



# Agriculture and Agri-Food Canada

## Performance Report

For the period ending  
March 31, 2000

Canada

## **Improved Reporting to Parliament Pilot Document**

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

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

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

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Available in Canada through your local bookseller or by mail from

Canadian Government Publishing — PWGSC

Ottawa, Canada K1A 0S9

Catalogue No. BT31-4/1-2000

ISBN 0-660-61355-7



## Foreword

On April 24, 1997, the House of Commons passed a motion dividing on a pilot basis the *Part III of the Estimates* document for each department or agency into two separate documents: a *Report on Plans and Priorities* tabled in the spring and a *Departmental Performance Report* tabled in the fall.

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

The Fall Performance Package is comprised of 83 Departmental Performance Reports and the President's annual report, *Managing for Results 2000*.

This *Departmental Performance Report*, covering the period ending March 31, 2000 provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the department's *Report on Plans and Priorities* for 1999-00 tabled in Parliament in the spring of 1999.

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

The government continues to refine its management systems and performance framework. The refinement comes from acquired experience as users make their information needs more precisely known. The performance reports and their use will continue to be monitored to make sure that they respond to Parliament's ongoing and evolving needs.

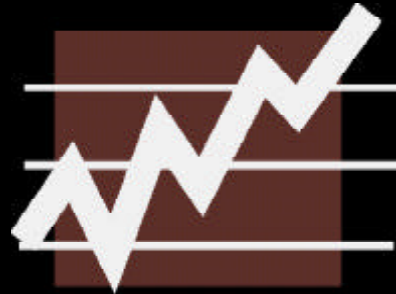
This report is accessible electronically from the Treasury Board Secretariat Internet site: <http://www.tbs-sct.gc.ca/rma/dpr/dpre.asp>

Comments or questions can be directed to the TBS Internet site or to:

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AAFC

1999-2000 DEPARTMENTAL  
PERFORMANCE REPORT



AGRICULTURE AND AGRI-FOOD CANADA

A handwritten signature in black ink, appearing to read 'Lyle Vanclief', written over a horizontal line.

LYLE VANCLIEF, MINISTER OF AGRICULTURE AND AGRI-FOOD AND MINISTER CO-ORDINATING RURAL AFFAIRS



# 1999-2000 AAFC DEPARTMENTAL PERFORMANCE REPORT

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# MESSAGE FROM THE MINISTER

*"Together, we're building an industry that is consumer-focussed, innovative, environmentally sensitive, and growing economically."*



It is with great pleasure that I present to my Parliamentary colleagues and to Canadians, Agriculture and Agri-Food Canada's Departmental Performance Report for the fiscal year 1999-2000.

Over the past year, we've recorded a number of achievements. But given the challenging year that many farmers have faced due to low commodity prices and unpredictable weather, perhaps our most enduring achievement is the new, multi-year framework agreement on safety nets I signed with my provincial counterparts this past July. From the groundwork we laid in 1999, we were able to craft an agreement that truly marks a new era in agricultural assistance programming. It is at once a coherent and co-ordinated national approach, and with enough flexibility to offer farmers a diverse menu of risk management tools designed to suit both their commodity and their region.

But that is not to suggest the job is done. On the contrary, designing and developing agricultural safety nets is an evolutionary process. Farmers are the cornerstone of an evolving industry, and as their needs change, so too, must the tools they need to succeed. I am completely committed to ensuring this continues to happen.

Last year also proved to be a pivotal one on the trade front. In April 1999, months of preparation and consultations paid off when representatives from every facet of our diverse sector met in Ottawa with federal and provincial politicians and officials and hammered out a strong, unified trade position to take to the World Trade Organization negotiations on agriculture. These talks are now under way. Thanks to the consensus we forged at the Ottawa conference, Canada is taking a leading role in pressing for the more level playing field our farmers require to not only survive, but thrive, in the global economy.

At the same time, I have been working diligently through other channels to bolster our alliances. I meet on a regular basis with our key trading partners, including the United States, the European Union and Japan. And I recently hosted my colleagues in the Cairns Group in Banff, Alberta as part of our on-going discussions on how we can achieve meaningful and lasting reductions in export subsidies on agricultural products.

Our sector's exports surpassed \$20 billion again last year. And here at home, Canadians spent over \$100 billion on food and agriculture products. Our industry has the know-how, state-of-the-art techniques, and new products required to continue to satisfy consumer demands here at home and in markets around the world. To ensure we remain both sustainable and competitive, the department's scientists work collaboratively with industry partners. In fact, through our Matching Investment Initiative, close to 900 research projects were conducted in the 1999-2000 fiscal year.

**PART I**



The strength of our research is one of the reasons agriculture and agri-food is one of the most important sectors of our economy. Currently, the sector provides one in seven Canadians with jobs and accounts for over eight per cent of our Gross Domestic Product — and there's plenty of room for profitable growth. The industry is also the backbone of many of our rural communities. This government's commitment to rural Canadians is well known — and I've been honoured to have the role of co-ordinating the federal government's initiatives in rural Canada, in addition to my responsibilities in agriculture and food. Last August, the Prime Minister moved to further strengthen the federal government's rural team with the appointment of my colleague Andy Mitchell as Secretary of State for Rural Development. We're working together to help rural citizens meet the challenges and seize the opportunities that are shaping our future.

Today, there are a number of key drivers fuelling change. E-commerce, environment, globalization, and advances in the life sciences are all factors that are fundamentally shaping the future of rural communities, and of the agriculture and agri-food industry. Consumers are demanding assurances that the food they are eating is safe, high-quality, and produced in an environmentally sustainable manner. Consumer trends point to a renewed interest in food as a way to promote optimal health, and we're seeing a revolutionary marriage of health, science, and agriculture in products like fortified and functional foods. What's more, our ability to use technology in completely new ways — to preserve the environment, improve health, and boost productivity — is leading the sector to look beyond its traditional boundaries and forge new partnerships.

Agriculture and Agri-Food Canada is committed to helping the sector overcome adversity and identify and capture new possibilities in order to continue to contribute to a better quality of life for all Canadians. The attached report lays out in detail the department's activities over the past year in pursuit of this goal. Together, we're building an industry that is consumer-focussed, innovative, environmentally sensitive, and growing economically.

Lyle Vanclief  
Minister of Agriculture and Agri-Food and  
Minister Co-ordinating Rural Affairs



# MESSAGE FROM THE SECRETARY OF STATE

This past year has been a busy and exciting time for rural development, and I am very pleased to report on the Government of Canada's progress on the rural file.

My goal, and the Government of Canada's goal, is to improve the quality of life for Canadians living in rural and remote regions of the country. We are working to ensure a vibrant future for rural Canada and its citizens, a future that includes dynamic communities and a sustainable resource base that contribute to Canada's prosperity and national identity. Rural citizens are not only our partners in achieving our goal — they lead the way.

In May 1999, Minister Vanclief and I set the goalposts when we announced the Federal Framework for Action in Rural Canada. The framework sets out the government's vision for rural Canada. This vision is centred around 11 priority areas identified by rural Canadians themselves. These priority areas include economic diversification, leadership development and community capacity building, access to financial resources, access to federal government programs and services, and seven others.

In the past year, we made a concerted effort to put these 11 priority areas at the centre of our activities. The Canadian Rural Partnership's pilot projects initiative, which funded over 70 community development projects across the country, supports projects that address one or more of the priority areas. For example, to address leadership development and community capacity building, we funded a project in Nunavut and the Northwest Territories that trained local residents in the operation and management of not-for-profit and volunteer activities. To support economic diversification, we funded a project to help people living in a small, isolated Aboriginal community learn how to use computer, Internet and telecommunications-based technologies.

Rural Canadians' priorities also guided the other activities we undertook in the past year. The Rural Exhibits program, which visited country fairs all over Canada, and the publication, *Your Guide to Government of Canada Programs and Services*, responded to rural Canadians' need for information about the federal government. The guide, which featured key federal programs and services, was distributed to 2.3 million rural households in Canada. The Rural Research program, in bulletins co-published with Statistics Canada, addressed the economic diversification and access to financial resources priorities, among others.

These were some of the specific actions we took to address rural Canadians' concerns and priorities. However, as Secretary of State for Rural Development, it is not only my role to ensure that the Government of Canada takes specific actions to address rural needs, it is also my role to ensure that all federal departments and agencies consider rural issues when they develop new policies and programs directed at all Canadians, or change existing ones.

I take particular pride in the collective efforts of the Government outlined in the 2000 Federal Budget that benefit rural Canadians. Some examples of these efforts include the Community Futures Program, the Infrastructure Program, and the prairie grain package. We are also exploring how co-operatives can assist in addressing challenges and priorities in all parts of Canada.

Rural Canada is the foundation on which a large part of our economic wealth is built. It is a place of great energy and great ingenuity. It is a way of life, with unique traditions and a specific social structure. It is our past — our present — and our future. As Secretary of State for Rural Development, I will continue to listen to rural Canadians, to work with rural Canadians and to serve rural Canadians. Together, we will ensure that rural Canada is kept as a high priority on the Government's agenda and strive to develop the strategies to sustain it and make it strong in the 21st century. My action plan is set by you.

Andy Mitchell  
Secretary of State (Rural Development)  
(Federal Economic Development Initiative for Northern Ontario)

# DEPARTMENTAL OVERVIEW

The *AAFC Departmental Performance Report* (DPR) is an account of accomplishments achieved against planned performance expectations as set out in the *Report on Plans and Priorities* (RP&P). The 1999-2000 DPR reports on the accomplishments and commitments we made to Canadians in our 1999-2000 RP&P, which is available at <http://www.agr.ca/rpp/aafc99e.pdf> .

In addition to presenting the mandate, organizational structure and AAFC's commitments to Canadians, Part II of this report examines some of the issues that have impacted upon AAFC over the reporting period. This review provides some context to the analysis of our performance and allows for a better understanding of the increasingly interrelated nature of departmental activities with national and international events. Part III of this report includes detailed information and analysis on the performance of each business line. Finally, Part IV of the report contains detailed financial information and additional documentation related to the AAFC portfolio.

## **Our Mandate**

The Department of Agriculture and Agri-Food Canada 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. The overall goal is to help the sector maximize its contribution to Canada's economic and environmental objectives and achieve a safe, high-quality food supply while maintaining a strong foundation for the agriculture and agri-food sector and rural communities.

## **Our Commitments**

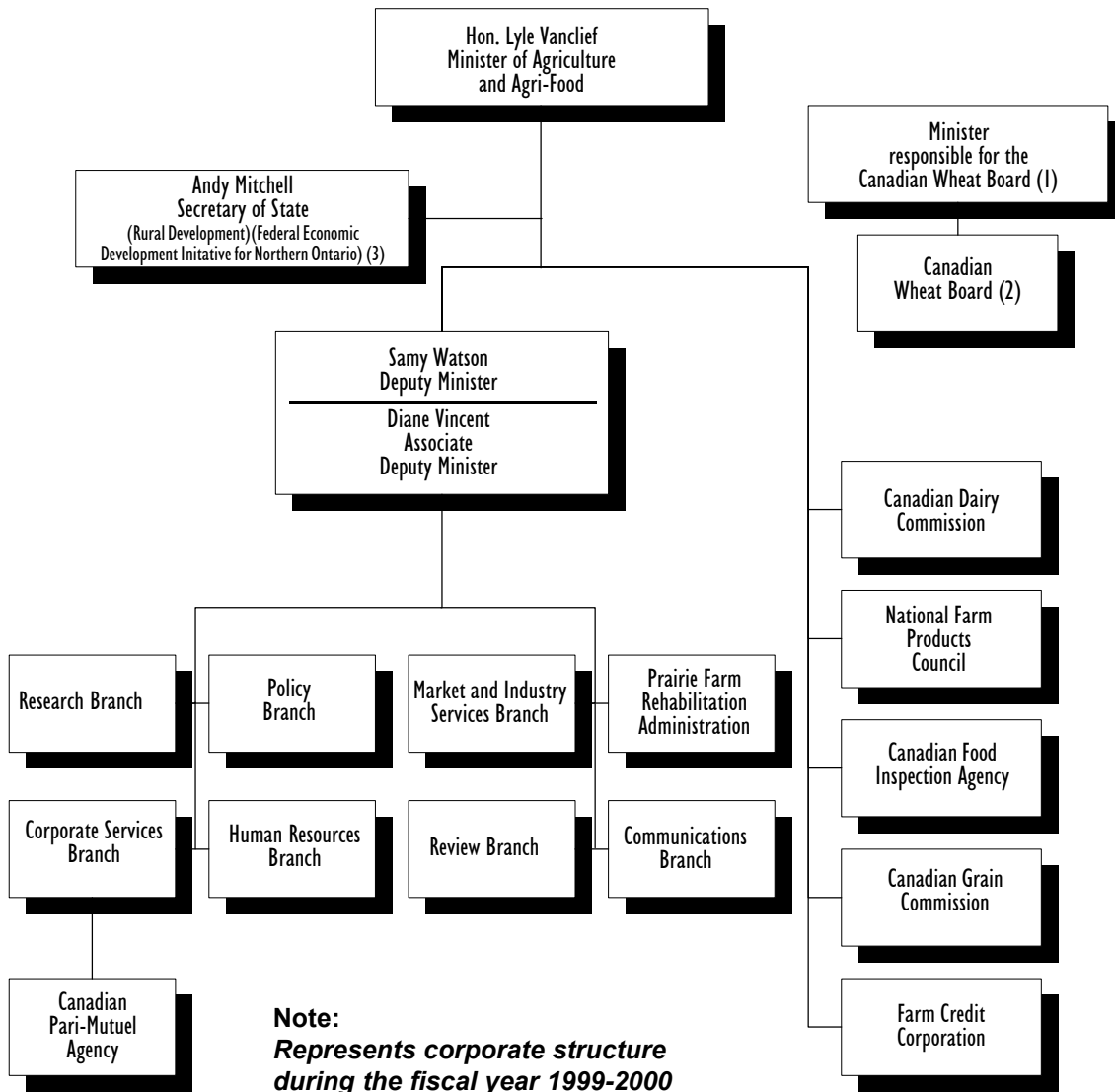
Across Canada and on trade missions around the world, you will find AAFC experts working to serve Canadian food producers and processors, wholesalers and distributors, retailers and consumers. To promote growth in the sector, the Department strives to develop policies, programs and services that translate into safe, nutritious food at reasonable prices to consumers. Building upon the overall thrust of the mandate, all departmental activities are centred around four key commitments:

- promoting and supporting a sustainable, profitable, competitive, market-oriented agriculture and agri-food industry;
- ensuring an industry that is environmentally sound;
- promoting the economic, social and environmental dimensions of our rural communities; and
- advancing science and the use of innovation.

In 1999-2000, AAFC worked to achieve these commitments through four business lines: Expanding Markets; Innovating for a Sustainable Future; Strong Foundation for the Sector and Rural Communities; and Sound Departmental Management.

# PART II – OVERVIEW

# OUR TEAM



Notes:

1. The Honourable Ralph Goodale is the Minister responsible for the Canadian Wheat Board.
2. The Canadian Wheat Board is not part of the Agriculture and Agri-Food portfolio.
3. The office of the Secretary of State is jointly funded by Agriculture and Agri-Food Canada and Industry Canada.

# YEAR IN REVIEW

The 1999-2000 fiscal year at Agriculture and Agri-Food Canada (AAFC) has been filled with both challenges and successes. A new round of international trade negotiations on agriculture began. A comprehensive farm income safety nets system was developed and agreed upon by federal and provincial ministers of agriculture. A report on the environmental sustainability of Canadian agriculture revealed that the sector has made significant progress in protecting and preserving the environment. These are some of the issues AAFC has diligently worked on with provinces and industry stakeholders to provide the agriculture and agri-food sector with the tools it needs to overcome challenges and take advantage of new opportunities both at home and abroad.

## Global Trade

In August 1999, Canada announced its initial negotiating position for the World Trade Organization (WTO) negotiations on agriculture. This initial negotiating position was developed after two years of extensive consultations with Canadians, including industry representatives and provinces, and reflects the trade interests of the Canadian agriculture and agri-food sector as a whole, across all commodities and regions. The unified position calls for a levelling of the international trade playing field through:

- the complete elimination of export subsidies;
- maximum reduction in production and trade-distorting domestic support of all types;
- real and substantial market access improvements for all agri-food products; and
- the ability to preserve our own orderly marketing systems, such as the Canadian Wheat Board and supply management.

Although the WTO conference in Seattle did not result in the launch of a new round of global trade talks, important progress was made on agriculture. In March 2000, the WTO agriculture negotiations got under way in Geneva, allowing Canada to voice its objectives and to continue to promote its negotiating position.

## Expanding Markets

Canadian agri-food exports again surpassed the \$20-billion mark in 1999. AAFC continued to push for greater access to markets.

In August 1999, Minister Vanclief led a mission to Brazil, Costa Rica and Argentina. While in Argentina, he attended a Cairns Group meeting where he put forward Canada's WTO negotiating position and visited the first-ever Canadian pavilion at the SIAL-MERCOSUR 1999 food show. On September 30, 1999, Minister Vanclief was host to the agriculture ministers of the world's five largest agricultural trading nations during the Quint meeting in Montreal. In November 1999, the Minister led a business mission to Italy where he signed a Memorandum of Understanding between Canada and Italy allowing for joint research projects and the exchange of information on agri-food science and technology research.

Outgoing trade missions, incoming buyers' missions, such as Access Asia, and trade shows during the 1999-2000 fiscal year enabled AAFC to continue to capture opportunities for trade in domestic and export markets, and increase investment in the sector. An extensive program of retail and food service promotions, including the Canadian Culinary Cup Award in Japan, continued to promote the image of Canadian food products abroad. While Canadian agri-food exports remained on course in 1999, U.S. agricultural exports declined 8.4% over the same period. As well, Canada surpassed the U.S. to become the world's largest exporter of pork. AAFC is on sound footing and should take advantage of its international reputation for excellence to pursue even greater global success in the coming year.

## **Farm Income**

Some Canadian producers continued to grapple with various challenges such as low commodity prices, unfavourable weather conditions and, as a result, significant declines in income. In response to this situation, the Government of Canada committed \$435 million more to income disaster assistance for 2000 and 2001. As well, a number of changes were made to the Agriculture Income Disaster Assistance (AIDA) program for 1999 to make it more responsive to the needs of producers.

At the same time, the Government recognized that farmers needed the stability of a longer-term safety nets package. In March 2000, after several months of discussion, federal, provincial and territorial ministers of agriculture reached an agreement on safety nets. Under the agreement, which was later signed in July 2000, the federal government will inject up to \$3.3 billion over the next three years in a national farm income safety nets package and the provinces will contribute up to \$2.2 billion. The Framework Agreement on Agricultural Risk Management, as it is called, will give farmers the certainty they need to plan for the future with confidence and to take advantage of new opportunities.

## **Research**

A study completed in the 1999-2000 fiscal year showed that public investment in research and development for forage crops offers clear dividends. The study revealed that between 1971 and 1998, research and development in forage had a return on investment ranging from 5.2 to 8.5%. The benefit/cost ratio of this investment ranged between 1.3 and 2.6 to 1. This study was the fourth in a series commissioned by AAFC since 1995. The other studies were carried out for wheat, potatoes and swine.

## **Matching Investment Initiative**

AAFC's Matching Investment Initiative (MII), created in 1994-1995, continued to be effective in increasing overall investment in agri-food research. Collaborative projects co-funded by the Department and industry ensure research priorities and technology are transferred efficiently from government labs to industry, based on what the market demands.

