriculture from wildlife.

24.2 The Parties agree to work, in collaboration with the agriculture sector and other stakeholders, towards the achievement of the following common farm environmental management goals:

24.2.1 the completion of a basic agri-environmental scan on all farms so as to identify farms and regions requiring corrective action;

24.2.2 the completion of an agri-environmental farm plan or participation in an equivalent agri-environmental plan for all farms identified as requiring significant corrective action under the basic agri-environmental scan referred to in clause 24.2.1; and

24.2.3 the implementation of agri-environmental farm plans or equivalent agri-environmental plans and improved stewardship through the adoption of environmentally beneficial practices, as appropriate to the needs and circumstances of individual farms or regions, in the following areas:

Nutrient Management

24.2.3.1 increase the use of beneficial manure management practices, fertilizer management practices, nutrient management plans, and the degree to which nutrient application is proportionate with need;

Pest Management

- 24.2.3.2 increase the use of beneficial pest and pesticide management practices;

Land and Water Management

- 24.2.3.3 decrease the number of bare-soil days on farmland, increase no-till or conservation tillage, and improve management of riparian areas, grazing lands and water conservation and use;

Nuisance Management

- 24.2.3.4 increase the use of better management practices related to odours and particulate emissions; and

Biodiversity Management

- 24.2.3.5 increase the use of management practices that promote compatibility between agriculture and biodiversity, and minimize economic damage from wildlife to agriculture.

- 24.3 For greater certainty, the goals referred to in clause 24.2 may be achieved on a voluntary basis.

25 TARGETS AND INDICATORS

- 25.1 The Parties agree to set targets for the environmental outcome goals and farm environmental management goals through Implementation Agreements.

- 25.2 The Parties agree that indicators, as set out in clause 2 of Annex 1 to the Framework Agreement, will be used to measure the progress made in achieving the environmental outcome goals of the Framework Agreement. A Party may use additional indicators that are consistent with the environmental outcome goals of the Framework Agreement.

- 25.3 The Parties agree that indicators, as set out in clause 3 of Annex 1 to the Framework Agreement, will be used to measure progress made in achieving the farm environmental management goals of the Framework Agreement. A Party may use additional indicators that are consistent with the farm environmental management goals of the Framework Agreement

- 25.4 The basic agri-environmental scan referred to in clause 24.2.1 will take into account the agri-environmental factors that may pose a risk or provide benefits to air, soil, water and biodiversity. The Parties will agree on the agri-environmental factors to be used in the basic agri-environmental scan by no later than April 1, 2003.

- 25.5 The Parties recognize that measurement of the indicators under clause 25 of this Framework Agreement can only be performed over a period over which meaningful change can be detected. All Parties commit to measuring all indicators within the period of the Framework Agreement.

26 IMPLEMENTATION MEASURES

Sectoral Information and Awareness

26.1 The Parties agree to develop and use common agri-environmental indicators and other appropriate analytical tools as may be required to:

26.1.1 track and predict agri-environmental performance;

26.1.2 increase public awareness;

26.1.3 support policy and program development; and

26.1.4 report to the public.

26.2 The Parties agree to develop and use environmental monitoring networks to:

26.2.1 identify environmental conditions in geographic zones and trends attributable to agriculture;

26.2.2 contribute to agri-environmental indicators; and

26.2.3 increase public awareness.

Stewardship Tools and Capacity

26.3 The Parties agree to conduct research and development to:

26.3.1 increase understanding of relationships between agriculture and the environment;

26.3.2 develop and evaluate environmentally-beneficial agricultural production and management practices; and

26.3.3 establish agri-environmental standards that support the Common Goals for Environment.

26.4 The Parties agree to identify and assess emerging and innovative technologies and systems for environmentally-responsible agriculture production and to provide this information to stakeholders in the agriculture sector.

26.5 The Parties agree to make available, to land use decision-makers, decision tools and environmental information to support and inform local and regional agricultural land-use planning and management.

Farm Environmental Planning

26.6 The Parties agree to support the development and widespread use of basic agri-environmental scans and agri-environmental farm plans or equivalent agri-environmental plans to:

26.6.1 increase farmer environmental awareness;

26.6.2 assess environmental risks and benefits from agricultural operations; and

26.6.3 mitigate environmental risks and realize environmental benefits from agricultural

operations.

