



Agriculture and Agri-Food Canada

Performance Report

For the period ending
March 31, 2001

Canada

Improved Reporting to Parliament Pilot Document

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament.

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*.

The Estimates, along with the Minister of Finance's Budget, reflect the government's annual budget planning and resource allocation priorities. In combination with the subsequent reporting of financial results in the Public Accounts and of accomplishments achieved in Departmental Performance Reports, this material helps Parliament hold the government to account for the allocation and management of funds.

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Foreword

In the spring of 2000 the President of the Treasury Board tabled in Parliament the document “Results for Canadians: A Management Framework for the Government of Canada”. This document sets a clear agenda for improving and modernising management practices in federal departments and agencies.

Four key management commitments form the basis for this vision of how the Government will deliver their services and benefits to Canadians in the new millennium. In this vision, departments and agencies recognise that they exist to serve Canadians and that a “citizen focus” shapes all activities, programs and services. This vision commits the government of Canada to manage its business by the highest public service values. Responsible spending means spending wisely on the things that matter to Canadians. And finally, this vision sets a clear focus on results – the impact and effects of programs.

Departmental performance reports play a key role in the cycle of planning, monitoring, evaluating, and reporting of results through ministers to Parliament and citizens. Earlier this year, departments and agencies were encouraged to prepare their reports following certain principles. Based on these principles, an effective report provides a coherent and balanced picture of performance that is brief and to the point. It focuses on results – benefits to Canadians – not on activities. It sets the department’s performance in context and associates performance with earlier commitments, explaining any changes. Supporting the need for responsible spending, it clearly links resources to results. Finally the report is credible because it substantiates the performance information with appropriate methodologies and relevant data.

In performance reports, departments strive to respond to the ongoing and evolving information needs of parliamentarians and Canadians. The input of parliamentarians and other readers can do much to improve these reports over time. The reader is encouraged to assess the performance of the organization according to the principles outlined above, and provide comments to the department or agency that will help it in the next cycle of planning and reporting.

This report is accessible electronically from the Treasury Board of Canada Secretariat Internet site:

<http://www.tbs-sct.gc.ca/rma/dpr/dpre.asp>

Comments or questions can be directed to this Internet site or to:

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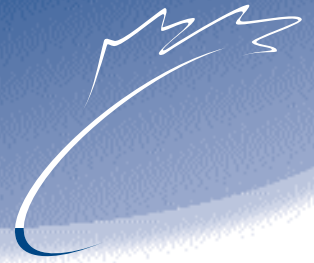
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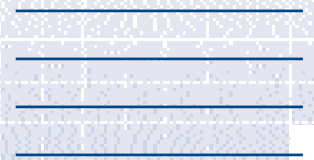


Agriculture and
Agri-Food Canada

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ESTIMATES



AGRICULTURE AND AGRI-FOOD CANADA

2000-2001

DEPARTMENTAL PERFORMANCE REPORT

STRATEGIC OUTCOMES FOR CANADIANS

SECURITY OF THE FOOD SYSTEM

HEALTH OF THE ENVIRONMENT

INNOVATION FOR GROWTH

ESTIMATES



AGRICULTURE AND AGRI-FOOD CANADA

2000-2001

DEPARTMENTAL PERFORMANCE REPORT

STRATEGIC OUTCOMES FOR CANADIANS
SECURITY OF THE FOOD SYSTEM
HEALTH OF THE ENVIRONMENT
INNOVATION FOR GROWTH

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

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PART I

MINISTER'S MESSAGE



Canada's agriculture and agri-food system continues to be important and successful, making a significant contribution to the prosperity of Canada and Canadians.

Agriculture is the second largest primary production sector, and food and beverage processing is the third largest manufacturing sector in Canada.

While the system's \$106 billion in sales of agriculture and agri-food products to the Canadian market continues to grow, a great part of our success comes from international markets. In the year 2000, Canadian agriculture and agri-food exports were more than \$23 billion.