In the 1999-2000 fiscal year, close to 900 research projects were conducted under the MII. The Department and its partners contributed approximately \$60 million to the program. Among MII's many success stories are wheat varieties sought by the international pasta market; a cranberry-drying process that sweetens and preserves the flavour and colour of the fruit; and cattle feed products and processes that improve digestion and nutrition.

## **The Environment**

In February 2000, AAFC released *Environmental Sustainability of Canadian Agriculture: Report of the Agri-Environmental Indicator Project*, an important report on the performance of the industry in preserving the environment. The report showed that significant progress had been achieved, particularly in soil management practices, but that more remains to be done. Through a series of performance indicators, the report helped pinpoint challenges that still need to be addressed.

As well, in order to help Canada meet its Kyoto target to reduce greenhouse gas emissions to levels 6% lower than they were in 1990, AAFC committed \$4 million over four years to the Climate Change Funding Initiative and \$465,000 to the Climate Change Skills and Knowledge Transfer program. While the Climate Change Funding Initiative is aimed at the scientific community, the Climate Change Skills and Knowledge Transfer program is designed to help farmers identify cost-effective, best management practices that can contribute to reducing greenhouse gas emissions.

Funding for these initiatives came from the Canadian Adaptation and Rural Development (CARD) fund, a \$60-million-per-year ongoing program aimed at helping the sector and rural communities adapt and innovate to keep pace with the evolving world economy.

## **Canadian Adaption and Rural Development Fund**

The Canadian Adaptation and Rural Development (CARD) Fund continued to be an important component of the Government of Canada's approach to the development of the agriculture and agri-food sector and rural communities. The program focusses on six priority areas: research and innovation; human resource capacity-building; environmental sustainability; food safety and quality; capturing market opportunities; and rural development. During the 1999-2000 fiscal year, CARD funded 19 national programs and initiatives, and provided project funding for 13 regional adaptation councils.

### **Rural Development**

In August 1999, the Government of Canada enhanced its commitment to rural Canadians by appointing a Secretary of State for Rural Development. As well, the Rural Dialogue, an ongoing discussion between the federal government and rural Canadians, continued through an Internet-based, online discussion group and regional activities.

The Government of Canada's commitment to rural Canada was also seen through the Canadian Rural Partnership (CRP) Pilot Projects Initiative. This initiative, which has funding of \$3 million a year over four years, is designed to help rural communities develop new approaches and practices to address their challenges and concerns. In 1999, a total of 71 pilot projects were supported through this initiative.

### **Working for and with Canadians**

Throughout 1999-2000, AAFC continued to ask Canadians to take part in the identification of goals and objectives, and the framing of policy and programs. Specifically, AAFC sought the input of Canadians in the following areas:

- development of a long-term farm income policy;
- preparation for WTO negotiations in agriculture;
- development of CRP pilot projects; and
- AAFC's approach to regulatory reform.

While significant progress has been made in all of these areas during the reporting period, much remains to be done. In the coming years, AAFC will continue to work with Canadians in order to ensure the long-term wealth and prosperity of the agriculture and agri-food sector, safe food and a healthy environment.

# AAFC BUSINESS LINES

## *Objectives and Key Result Areas*

In response to the call for all federal government departments to clearly demonstrate how and where our work translates into results, AAFC established four business lines that precisely define both where we will place our efforts, and how we will achieve our goals. The following section of the report introduces the AAFC business lines:

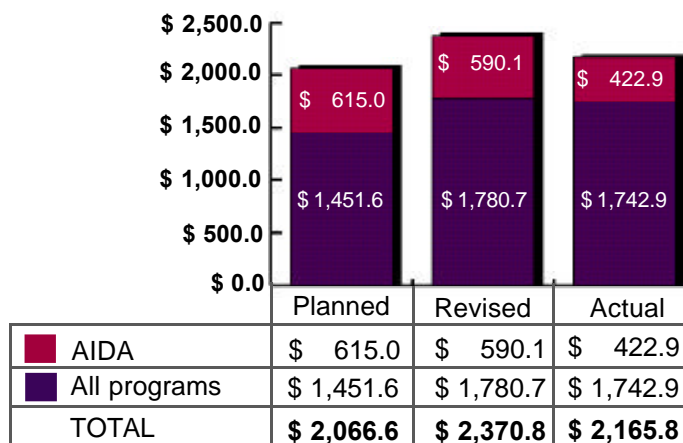
- Expanding Markets;
- Innovating for a Sustainable Future;
- Strong Foundation for the Sector and Rural Communities; and
- Sound Departmental Management.

A summary of each of the AAFC business lines and their associated objectives and Key Result Areas is provided in this part of the report. More detailed information on the relative performance of each business line over the past fiscal year is also included in Part III. Detailed operational plans and activities have not been included in this section. For the reader who requires additional information, a list of related Internet sites is provided within each business line section.

### Resources

The major difference from our planned expenditures to our revised planned expenditures is due to a contribution for a one-time emergency farm relief payment to Saskatchewan and Manitoba of \$240 million that was not anticipated when the 2000-2001 *Report on Plan and Priorities* was finalized. The difference between our revised planned expenditures and our actual expenditures arises from the fact that we have shifted \$167.2 million of planned expenditures in the fiscal year 2000-2001 to the Agriculture Income Disaster Assistance (AIDA) program.

AAFC EXPENDITURES 1999-2000 ( millions )





# AAFC BUSINESS LINES



## *Expanding Markets*

The **Expanding Markets** business line's objective is to work with industry and other partners to improve and secure market access; to enable the agriculture and agri-food sector to capture opportunities for trade in domestic and export markets, with a focus on processed agricultural products; and to increase domestic and foreign investment in the sector. The Key Result Areas include:

- *market access*: improved and more secure access to international markets and reduction in internal barriers to trade;
- *market development*: contribution to increased sales of Canadian agriculture and agri-food products;
- *investment*: contribution to enhanced capability to supply internationally competitive Canadian agricultural and agri-food products.



## *Innovating for a Sustainable Future*

The **Innovating for a Sustainable Future** business line's objective is to work with industry and other partners to support the sector's efforts to develop and produce competitive products and processes in an environmentally sustainable manner. The Key Result Areas include:

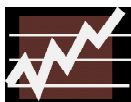
- *innovation*: increased development, availability and adoption of products, processes and practices that contribute to competitiveness and environmental sustainability;
- *sustainable resource use*: increased adoption and utilization of sustainable land and water management systems that afford greater economic security;
- *integrated policies and decision-making*: integration of environmental and economic considerations into departmental, sectoral, community and individuals' decision-making.



## *Strong Foundation for the Sector and Rural Communities*

The **Strong Foundation for the Sector and Rural Communities** business line's objective is to work with industry, provinces and other partners to enhance the sector's economic viability, while strengthening opportunities for rural community economic development. The Key Result Areas include:

- *policy framework*: an agri-food policy framework that enables the sector to respond to emerging opportunities and adapt to a changing economy;
- *rural economy*: a rural Canada better equipped to reach its potential;
- *co-operatives*: a federal policy framework that supports the development of co-operatives.



## *Sound Departmental Management*

The **Sound Departmental Management** business line's objective is to provide the Department with the capacity, capability and appropriate support services to achieve results for the sector and Canadians in a sound manner. The Key Result Areas collectively represent a visible demonstration that the Department is operating within the principles of sound management and include:

- *shared departmental direction*: guiding the strategic, business and financial planning directions of the Department;
- *motivated, representative and high-performance organization*: operating in a renewed, revitalized and productive environment;
- *right tools and a supportive environment*: including technical and support services for informatics, capital planning, physical plant and security services;
- *organization that is committed to continuous improvement*: defining and measuring improvements through performance measurement and accountability mechanisms.

# PERFORMANCE ACCOMPLISHMENTS

## *By Business Line*

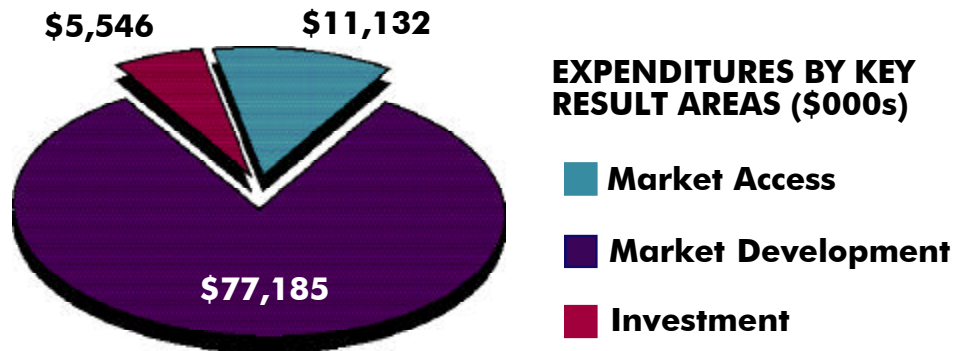


# EXPANDING MARKETS

### Business Line Objective

To improve and secure market access; to enable the agriculture and agri-food sector to capture opportunities for trade in domestic and export markets, with a focus on processed agricultural products; and to increase domestic and foreign investment in the sector.

Our three Key Result Areas for this business line are: **Market Access**, **Market Development** and **Investment**.



### STRATEGIC PARTNERS

DEPARTMENTAL	PORTFOLIO	EXTERNAL
<ul style="list-style-type: none"> <li>• Market and Industry Services Branch</li> <li>• Policy Branch</li> </ul>	<ul style="list-style-type: none"> <li>• Canadian Food Inspection Agency</li> <li>• Canadian Wheat Board</li> <li>• Canadian Grain Commission</li> <li>• Farm Credit Corporation</li> <li>• Canadian Dairy Commission</li> <li>• National Farm Products Council</li> </ul>	<ul style="list-style-type: none"> <li>• Other Federal Government Departments/ Regional Agencies</li> <li>• Provincial Governments</li> <li>• Industry Stakeholders</li> </ul>

# 1999-2000 YEAR IN REVIEW

## MARKET ACCESS

### Our Strategies

- Negotiate trade agreements;
- Resolve barriers to domestic and international trade; and
- Advance Canada's interests through the activities of international bodies.

**1999-2000  
EXPECTED  
RESULT**

**Reduce barriers  
to domestic and  
international trade.**

### 1999-2000 Performance Highlights

- Extensive consultations conducted by AAFC with the Canadian agriculture and agri-food sector and the provinces resulted in a strong, credible and unified negotiating position for the WTO agriculture negotiations which are now under way.
- Regarding China's accession to the WTO, AAFC and its partners were involved in the successful negotiations which led to Canada and China signing a bilateral agreement. This will lead to new opportunities for Canadian exporters when China becomes a WTO member. The Free Trade Agreement negotiations with the European Free Trade Association are ongoing as some outstanding industrial issues still need to be resolved. Negotiations related to agricultural issues were completed in June 2000.
- AAFC and its partners succeeded in eliminating major threats to our trade with the United States by defeating U.S. trade actions (countervailing measures) which had raised import duties on exports of Canadian live swine and could have significantly increased duties on live beef cattle. These victories secured current exports valued at \$1.1 billion for cattle and \$337 million for live swine in 1999.
- Canada's influence in international trade negotiations continues to be strengthened through its ongoing interactions with other countries and within international organizations, particularly in relation to other major players such as the United States, the European Union, and the Cairns Group. For example, in collaboration with its Cairns Group colleagues, Canada has succeeded in making the elimination of agricultural export subsidies a top priority issue in the next round of WTO negotiations.

### *AGRI-INFO*

*Canadians will spend over \$100 billion on food and agricultural products in 2000-2001. Our international customers will buy close to \$22 billion of Canadian agriculture and agri-food products.*

## Performance Indicators

### VOLUME OF NEW MARKET ACCESS

*Major Result: China's accession to the WTO*

<i>Industry Projections — Potential Market (tonnes)</i>	<b>1999</b>	<b>2005</b>
<b>Red Meat</b>	<b>3,460</b>	<b>56,000</b>

### U.S. TRADE ACTIONS DEFEATED

*Major Result: Safeguarding of our U.S. market access*

<i>Potential Market 1999</i>	<b>Beef Cattle</b>	<b>\$1.1 billion</b>
	<b>Live Swine</b>	<b>\$337 million</b>

## MARKET DEVELOPMENT

### Our Strategies

- Co-ordinating a strategic federal, provincial and industry partnership approach to export market development; and
- Increase programs and services to promote growth in export and domestic markets for both products and companies.

**1999-2000  
EXPECTED  
RESULT**

**More agri-food firms and products ready to capture a greater market share.**

### 1999-2000 Performance Highlights

- Canada's image as a reliable supplier of high quality agricultural and agri-food products was enhanced through Canadian participation in key international trade shows and missions. For example, through its recruitment efforts, AAFC assisted clients to ensure they take full advantage of trade show opportunities.
- AAFC's Agri-Food Trade Service (ATS) provided marketing services and information to more clients. In 1999, daily Web site hits were up 158% over the previous year. In addition, over 3,600 market information and analysis requests from clients were met and market analytical information was provided to 2,500 agri-food companies through our FaxBack service.
- AAFC also delivered 145 Agri-Food Trade 2000 projects nationally (43 of these were in the regions).
- AAFC's efforts have contributed to last year's increase in exports of processed products (from 48% to 52%) as a proportion of total agriculture and agri-food exports toward the Canadian Agri-Food Marketing Council's 2005 target of 60%.

### AGRI-INFO

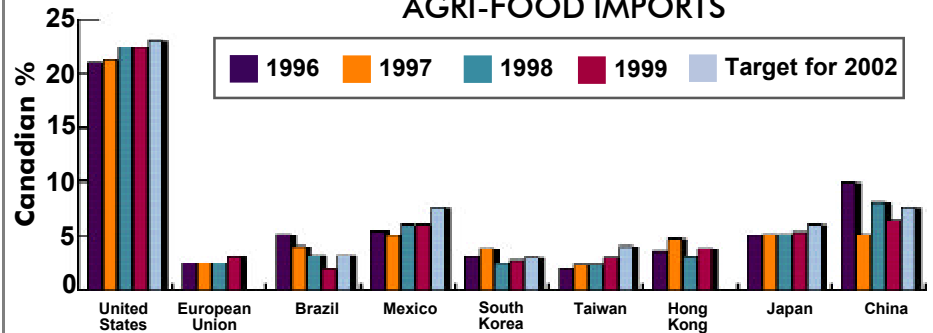
- *At FoodEx 2000 in Tokyo, 20 Canadian exhibitors estimated over \$3 million in sales.*
- *At ANUGA '99 in Germany, 60 Canadian exhibitors estimated net sales of \$12.8 million.*

- Our strategic federal-provincial-industry partnership approach to export market development led to the implementation of comprehensive and co-ordinated federal-provincial strategic plans which reflect both industry needs and the economic realities of priority and emerging markets.

### Performance Indicators

- Canada's share of priority markets is increasing in terms of dollar value/volume of new market opportunities and enhanced supply capability where AAFC focusses its resources to help Canadian exporters to build market share. Modest net overall increases are anticipated across all priority markets for the year 2002, as indicated in the graph.

**CANADIAN SHARE OF PRIORITY COUNTRY AGRI-FOOD IMPORTS**



**SATISFACTION OF AGRI-FOOD TRADE SERVICE CLIENTS WITH FAXBACK**  
(% OF CLIENTS WHO FOUND IT USEFUL)

- The overall level of satisfaction with the Agri-Food Trade Service provided through the FaxBack service to agriculture and agri-food clients is 90%, as demonstrated in the client survey results graph.

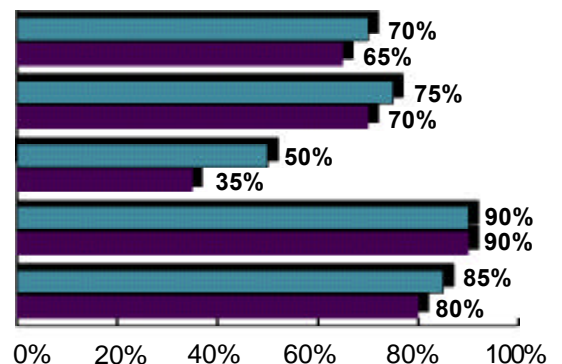
How useful is the Faxback service as a tool for making trade decisions? 70%

How useful is Faxback in helping increase your awareness of market opportunities? 75%

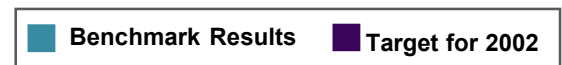
How useful is the Faxback in helping achieve export results in business? 50%

How useful is the Faxback in helping achieve export results in business? 90%

How would you rate the quality of content of the faxback documents? 85%



Source: FaxBack Survey



# INVESTMENT

## Our Strategies

- Co-ordinate a strategic approach to investment in Canada's agriculture and agri-food sector with other levels of government.

**1999-2000  
EXPECTED  
RESULT**

**Increased awareness of Canada as a preferred investment destination. Increased number of investments supported by AAFC.**

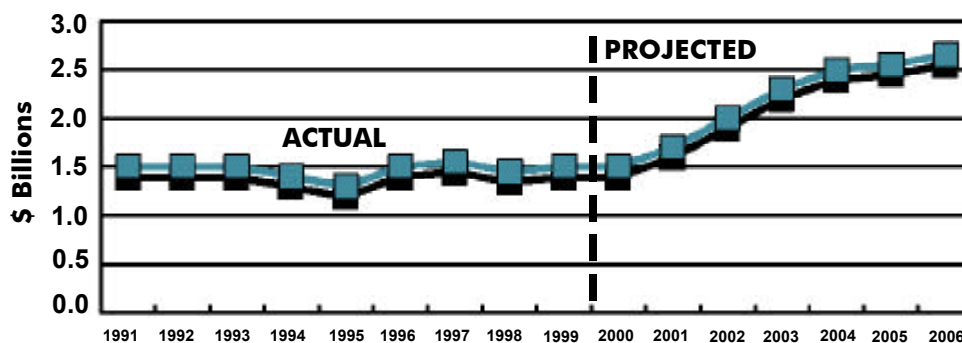
## 1999-2000 Performance Highlights

- Through the federal/provincial Agri-Food Investment Strategy, all levels of government are working together on joint activities such as the promotion at trade fairs of Canada as an investment location and the implementation of "myth busting" programs to dispel misperceptions about investing in Canada.
- Strategic alliances were created through the co-ordination and implementation of national strategies and international missions. AAFC also provided financial and advisory support to the Canadian Functional Food Network to develop a strategic plan to improve human health through the development of a science-based, profitable functional food-nutraceutical sector.

## Performance Indicator

- As indicated in the graph, annual investment in the food and beverage industry has been stable around \$1.5 billion since 1991, but we have set a target of \$2.5 billion by 2005 (i.e., approximately a 10% increase per year). Currently the number and value of leads in the food and beverage industry are being tracked. Anecdotal evidence suggests that the overall knowledge and accessibility of the agriculture and agri-food sector have increased, as has the sector's capability to supply competitive products in international markets. There is considerable need for more analytical work on investment to provide us with the overall direction and the ability to measure our success and focus our results to support the goal of increased investment.