- 26.7 The Parties agree to facilitate the coordination and integration of environmental planning and management on a multi-farm basis.

Incentives for Accelerated Action

- 26.8 The Parties agree to establish cost-shared programs to provide incentives to:

26.8.1 address identified environmental risks from agriculture; and

26.8.2 enhance environmental benefits from agriculture.

- 26.9 For the purposes of clause 26.8, payments made under the programs will be guided by an agri-environmental farm plan, equivalent agri-environmental plan or any other acceptable means of ranking the expected environmental benefits of the actions proposed for funding.

- 26.10 The Parties agree to conduct a study of the way in which jurisdictions regulate agriculture as it affects the environment with a view to sharing best practices.

Securing Benefits for the Future

- 26.11 The Parties agree to develop, and make available to farmers, a voluntary and recognized farm environmental certification program.

- 26.12 The Parties agree to promote the development of:

26.12.1 agricultural goods and services that have recognized environmental benefits; and

26.12.2 market opportunities for such goods and services.

SECTION D - RENEWAL

27 DEFINITIONS

- 27.1 In this Section:

“beginning farmers” means, subject to an applicable provincial statutory definition, individuals who are entering or are in the process of establishing a farm either through a farm transfer or the establishment of their own farm;

“farm transfer” means transferring ownership of farm assets, either through succession, sale or other disposition thereof; and

“farmers planning a farm transfer” means individuals who plan to withdraw from farming, either through a farm transfer or through a career change.

28 COMMON GOALS

- 28.1 The Parties agree on the following renewal outcome goals for farmers:

- 28.1.1 to increase their profitability;
 - 28.1.2 to enable them to make choices about sources of income;
 - 28.1.3 to help them meet market and consumer demands respecting food safety and food quality and environmentally-responsible production; and
 - 28.1.4 to help capture opportunities from science and innovation.
- 28.2 The Parties agree on the following renewal management goal:
- 28.2.1 to ensure farmers have access to public and private sector programs and services that will,
 - 28.2.1.1 help beginning farmers acquire the requisite skills, knowledge, tools and risk management opportunities to be successful farm operators;
 - 28.2.1.2 help farmers upgrade management and technical skills, particularly as these skills relate to environmental management, food safety and food quality, new products and markets, and science and innovation;
 - 28.2.1.3 help farmers choosing to pursue alternative income opportunities develop the requisite skills to do so;
 - 28.2.1.4 help farmers planning a farm transfer to have the skills and options necessary to ensure a successful transition out of farming; and
 - 28.2.1.5 help farmers to,
 - a) assess the performance and potential profitability of their farm business;
 - b) enhance their ability to make business management decisions; and
 - c) explore and develop market opportunities.
- 28.3 For the purposes of clause 28.2, the targeting of programming will be established in the Implementation Agreements in a manner that respects the jurisdictions of the Provinces and Territories in the areas of training and education, and such targeting may vary in accordance with the composition of the agricultural sector in different Provinces, Territories and regions.

29 TARGETS AND INDICATORS

- 29.1 The Parties agree that targets and indicators respecting the Common Goals for Renewal will be established in the Implementation Agreements.
- 29.2 The Parties shall refer to Annex 2 of the Framework Agreement, either in whole or in part, for the purposes of selecting targets and indicators referred to in clause 29.1.