LYLE VANCLIEF

We continue to support the agriculture and agri-food system with policies and programs aimed at ensuring a strong domestic industry. Our safety net programs continue to help stabilize farm incomes. In science and research, we continue to be key partners with the sector in the development and implementation of new innovations. These activities have improved the productivity of Canadian farmers and made them more competitive.

A strong domestic agriculture and agri-food industry is a necessary platform for strong export performance. Additionally, for Canada, the world's third largest exporter of agriculture and agri-food products, maintaining and expanding international markets remains crucial. On the international front, we continue to negotiate a rules-based trading system for agriculture and agri-food products and to pursue trade liberalization initiatives to open up new markets.

However, while a focus on safety nets remains key, a number of emerging issues require our attention if we are to maintain the strength of the agriculture and agri-food system — in particular, food safety, the environment and science.

Consumers in Canada and around the world are requesting more assurances about the safety and quality of the food that they eat. They are also becoming increasingly concerned about the impact of agricultural production on the environment.

From input suppliers, to farmers, processors, retailers and exporters, this complex, integrated chain provides one out of every eight jobs in Canada and generates \$130 billion in consumer sales annually. And all parts of the system are growing.

Innovations in science and technology have begun to offer the sector tools to address these concerns. Not only are they allowing a more integrated, science-based approach to resolving food safety and environmental concerns, they are helping the sector expand into other parts of the economy, and take agriculture beyond the production of food.

All these factors result in a fundamentally more complex business climate for the Canadian agriculture and agri-food system, one that offers both opportunities and challenges.

While we continued to help maintain the competitiveness and viability of the sector during the 2000-2001 fiscal year with existing policies and programs, we also initiated new policies and programs that will deal with this new business climate.

We have begun to look beyond the status quo to broaden the traditional focus of agricultural policy to meet the needs of the sector and Canadians in a more comprehensive and integrated way.

- In June 2000, in Fredericton, for the first time ever, federal, provincial and territorial agriculture ministers agreed on a single framework for managing agricultural risk. This was a major step in providing producers with the security they need to grow and prosper.
- Work was also done last year with the provinces and territories to build an integrated policy framework that can respond to the new business climate. This year-long effort culminated in Whitehorse in June 2001, with all 10 provinces, the territories and the federal government publically supporting the need for a comprehensive plan to move forward. They agreed, in principle, to a new Agriculture Policy Framework — one that ensures the prosperity of the agriculture and agri-food sector by making Canada the world leader in food safety, innovation and environmentally responsible production.

- To ensure that we were on target with all of the Department's policies and programs, we developed and implemented a new business plan that focuses on strategic outcomes for Canadians. This plan concentrates on enhancing the **Security of the Food System**, improving the **Health of the Environment** and responsibly using science and technology as a basis for **Innovation for Growth**. We are clearly focused on achieving results for Canadians and the sector.
- In addition, we are also well on our way to implementing a new, fully integrated management framework that will strengthen client-centred service delivery.

Success at meeting these challenges and opportunities will require collaboration and teamwork. Farmers, processors, consumers, environmentalists, researchers and other stakeholders will need to work together as a team to "brand" Canada as the world leader in innovation and the environmentally responsible production, processing and marketing of safe, high-quality food and agricultural products.

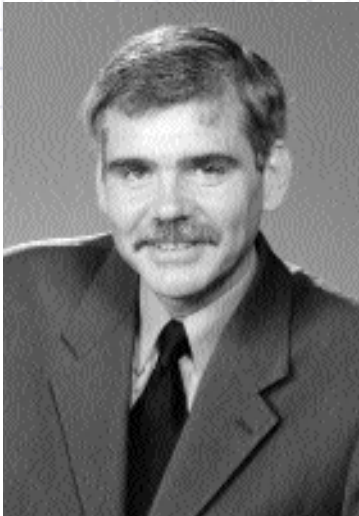
Lyle Vanclief

Minister of Agriculture and Agri-Food Canada

Our policy and program focus has contributed to high productivity and expanding exports, but new challenges are emerging.