**VALUE OF FOOD AND BEVERAGE INVESTMENT AND ENHANCED SUPPLY CAPABILITY IN THE SECTOR**

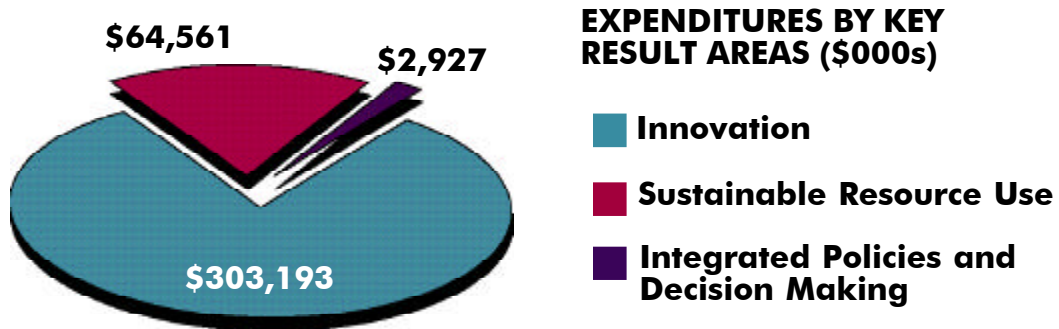




## Business Line Objective

To work with industry and other partners to support the agricultural and agri-food sector's efforts to develop and produce competitive products and processes in an environmentally sustainable manner.

Our three Key Result Areas for this business line are: **Innovation, Sustainable Resource Use and Integrated Policies and Decision Making.**



## STRATEGIC PARTNERS

DEPARTMENTAL	PORTFOLIO	EXTERNAL
<ul style="list-style-type: none"> <li>• Research Branch</li> <li>• Prairie Farm Rehabilitation Administration (PFRA)</li> <li>• Policy Branch – Environment Bureau</li> </ul>	<ul style="list-style-type: none"> <li>• Canadian Food Inspection Agency</li> </ul>	<ul style="list-style-type: none"> <li>• Assistant Deputy Ministers Committee on Science &amp; Technology</li> <li>• Advisory Council on Science &amp; Technology</li> <li>• Council of Science &amp; Technology</li> <li>• Canadian Agri-Food Research Council</li> <li>• Research Branch Advisory Committee</li> <li>• Other Federal Government Departments</li> <li>• Provincial Governments</li> <li>• Private Industry</li> <li>• Farm Groups</li> <li>• Universities</li> <li>• Other Countries</li> </ul>



# 1999-2000 YEAR IN REVIEW

## INNOVATION

### Our Strategies

- Increase our efforts to conserve soil, water and air quality, and safeguard genetic resources;
- Improve existing crops and develop new ones;
- Address animal welfare, environmental concerns, production alternatives, productivity, quality, safety and cost of production;
- Introduce new value-added food, nutraceuticals, and non-food products; and
- Increase level of collaborative research between all partners.

**1999-2000  
EXPECTED  
RESULT**

**Development of new technologies and products that contribute to the agriculture and agri-food sector's competitiveness and environmental sustainability.**

### 1999-2000 Performance Highlights

- We exceeded our expectations by developing three varieties of high protein soybeans. These superior food grade soybean cultivars have been commercialized with Canadian seed producers and will strengthen Canada's competitive position as an exporter of premium quality food grade soybeans to the Asian market.
- Fusarium head blight (FHB) can wipe out an entire crop when conditions are right. It attacks not only wheat but also corn and barley. The disease has cost producers dearly in the last few years with losses up to 10% in some provinces. The annual economic benefits of bringing fusarium under control nationally are estimated to be over \$100 million. Research is progressing well and a prototype resistant variety is now registered and licensed. With our industry partners, we are continuing to realize FHB resistance in all our cereal crops. For more information, visit <http://res2.agr.ca/winnipeg/factsht.html> .
- While primary agriculture accounts for about 10% of Canada's greenhouse gases, widespread adoption of soil conservation practices would represent up to 16% of Canada's solution in meeting Canada's emission reduction targets. Research activities and strengthened linkages to the other five natural resources departments and the Department of Foreign Affairs and International Trade have resulted in AAFC gaining considerable recognition, nationally and internationally, as a leader in research on soil conservation, greenhouse gases and associated measurement and verification technologies. Our contribution to a recent report to the International Panel on Climate Change concluded that Canada's global sink potential is sufficient to virtually offset our global emission reduction targets in the Kyoto agreement.

### AGRI-INFO

*Tobacco is an ideal plant for transgenic research as it offers containment in an agricultural setting. It is a non-food crop, doesn't survive over winter, and has no wild relatives in southern Ontario. Valuable proteins produced in the leaves of the plants can be harvested before they flower. One such protein, Interleukin-10 (HIL-10), is being researched as a treatment for a number of diseases, including Crohn's Disease. For more information, visit:*

**<http://www.agr.ca/cb/news/1999/N90629ae.html>**

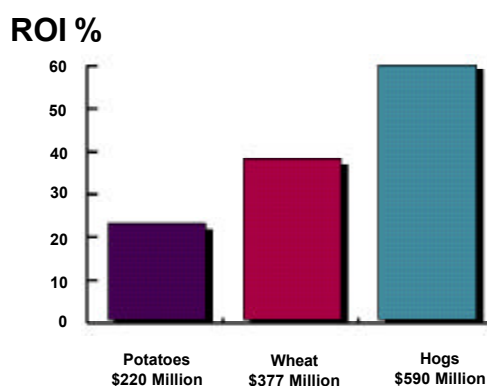


- With \$17 million over the next three years in additional funding for genomic research, AAFC established genomics research teams from across Canada to isolate genes to enhance the adaptation and pest resistance of canola, wheat, corn and soybeans. Our scientists are also looking for genes which can increase the value of these important commodity crops.
- Canada has one of the world's most attractive investment climates and Canadian companies can benefit from effective and competitive funding programs. The Research and Development Matching Investment Initiative (MII) matches investments by the private sector in agricultural research and development. Tax credits for research and development are among the most attractive in the G8 countries, and if combined with the Matching Investment Initiative, a company may offset up to two thirds of their investments. Industry Canada and the National Research Council operate Technology Partnerships Canada and the Industrial Research Assistance Program, respectively. These programs complement the MII as they provide repayable contributions to support the downstream stages of research and development. For more information, visit <http://www.agr.ca/progser/rdmie.html> .
- AAFC's Agrifood Trade (AFT)-2000 provides matching funding for developing export market strategies. Job creation and income generation are important criteria in this cost-shared program.

### Performance Indicator

- We have completed a number of studies on the impact of agricultural and agri-food research and development activities on the sector and these are an excellent indicator of our performance. Extensive ROI (Return on Investment) studies have been completed on potatoes, wheat, hogs and forages. For example, the chart illustrates that the benefits that accrue to the Canadian economy each year from wheat research alone (\$377 million) exceed the typical annual expenditures for all our R&D activities.

### RETURN ON INVESTMENT (ROI) FOR AGRI-RESEARCH AND DEVELOPMENT



### RETURN ON INVESTMENT STUDIES – SUMMARY RESULTS

Study	POTATOES	WHEAT	HOGS	FORAGES
<b>ROI</b>	28%	34%	53.1%	5.2-8.5%
<b>NET Benefits/Year</b>	\$220 million	\$377 million	\$590 million	N/A

# SUSTAINABLE RESOURCE USE

## Our Strategies

- Protect the biological diversity of pasture lands controlled by PFRA;
- Supply new sources of safe, reliable water to prairie residents and enterprises;
- Protect lands, improve wildlife habitat and increase carbon sequestration through shelterbelt seeding distribution and continued investigations into fast growing tree species;
- Promote improvement of water quality through development and distribution of guidelines for aeration of surface water supplies; and
- Increase understanding of manure management, erosion control, and riparian management by developing information and distributing it to producers.

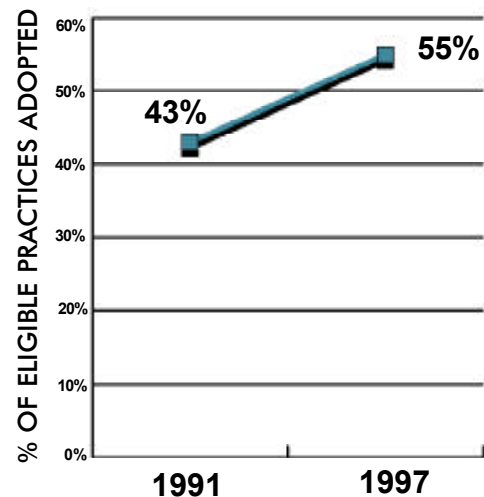
**1999-2000  
EXPECTED  
RESULT**

**Increased environmental sustainability of our soil, water and air.**

## 1999-2000 Performance Highlights

- Saskatchewan Environment & Resource Management (SERM) recognized after biological diversity investigations in southwestern Saskatchewan that the 1.2 million hectare Community Pasture system contains “some of the largest and healthiest native grasslands in the province.” SERM and AAFC’s Prairie Farm Rehabilitation Administration signed a Memorandum of Understanding (MOU) in February of 1997, lasting five years, to include all our Community Pastures in Saskatchewan within the Representative Area Network. The MOU recognizes AAFC’s commitment to sustainable management of native rangeland resources and that livestock grazing is an effective ecosystem management tool. Similar efforts are currently under way in Manitoba.
- Surface water supplies provided by dugouts represent an important source of water for prairie residents. Aeration maintains an adequate concentration of oxygen in the water, thereby significantly improving the quality of the water supply. Laboratory and field testing for effectiveness of various commercially available aeration equipment has resulted in a formulation of a design standard for aerating prairie dugouts. The result of these investigations resulted in three fact sheets being created and distributed to over 3,000 rural residents and accessed through the AAFC Web site, [www.agr.ca/pfra/water/wqualite.htm](http://www.agr.ca/pfra/water/wqualite.htm).
- Over its hundred year history, the PFRA Shelterbelt Center

**CHANGE IN ADOPTION OF SUSTAINABLE PRACTICES BY AGRICULTURAL PRODUCERS**

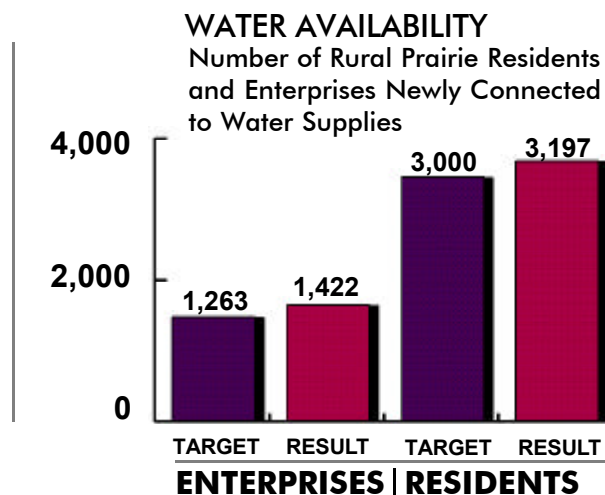


has supplied a half billion trees and shrubs to prairie producers. Shelterbelts not only protect soil from erosion, they also sequester carbon, helping to reduce greenhouse gases. Under the Kyoto Protocol, Canada has committed to reducing greenhouse gases by 6% by the year 2012, using 1990 reference levels. This year, PFRA grew and distributed enough foliage to protect 24,000 hectares of agricultural lands and rehabilitate 325 hectares of wildlife habitat. For seedlings distributed in the 1999 shipping season, it is estimated that there is a sequestration potential of 488,000 tonnes of carbon by 2049 (i.e., 50 year period).

- AAFC has participated with Manitoba government officials in monitoring the effects of agriculture on water quality in the Assiniboine Delta Aquifer. This ongoing monitoring program continues to show only occasional and non-recurring surface and groundwater pesticide detections with all readings at concentrations well below drinking water quality guidelines. Also, the monitoring has demonstrated that existing conditions exhibit relatively stable groundwater nitrate concentration levels. Recent trials at the Canada-Saskatchewan Irrigation Diversification Centre have concluded that it is possible to reduce energy costs of centre pivot irrigation by up to 50%, and to significantly improve water application efficiency using lower elevation spray application technologies.

### Performance Indicator

- Improvement of the availability and quality of rural water in the agriculture and agri-food sector reflects the PFRA mandate to focus on the prairies in the management of scarce water resources.



## INTEGRATED POLICIES AND DECISION MAKING

### Our Strategies

- Fully implement AAFC's Biodiversity Strategy;
- Establish a sectoral strategy to respond to the Kyoto Protocol commitments through the Agriculture and Agri-Food Climate Change Table to reduce sectoral emissions of greenhouse gases;
- Fully implement the AAFC three year Agriculture in Harmony with Nature: Sustainable Development Strategy; and
- With the Canadian Pork Council, implement a national technology assessment and transfer initiative to improve industry access to best hog management environment technologies.

**1999-2000  
EXPECTED  
RESULT**

**Adherence to sustainable development principles governing all federal departments.**

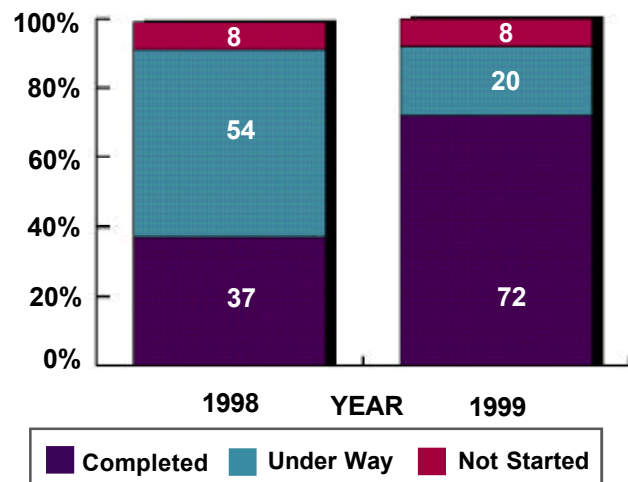
## 1999-2000 Performance Highlights

- The *Environmental Sustainability of Canadian Agriculture: Report of the Agri-Environmental Indicator Project* presents a new set of tools, agri-environmental indicators, to help guide and evaluate the environmental performance of Canada's primary agricultural sector. It is the product of a collaborative six-year effort in which many scientists contributed to the work, and an advisory committee of key farm and non-farm stakeholders (farm organizations, scientific bodies, conservation groups, provincial agriculture ministries and others) played an active role in developing and shaping the report. The findings reveal that significant progress has been achieved, particularly regarding the conservation of soil resources.
- Methyl bromide, used predominantly by the agriculture and agri-food sector, has been identified as an ozone depleting substance under the Montreal Protocol. Co-operative research and demonstration projects between AAFC, other Canadian federal government departments, and industry have helped the sector reduce its consumption of methyl bromide in Canada by about 40%.
- Agricultural activities are responsible for approximately 10% of Canada's greenhouse gas (GHG) emissions. As part of the development of Canada's National Implementation Strategy on Climate Change, the Agriculture and Agri-Food Table was created and tasked with examining options for reducing GHG emissions from the sector. Many AAFC partners contributed to the work of the Table, including industry groups, NGOs, academia, and federal and provincial officials. After 16 months of research and deliberation by Table members, an "Options Report" was released in February 2000. The report includes a set of 11 recommendations on how to create an environment to foster net GHG reduction in the agricultural sector at a minimal economic cost to the sector and to the Canadian economy as a whole.
- The Department has reached the mid-way point of the implementation of its three-year Sustainable Development Strategy (SDS) action plan, and some of the goals of the SDS are now being realized. We have helped to increase the understanding of environmentally sustainable practices to the sector; we have promoted environmental and resource stewardship within the sector; we have provided a number of innovative solutions to address on- and off-farm environmental effects of agricultural activities; and we have attempted to increase industry awareness of environmental marketing and trade opportunities.

### Performance Indicator

- As indicated in the graph, there has been an overall increase in the percentage of Sustainable Development Strategy commitments that have been completed from 1998 to 1999. Ninety-nine percent of our SDS commitments are either complete or under way.

PERCENT OF SUSTAINABLE DEVELOPMENT STRATEGY COMMITMENTS UNDER WAY OR COMPLETED BY AAFC



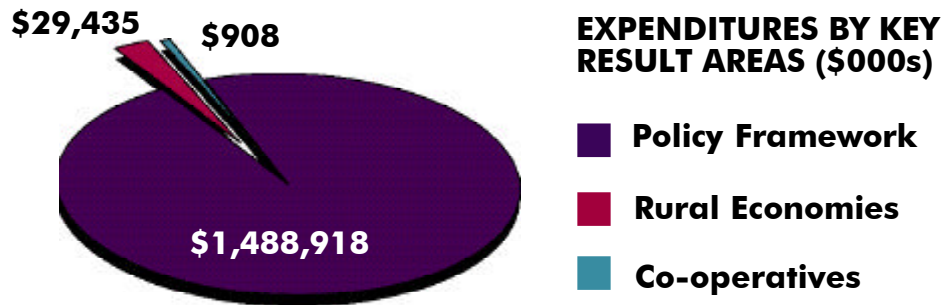


# STRONG FOUNDATION FOR THE SECTOR AND RURAL COMMUNITIES

## Business Line Objective

To work with industry, the provinces and other partners to enhance the sector's economic viability, while strengthening opportunities for rural community economic development.

Our three Key Result Areas for this business line are: **Policy Framework** (Stabilization of Farm Incomes and Risk Management; Renewed Adaptation Strategy; Market Regulation; Policy Development and Analysis), **Rural Economies**, and **Co-operatives**.



## STRATEGIC PARTNERS

DEPARTMENTAL	PORTFOLIO	EXTERNAL
<ul style="list-style-type: none"> <li>• Policy Branch</li> <li>• Prairie Farm Rehabilitation Administration</li> </ul>	<ul style="list-style-type: none"> <li>• Canadian Food Inspection Agency</li> <li>• Canadian Dairy Commission</li> <li>• Farm Credit Corporation</li> <li>• Canadian Grain Commission</li> <li>• Canadian Wheat Board</li> <li>• National Farm Products Council</li> </ul>	<ul style="list-style-type: none"> <li>• Other Federal Government Departments</li> <li>• Provincial Governments</li> <li>• Provincial Safety Net Agencies</li> <li>• Financial Institutions</li> <li>• Universities</li> <li>• Co-operative Associations</li> <li>• Farm Groups</li> <li>• International Agricultural Organizations</li> <li>• Rural Canadians</li> </ul>

# 1999-2000 YEAR IN REVIEW

## STABILIZATION OF FARM INCOMES AND RISK MANAGEMENT

### Our Strategies

- Collaborate with the provinces and other partners to deliver safety net programs and long-term agreements.

**1999-2000  
EXPECTED  
RESULT**

**Improved stability  
of farm income.**

### Performance Highlights

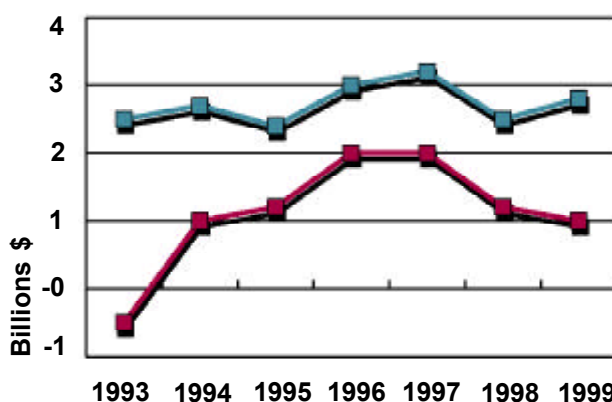
- In delivering a national income disaster program in four provinces, AAFC provided assistance in the amount of \$533 million to 25,872 producers. For more information, visit <http://www.agr.ca/cb/news/2000/n00706ae.html> .
- AAFC negotiated a long-term federal-provincial safety net agreement which included \$665 million for core programs and up to \$435 million per year for an income disaster program. For more details visit <http://www.agr.ca/cb/news/2000/n00705ce.html> .
- As a result of the introduction of the income disaster program, producer incomes were stabilized at 70% of their gross operating margin in previous years.