30 IMPLEMENTATION MEASURES

- 30.1 The Parties agree to support and develop networks, before the end of the Implementation Period, relating to scientific and innovative advances so as to create new economic opportunities for farmers by:
- 30.1.1 promoting research to increase the transfer of technology resulting from advances in science and innovation;
 - 30.1.2 improving the dissemination of information relating to science and innovation; and
 - 30.1.3 establishing or further developing programs to foster new economic opportunities through to commercial feasibility.
- 30.2 The Parties agree, before the end of the Implementation Period, to facilitate access to capital for beginning farmers and farmers expanding their business or moving into value-added and diversified production by:
- 30.2.1 improving access to, and awareness of, services that assist farmers in securing financing for farms and other agri-business ventures; and
 - 30.2.2 encouraging private investors to engage in farm and agri-business opportunities.
- 30.3 The Parties agree, before the end of the Implementation Period, to support the enhancement of public and private management and consulting services providing business and succession information. Support may be provided by:
- 30.3.1 using contracted expertise or public expertise, or any combination thereof, to deliver services;
 - 30.3.2 creating greater awareness of advisory services in the private sector; and
 - 30.3.3 improving access to advisory services and training, including the possibility of implementing a voucher system to access both public and private advisory services.
- 30.4 The Parties agree to develop options to respond to situations where farmers may not otherwise qualify for, or be adequately covered by, risk management programs.
- 30.5 The Parties agree to make benchmark management and marketing information available to assist farmers in enhancing their profitability.
- 30.6 The Parties agree to establish, before the end of the Implementation Period, a joint public and private process to develop a consensus on the types of skills, including regional and sector specific skills and other labour market information, that are needed for the future development of the agriculture sector. When those processes already exist in a Province or Territory, the roles and responsibilities of that Province or Territory will be respected.
- 30.7 The Parties agree to help change attitudes and behaviours regarding advice and business planning, to make a follow-up service available to assist farmers in making decisions on their future and to increase awareness of renewal programming. The Parties agree to adopt such measures as:
- 30.7.1 support mechanisms such as farm management clubs, “syndicats de gestion” and beginning farmer networks;

- 30.7.2 develop access to mentoring, networking and peer support; and
- 30.7.3 provide access to available information regarding best practices used by the most profitable farms identified by region and sector.
- 30.8 The Parties agree to promote learning opportunities in business management, environmental management, food safety and food quality in order to meet the objectives of the Framework Agreement.
- 30.9 The Parties agree to provide access to training and support programs for farmers who, in their pursuit of off-farm options, choose to further develop and apply their skills to other career-related activities.

31 CO-OPERATIVES

- 31.1 The Parties recognize that co-operatives have long been important to the development of the agricultural sector, and, for the purposes of the Framework Agreement, constitute a risk management and renewal tool.

SECTION E - SCIENCE AND INNOVATION

32 DEFINITIONS

- 32.1 In this Section:

“bio-based economy” means an economy derived from applying the advances in science and innovation to the biology of plants, animals and micro-organisms to develop new bio-products, and will be based on the production, processing and marketing of bio-products;

“bio-mass” means all living organisms and their constituent parts;

“bio-process” means any process that uses living organisms or their constituent parts;

“bio-products” means products from living organisms and their constituent parts that may replace or augment products derived from non-renewable resources, and includes, but is not limited to, products such as ethanol, chemicals, lubricants, pharmaceuticals, nutraceuticals, clothing, plastics and building materials;

“innovation” means the process of creating, adopting or applying new methods, ideas or devices;

“priority areas” means the five chapter components of the Framework Agreement, namely, business risk management, food safety and food quality, environment, renewal and science and innovation; and

“value chain” means the value creation process that transforms materials - within the enterprise as well as in the total supply chain - and information into products that satisfy a customer’s needs.

33 COMMON GOALS

- 33.1 The Parties agree on the following common goals in the development of science and innovation programs:

Realigning Public Science Resources

- 33.1.1 realign and increase investments to support science and innovation in the priority areas, as well as in biomass, bio-product and bio-process research;
- 33.1.2 increase the level of investment in innovation in agricultural and bio-products from non-agricultural sources within Canada and elsewhere;

Co-ordinating Along the Whole Value Chain

- 33.1.3 expand and strengthen linkages between the agriculture and agri-food sector and the science and innovation community both within Canada and internationally;
- 33.1.4 improve technology transfer, coordination, communication and collaboration across market, policy and scientific disciplines, research organizations and throughout the value chain;

Creating an Innovation Climate

- 33.1.5 accelerate the development and adoption of innovations in the agriculture and agri-food sector while maintaining an effective science-based and transparent agriculture and agri-food regulatory system;
 - 33.1.6 ensure that the human resources and infrastructure needed for science and innovation in the agriculture and agri-food sector are available in Canada;
 - 33.1.7 foster a supportive climate for investment, technology transfer and commercialization in Canada; and
 - 33.1.8 better utilize intellectual property from publicly-supported research to enhance the growth of the agriculture and agri-food sector.
- 33.2 The Parties will take into account social and ethical considerations when making decisions in respect of the Common Goals for Science and Innovation.