### Performance Indicators

- By looking at the realized net income of producers annually, AAFC can conclude that safety net program participants had less variation in farm income.

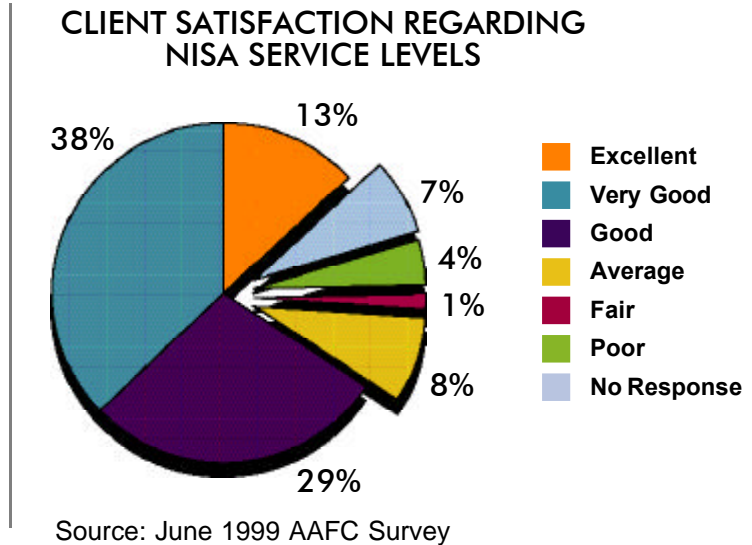
#### REDUCTION IN FARM INCOME VARIATION

(Measured by comparing the income variation of program participants to non-participants)



— Realized Net Income of Participants  
— Realized Net Income of Non-Participants

- In terms of client satisfaction with service delivery of NISA, the following graph illustrates the results of a June 1999 survey where respondents were asked “Based on your experiences, how would you rate the overall quality of the service you receive from the NISA Administration?” Thus, 80% of clients rated NISA service delivery as good or better.



## RENEWED ADAPTATION STRATEGY

### Our Strategies

- Provide adaptation programs to enable the agriculture and agri-food sector to make adjustments due to the effects of global impacts.



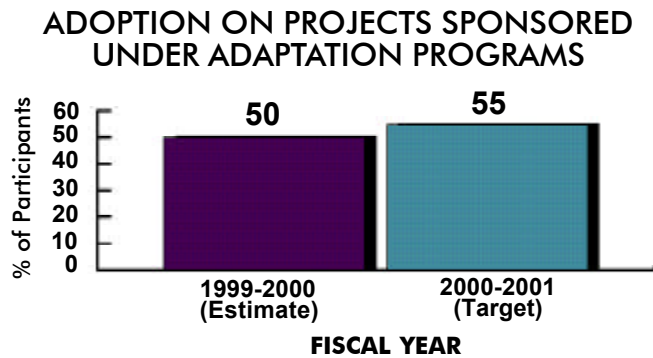
### 1999-2000 Performance Highlights

- Implemented Canadian Adaptation and Rural Development’s (CARD) renewed set of adaptation programs focussing on six priority areas (innovation, capturing market opportunities, environmental sustainability, food safety and quality, rural development, human resource capacity building).
- Developed CARD II performance management framework to provide stakeholders (industry and provinces) with a framework for planning and measuring adaptation efforts.
- Implemented a project database to reflect CARD II priority reporting requirements. CARD will focus on collecting information by priority area to assess CARD’s accomplishments.
- The Auditor General cited the new governance arrangement under CARD as a good example for other departments to consider for third party service delivery arrangements.



### Performance Indicator

- In 1999-2000, an estimated 50% of participants in CARD programs adopted new practices and technologies.



## DEVELOPMENT OF AGRICULTURAL/RURAL ECONOMIES

### Our Strategies

- Identify and implement the departmental contribution to the cross-government Canadian Rural Partnership Initiative; and
- Increase the understanding and adoption of value-added production and agricultural diversification among producers in the Prairies and the capacity of prairie clients to plan, implement and manage sustainable development.

**1999-2000  
EXPECTED  
RESULT**

**Departmental policies, programs and services that are more targeted to the needs of rural Canadians. Strategies and implementation plans supporting prairie clients in building the capacity for rural growth.**

### 1999-2000 Performance Highlights

- Concerted application of the “Rural Lens” to departmental programs and services has raised the level of awareness of rural concerns within the Department. A check list of key questions for policy/decision makers now ensures rural needs are met. For more details, visit [http://www.rural.gc.ca/checklist\\_e.htm](http://www.rural.gc.ca/checklist_e.htm) .
- Continued emphasis on value-added production and diversification through fact sheets, evaluations, partnerships (e.g., sea buckthorn growers guide, evaluations of fruit production, development of mechanized harvesting equipment in collaboration with the University of Saskatchewan).
- Development of a Geographic Information System (GIS) to provide the necessary infrastructure to collect, link and deliver both private and public spatial data that will be of economic and social value to both government and communities.

### Performance Indicator

- Performance measures are currently being developed.



# MARKET REGULATION

## Our Strategies

- Work with industry to develop new grain reform legislation; and
- Assist the supply management industries (dairy, poultry) in responding to new challenges in domestic and export marketplace.

**1999-2000  
EXPECTED  
RESULT**

**A market regulation strategy that improves industry growth, competitiveness and self-reliance.**

## 1999-2000 Performance Highlights

- Developed a grain handling and transportation reform package through Government discussions in areas where industry consensus was not reached. For more information, visit <http://www.agr.ca/cb/news/2000/n00629ae.html> .
- Approved regulations to establish a Canadian Wheat Board contingency fund. For more information, visit <http://www.agr.ca/cb/news/1997/n70925ae.html> .
- Assisted the supply management industries in responding to new challenges through the provision of internal policy development and analysis.
- Provided direction on regulatory changes needed to bring the sector's export programs and policies into compliance with the WTO ruling.

## Performance Indicator

- Currently being developed but may include assessing the productivity gains actually achieved over time.

# POLICY DEVELOPMENT AND ANALYSIS

## Our Strategies

- Provide relevant and timely economic information and advice on the agri-food sector and public policy.

**1999-2000  
EXPECTED  
RESULT**

**A business climate that fosters industry competitiveness and self-reliance, while ensuring environmental and social sustainability.**

## 1999-2000 Performance Highlights

- Our efforts enhanced AAFC's capacity to conduct research and analysis on the fundamental forces of change facing the sector by strengthening the policy linkages with the external policy community, universities and other government departments. Through co-operative working relationships with internal and external institutions, AAFC has extended the range of economic analysis available to the Department.

- Working in collaboration with federal and provincial governments and industry, we:
  - Developed the Agricultural Market Database aimed at promoting a better understanding among trade negotiators and agricultural policy advisors of the level and nature of market access barriers across countries and commodities;
  - Identified new environmental indicators to support the Kyoto commitments, emphasizing the leading-edge nature of these in comparison with other countries;
  - Developed a program of attitudinal research to complement traditional economic analysis, and assess producer needs and expectations with respect to agricultural policies and programs;
  - Assisted Department of Indian Affairs and Northern Development negotiators to complete self-government agreements-in-principle with the Meadow Lake Tribal Council in Saskatchewan and the Sioux Valley Dakota Nation in Manitoba; and
  - Initiated the development of a departmental Aboriginal Strategy.

### Performance Indicator

- We have no method at this time to accurately assess the impact of knowledge on the agriculture and agri-food sector's productivity.

## CO-OPERATIVES

### Our Strategies

- Promote the use of co-operatives in addressing economic and social challenges faced by all Canadians; and
- Establish a policy framework for the development of co-operatives.

**1999-2000  
EXPECTED  
RESULT**

**Federal policies and programs that facilitate the development of co-operatives.**

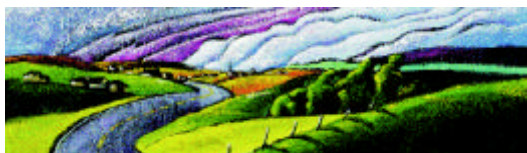
### 1999-2000 Performance Highlights

- The *Canada Co-operative Act* was adopted and came into effect December 1999. For details, visit [http://www.agr.ca/policy/coop/amnact\\_e.htm](http://www.agr.ca/policy/coop/amnact_e.htm) .
- Through publications such as *The Health Care Co-operative Start-up Guide* and active participation in federal/provincial conferences, AAFC raised awareness of the potential contribution of the co-operative option in addressing economic and social challenges faced by Canadians.
- Working in partnership with the Canadian Co-operative Association, the Conseil Canadien de la Coopération and provincial governments, AAFC produced an information kit on co-operatives and made these kits available through the Canada Business Service Centre, <http://www.cbcs.org/english/> and the co-operatives Web site, <http://www.agr.ca/policy/coop/contents.html> .

### Performance Indicator

- Performance measures are currently being developed.

# CANADIAN RURAL PARTNERSHIP (CRP) INITIATIVE



## Objective

To lead and co-ordinate government-wide rural policy development and implementation and to respond to the challenges and issues of rural Canadians through partnership initiatives among federal departments and agencies, other levels of government and rural stakeholders.

## Operating Environment

The Minister of Agriculture and Agri-Food, Lyle Vanclief, is also the Minister Co-ordinating Rural Affairs. As such, he leads the government-wide Canadian Rural Partnership (CRP) initiative in addition to advocating for Canadians living in rural areas under AAFC's mandate as a department. On August 3, 1999, Andy Mitchell was appointed Secretary of State for Rural Development, further reflecting the government's commitment to rural Canadians.

The CRP is the Government of Canada's commitment to increase opportunities for rural Canadians and to adapt its programs to reflect rural realities. The success of this initiative is dependent on the Government's ability to work across departments and agencies, to listen and respond to rural Canadians' needs and concerns, and to provide rural Canadians with better access to federal programs, services and information. In addition, its success is dependent on the application of a "Rural Lens" to federal policies, programs and services to ensure that their impact on rural communities is taken into consideration, thereby paving the way for rural Canadians to take advantage of opportunities and fostering stronger rural communities.

The cornerstone of this rural initiative has been the development and implementation of a Federal Framework for Action in Rural Canada, which reflects rural Canadians' vision for their communities and lists 11 priority action areas for federal initiatives resulting from the Rural Dialogue in 1998.

# STRATEGIC PARTNERS

DEPARTMENTAL	EXTERNAL
<ul style="list-style-type: none"> <li>• Policy Branch</li> </ul>	<ul style="list-style-type: none"> <li>• 28 Federal Government Departments and Agencies forming the <i>Interdepartmental Working Group on Rural</i></li> <li>• Rural teams of federal, provincial, territorial and non-governmental representatives</li> </ul>

# 1999-2000 YEAR IN REVIEW

## CANADIAN RURAL PARTNERSHIP INITIATIVE

### Our Strategies

- Develop a cross-departmental strategic action plan;
- Apply the “Rural Lens” to new and renewed federal policies, programs and services;
- Implement partnership initiatives;
- Test new community development approaches through pilot projects;
- Undertake information outreach activities; and
- Improve information knowledge across government.

### 1999-2000 EXPECTED RESULT

**Better policy and program decisions at the national and regional level with the input of rural Canadians. Increased awareness of and equitable access to federal programs and services by rural Canadians.**

### 1999-2000 Performance Highlights

- The level of awareness of rural issues has increased within the federal government through the application of the “Rural Lens.” For example, this has been reflected in:
  - \$90 million over five years for the Community Futures Program;
  - \$400 million to help prairie grain producers and their families; a \$2.6 billion infrastructure program over six years, of which a significant portion will be used in rural Canada;
  - 71 Canadian Rural Partnership Pilot Projects approved across the country in 1999-2000;
  - 110 Service Canada Access Centres Pilot Projects, of which 93 are in rural Canada.
- Federal government responsiveness to rural citizens’ concerns and issues identified through the Rural Dialogue has improved, as demonstrated by the following government actions:
  - Federal Framework for Action in Rural Canada;
  - Appointment of Andy Mitchell as Secretary of State for Rural Development;
  - Continuation of the Rural Dialogue nationally and regionally;
  - Ongoing outreach activities, including having the Rural Fairs and Exhibits Program visit 87 venues and reach 1 million Canadians;
  - Publication and distribution of 1.2 million copies of *Your Guide to Government of Canada Programs*.

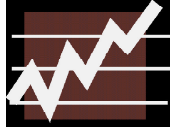
### Performance Indicators

- Level of federal awareness of rural issues as expressed through the application of the “Rural Lens” to federal actions.
- Level of federal responsiveness, through ongoing dialogue, to rural citizens’ concerns and issues.
- As part of the CRP initiative, we are establishing a system to measure and report performance on federal rural initiatives.

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**For more information on Canadian Rural Partnership Initiatives, visit <http://www.rural.gc.ca>**

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## Business Line Objective

To be the best performing organization in the Public Service of Canada.

Our four Key Result Areas for this business line are: **Creating Shared Departmental Direction, Fostering a Motivated, Representative and High Performance Work Force, Having the Right Tools and a Supportive Work Environment, and Encouraging Continuous Improvement.**

### Operating Environment

- AAFC is a government department with over 5,500 employees situated across the country, who work in a variety of areas including providing quality service delivery and programs to the agriculture and agri-food sector.
- As one of many corporate initiatives, AAFC has agreed to be a Treasury Board pilot department under *Results for Canadians: A Management Framework for the Government of Canada*. Modernized Comptrollership is aimed at fostering a results-based management regime based on leadership and values, well-defined standards, and sound risk management with the right systems in place to ensure optimum decision making.
- AAFC's corporate plans have a three-year planning horizon, and for many of our commitments we are just completing and reporting on the first stages of the three-year plan.

### *AGRI-INFO*

*AAFC employs a core work force of 5,500 employees including research scientists, technicians, field workers, economists, commerce officers and administrative staff.*

## 1999-2000 YEAR IN REVIEW

### CREATING SHARED DEPARTMENTAL DIRECTION

#### Our Strategies

- To improve communication between management and staff to ensure a cohesive vision is being shared throughout the Department.

**1999-2000  
EXPECTED  
RESULT**

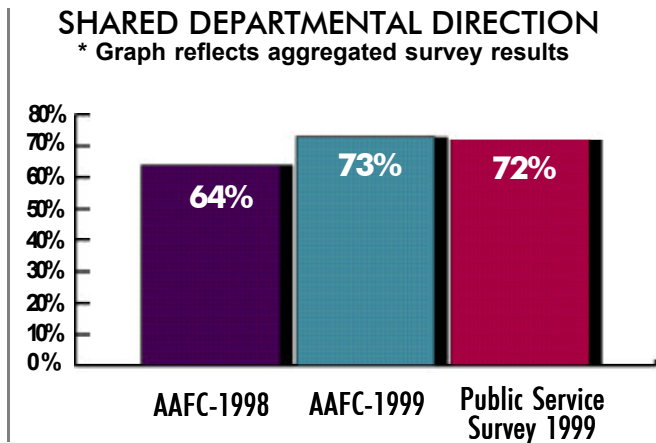
**AAFC is the best performing organization in the Public Service of Canada.**

## 1999-2000 Performance Highlights

- Over 1,050 employees engaged in discussions at Regional Departmental Management Meetings held in Prince Edward Island, Manitoba, and Quebec to ensure that a consistent cohesive message of the Department's direction was shared and in place to endure over time. Evaluations and positive feedback from the meetings have led to placing a greater emphasis on the importance of increased internal communication of the departmental direction.

### Performance Indicator

- A survey of the Department's employees, conducted in 1998, revealed that 64% of employees understood the Department's direction. In 1999, 73% of employees understood the direction of the Department, representing almost a 10% increase.



## FOSTERING A MOTIVATED, REPRESENTATIVE AND HIGH PERFORMANCE WORK FORCE

### Our Strategies

- Implement a diversity management plan to ensure that AAFC has a work force that is representative of the Canadian labour force; and
- Develop a human resources strategy that includes career planning, employee learning, and language training.

**1999-2000  
EXPECTED  
RESULT**

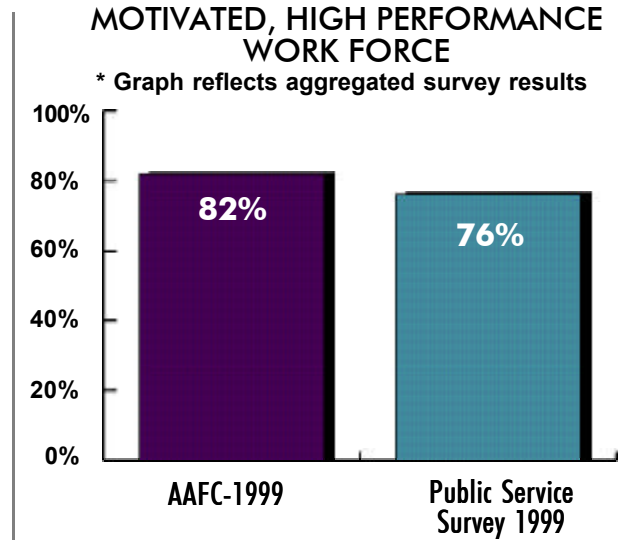
**AAFC is an employer of choice. AAFC has a work force aligned to meet its business needs.**

### 1999-2000 Performance Highlights

- A representative census initiative was successfully completed in early 2000 with over 90% of all our employees responding. As a result, we now have a more accurate picture of the representativeness of our work force. The representation levels in three of the four employment equity groups (persons with disabilities, Aboriginal peoples, visible minorities) are almost double that which was reported in March 1999. In addition, due to recent recruitment efforts, AAFC has met, and in some cases exceeded, our first year targets toward a more inclusive work force.
- AAFC met its commitments in career planning and the Department's investment in learning. The next step is to build upon our initial efforts. Although we have allocated resources to train our staff and foster continuous learning, we must expand on this by better aligning our training and development expenditures with anticipated future needs of the Department.

## Performance Indicator

- Eighty-eight per cent of AAFC employees expressed the view in the Public Service Employee Survey that every individual, regardless of race, colour, gender or disability, is accepted as an equal member of their work team. Moreover, 82% of the Department's employees responded in a way that suggests a motivated, high performance work force, compared to a 76% response across the Public Service.



## HAVING THE RIGHT TOOLS AND A SUPPORTIVE WORK ENVIRONMENT

### Our Strategies

- Prepare the systems infrastructure and facilities for Y2K;
- Plan to increase single-window access to AAFC information; and
- Carry out Modernized Comptrollership practices.

**1999-2000  
EXPECTED  
RESULT**

**The right information  
in a timely manner.  
A supportive work  
environment.**

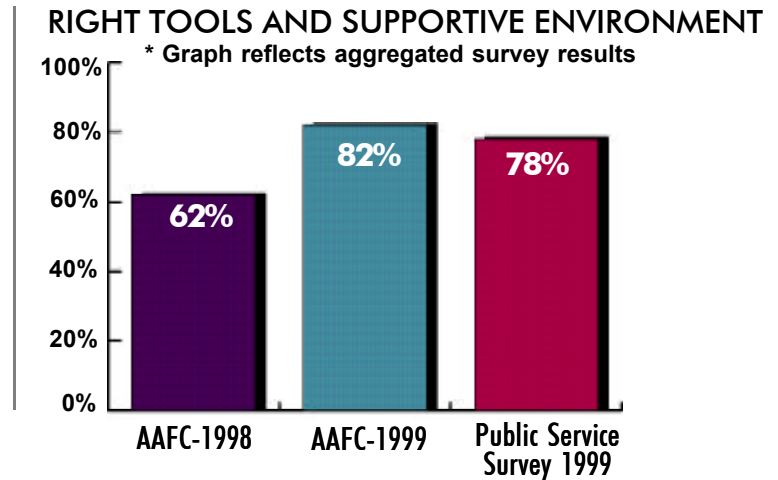
### 1999-2000 Performance Highlights

- The Y2K strategy was on target and well under budget. The project went above and beyond the Department's goal of having all critical equipment ready for the Y2K roll over. AAFC delivered our services efficiently and effectively to Canadians without any major complications.
- Part of the Modernized Comptrollership initiative included a Y2K strategy that led to implementing Saturn, a financial and materiel management system, to resolve Y2K issues with the existing system, to replace six financial and materiel management systems, and to provide the capability to meet the requirements of the Financial Information Strategy (FIS). This change resulted in more effective service to Canadians.
- Other components of the Modernized Comptrollership initiative include the development of an integrated Management Information System that would allow managers to make more informed decisions on a variety of issues. This strategy envisions linking our two major information systems (PeopleSoft and Saturn) to capture a more accurate view of the Department's performance on issues such as the level of investment in employee learning.
- We arranged Web site access to increase Canadians' availability to AAFC information and reports. The Department's internal Web site has undergone a major redesign and activity on the site has grown to over 325,000 users per month, compared to 212,000 users per month at this time last year. Of the 600 agriculture producers who were interviewed to provide feedback on the Web site, AAFC's site was rated the second most popular site in Canada after Yahoo.



### Performance Indicator

- From the 1998 survey of the Department's employees, only 62% of employees reported that they had the right tools and resources to do their job effectively. However, considerable improvements in this area (82%) occurred by our 1999 survey, and we anticipate even more enhancement to Information Management/Information Technology (IM/IT) systems in the future.



## ENCOURAGING CONTINUOUS IMPROVEMENT

### Our Strategies

- Implement a Performance Measurement Strategy to allow the Department to track its performance in several areas on an ongoing basis;
- Respond to areas of improvement identified by AAFC employees in the Public Service Employee Survey; and
- Seek ongoing input from AAFC's stakeholders and clients.

**1999-2000  
EXPECTED  
RESULT**

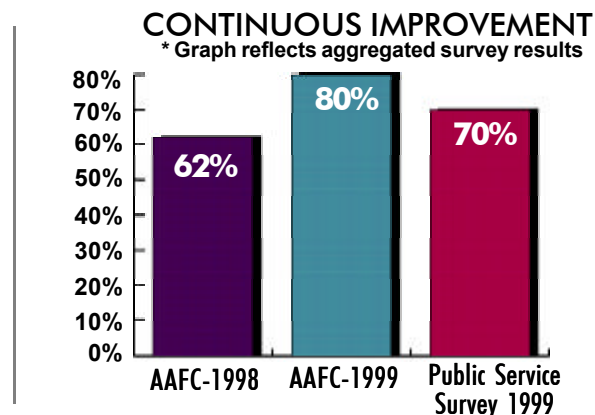
**Improve management practices by responding to employee feedback.**

### 1999-2000 Performance Highlights

- Our Performance Measurement Strategy included the development of 15 performance indicators by an intra-departmental team working horizontally across the Department. Our Web-based Management Information System, Enterprise, also was implemented and permits improved reporting.
- AAFC sought input from stakeholders from across Canada on our draft business plans.
- Nineteen corporate audits, evaluations and other reviews were initiated in order to identify opportunities for improving departmental programs, policies and systems.
- An inter-branch committee consulted with employees across the country and developed a proposed action plan to address concerns raised in the Public Service Employee Survey. This was presented to senior management in March for discussion and decision. Follow-up and implementation have begun.

### Performance Indicator

- In response to a departmental survey in 1998, 62% of AAFC employees indicated that the department supported continuous improvement. A year later, the response increased to 80% of employees, surpassing the Public Service average of 70%.





# FINANCIAL INFORMATION

## 1999-2000 AAFC DEPARTMENTAL PERFORMANCE REPORT

### FINANCIAL INFORMATION

- Table 1. — Summary of Voted Appropriations
- Table 2. — Comparison of Total Planned Spending to Actual Spending
- Table 3. — Historical Comparison of Total Planned Spending to Actual Spending
- Table 4. — Respendable Revenues
- Table 5. — Non-Respendable Revenues
- Table 6. — Statutory Payments
- Table 7. — Transfer Payments
- Table 8. — Capital Projects by Business Line
- Table 9. — Canadian Grain Commission Revolving Fund
- Table 10. — Canadian Pari-Mutuel Agency Revolving Fund

### SUPPLEMENTARY INFORMATION

- Canadian Pari-Mutuel Agency 49
- Canadian Grain Commission 52
- National Farm Products Council 56

### CONSOLIDATED REPORTING

- Sustainable Development Strategy 60

### STATUTORY ANNUAL REPORTS

- Farm Income Protection Act 63
- Agricultural Marketing Programs Act 72
- Farm Improvement and Marketing Cooperatives Loans Act 74

NOTE: The figures in the following set of tables have been rounded to the nearest millions of dollars. For this reason, figures which cannot be listed in millions of dollars are shown as 0.0.

### FINANCIAL TABLE 1. Summary of Voted Appropriations

Financial Requirements by Authority (\$ Millions)

Vote	Agriculture and Agri-Food Program	1999-2000		
		Planned Spending	Total Authorities	Actual
1	Operating Expenditures	369.7	482.1	475.8
5	Capital Expenditures	28.8	29.2	29.2
10	Grants and Contributions	764.1	1,033.3	860.1
(S)	Grants to agencies established under the <i>Farm Products Agencies Act</i>	0.2	0.6	-
(S)	Payments in connection with the <i>Agricultural Marketing Programs Act</i>	65.5	28.8	28.8
(S)	Loan Guaranties under the <i>Farm Improvement and Marketing Cooperatives Loans Act</i>	4.0	0.9	0.9
(S)	Payments in connection with the <i>Farm Income Protection Act - Transition Program for Red Meats</i>	-	2.0	2.0
(S)	Payments in connection with the <i>Farm Income Protection Act - Agri-Food Innovation Program</i>	-	8.4	8.4
(S)	Payments in connection with the <i>Farm Income Protection Act - Crop Insurance Program</i>	222.6	217.5	217.5
(S)	Payments in connection with the <i>Farm Income Protection Act - Canada/Nova Scotia Apple Industry Development Fund</i>	-	0.1	0.1
(S)	Payments in connection with the <i>Farm Income Protection Act - 1994 New Brunswick Debt Refinancing Program</i>	-	0.1	0.0
(S)	Payments in connection with the <i>Farm Income Protection Act - Net Income Stabilization Account</i>	212.6	244.0	244.0
(S)	Payments in connection with the <i>Farm Income Protection Act - Safety Net Companion Programs</i>	0.0	156.7	156.7
(S)	Payments in connection with the <i>Farm Income Protection Act - Crops Sector Companion Program</i>	-	-	-
(S)	Payments in connection with the <i>Farm Income Protection Act - Gross Revenue Insurance Program</i>	-	0.1	0.1
(S)	Minister of Agriculture and Agri-Food - salary and motor car allowance	0.0	0.1	0.0
(S)	Contributions to employee benefit plans	45.8	52.8	52.8
(S)	Spending of proceeds from the disposal of surplus Crown Assets	-	4.1	4.1
(S)	Collection Agency Fees	-	0.3	0.3
(S)	Court Awards	-	-	-
(S)	Canadian Grain Commission Revolving Fund	(0.5)	13.5	(1.2)
(S)	Canadian Pari-Mutuel Agency Revolving Fund	-	2.8	0.3
<b>TOTAL DEPARTMENT</b>		<b>1,712.8</b>	<b>2,277.4</b>	<b>2,080.1</b>

**FINANCIAL TABLE 2. Comparison of Total Planned Spending to Actual Spending**

Departmental Planned versus Actual Spending by Business Line (\$ Millions)

<b>BUSINESS LINES</b>	FTEs	OPERATING	CAPITAL	VOTED GRANTS & CONTRIBUTIONS	STATUTORY GRANTS & CONTRIBUTIONS	TOTAL GROSS EXPENDITURES	LESS: RESPONDABLE REVENUE	TOTAL NET EXPENDITURES
Expanding Markets	1,132	107.3	-	16.2	69.7	193.2	56.9	136.3
		<i>143.7</i>	<i>1.7</i>	<i>18.7</i>	<i>32.3</i>	<i>196.4</i>	<i>56.9</i>	<i>139.5</i>
	<b>1,145</b>	<b>136.7</b>	<b>1.7</b>	<b>18.7</b>	<b>31.7</b>	<b>188.8</b>	<b>65.9</b>	<b>122.9</b>
Innovating for a Sustainable Future	3,039	270.4	28.3	11.5	0.0	310.2	11.0	299.2
		<i>335.8</i>	<i>28.5</i>	<i>20.5</i>	<i>0.0</i>	<i>384.8</i>	<i>13.8</i>	<i>370.9</i>
	<b>3,390</b>	<b>335.6</b>	<b>28.5</b>	<b>20.5</b>	<b>0.0</b>	<b>384.5</b>	<b>13.8</b>	<b>370.7</b>
Strong Foundation for the Sector and Rural Communities	581	69.1	0.0	736.3	435.2	1,240.6	7.8	1,232.8
		<i>83.7</i>	<i>0.0</i>	<i>1,002.1</i>	<i>618.6</i>	<i>1,704.4</i>	<i>8.5</i>	<i>1,696.0</i>
	<b>524</b>	<b>80.2</b>	<b>0.0</b>	<b>829.0</b>	<b>618.6</b>	<b>1,527.7</b>	<b>8.5</b>	<b>1,519.3</b>
Sound Departmental Management	576	58.2	0.5	0.0	0.0	58.7	14.3	44.4
		<i>84.1</i>	<i>0.8</i>	<i>0.4</i>	<i>0.0</i>	<i>85.2</i>	<i>14.3</i>	<i>70.9</i>
	<b>725</b>	<b>80.2</b>	<b>0.8</b>	<b>0.4</b>	<b>0.0</b>	<b>81.3</b>	<b>14.1</b>	<b>67.2</b>
TOTALS	5,328	505.0	28.8	764.0	504.9	1,802.8	90.0	1,712.8
		<i>647.4</i>	<i>31.0</i>	<i>1,041.6</i>	<i>650.9</i>	<i>2,370.9</i>	<i>93.5</i>	<i>2,277.4</i>
	<b>5,784</b>	<b>632.6</b>	<b>31.0</b>	<b>868.5</b>	<b>650.3</b>	<b>2,182.4</b>	<b>102.3</b>	<b>2,080.1</b>

**Notes:**

Figures for planned spending appear in normal font.

Figures for total authorities are *italicized*.Figures for actual spending are **bolded**.

FTEs = Full-Time Equivalents

(1) Cost of services provided by other departments does not include contributions to Employee Benefit Plans which are included in the Operating figures (\$52.8 million actual spending).

**OTHER REVENUES AND EXPENDITURES**

<b>Less: Non-respondable Revenues</b>	165.6
	<i>133.7</i>
	<b>133.7</b>
<b>Plus: Cost of services provided by other departments (1)</b>	31.5
	<i>31.5</i>
	<b>29.3</b>
<b>Net Cost of the Program</b>	1,578.7
	<i>2,175.2</i>
	<b>1,975.7</b>

**FINANCIAL TABLE 2. (continued)**  
**Comparison of Total Planned Spending to Actual Spending**

Departmental Planned versus Actual Spending (\$ Millions)

	1999-2000		
	Planned Spending	Total Authorities	Actual
<b>Agriculture and Agri-Food Program</b>			
FTEs	5,328.0		5,783.8
Operating	505.0	647.4	632.6
Capital	28.8	31.0	31.0
Grants & Contributions	1,269.0	1,692.5	1,518.8
<b>Total Gross Expenditures</b>	<b>1,802.8</b>	<b>2,370.9</b>	<b>2,165.9</b>
Less			
Respendable Revenues	90.0	93.5	102.3
<b>Total Net Expenditures</b>	<b>1,712.8</b>	<b>2,277.4</b>	<b>2,080.1</b>
<b>Other Revenues and Expenditures</b>			
Less: Non-respendable Revenues	165.6	133.7	133.7
Plus: Cost of services provided by other departments	31.5	31.5	29.3
<b>Net Cost of Program</b>	<b>1,578.7</b>	<b>2,175.2</b>	<b>1,975.7</b>

**FINANCIAL TABLE 3. Historical Comparison of Total Planned Spending to Actual Spending**

Historical Comparison of Departmental Planned versus Actual Spending by Business Line (\$ Millions)

BUSINESS LINES	1999-2000				
	Actual 1997-98	Actual 1998-99	Planned Spending	Total Authorities	Actual
Expanding Markets	109.8	114.2	136.3	139.5	122.9
Innovating for a Sustainable Future	352.4	336.9	299.2	370.9	370.7
Strong Foundation for the Sector and Rural Communities	1,097.6	766.8	1,232.8	1,696.0	1,519.3
Sound Departmental Management	66.5	78.1	44.4	70.9	67.2
<b>TOTAL</b>	<b>1,626.3</b>	<b>1,296.0</b>	<b>1,712.8</b>	<b>2,277.4</b>	<b>2,080.1</b>

**FINANCIAL TABLE 4. Respendable Revenues**

Respendable Revenues by Business Line (\$ Millions)

<b>BUSINESS LINES</b>	<b>Actual 1997-98</b>	<b>Actual 1998-99</b>	<b>1999-2000</b>		
			<b>Planned Revenues</b>	<b>Total Authorities</b>	<b>Actual</b>
Expanding Markets	56.9	44.7	56.9	56.9	65.9
Innovating for a Sustainable Future	12.7	12.3	11.0	13.8	13.8
Strong Foundation for the Sector and Rural Communities	8.5	8.2	7.8	8.5	8.5
Sound Departmental Management	13.8	13.6	14.3	14.3	14.1
<b>Total Respendable Revenues</b>	<b>91.9</b>	<b>78.7</b>	<b>90.0</b>	<b>93.5</b>	<b>102.3</b>

**FINANCIAL TABLE 5. Non-Respendable Revenues**

Non-Respendable Revenues by Business Line (\$ Millions)

<b>BUSINESS LINES</b>	<b>Actual 1997-98</b>	<b>Actual 1998-99</b>	<b>1999-2000</b>		
			<b>Planned Revenues</b>	<b>Total Authorities</b>	<b>Actual</b>
Expanding Markets	29.9	8.8	8.8	105.5	105.5
Innovating for a Sustainable Future	14.7	11.1	11.1	10.0	10.0
Strong Foundation for the Sector and Rural Communities	7.3	6.9	6.9	4.5	4.5
Sound Departmental Management	173.2	138.9	138.9	13.8	13.8
<b>Total Non-Respendable Revenues</b>	<b>225.1</b>	<b>165.7</b>	<b>165.6</b>	<b>133.7</b>	<b>133.7</b>

**FINANCIAL TABLE 6. Statutory Payments**

Statutory transfer payments are included in Financial Table 7.



	Actual 1997-98	Actual 1998-99	1999-2000		
			Planned Spending	Total Authorities Actual	
<b>Transfer Payments continued...</b>					
<b>Innovating for a Sustainable Future</b>					
(S) Payments in connection with the <i>Farm Income Protection Act</i> — Agri-Food Innovation Program	11.2	-	-	8.4	8.4
Contributions in support of organizations associated with agriculture research and development	0.9	0.7	0.7	0.9	0.9
Contribution to the Protein, Oil and Starch (POS) Pilot Plant Corporation	2.7	2.7	2.5	2.5	2.5
Contributions in support of the National Soil and Water Conservation Program	0.1	0.6	1.7	2.7	2.7
Rural Water Development Program	4.5	5.6	5.6	5.0	5.0
Contributions to facilitate adaptation and rural development with the agriculture and agri-food sector	-	0.2	-	0.2	0.2
Contribution under the Agri-Food Assistance Program	0.2	0.1	-	0.1	0.1
Contributions under the Canada/Saskatchewan Partnership Agreement on Water-based Economic Development	1.1	-	-	-	-
Contributions under the Canadian agri-infrastructure program	37.2	-	-	-	-
Contributions for agricultural initiatives under the Green Plan	0.2	-	-	-	-
Contributions to the City of Portage la Prairie to facilitate expansion of the wastewater treatment system	0.7	-	-	-	-
	58.1	9.9	10.5	19.7	19.7
<b>Strong Foundation for the Sector and Rural Communities</b>					
(S) Payments in connection with the <i>Farm Income Protection Act</i> — Crop Insurance Program	206.1	226.9	222.6	217.5	217.5
(S) Payments in connection with the <i>Farm Income Protection Act</i> — Canada/Nova Scotia Apple Industry Development Fund	0.1	0.1	-	0.1	0.1
(S) Payments in connection with the <i>Farm Income Protection Act</i> — 1994 New Brunswick Debt Refinancing Program	0.1	-	-	0.1	0.1
(S) Payments in connection with the <i>Farm Income Protection Act</i> — Net Income Stabilization Account	203.2	245.4	212.6	244.0	244.0
(S) Payments in connection with the <i>Farm Income Protection Act</i> — Safety Net Companion Programs	214.5	75.7	0.0	156.7	156.7
(S) Payments in connection with the <i>Farm Income Protection Act</i> — Gross Revenue Insurance Program	0.2	0.1	-	0.1	0.1
(S) Payment in connection with the <i>Farm Income Protection Act</i> — Crop sector program		(109.0)	-	-	-
(S) Payments in connection with the <i>Farm Income Protection Act</i> — Agri-food innovation program	-	14.0	-	-	-
Contributions under the Agricultural Income Disaster Assistance (AIDA) pursuant to the <i>Farm Income Protection Act</i>	-	-	600.0	590.1	422.9
Contributions under the Economic Recovery Assistance Program (1998 Ice Storm)	0.1	4.7	9.0	7.9	7.9
Contributions under the Agriculture and Agri-Food Canada Scholarship Program	-	0.4	-	0.2	0.2
Payments for the benefit of producers for agricultural commodities by the Governor in Council pursuant to the <i>Farm Income Protection Act</i>	142.4	119.7	76.6	97.8	91.8