34 TARGETS AND INDICATORS

- 34.1 The Parties agree to use indicators to measure the progress in relation to the Common Goals for Science and Innovation. These indicators shall include, but are not limited to:

Realigning Public Science Resources

- 34.1.1 levels of investment by the Parties, academic institutions and industry in science and innovation in the priority areas and in bio-products;
- 34.1.2 levels of investment by non-agricultural sources in science and innovation in the priority areas;

Co-ordinating Along the Whole Value Chain

- 34.1.3 the number of collaborative arrangements based on science and innovation across the

value chain;

Creating an Innovation Climate

- 34.1.4 the number of producers that become engaged in value chain activities beyond production of the raw commodity;
- 34.1.5 the market share of bio-products produced in Canada;
- 34.1.6 the impact on rural economic development of investments or economic activity in bio-products and the priority areas;
- 34.1.7 the number of publications, licensing agreements and patents awarded in the agriculture and agri-food sector;
- 34.1.8 the number of people employed in the bio-based economy;
- 34.1.9 the number of persons enrolled in post secondary institutions in subjects related to the bio-based economy;
- 34.1.10 employers' access to skilled labour in the bio-based economy; and
- 34.1.11 the number of new research and innovative projects that are commercialized.

35 IMPLEMENTATION MEASURES

Realigning Public Science Resources

- 35.1 The Parties agree to undertake a benchmark study, by no later than July 2003, on the current levels of investment in science and innovation in relation to the priority areas and bio-mass, bio-products and bio-processes.
- 35.2 The Parties agree to use the benchmark study referred to in clause 35.1, no later than December 2003, to devise and implement an action plan that will realign public sector investment in agriculture and agri-food research and science innovation in a manner that is consistent with the Common Goals identified in the Framework Agreement.
- 35.3 The Parties will communicate the action plan to the various bodies responsible for funding scientific research and will encourage greater collaboration among disciplines so that the Common Goals identified in the Framework Agreement may be promoted in the science and innovation community.

Co-ordinating Along the Whole Value Chain

- 35.4 The Parties will encourage public and private sector institutions to align their science and innovation priorities in a manner consistent with the Common Goals identified in the Framework Agreement.
- 35.5 The Parties will jointly develop, by no later than July 2003, a common information base about selected commodities and the adoption of technology within the value chain. The information will identify the stakeholders in the value chain, including government departments.

35.6 The Parties agree to develop a strategy, by no later than December 2003, to build stronger links throughout the value chain. The tools to be used in the strategy may include, but are not limited to:

35.6.1 a science/policy/market/innovation summit;

35.6.2 pilot projects with industry and academic and research institutions;

35.6.3 web sites;

35.6.4 research co-ordination; and

35.6.5 life cycle cost analysis on bio-products.

35.7 The strategy referred to in clause 35.6 will be used to:

35.7.1 improve collaboration among and within governments, academic institutions and industry; and

35.7.2 develop partnerings with non-traditional sectors such as environment and energy.

The strategy will be implemented by the Parties by no later than March 2004.

Creating an Innovation Climate

35.8 The Parties will facilitate the adoption of new economic opportunities based on innovative bio-products and knowledge, as well as the development of opportunities in the priority areas, through initiatives such as:

35.8.1 promoting business climate policies that will encourage access to capital for research, development and innovation;

35.8.2 promoting the establishment of practices in a manner that will facilitate success by Canadian enterprises in new and premium markets;

35.8.3 supporting mechanisms and infrastructure, including business-mentoring techniques, centres for innovation, incubators and physical infrastructure; and

35.8.4 encouraging the establishment and growth of research facilities that attract world class scientists and advance innovation in the agriculture and the agri-food sector.