**Transfer Payments** continued...

	<b>Actual 1997-98</b>	<b>Actual 1998-99</b>	<b>1999-2000</b>		
			<b>Planned Spending</b>	<b>Total Authorities</b>	<b>Actual</b>
Contributions under the National Hazard Analysis and Critical Control Point Adaptation Program	4.2	4.9	1.5	0.8	0.8
Contributions under the Canadian Agri-Infrastructure Program	-	33.8	36.1	22.1	22.1
Contributions under the Canadian Farm Business Management Program	9.6	12.7	1.0	0.4	0.4
Contributions under the Business Planning for Agri-Ventures Program	1.3	2.7	-	0.0	0.0
Contributions to facilitate adaptation and rural development with the agriculture and agri-food sector	2.3	3.3	10.4	10.3	10.3
Contributions under the Agri-Food Assistance Program	-	0.0	-	0.5	0.5
Contributions under the Agriculture and Agri-Food Pest Management Program	0.2	0.4	-	0.0	0.0
One time emergency farm relief payment to Saskatchewan and Manitoba	-	-	-	240.0	240.0
Contributions to the Protein, Oil and Starch (POS) Pilot Plan Corporation	-	-	-	0.3	0.3
Contribution to organizations associated with agricultural research and development	0.1	0.1	-	0.1	0.1
Contribution under the Canadian Rural Partnership Initiative	0.5	1.7	-	0.1	0.1
Contributions for the 4-H Program and the Canadian agriculture safety program	1.5	1.5	-	-	-
Canada-Manitoba Partnership Agreement on municipal water infrastructure for rural economic diversification	1.6	0.3	-	-	-
Contributions under the Red River Valley jobs and economic restoration initiative	0.9	0.0	-	-	-
	<b>788.8</b>	<b>639.3</b>	<b>1,169.8</b>	<b>1,589.2</b>	<b>1,416.0</b>
<b>Sound Departmental Management</b>					
Contributions to the Canada Safety Council in support of National Farm Safety Week	0.0	0.0	0.0	0.0	0.0
Contributions under the Agri-Food Assistance Program	0.4	0.3	-	0.4	0.4
	<b>0.4</b>	<b>0.3</b>	<b>0.0</b>	<b>0.4</b>	<b>0.4</b>
<b>TOTAL CONTRIBUTIONS</b>	<b>906.7</b>	<b>717.4</b>	<b>1,266.1</b>	<b>1,659.7</b>	<b>1,486.5</b>
<b>TOTAL TRANSFER PAYMENTS</b>	<b>968.7</b>	<b>789.3</b>	<b>1,268.9</b>	<b>1,692.5</b>	<b>1,518.8</b>



**FINANCIAL TABLE 8. Capital Projects**

Capital Projects by Business Line (\$ Millions)\*

<b>BUSINESS LINES</b>	<b>Current Estimated Total Cost**</b>	<b>Actual 1997-98</b>	<b>Actual 1998-99</b>	<b>1999-2000</b>		
				<b>Planned Spending</b>	<b>Total Authorities</b>	<b>Actual</b>
<i>Innovating for a Sustainable Future</i>						
Consolidation of Farm Operations, Charlottetown, Prince Edward Island	8.4	0.1	0.1	0.7	0.7	0.5
Facility Retrofit, Fredericton, New Brunswick	17.0	0.1	0.7	1.1	1.1	0.9
Swine Research Facility, Lennoxville, Quebec***	6.3	0.4	5.1	0.0	0.0	0.1
New Facility, Guelph, Ontario***	10.0	0.5	3.5	5.4	5.4	5.8
Facility Upgrades, London and Delhi, Ontario***	12.0	1.4	7.0	2.2	2.2	1.4
Facility Retrofit, Winnipeg, Manitoba	18.6	0.0	0.9	1.1	1.1	0.8
Facility Consolidation and Upgrade, Saskatoon, Saskatchewan***	38.0	15.3	0.2	-	-	-
Retrofit existing facility and construct new multi-purpose research facility, Lethbridge, Alberta	34.6	0.1	1.4	4.1	4.1	1.6
Facility Retrofit, Agassiz, British Columbia	18.0	0.7	0.8	8.2	8.2	7.0
Total	18.6	19.7	22.8	22.8	18.0	
<i>Sound Departmental Management</i>						
Saturn Financial System	14.3	-	-	0.5	0.5	0.6
Total	0.0	0.0	0.5	0.5	0.6	

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

\*\* The Current Estimated Total Cost number includes both expenditures made in previous years and expenditures forecast for beyond 1999-2000.

\*\*\* Project completed.

**FINANCIAL TABLE 9. Canadian Grain Commission Revolving Fund (\$ Millions)**

	<u>Actual 1997-98</u>	<u>Actual 1998-99</u>	<u>Planned Spending</u>	<b>1999-2000</b>	
				<u>Total Authorities</u>	<u>Actual</u>
Revenues	57.3	42.5	46.2	46.2	68.0
Expenditures	55.8	53.6	54.0	54.0	56.3
<b>Profit or (Loss)</b>	1.5	(11.1)	(7.8)	(7.8)	11.7
Add items not requiring use of funds:					
Depreciation/amortization	1.7	1.5	1.7	1.7	1.1
Changes in working capital	0.8	6.9	0.6	0.6	(10.7)
Investing activities:					
Acquisition of depreciable assets	(1.9)	(0.7)	(2.0)	(2.0)	(1.6)
<b>Cash surplus (requirement)</b>	2.1	(3.4)	(7.5)	(7.5)	0.5
<b>Authority: cumulative surplus (drawdown)</b>	17.1	13.7	(6.4)	(6.4)	14.2

**Notes:** A "line of credit" of \$12 million was approved as the maximum amount that may be drawn from the CRF at any point in time. The authority balance includes the \$12 million drawdown. Figures for 1998-99 and 1999-2000 are audited.

**FINANCIAL TABLE 10. Canadian Pari-Mutuel Agency Revolving Fund (\$ Millions)**

	1999-2000				
	<u>Actual 1997-98</u>	<u>Actual 1998-99</u>	<u>Planned Spending</u>	<u>Total Authorities</u>	<u>Actual</u>
Revenues	13.4	13.6	14.3	14.3	14.1
Expenditures	13.9	14.5	14.3	14.3	14.4
<b>Profit or (Loss)</b>	(0.5)	(0.9)	0.0	0.0	(0.3)
Add items not requiring use of funds:					
Depreciation/amortization	0.2	0.1	0.2	0.2	0.1
Changes in working capital	0.1	0.4			0.1
Investing activities:					
Acquisition of depreciable assets	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
<b>Cash surplus (requirement)</b>	(0.5)	(0.5)	(0.1)	(0.1)	(0.3)
<b>Authority: cumulative surplus (drawdown)</b>	2.4	1.9	2.8	2.8	2.5

## Notes:

A "line of credit" of \$2 million was approved as the maximum amount that may be drawn from the CRF at any point in time. The authority includes the \$2 million drawdown.

# SUPPLEMENTARY INFORMATION



## CANADIAN PARI-MUTUEL AGENCY

### Our Commitment to Canadians

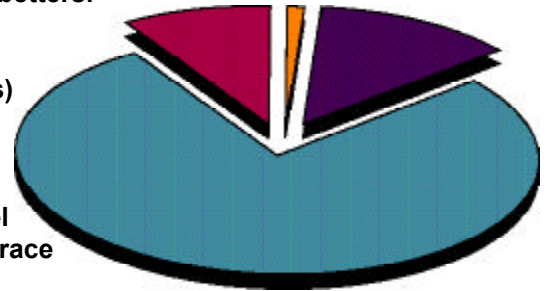
The Canadian Pari-Mutuel Agency (CPMA) is working to protect the wagering public against fraudulent practices by ensuring the integrity of pari-mutuel betting and providing efficient and effective pari-mutuel supervision with the resource level of the federal levy. The CPMA also helps maintain the viability of the Canadian racing industry by providing and promoting surveillance programs that contribute to the positive image of racing.

### *DID YOU KNOW?*

---

- There are 85 race tracks across Canada.
- The greatest part of every dollar bet through pari-mutuel betting is returned to the winning betters.

- Winning betters (majority)
- Track commission (% varies by provinces)
- Provincial tax (% varies by provinces)
- Federal levy (0.8%)



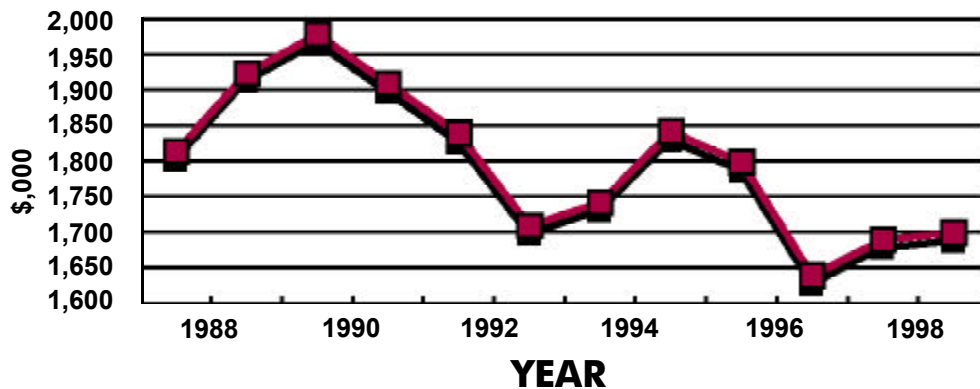
- The core activities of the CPMA are pari-mutuel supervision, drug research and control, video race patrol and photo finish.
- 

### Operating Environment

The CPMA is a Special Operating Agency accountable to the Minister of AAFC through the Assistant Deputy Minister, Corporate Services Branch. The CPMA is a full cost-recovery operation which derives its revenues from a levy against each dollar wagered on horse races in Canada, meaning that there is no cost to the taxpayers. The current levy is set at 0.8% on all wagers.

The level of delivery of CPMA's activities is directly affected by the level of wagering by the public. A fall in bets denotes a reduction in the Agency's revenue. Historically, in times of economic downturn, there has been a downward trend in betting activity. A further drop in the Canadian dollar could result in more top Canadian horses racing in the United States. Another pressure affecting the Agency has been the introduction of new forms of gambling (e.g., casinos and video lottery terminals). This has resulted in a drop in the gross amounts of bets on horse racing, see the following chart.

## HORSE WAGERING IN CANADA (GROSS)



Globalization of racing via satellite transmissions (Internet, dedicated TV channel) and cross border betting has necessitated the need for the Agency to consider proposing an amendment to the Canadian Criminal Code to allow for full betting service at home. As well, the Agency, in consultation with industry, is reviewing other aspects of Internet betting. These measures are necessary if Canada is to remain competitive in the gaming revenue market.

## STRATEGIC PARTNERS

	DEPARTMENTAL	EXTERNAL
	<ul style="list-style-type: none"> <li>• AAFC</li> <li>• Department of Justice Canada</li> <li>• Canadian Food Inspection Agency (Laboratory Services)</li> <li>• Standards Council of Canada</li> </ul>	<ul style="list-style-type: none"> <li>• Wagering Public</li> <li>• Racing Industry</li> <li>• Provincial Racing Commissions</li> <li>• Provincial Ministries of Finance</li> <li>• Service Companies/Laboratories</li> </ul>

## REGULATION

### Our Strategies

- Review and draft amendments to current regulations; and
- Consult with relevant stakeholders regarding proposed regulatory amendments.

**1999-2000  
EXPECTED  
RESULT**

**A regulatory framework which will ensure the best standards for public protection and industry integrity in both the domestic and foreign markets where globalization and technology advancements are providing new opportunities and challenges.**

## **1999-2000 Performance Highlights**

- A review of current regulations has been completed;
- Proposed amendments to the Pari-Mutuel Betting Supervision Regulations have been drafted;
- Preliminary consultations with the Department of Justice and provincial and industry stakeholders have been initiated; and
- Proposed regulatory amendments were discussed with the racing industry at the Annual CPMA-Industry Workshop in April 2000.

## **Performance Indicators**

- Feedback from consultations with the racing industry and the Provincial Racing Commissions on proposals for a regulatory framework was an excellent indicator of performance that the Agency was addressing the major concerns of the Canadian racing industry.
- Overall acceptance of regulatory changes by the wagering public indicated approval of CPMA's decisions.
- The endorsement of the federal-provincial-territorial justice ministers to include the Criminal Code provisions relating to Internet gambling and pari-mutuel betting in the Terms of Reference, approved in December 1999, for an official Working Group to review the issue and to report to the Deputy Ministers in the fall of 2000, supports proposed regulatory amendments by the Agency.
- Compliance with Privy Council Office — Justice's criteria with respect to the drafting of regulatory amendments.
- Publication of regulatory amendments to the Pari-Mutuel Betting Supervision Regulations, Part V – Drug Control Surveillance Program in Part II of the Canada Gazette, on April 26, 2000.



# CANADIAN GRAIN COMMISSION

The Canadian Grain Commission (CGC) is the pivotal federal agency in Canada's unique grain quality system. This system is responsible for delivering grain that is prized internationally for its reliability, consistency, safety and quality, thereby enhancing the competitiveness of the Canadian grain industry.

The CGC's mandate, as set out in the *Canada Grain Act*, is to, in the interests of producers, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets. To fulfill its mandate, the CGC has identified seven key commitment areas. Results achieved under each of these areas over the 1999-2000 fiscal year are outlined below.

## KEY COMMITMENT AREAS

### SEPARATE REPORTING STATUS

Formalize the separate reporting status for the CGC's accountability to Parliament.

### GRAIN QUALITY STANDARDS

Maximize the value of our work in setting and maintaining standards for grain quality and safety.

## KEY RESULTS

- Submitted and received approval for our first Planning, Reporting and Accountability Structure (PRAS).
- Submitted our first Report on Plans and Priorities (RPP).
- Staffing is under way to implement a national inspection monitoring system.
- Initiated ISO registration of identified services. Registration is expected before the end of 2000.
- Conducted statistical studies to understand the variability inherent in grading factors that are visually assessed.
- Collaborated with AAFC scientists on improving and developing testing for evaluating new grain varieties.
- Rationalized primary and export standards to move toward a single standard system.

## KEY COMMITMENT AREAS

## KEY RESULTS

### GRAIN QUALITY AND QUANTITY SERVICES

Adapt activities and adjust services to meet changing customer needs and technologies.

Maintain a co-operative relationship with the grain industry for quality assurance services.

### MARKET SUPPORT

Continue market support activities to reinforce Canada's reputation in world grain markets.

Enhance and strengthen customer service.

### COMMUNICATION

Enhance awareness and understanding among producers and the industry of end use quality issues.

- Consulted with the industry to determine if centralizing inward inspection operations in the major ports would allow for cost savings. It was determined that centralized inward inspection is not feasible at this time.
- Improved the efficiency of outward services at terminal elevators in port cities by matching staff with client demands.
- Examined the feasibility of opening Service Centres in Swift Current, Saskatchewan, and Grande Prairie, Alberta.
- Prepared to implement protein testing as a component of the provisions for Subject to Inspector's Grade and Dockage.
- Developed appeal mechanism for protein applied to wheat on receipt at terminal elevators.
  
- Continued working with industry and the CWB to identify a system through which reliance on kernel visual distinguishability (KVD) can be reduced while maintaining an effective segregation system.
- Developed guidelines for an Identity Preserved system framework.
  
- Continued to provide soybean shippers a CGC monitoring and documentation system to strengthen buyer confidence in Canada's ability to provide shipments of non-GM (genetically modified) soybeans.
  
- Worked with the CWB and grain handling companies to improve services.
- Continued to meet with terminal and transfer elevator managers and operating staff to identify changes in operating procedures and to discuss operation concerns.
  
- Continued to provide a complaint mechanism to producers, the industry and stakeholders.
- Expanded media relations efforts related to producer and industry understanding of the quality assurance system.



## KEY COMMITMENT AREAS

### LEGISLATION AND REGULATION

Increase industry responsibility by adjusting regulatory activities and eliminating outdated regulations, provided we have the support of the industry.

### GRAIN RESEARCH AND TECHNOLOGY

Maintain a leading edge on new grain research and information technology.

## KEY RESULTS

- Transferred the CGC's supervisory authority over the Winnipeg Commodity Exchange to the Manitoba Government.
- A comprehensive review of the *Canada Grain Act* has not yet been started.
- Made amendments to the *Canada Grain Act* to establish the Special Crops Insurance Program, but consultation with producers indicated insufficient support for this program to be implemented.
- Contributed to the development of Automated Quality Testing (AQT) methodologies.
- Monitored developments in the field of genetically modified organisms to ensure that quality control challenges resulting from those developments are addressed, that we collaborate in related industry initiatives, and that we can respond to the service needs of the grain industry.
- Ensured all systems and infrastructure were Year 2000 compliant by April 1999.

**Canadian Grain Commission (CGC)**

## CANADIAN GRAIN COMMISSION REVOLVING FUND (\$ Millions)

	Actual 1997-98	Actual 1998-99	Planned Spending 1999-00	Total Authorities 1999-00	Actual 1999-00
Revenues	57.3	42.5	46.2	46.2	68.0
Expenditures	55.8	53.6	54.0	54.0	56.3
Profit (Loss)	1.5	(11.1)	(7.8)	(7.8)	11.7
Add items not requiring the use of funds					
Depreciation	1.7	1.5	1.7	1.7	1.1
Change in working capital	0.8	6.9	0.6	0.6	(10.7)
Investing Activities:					
Acquisition of Depreciable Assets	(1.9)	(0.7)	(2.0)	(2.0)	(1.6)
Cash Surplus (requirement)	2.1	(3.4)	(7.5)	(7.5)	0.5
Authority Balance	17.1	13.7	(6.4)	(6.4)	14.2

**Notes:**

A "line of credit" of \$12 million was approved as the maximum amount that may be drawn from the CRF at any time. Figures for 1998-99 and 1999-2000 are audited.

The CGC was recently added to Schedule I.1 of the *Financial Administration Act*, formalizing the arm's length relationship between the CGC and AAFC. The CGC now has a separate Vote in the Estimates and has begun to submit its own Parliamentary reports.



# NATIONAL FARM PRODUCTS COUNCIL

The National Farm Products Council (NFPC) is a portfolio agency reporting directly to the Minister of AAFC. It currently has nine members, including a full-time Chairperson. The Council is supported by a full-time staff of fourteen.

As called for in the *Farm Products Agencies Act* (FPAA), the Council was created in 1972 to oversee the national, orderly marketing systems for Canadian farm products, except for dairy and wheat. In 1993, the FPAA was amended and the Council was mandated to oversee the creation and operation of national promotion-research agencies for farm products.

The Council's main function is to ensure that the orderly marketing systems work in the balanced interests of everyone involved, from producers to processors and further processors through to consumers. There are currently four national agencies that have been established under the Act to administer the marketing plans for their commodities. They are the Canadian Egg Marketing Agency (1972), the Canadian Turkey Marketing Agency (1974), Chicken Farmers of Canada (1978), and the Canadian Broiler Hatching Egg Marketing Agency (1986).

*The Council's mandate, as defined by the Farm Products Agencies Act, is:*

- To advise the Minister of AAFC on all matters relating to the agencies established under the FPAA, with a view to maintaining and promoting an efficient and competitive agricultural industry;
- To review the operations of agencies with a view to ensuring that they carry out their operations in accordance with their objects;
- To work with agencies in promoting more effective marketing of farm products in inter-provincial and export trade, and in the case of promotion research agencies, in promoting such marketing in import trade and in connection with research and promotion activities relating to farm products; and
- To consult on a continuing basis with the governments of all provinces having an interest in the establishment or the exercise of the powers of any one or more of the agencies under the FPAA.

The Council also has responsibility for the administration of the *Agricultural Products Marketing Act* (APMA). The APMA allows delegation of federal authority over the marketing of agricultural products in interprovincial and export trade to provincial marketing boards, if those boards have the authority to regulate the marketing of those products within their own province.

The following describes the Council's strategic initiatives for the fiscal year 1999-2000. A comprehensive report on these activities can be found in the National Farm Products Council's 1999 Annual Review.

Cynthia Currie  
**Chairperson**

## **STRATEGIC INITIATIVES FOR 1999-2000**

### **Promote export awareness and readiness in the poultry and egg industries and facilitate longer term development of an Export Marketing Strategy.**

- Council organized the first ever Canadian Poultry Meat Export Awareness Mission to Shanghai, Hong Kong, Seoul, Tokyo and Osaka from September 22 to October 8, 1999.
- The 15-person mission was led by Council Chairperson, Cynthia Currie, and included producers, processors, further processors and brokers.
- The mission fully accomplished its two goals: to assess the potential of these Asian markets for expanded sales of Canadian poultry meat products (chicken and turkey); and to communicate the findings to the Canadian poultry meat industry.
- The mission gathered extensive information on poultry meat markets in these countries. A report of its findings was prepared in English and French and was circulated to the industry, provincial and territorial governments and to the companies visited in Asia. The report was also posted on the Council's Web site along with detailed market reports on each of the four countries.
- Following the mission, a working group of industry participants was established. Several projects are currently being developed by the working group. As well, a targeted approach to exports, for the sector, is being discussed.

### **Develop revised federal-provincial-territorial agreements for all four poultry and egg agencies.**

- The Council is a member of the National Association of Agri-Food Supervisory Agencies (NAASA) which comprises the 11 provincial and territorial government agri-food supervisory bodies and the NFPC. In 1998, federal, provincial and territorial ministers of agriculture directed NAASA to review and re-structure the existing federal-provincial-territorial agreements for the poultry and egg sectors to strengthen the legal framework of the systems and allow the agencies to be more responsive to changing market conditions.
- During 1999-2000, the Council played a leadership role in co-ordinating the efforts of the NAASA to develop new agreements in concert with working groups established within each agency.

### **Monitor and advise the Minister on trade policy issues of concern to the poultry industry and facilitate industry discussions on development of a position for the next round of WTO negotiations on trade in agriculture.**

- Throughout the year, the Council provided the Minister with advice as Canada developed its WTO negotiating position on agriculture, peaking with November preparations for the Seattle ministerial meeting.
- The Council is a member of the Management Board of Team Canada Inc. and actively participates in Team Canada Inc. initiatives for the benefit of the poultry and egg industries.
- In May 1999, the Council hosted a special meeting of poultry and egg industry stakeholders with James Schroeder, Deputy Secretary of Farm and Foreign Agricultural Services, U.S. Department of Agriculture.
- In November 1999, the Council organized a meeting of poultry and egg industry stakeholders to discuss with federal government trade officials, the WTO's decision on Canada's dairy export programs.

## **National Farm Products Council (NFPC)**

### **Facilitate resolution of disputes within the poultry and egg industries.**

- In July 1999, the Council held a formal hearing into a complaint filed by the Ontario Broiler Hatching Egg and Chick Commission against the Canadian Broiler Hatching Egg Marketing Agency's quota allocation methodology with respect to imports. The Council issued a report and recommendations and followed up with the parties to implement those recommendations. As a result, the Agency has developed a new methodology for dealing with tariff rate quotas within the context of its quota allocation system, a methodology that is acceptable to all member provinces.

### **Facilitate implementation of new and more effective approaches to dispute resolution in the poultry and egg industries.**

- The Council took the lead in exploring recent developments in the field of alternative dispute resolution and how they might apply to the orderly marketing system for poultry and eggs. The Council produced a Discussion Paper on Alternative Dispute Resolution which was circulated to the industry sector and the national agencies. As a result, Chicken Farmers of Canada has included a dispute resolution settlement annex to its revised federal-provincial agreement.

### **Facilitate the establishment of the first national promotion research agency under Part III of the *Farm Products Agencies Act*.**

- In January 2000, the Council received a proposal from the Canadian Cattlemen's Association for a national beef cattle research market development and promotion agency. The Council held public hearings into the merits of establishing such an agency, as called for by the *Farm Products Agencies Act*. The Council's findings and recommendations will be submitted to the Minister of AAFC in September 2000.

### **Facilitate industry efforts to undertake benchmarking studies and disseminate results.**

- In February 1999, the Council produced a *Guide to Benchmarking*, a response to the interest in this subject raised by industry representatives at the Council's Workshop on Profitability, held the previous year. The paper was distributed to all industry sectors as a guide for those organizations interested in pursuing cost-based benchmarking.
- The Council made presentations to industry groups on this subject as requested.
- As a result of this strategic initiative, the Canadian Turkey Marketing Agency embarked on a benchmarking study with processors in 1999; the Canadian Broiler Hatching Egg Marketing Agency completed its own study in 1998; and the Chicken Farmers of Canada has included a benchmarking study in its 2000-2003 strategic plan.

### **In co-operation with AAFC, develop a more effective way for processing delegation orders under the APMA.**

- The Council is responsible for the administration of the *Agricultural Products Marketing Act*.
- The Council initiated discussions with officials of Policy Branch and Justice Canada during the year to review recent legal opinions that have had an impact on the administration of the APMA. Further work has been planned to pursue this initiative.
- The Council processed three requests for delegation orders requiring Cabinet approval and six requests for orders and regulations made pursuant to the APMA.

### ***National Farm Products Council (NFPC)***

**In co-operation with AAFC and the CBHEMA, enhance the availability, timeliness and usefulness of poultry industry statistics through Council.**

- Work continued on modifying statistical software to enhance data on poultry. Council worked closely with AAFC and CBHEMA staff on this project.

**Implement NFPC's 1999-2000 communications plan.**

- Strategic objectives of the 1999-2000 communications plan included communications support for the poultry export market awareness mission to Asia, as well as increased outreach activities with industry stakeholders. Major enhancements were made to the Council's Web site to add to and improve the quality of information available. In March 2000, the Council published its second comprehensive Annual Review covering the Council's activities for 1999.

**Develop a new strategic vision for the Council.**

- The Council met in early February 2000 and developed a strategic vision for the Council for 2000-2003. Industry stakeholders were consulted and the three-year plan has been distributed to the industry sectors and governments.

# CONSOLIDATED REPORTING

## SUSTAINABLE DEVELOPMENT STRATEGY

### Highlights of AAFC's Progress

1999-2000 marks the second year in the implementation of our three-year Sustainable Development Strategy (SDS). Ninety-two percent of our commitments are either completed or under way. More importantly, decision makers within the department and the sector more fully realize the benefits of considering the environmental, economic and social components of sustainable development before taking action. Issues are no longer being examined in isolation; rather a more holistic approach is developing. For example, large quantities of water are necessary for crop irrigation and livestock, but rather than focussing primarily on water conservation measures, farming practices as a whole are being examined. The benefits of fencing off livestock from rivers and lakes range from the creation of healthy habitat for wildlife (social), to the natural purification of water and the abatement or alleviation of floods (economic), to the reduction of soil erosion (environmental).

AAFC underwent an internal review of its existing management framework to ensure that adequate systems are in place for the full implementation of our first SDS. The observations of the internal review will be applied during the development and implementation of our second SDS. The integration of the Department's business lines and the four strategic directions simplifies the reporting and tracking process of the SDS commitments. The following table highlights the progress AAFC has made over the past fiscal year in relation to its SDS commitments. The progress made on each of our commitments can be found at [www.agr.ca/policy/environment](http://www.agr.ca/policy/environment).

STRATEGIC DIRECTIONS/PRIORITIES	PROGRESS TO DATE/CORRECTIVE ACTION
<p><b>1. Increasing Understanding</b></p> <ul style="list-style-type: none"> <li>Focus and enhance the Department's analytical capabilities and provide timely and appropriate information to encourage greater integration of environmental factors into sectoral and departmental decision making.</li> </ul>	<p>Based on the success of the Hog Environmental Management Strategy (HEMS), a \$1.3 million Livestock Environmental Initiative (LEI) was initiated. The LEI, developed in collaboration with livestock producer organizations, will build on the HEMS experience. The LEI will help livestock producers address their environmental challenges through research and technology development, assessment and transfer, as well as through the development of an environmental certification system for the hog industry. The emphasis of the research will be on technologies and practices that are ready for on-farm application and that relate to issues that are common to more than one commodity group or region of the country.</p>

STRATEGIC DIRECTIONS/PRIORITIES	PROGRESS TO DATE/CORRECTIVE ACTION
<p><b>1. Increasing Understanding</b></p> <ul style="list-style-type: none"> <li>Integrate environmental sustainability objectives into departmental policies, legislation, and programs.</li> </ul> <p><b>2. Promoting Environmental and Resource Stewardship</b></p> <ul style="list-style-type: none"> <li>Develop mechanisms to encourage adoption within the agriculture and agri-food sector of practices that enhance multiple-use benefits and stewardship of natural resources.</li> </ul> <p><b>3. Developing Innovations and Solutions</b></p> <ul style="list-style-type: none"> <li>Through research and development, increase the availability to industry of commercially viable systems and technologies to address on- and off-farm environmental effects of agricultural activities.</li> <li>Identify areas at most environmental risk.</li> </ul>	<p>AAFC conducted 215 environmental assessment screenings on projects triggered by the <i>Canadian Environmental Assessment Act</i> (CEAA). Comprehensive study reports were conducted for two prairie projects: Valley South Co-op Ltd. Water Pipeline Project and the Swan Valley Gasification Project.</p> <p>Much of the sector is involved in the protection of habitat for wildlife. Countryside Canada, funded through AAFC's Canadian Adaptation and Rural Development fund, recognizes exemplary stewards within the agriculture sector and serves as a means of rewarding and instilling a sense of pride in these accomplishments. Countryside Canada awards, which are publicly presented to winners on an annual basis, also serve to build public awareness of the conservation and stewardship activities which are going on within the sector. Countryside Canada is administrated by the Wildlife Habitat Canada in partnership with Canadian Federation of Agriculture.</p> <p>An anaerobic technology to handle manure in an environmentally sustainable manner was developed. A full-size prototype was installed on a production farm. The performance of this technology under real working conditions will be evaluated.</p> <p>Conducted greenhouse trials to evaluate the effectiveness of biological control agents for thrips control on greenhouse tomatoes.</p> <p>The Prairie Agro-Climate Unit works to foster long-range forecasts that are usable by the agriculture and agri-food sector. A comprehensive drought monitoring system involving several provincial and federal partners was established.</p>



**Sustainable Development Strategy**

<b>STRATEGIC DIRECTIONS/PRIORITIES</b>	<b>PROGRESS TO DATE/CORRECTIVE ACTION</b>
<p><b>4. Seizing Market Opportunities</b></p> <ul style="list-style-type: none"><li data-bbox="289 373 781 499">• Increase industry awareness of environmental marketing and trade opportunities and constraints, enabling proactive responses.</li> <li data-bbox="289 814 781 968">• Facilitate the demonstration of the environmental quality of products, practices, and services provided by the agriculture and agri-food sector.</li></ul>	<p data-bbox="824 310 1339 562">Industry driven research and demonstration funded by the Agri-Food Innovation Fund and led by Canada-Saskatchewan Irrigation Diversification Centre (CSIDC) has shown excellent development potential and has helped create interest in the herb and spice industry. Nutraceutical production has great growth potential.</p> <p data-bbox="824 594 1339 783">Two projects that have received considerable attention are the development of sea buckthorn as a nutraceutical crop and the potential of hybrid poplars for afforestation plantations for Oriented Strand Board production and carbon sequestration.</p> <p data-bbox="824 814 1339 940">AAFC organized a seminar regrouping 80 participants from various departments to raise the awareness of the potential of bio-based products in Canada.</p>

# STATUTORY ANNUAL REPORTS

## FARM INCOME PROTECTION ACT

### Crop Insurance Program

The Crop Insurance Program is a cost-shared program that stabilizes farmers' income by minimizing the economic effects of crop losses caused by natural hazards like drought, frost, hail, flood, wind, fire, excessive rain, heat, snow, unpreventable disease, insect infestation and wild-life. While insurance is a provincial jurisdiction and provinces are responsible for the development and delivery of the program, the federal government contributes a major portion of the funding in order to provide production risk protection to producers at an affordable cost. Federal contributions totalling \$217 million in fiscal year 1999-2000 were paid to provincial crop insurance programs. These contributions are provided for under the authority of the *Farm Income Protection Act* (FIPA).

This voluntary program is available to farmers in all provinces for virtually all commercially grown crops. The specific crops insured and program features vary by province in accordance with the agronomic acceptability and importance in that province. However, all farmers are guaranteed a level of production for each crop insured, based on previous production history. If production falls below that guaranteed level as a result of an insured peril, the farmer is eligible for an indemnity payment. The federal contributions to the crop insurance program for 1999-2000 by province and recent loss experience by province are indicated in the table below.

#### Total Federal Contributions to the Crop Insurance Program for the 1999-2000 Fiscal Year (\$000s)

	Federal Contribution to Crop Insurance Premiums	Federal Contribution to Provincial Administrative Costs	Total Federal Contributions
Newfoundland	65	53	118
Prince Edward Island	552	206	758
Nova Scotia	158	247	405
New Brunswick	1,329	610	1,939
Quebec <sup>1</sup>	10,978	6,418	17,396
Ontario	18,656	7,376	26,032
Manitoba <sup>1</sup>	35,056	3,272	38,328
Saskatchewan	55,677	12,350	68,027
Alberta <sup>1</sup>	45,697	11,236	56,933
British Columbia	6,423	1,132	7,555
<b>Total</b>	<b>174,591</b>	<b>42,900</b>	<b>217,491</b>

<sup>1</sup>Crop Insurance premiums and administrative costs include Waterfowl Crop Damage Compensation.

Source: Crop Insurance Federal Contributions Report (PASS CI-8) dated July 7, 2000.

## Crop Insurance Program Experience by Crop Year

	Number of Producers	Insured Acreage	Coverage (\$000s)	Total Premiums (\$000s)	Total Indemnities (\$000s)	Annual Loss Ratio	Cumulative Indemnity to Cumulative Revenue
<b>Newfoundland</b>							
1996-97	34	328	302	38	42	1.09	1.27
1997-98	30	298	526	69	105	1.51	1.3
1998-99	35	578	967	114	125	1.1	1.24
<b>1999-2000</b>	<b>44</b>	<b>615</b>	<b>1,048</b>	<b>117</b>	<b>84</b>	<b>0.72</b>	<b>1.17</b>
<b>Prince Edward Island</b>							
1996-97	146	25,518	21,016	2,039	1,948	0.96	0.9
1997-98	151	26,920	23,970	2,172	823	0.38	0.87
1998-99	175	37,797	25,099	1,486	1,707	1.15	0.87
<b>1999-2000</b>	<b>191</b>	<b>45,627</b>	<b>35,853</b>	<b>2,188</b>	<b>2,700</b>	<b>1.23</b>	<b>0.89</b>
<b>Nova Scotia</b>							
1996-97	520	25,391	11,185	580	464	0.8	0.7
1997-98	513	25,356	11,810	585	766	1.31	0.72
1998-99	515	27,092	13,599	647	934	1.44	0.74
<b>1999-2000</b>	<b>483</b>	<b>25,211</b>	<b>12,144</b>	<b>640</b>	<b>795</b>	<b>1.24</b>	<b>0.76</b>
<b>New Brunswick</b>							
1996-97	246	34,059	26,618	4,225	3,398	0.8	1.26
1997-98	205	31,770	23,862	3,591	1,467	0.41	1.21
1998-99	407	87,501	36,807	3,533	982	0.28	1.15
<b>1999-2000</b>	<b>402</b>	<b>89,648</b>	<b>38,359</b>	<b>3,185</b>	<b>1,273</b>	<b>0.40</b>	<b>1.11</b>
<b>Quebec</b>							
1996-97	11,906	1,993,924	508,601	37,523	26,738	0.71	0.92
1997-98	12,019	2,707,387	523,343	39,627	42,756	1.08	0.92
1998-99	12,085	2,824,327	542,582	41,732	14,891	0.36	0.88
<b>1999-2000</b>	<b>12,236</b>	<b>2,983,028</b>	<b>591,713</b>	<b>42,226</b>	<b>9,986</b>	<b>0.24</b>	<b>0.84</b>
<b>Ontario</b>							
1996-97	18,300	3,176,820	1,155,723	64,084	78,170	1.22	0.82
1997-98	17,411	3,294,996	1,085,885	72,806	40,743	0.56	0.8
1998-99	17,610	3,483,499	1,110,829	80,887	34,684	0.43	0.77
<b>1999-2000</b>	<b>19,366</b>	<b>3,684,599</b>	<b>1,184,988</b>	<b>70,884</b>	<b>32,809</b>	<b>0.46</b>	<b>0.75</b>
<b>Manitoba</b>							
1996-97	14,609	8,070,185	755,346	82,465	11,265	0.14	0.94
1997-98	14,576	8,283,500	900,606	97,414	32,791	0.34	0.88
1998-99	13,886	8,323,373	884,096	93,650	33,964	0.36	0.83
<b>1999-2000</b>	<b>13,343</b>	<b>7,526,485</b>	<b>855,239</b>	<b>85,534</b>	<b>42,000</b>	<b>0.49</b>	<b>0.8</b>
<b>Saskatchewan</b>							
1996-97	38,100	18,936,911	1,627,810	212,350	64,603	0.3	1.08
1997-98	36,031	20,329,999	1,582,382	185,493	85,910	0.46	1.05
1998-99	36,626	21,830,097	1,627,406	194,862	93,131	0.48	1.02
<b>1999-2000</b>	<b>33,528</b>	<b>20,621,715</b>	<b>1,597,512</b>	<b>180,876</b>	<b>119,502</b>	<b>0.66</b>	<b>1</b>
<b>Alberta</b>							
1996-97	16,367	8,444,424	802,781	122,315	55,647	0.45	0.89
1997-98	17,705	9,542,294	914,382	142,744	71,602	0.5	0.87
1998-99	17,800	12,254,843	1,017,403	155,658	101,561	0.65	0.85
<b>1999-2000</b>	<b>17,464</b>	<b>11,759,621</b>	<b>1,055,454</b>	<b>149,695</b>	<b>68,430</b>	<b>0.46</b>	<b>0.83</b>
<b>British Columbia</b>							
1996-97	1,245	94,270	82,916	7,702	5,200	0.68	1.01
1997-98	1,673	250,627	146,148	7,797	17,093	2.19	1.07
1998-99	1,953	341,466	185,642	11,424	1,715	0.15	1.01
<b>1999-2000</b>	<b>2,252</b>	<b>421,760</b>	<b>231,714</b>	<b>13,803</b>	<b>5,009</b>	<b>0.36</b>	<b>0.97</b>
<b>Canada</b>							
1996-97	101,473	40,801,830	4,992,298	533,321	247,475	0.46	0.97
1997-98	100,314	44,493,147	5,212,914	552,298	294,056	0.53	0.94
1998-99	101,092	49,210,573	5,444,430	583,993	283,696	0.49	0.91
<b>1999-2000</b>	<b>99,309</b>	<b>47,158,309</b>	<b>5,604,024</b>	<b>549,148</b>	<b>282,588</b>	<b>0.51</b>	<b>0.89</b>

Source: Crop Insurance Participation Summary — Canada (PASS/IDIS CI-3) dated July 7, 2000.

Note: Figures are subject to final review of audited provincial financial statements.

## Federal Crop Reinsurance Program

The reinsurance arrangements available under the *Farm Income Protection Act* (FIPA) offer provincial governments a means of sharing with the federal government the large losses that occur under a Crop Insurance Program. The federal reinsurance provisions were first made available to provinces in 1965.