35.9 The Parties agree to assess, by no later than December 2003, the human resource and related infrastructure needs of enterprises, institutions and governments necessary to develop science and innovation in agriculture and agri-food sector. The Parties will communicate, by no later than May 2004, the results of the assessment to relevant departments in their respective governments.

35.10 The Parties agree to undertake consultations as needed, by no later than July 2004, with business, government and academic institutions, to develop approaches on the management of intellectual property to better serve the agriculture and agri-food sector.

- 35.11 The Parties agree to develop, by no later than 2004, a strategy to increase investment in Canada's agricultural bio-based economy. The Parties agree to implement the strategy by June 2005.

PART THREE - BRANDING CANADA AND MAXIMIZING INTERNATIONAL OPPORTUNITIES

- 36 The Parties acknowledge that, to realize the full benefits offered by the Framework Agreement, Canada's agriculture and agri-food sector must be recognized by the marketplace as the world leader in:

- 36.1 supplying high-quality food and safe food produced in an environmentally-responsible manner; and
- 36.2 meeting the demands of a highly-segmented world market and adapting to those demands as they change.

The Parties therefore agree to work together to achieve this recognition in order to assist the sector to increase sales in both domestic and foreign markets, attract investment and increase profitability.

- 37 The Parties agree to support the branding of Canada in a manner that builds the reputation of Canada and supports provincial, territorial, industry and company brands, and to work with the sector to:

- 37.1 develop a better understanding of the changing demands in the international and domestic marketplace, including,
 - 37.1.1 consumer expectations respecting food safety, environment and other attributes;
 - 37.1.2 sourcing requirements of corporate food buyers; and
 - 37.1.3 requirements imposed by foreign governments;
- 37.2 take into account the changing demands of the marketplace referred to in 37.1 in implementing the Framework Agreement;
- 37.3 develop consistent branding messages and deliver them to the marketplace so that the marketplace recognizes Canada's leadership in responding to market demands; and
- 37.4 target established markets and high potential emerging markets by developing strategies that integrate market development, investment, market access and technical assistance activities so as to ensure that the sector can take advantage of the Canada brand.

- 38 The Parties recognize that further progress on trade reform is essential to maximize the benefits for the agriculture and agri-food sector of the branding of Canada in foreign markets. The Parties therefore agree that:

- 38.1 Canada will take a leadership role in international organizations and fora to influence and shape discussions on technical trade issues in a manner that furthers the objectives of the Framework Agreement;

- 38.2 the Parties will work together to build stronger partnerships with developing countries by enhancing capacity building assistance to help these countries better participate in and benefit from the global agriculture and agri-food market; and
- 38.3 the Parties will work together to improve coordination through enhanced information sharing, planning and joint activities so as to advance Canada's agriculture and agri-food interests in key countries and with key international institutions and organizations.

PART FOUR – GENERAL

- 39 The Parties agree that both the English and French versions of the Framework Agreement have equal force. Where there is ambiguity between the two, a reading that is consistent with both versions will be favoured by the Parties.
- 40 For greater certainty, the Parties are only obliged to fund programs that are included in the Implementation Agreements.

IN WITNESS THEREOF, the Framework Agreement is duly executed by the authorized representatives of the Parties.

The Framework Agreement entered into by Canada, the Provinces and the Territories will be signed in counterpart; all counterparts taken together shall constitute one Framework Agreement.

_____ Witness	_____ Date	_____ Minister of Agriculture and Agri-Food Canada
------------------	---------------	---

_____ Witness	_____ Date	_____ Minister of Forest Resources and Agrifoods Newfoundland and Labrador
------------------	---------------	--

_____ Witness	_____ Date	_____ Minister for Intergovernmental Affairs Newfoundland and Labrador
------------------	---------------	--

Witness

Date

Minister of Agriculture and Forestry
Prince Edward Island

(Initialed pending approval of Executive Council)