### How it Works

- A portion of a province's annual crop insurance premiums are paid to the federal reinsurance account. Premiums paid into the reinsurance account vary according to the risk of a payout for each province.
- A payment from the federal reinsurance account to a province is triggered whenever crop insurance indemnity payments to producers exceed the province's accumulated premium reserves and a deductible of 2.5% of the province's crop insurance liabilities (coverage).
- Any remaining indemnities are then shared with provinces on a 75%/25% basis, with the federal reinsurance account being responsible for the larger share.
- If there are insufficient funds in the federal reinsurance account to meet the required reinsurance payments, the Minister of Finance is responsible for advancing the necessary funds to the reinsurance account. Outstanding advances from the federal treasury are repaid from future reinsurance premiums.

In 1999-2000, four provinces (New Brunswick, Manitoba, Saskatchewan and Alberta) participated in this reinsurance program with the federal government. The table below illustrates that a total of \$14.7 million in reinsurance premiums were collected and that no reinsurance payments were issued in 1999-2000 as a result of favourable crop conditions. The federal reinsurance account had a \$41 million surplus at March 31, 2000.

### Crop Reinsurance Fund by Fiscal Year (\$000s)

	Actual 1996-97	Actual 1997-98	Actual 1998-99	Actual 1998-2000
<b>Nova Scotia</b> <sup>1</sup>				
Opening Balance	730	752	752	752
Revenue	22	-	-	-
Expenditures	-	-	-	-
Closing Balance	752	752	752	752
<b>New Brunswick</b>				
Opening Balance	-7,869	(7,239)	(4,396)	(3,124)
Revenue	630	838	507	670
Expenditures <sup>2</sup>	-	2,005	765	-
Closing Balance	-7,239	-4,396	(3,124)	(2,454)
<b>Ontario</b> <sup>3</sup>				
Opening Balance	9	9	9	9
Closing Balance	9	9	9	9
<b>Manitoba</b>				
Opening Balance	-28,560	(15,208)	(7,399)	(2,926)
Revenue	13,352	7,809	4,473	449
Expenditures	-	-	-	-
Closing Balance	-15,208	-7,399	(2,926)	(2,477)
<b>Saskatchewan</b>				
Opening Balance	-290,876	(258,032)	(64,493)	(45,710)
Revenue	30,725	31,539	18,783	13,611
Expenditures <sup>2</sup>	2,119	162,000	-	-
Closing Balance	-258,032	(64,493)	(45,710)	(32,099)
<b>Alberta</b>				
Opening Balance	41,587	58,060	76,499	77,222
Revenue	16,473	18,439	723	3
Expenditures	-	-	-	-
Closing Balance	58,060	76,499	77,222	77,225
<b>Canada</b>				
Opening Balance	-284,979	(221,658)	972	26,223
Revenue	61,202	58,625	24,486	14,733
Expenditures	2,119	164,005	765	-
Closing Balance	-221,658	972	26,223	40,956

1. Nova Scotia suspended participation in the program at the end of the 1996-97 fiscal year because of the large surplus in their provincial Crop Insurance Fund.

2. Both New Brunswick and Saskatchewan utilized their available federal Safety Net funds in 1997-98 and 1998-99 and in 1996-97 and 1997-98, respectively, to reduce their reinsurance deficits.

3. Ontario left the program during the 1968-69 fiscal year.

## **Net Income Stabilization Account**

The Net Income Stabilization Account (NISA) was established by Section 15 of the *Farm Income Protection Act* and the Federal/Provincial Agreement establishing the NISA Program, to help participating producers of qualifying agricultural commodities achieve long-term, improved income stability. The Program allows participants to deposit funds up to predetermined limits into an account held at a participating financial institution, and receive matching contributions from the federal and provincial governments. These funds are held on behalf of the participants.

The account records the following transactions relating to the Consolidated Revenue Fund or participating financial institutions as follows:

- (a) Participant matchable deposits held in participating financial institutions. For the fiscal year ending March 31, 2000, participant deposits pertained, in most part, to the 1998 stabilization year (the period for which a participant filed a 1998 tax return). Participants are entitled to make matchable deposits based on eligible net sales (ENS) which are limited to \$250,000 per individual. For the 1998 stabilization year, the Agreement allowed for matchable deposits of up to 3% of the ENS for most qualifying commodities. Additional participant deposits were allowed by separate agreement between Canada and a province;
- (b) Government matching contributions on participant matchable deposits. For the 1998 stabilization year, with the exception of Alberta, the federal and provincial governments provided matching contributions equal to two thirds and one third, respectively, of participant matchable deposits. The federal government contributed the full 3% for Alberta;
- (c) Participant non-matchable deposits held in participating financial institutions are limited to an annual maximum of 20% of ENS (carried forward for up to five years);
- (d) Interest paid by the federal government on funds held in the Consolidated Revenue Fund is at rates and in accordance with terms and conditions determined by the Minister of Finance;
- (e) Interest paid by participating financial institutions on funds held for participants is at rates set by negotiation between the participant and the financial institution;
- (f) Bonus interest of 3% per annum, is split between the federal and provincial governments (with the exception of Alberta where the federal government pays the full 3%), calculated on participant deposits; less,
- (g) Withdrawals by participants from funds held in the Consolidated Revenue Fund 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.

The following tables illustrate producer deposits and withdrawals, government contributions and interest paid into the Account for the 1996, 1997 and 1998 stabilization years. Refer to the definitions of financial statement accounts above (a to g).

**Net Income Stabilization Account — Statement of Net Assets of Program Participants (dollars)**

ASSETS		March 31, 1998	March 31, 1999 <sup>1</sup>	March 31, 2000 (Unaudited)
<b>Cash</b>				
<b>Cash in Participant Accounts (a) + (c) - (g)</b>				
Fund 1		1,213,755,032	1,412,844,333	1,547,771,357
Fund 2 (b),(d),(e),(f) - (g)		1,242,484,701	1,416,830,365	1,543,713,138
		2,456,239,733	2,829,674,698	3,091,484,495
<b>Accounts Receivable</b>				
Participants		1,251,520	5,806,059	5,946,161
Financial Institutions — interest on participant accounts		8,975,360	10,903,359	11,712,327
Government contributions and bonus interest				
Federal		5,576,964	10,563,026	10,743,262
Provincial		3,997,118	6,636,889	5,547,782
		19,800,962	33,909,333	33,949,532
<b>Total Assets</b>		2,476,040,695	2,863,584,031	3,125,434,027
<b>LIABILITIES</b>				
Participant withdrawals payable		24,327,768	31,840,306	32,699,447
<b>Net Assets of Program Participants</b>		2,451,712,927	2,831,743,725	3,092,734,580

1. The March 31, 1998, comparative figures have been updated to reflect adjustments resulting from the audit of NISA by The Office of the Auditor General. In addition, comparative figures have been reclassified to conform with presentation adopted for the year ended March 31, 1999 (1997 stabilization year).

**Net Income Stabilization Account —  
Statement of Changes in Net Assets of Program Participants (dollars)**

	Stabilization Year(s) (note 2)		
	1996	1997 <sup>1</sup>	1998 (Unaudited)
<b>Participant deposits</b>			
Matchable (a)	313,153,992	353,150,538	352,669,168
Non-matchable (c)	27,962,085	14,775,232	15,671,134
Other	66,674	35,666	1,709,240
	341,182,751	367,961,436	370,049,542
<b>Government matching contributions (b)</b>			
Basic:			
Federal	202,477,369	227,713,389	225,255,202
Provincial	74,001,655	84,088,716	83,919,584
Enhanced:			
Federal	18,248,399	18,476,868	19,645,043
Provincial	18,426,569	20,244,466	22,078,663
	313,153,992	350,523,439	350,898,492

**Statement of Changes in Net Assets of Program Participants (dollars), continued**

	Stabilization Year(s) (note 2)		
	1996	1997 <sup>1</sup>	1998 (Unaudited)
<b>Other government contributions (b)</b>			
Federal	40,038	50,719	76,850,843
Provincial	40,038	43,525	17,740,505
	80,076	94,244	94,591,348
<b>Interest</b>			
Regular Interest			
Consolidated revenue fund (d)	35,670,045	56,714,829	62,878,932
Financial institutions (e)	38,905,311	55,233,997	57,990,684
Bonus interest (f)			
Federal	18,257,486	22,126,298	24,427,399
Provincial	12,116,731	14,738,494	16,472,693
	104,949,573	148,813,618	161,769,708
<b>Increase in Net Assets</b>	759,366,392	867,392,737	977,309,090
<b>Participant withdrawals (g)</b>			
Fund 1	92,663,631	161,743,023	238,512,157
Fund 2	157,011,980	317,425,246	469,366,669
	249,675,611	479,168,269	707,878,826
Administrative cost share (g)	8,251,583	8,193,670	8,439,409
<b>Decrease in Net Assets</b>	257,927,194	487,361,939	716,318,235
Change in Net Assets for the Stabilization Year	501,439,198	380,030,798	260,990,855
<b>Net Assets — Beginning of Stabilization Year</b>	1,950,273,729	24,517,129,272	831,743,725
<b>Net Assets — End of Stabilization Year</b>	2,451,712,927	283,1743,725	3,092,734,580

1. The 1997 comparative figures have been updated to reflect adjustments resulting from the audit of NISA by The Office of the Auditor General. In addition, comparative figures have been reclassified to conform with presentation adopted for the year ended March 31, 2000 (1998 stabilization year).
2. The period for which the participant files an income tax return.

## Province Specific Companion Programs

Companion programs originated as a result of the federal and provincial governments' agreement on the need to facilitate the transition from farmers' reliance on governments to offset their risks to a situation where farmers are increasingly responsible for their own economic well-being. The Province Specific Companion Programs fall into four broad categories.

### 1. Industry Research and Development Programs — programs directed to enhance the long-term competitiveness and stability of the sector through research, development, training, promotion, etc.

Province	Program Name	1998-99 Federal Funding (\$000s)	1999-2000 Federal Funding (\$000s)
<b>British Columbia</b>	Investment Agriculture (Development) Funds	7,267	-
	Peace River Agriculture Development	142	313
<b>Alberta</b>	Development Funds	2,155	3,323
<b>Manitoba</b>	Research and Development	50	1,154
<b>Ontario</b>	Development Programs	3,000	3,000
<b>Nova Scotia</b>	Apple Industry Development Fund	69	143
	Technology 2000	494	405
	Research and Development for Grain and Forage	-	73
	Promotion and Awareness	81	13
<b>Newfoundland</b>	Agri-Food Innovation	1,749	1,173

### 2. Whole-farm (Disaster) Programs — non-NISA disaster programs based on gross margins for individual farm units.

Province	Program Name	1998-99 Federal Funding (\$000s)	1999-2000 Federal Funding (\$000s)
<b>Alberta</b>	Farm Income Disaster Program	-	12,000
<b>Prince Edward Island</b>	Agricultural Disaster Insurance Program	815	-



**3. Programs for Transition to Whole-farm** — programs designed to assist the sector in making a smooth transition to the whole-farm safety net system.

Province	Program Name	1998-99 Federal Funding (\$000s)	1999-2000 Federal Funding (\$000s)
Ontario	Market Revenue Program	10,000	-

**4. Other Programs**

Province	Program Name	1998-99 Federal Funding (\$000s)	1999-2000 Federal Funding (\$000s)
Ontario	Market Revenue Program	10,000	-
Saskatchewan	Big Game Damage Compensation	5,870	-
	New Crop Development	15,000	-
	Waterfowl Damage Compensation Fund	12,000	-
	Unseeded Acreage Benefit		5,657
Manitoba	Wildlife Crop Damage Compensation	130	292
	Livestock Predation Compensation	87	83
Quebec	Federal Contribution to the Farm Income Stabilization Insurance (ASRA)	14,926	20,069
	Additional Federal Contribution to ASRA	26,932	14,790
New Brunswick	New Brunswick Debt Refinancing Program	-	68

**Note:** The Gross Revenue Insurance Plan (GRIP) terminated in 1995-96. In 1999-2000, wind-down costs totalled \$99,115 compared to \$139,981 in 1998-99.

## National Tripartite Stabilization Plan

The National Tripartite Stabilization Plan (NTSP) for sugar beets in Manitoba was the last active NTSP commodity plan and was terminated at the end of the 1996-97 crop year. Final program calculations have been completed in 1998-99 following the completion of all sugar sales from the 1996-97 crop. The program ended in a surplus and has been distributed proportionately between the producers, participating provinces and the federal government. This was the last crop of sugar beets produced in Manitoba following the closure of the sugar refinery in Winnipeg.

<b>National Tripartite Stabilization Plan Account Balances (active accounts only) for the fiscal year ending March 31, 2000</b>	
	<b>Sugar Beets II</b>
<b>Opening Operating Balance</b>	<b>7,827</b>
<b>Add:</b>	
Producer Premiums	-
Provincial Contributions	3,682
Federal Contributions	633
Interest Earned	74
Stabilization Overpayment Recovery	-
<b>Total Revenue</b>	<b>74</b>
<b>Less:</b>	
Surplus Distribution	7,901
Interest Paid	-
<b>Total Expenditure</b>	<b>7,901</b>
<b>Closing Operating Balance</b>	<b>7,827</b>

**AMPA 1999-2000 Crop Year Annual Report**

The *Agricultural Marketing Programs Act* (AMPA) received Royal Assent on April 25, 1997. The Act has three parts that amalgamate four pieces of legislation: the *Advance Payments for Crops Act* (APCA); the *Prairie Grain Advance Payments Act* (PGAPA); the *Agricultural Products Cooperative Marketing Act* (APCMA); and the *Agricultural Products Board Act*. The AMPA also includes the interest free provisions on cash advances formerly provided under the Cash Flow Enhancement Program. The 1999 crop year is the second year of operation for the programs under the new Act.

**Advance Payments Program**

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

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

For the 1999-2000 crop year, the Department entered into 51 agreements with producer organizations across Canada, including the Canadian Wheat Board. These organizations issued advances to approximately 45,714 producers for \$844.5 million; this is an increase of \$37.5 million from the 1998-99 crop year. During the 1999-2000 fiscal year, the Department paid \$14.8 million in interest costs related to these agreements. As the agreements cover the entire marketing period for the 1999 crop year and are therefore in effect until the fall of 2000, the organizations will not be in a position to make any claims on the Government guarantee until after this time.

Crop Year	Number of Organizations	Canadian Wheat Board Advances (\$ millions)	Non-Wheat Advances (\$ millions)	Total Advances Issued	Default Payments (\$ millions)	Total Interest Costs (\$ millions)
1995-96	50	542	212	754	6.9	18.3
1996-97	47	875	272	1,147	26.60	16.3
1997-98	45	533	237	770	6.4	12.3
1998-99	45	468	339	807	4.5	20.2
1999-2000	51	514	330	844	N/A	14.8

**Notes:**

- 1) The information provided for the 1997 and 1998 crop years pertains to the APP under AMPA. Historical information provided for crop years 1992 to 1996 inclusively pertains to the former APCA and PGAPA.
- 2) The information provided is based on a crop year, which is approximately July 1 to August 31, and therefore does not coincide with the Government's fiscal year. Consequently, the amounts provided for interest costs will not be the same as those provided in the Public Accounts which are on a fiscal year basis.
- 3) The total interest costs for 1999-2000 are as of July 17, 2000. The crop year end is not until the fall.

## Price Pooling Program

The new legislation incorporated the provisions of the *Agricultural Products Cooperative Marketing Act* (APCMA) into the Price Pooling Program (PPP). The purpose of the program is to facilitate the marketing of eligible agricultural products under co-operative plans. Under the PPP, as was the case under the former APCMA, the government guarantees a minimum average wholesale price for an agricultural product sold by a marketing agency. The price guarantee agreement entered into with the marketing agencies protects the growers against unanticipated declines in the market price of their products and covers the initial payment made to producers plus costs incurred by the agencies to market the product, to a fixed maximum. The price guarantee helps the agencies obtain financing to make the initial payment and fund their marketing operations as the financial institution view the government's guarantee as security on the loan. The initial payment is made to the producer by the marketing agencies on delivery of the agricultural product. The price guarantee is based on the expected average wholesale price for a given crop year. Should the average wholesale price received by the marketing agency for the crop year be below the guaranteed price, the government reimburses the agency for the difference from the Consolidated Revenue Fund.

For the 1999-2000 crop year, over \$197 million in price guarantees, under AMPA, were provided to six marketing agencies across Canada for the benefit of nearly 21,439 producers. No claim is anticipated for the 1999-2000 crop year. However, claims could be received later as the marketing agencies will not be in a position to make any claims on the Government guarantee until all the agricultural product for a crop year is sold. During the 1999-2000 fiscal year, a payment of \$405,000 was processed under the former APCMA relative to an agreement entered into with the Eastern Ontario Vegetable Growers' Co-operative Inc. for the 1991-92 crop year.

## PPP and APCMA Historical Summary of Agreements

Crop Year	Number of Marketing Agencies	Number of Producers	Total Guarantee (\$000s)	Liability Payments (\$000s)
1995-96	8	21,900	298,738	
1996-97	4	21,222	183,979	17,285*
1997-98	5	21,050	160,520	
1998-99	5	20,650	191,494	
1999-2000	6	21,439	197,358	
<b>Total</b>			<b>1,032,089</b>	<b>17,285</b>

\* Ontario Wheat Producers Marketing Board \$17,285,421 (1996-97)

**Note:** The information provided for the 1997, 1998 and 1999 crop years pertains to the PPP under AMPA. Historical information provided for crop years 1995 and 1996 inclusive pertains to the former APCMA.

# FIMCLA ANNUAL REPORT

The *Farm Improvement and Marketing Cooperatives Loans Act* (FIMCLA) helps producers and producer-owned co-operatives 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 and is liable to pay 95% of a loss sustained by the lending institution. These loans are based on up to 80% of the current appraised value or the purchase price, whichever is smaller. Producers and producer-owned co-operatives apply directly through a lending institution.

New FIMCLA regulations came into force on May 31, 1999. The substantive changes worth noting are: a change to provide the residential mortgage rate as the base of calculation for fixed-rate loans (previously, it was based on the prime lending rate); and an increase in the registration fee payable by the borrower from 0.5% of the loan amount to 0.85%.

The table below provides statistics on the operation of this program since 1995. FIMCLA provided over \$1.8 billion in loan guarantees to the farming sector over the last five years. Revenues have exceeded payments by about \$3.3 million over the past five years.

For the fiscal year ending March 31, 2000, 7,628 loans totalling \$216 million were made. This figure is down from 8,641 loans totalling nearly \$259 million made in 1998-99 or a decrease of 17% in the amount guaranteed.

Since 1988, loans worth \$3.4 billion were made and registered under FIMCLA. The loans outstanding are estimated at \$1 billion and the government's claims paid rate is approximately 1% of the loans issued. Recoveries on claims during this period average 0.42% of the amount of loans guaranteed, therefore the net cost of claims averages 0.54%. The government's contingent liability in respect to the loans outstanding is \$413 million.

<b>Farm Improvement and Marketing Cooperatives Loans Act — General Statistics</b>					
	<b>1995-96</b>	<b>1996-97</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>
Number of new loans registered (\$000)	14,806	16,250	15,946	8,641	7,628
Value of new loans registered (\$000)	371,922	488,759	516,885	259,174	215,998
Claims paid (\$000)	1,537	1,664	691	2,258	881
Loan registration fees (\$000)	1,860	2,443	2,599	1,296	1,630
Recoveries of claims paid out (\$000)	1,149	1,199	791	709	308
Administration costs (\$000)	567	567	567	1,000	1,000
Net gain (\$000)	905	1,411	2,132	(1,253)	57

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

# FURTHER INFORMATION

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