Witness

Date

Minister of Agriculture and Fisheries
Nova Scotia

Witness

Date

Minister of Agriculture, Fisheries and
Aquaculture
New Brunswick

Witness

Date

Ministre de l'Agriculture, des Pêcheries et
de l'Alimentation
du Québec

Witness

Date

Ministre délégué aux Affaires
intergouvernementales canadiennes
du Québec

Witness

Date

Minister of Agriculture and Food
Ontario

Witness

Date

Minister of Agriculture and Food
Manitoba

Witness

Date

Minister of Agriculture, Food and Rural
Revitalization
Saskatchewan

Witness

Date

Minister of Agriculture, Food and Rural
Development
Alberta

Witness

Date

Minister of International and
Intergovernmental Relations
Alberta

Witness

Date

Minister of Agriculture, Food and Fisheries
British Columbia

Witness

Date

Minister of Energy, Mines and Resources
Yukon Territory

(Initialed with approval of Cabinet)

Witness

Date

Minister of Resources, Wildlife and
Economic Development
Northwest Territories

(Initialed pending approval of Executive Council)

ANNEX 1: INDICATORS TO MEASURE PERFORMANCE IN RELATION TO AGREED ENVIRONMENTAL GOALS AND TARGETS

1 DEFINITIONS

1.1 In this Annex:

“beneficial management practice” means farm production or management practice that will contribute to reducing environmental risks or realizing environmental benefits from agriculture;

“buffer strip” means vegetated land separating areas of agricultural activity from watercourses, established for the purpose of protecting such watercourses from degradation;

“habitat use unit” means each use, whether to feed, nest or other use, of a particular type of agricultural habitat by a species;

“humid farmland” means farmland for which overall precipitation (moisture input) exceeds potential evapo-transpiration (moisture output) over a year;

“nutrient management plan” means a plan which identifies sources and amounts of nutrients on farm operations and specifies ways of managing them to mitigate environmental risks;

“residual nitrogen” means an estimate of the quantity of nitrogen remaining on farmland after harvest; an estimate of the difference between the amount of nitrogen available to the growing crop from all sources and the amount removed in the harvested portion of the crop;

“setback” means a designated area separating agricultural and non-agricultural activities; and

“tolerable risk” means the level of resource degradation that does not exceed the rate of natural restorative processes or is within a level of risk that society accepts.

2 ENVIRONMENTAL OUTCOMES

Water

2.1 Area of farmland posing different levels of risk of contaminating water by nitrogen. Baselines for 1996 for humid farmland were as follows: 47 per cent low risk, 39 per cent at intermediate risk, 14 per cent at high risk.

2.2 Area of farmland at different levels of residual nitrogen (surplus N above crop requirements). Equivalent baselines for 1996 were 33 per cent of farmland with less than 20 kg N/ha, 51 per cent between 20 and 40 kg/ha, and 15 per cent in excess of 40 kg/ha.

2.3 Additional indicators may be developed for the proportion of farmland posing a risk of contaminating water by nitrogen, phosphorous, pathogens and pesticides for all agricultural land in Canada

Soil

2.4 Area of cropland at different levels of risk of soil erosion by water. Baselines for 1996 were as

follows: 85 per cent at tolerable risk, 9 per cent at low risk, 5 per cent at moderate risk, 1.8 per cent at high risk and less than 1 per cent at severe risk;

- 2.5 Average annual rate of carbon accumulation in soils. The equivalent baseline rate in 2000 was approximately zero kg C/ha (i.e. equilibrium conditions);

Air

- 2.6 Levels of agricultural emissions of gases that contribute to global warming. Baseline net agricultural emissions for 1999 were approximately 65 million tonnes of CO₂-equivalent.

- 2.7 Additional indicators may be developed for particulates and/or smoke emissions, and for odour emissions

Biodiversity

- 2.8 Trends in the proportion of habitat use units for which habitat area increased, remained constant or decreased.

- 2.9 Additional indicators may be developed regarding agriculture and biodiversity, such as agricultural benefits to biodiversity; biodiversity's benefits to agriculture; and wildlife damage to agriculture.

3 FARM ENVIRONMENTAL MANAGEMENT

Farm Planning

- 3.1 Proportion of farms to have completed a basic agri-environmental scan.
- 3.2 Proportion of farms having been identified as requiring significant corrective action to have either completed an agri-environmental farm plan or participated in an equivalent agri-environmental plan.
- 3.3 Proportion of farms to have completed an agri-environmental farm plan or participated in an equivalent agri-environmental plan.

Nutrient Management

- 3.4 Proportion of relevant farms to have developed and implemented a formal nutrient management plan. May also be measured as area covered by such plans, and percentage of agricultural production covered by such plans.
- 3.5 Adoption levels of additional beneficial management practices such as:
- 3.5.1 level of use of environmentally adequate solid and liquid manure storage systems;
 - 3.5.2 level of use of soil tests and manure testing;
 - 3.5.3 availability of sufficient land available for safe spreading of manure;
 - 3.5.4 level of use of adequate buffers and separation distances from manure storage and water

courses;

3.5.5 level of use of environmentally appropriate fertilizer application methods; and

3.5.6 level of use of prior accounting of the nutrient content of manure when applying chemical fertilizers.

Pest Management

3.6 Proportion of relevant farms practising integrated pest management (IPM). May also be measured as area covered by IPM, and percentage of agricultural production covered by IPM.

3.7 Adoption levels of additional beneficial management practices, such as:

3.7.1 calibration of sprayers at least annually;

3.7.2 level of use of economic injury thresholds or pest monitoring as a basis for deciding when to apply pesticides;

3.7.3 proportion of pesticides applied by a formally certified applicator;

3.7.4 level of use of alternative (i.e. non-chemical) methods of pest control; and

3.7.5 proportion of farms using pesticides having adequate setbacks from watercourses.

Land and Water Management

3.8 Area of land prepared for seeding under conservation tillage or no-till systems.

3.9 Proportion of farms to have established riparian buffer strips near watercourses.

3.10 Level of bare soil days on farmland.

3.11 Proportion of relevant farms to have restricted access or controlled access of livestock to streams.

3.12 Level of use of additional beneficial practices regarding: a) water conservation; and b) protection of private farm wells and identification and de-commissioning of such wells.

Nuisance Management

3.13 Establish indicators regarding: a) the rate of adoption of best management practices for odour management and the rate of adoption of best management practices for particulate emissions

Biodiversity

3.14 Indicators may be developed regarding agricultural management practices and biodiversity.

Note: Baseline data to be identified from the 2002 Farm Environmental Management Survey and other appropriate sources.

ANNEX 2: RENEWAL INDICATORS TO MEASURE PERFORMANCE IN RELATION TO AGREED GOALS AND TARGETS

- .1 Number of clients using business plans as a tool to secure financing.
- 1.2 Number of applicants successfully borrowing money from recognized financial institutions for the purpose of purchasing or developing a farm unit.
- 1.3 Number of dollars provided through government and private capital suppliers for agriculture and agri-business opportunities.
- 1.4 Availability of a network of advisory services.
- 1.5 Number of clients per target group accessing advisory services.
- 1.6 Percentage of farmers with a written business plan.
- 1.7 Number of farmers who effectively manage their business risk.
- 1.8 Adoption levels of additional beneficial farm management practices such as:
 - 1.8.1 level of use of annual budgets, balance sheets, cash flow/financial statements;
 - 1.8.2 level of use of computers and software for farm business management; and
 - 1.8.3 level of use of information to make business decisions.
- 1.9 Number of farmers possessing formal written succession plans.
- 1.10 Development of options for beginning farmers, farmers with exceptional or recurring losses and farmers who may not benefit from new risk management programs.
- 1.11 Number of benchmark studies and market information products developed during the assessment time period.
- 1.12 Utilization rates of benchmark information.
- 1.13 Creation, production and distribution of a document outlining the skills, attitudes, and practices of the top 20 per cent of Canadian farms, by region and farm type.
- 1.14 Establishment of a mechanism to identify the skills and corresponding training needs for the development of the sector.
- 1.15 Number of farmers who are active members of mentoring and/or peer groups, management clubs, syndicates, farmer-directed groups, etc.
- 1.16 Number of farmers who enroll in/access learning programs.
- 1.17 Number of participants attending learning opportunities in environmental management and food safety and business management.
- 1.18 Number of farmers receiving assessment of, and/or training to enhance skills applicable to off-

farm income.