Agriculture Ministers have taken the first steps in developing a new Agriculture Policy Framework for the 21st Century, and the Department has adopted a comprehensive and integrated business plan in support of this new direction.

MESSAGE FROM THE SECRETARY OF STATE



ANDY MITCHELL

Approximately one third of Canadians live and often work in rural Canada, generating considerable wealth that benefits all Canadians.

Rural and remote communities contribute significantly to our exports and the gross domestic product. While small communities had 35 percent of the population, they had 38 percent of all businesses.

The rural values of sharing opportunity, pooling risk and pulling together to overcome obstacles are a vital part of our cultural heritage and our national experience. The ongoing presence of a strong, modern rural reality does much more than provide green spaces and places for urban tourism and recreation. It provides all Canadians with a living testimony to the enduring potency of what the 2001 Speech from the Throne called the “Canadian Way.”

The report provides details on some of the many activities the Department has undertaken with Canadians and other departments in rural and remote areas to improve the quality of life of rural Canadians, but I would also like to make special mention here of some significant accomplishments.

We began the year with Canada’s National Rural Conference in Magog-Orford, Quebec. Over 500 Canadians, mostly from rural and remote communities across the country, came together to share information and discuss issues that affect their communities. Eleven priority areas were identified by participants.

We also developed a *Rural Action Plan* that includes 54 specific actions the government will undertake to address the issues identified at the first National Rural Conference.

We then tabled the first Annual Report to Parliament on rural Canada. *Working Together in Rural Canada* provides details on more than 500 federal initiatives that contribute to the development of rural and remote communities.

We have also planned to keep the momentum going with four regional conferences in various parts of the country, which will set the stage for a second National Rural Conference in 2002.

Our strategic approach to addressing issues faced by Canadians living in rural and remote areas is based on, but not limited to, four key components that have produced the greatest results.

The first one is a bottom-up approach, which allows communities to develop the strategies and approaches they want to take towards their long-term sustainability.

The second is the use of a Rural Lens designed to make sure that we, in cooperation with other departments, develop initiatives and respond to issues in ways that make sense for all Canadians, regardless of where they live.

The third component is continuing to build community capacity — the ability to evaluate a community's assets, build consensus and develop a plan to enhance that capacity. Government needs to make sure that communities have the means to develop the solutions they need.

Finally, we need to continue to give communities the tools they need to carry out their strategies. Tools such as the Canadian Rural Partnership, the Community Access Program sites and Community Futures Development Corporations are just a few of the numerous programs available to Canadians living in rural and remote areas.

Rural Canada has a set of traditions that are an important part of the Canadian way of life. The Government of Canada recognizes that a successful Canada is the sum of a strong urban and a strong rural Canada and is committed to working with rural Canadians and organizations, and other levels of government to ensure the long-term sustainability of our rural communities. Our success will ensure that young Canadians will see rural Canada as a place with opportunity for all, where they can have access to wealth and have a future for themselves and their families.

Co-operatives, which are also part of my mandate, are tools that also contribute to community development. We have collaborated within government and with other partners to raise awareness of the contribution of co-operatives and their potential in addressing priorities and challenges. Specific co-op initiatives have been undertaken in areas such as rural sustainability, agricultural revitalization, Aboriginal community development, social cohesion, and labour market development through worker co-ops.

Andy Mitchell

Secretary of State

(Rural Development)

(Federal Economic Development Initiative for Northern Ontario)

Rural Lens

By viewing issues through the eyes of Canadians living in rural and remote areas, federal departments and agencies have become increasingly aware of the effects of their policies, programs and services on rural Canada. Consequently, when considering future initiatives, decision-makers are making a concerted effort to understand the impact of new policies and programs on rural Canada.

PART II

YEAR IN REVIEW

Agriculture and agri-food contributes economically — one in eight jobs and nine percent of Canada's gross domestic product; socially — especially in rural communities, where agriculture is a way of life; and environmentally — as steward of Canada's 168 million acres of land.

An innovative and competitive sector in a changing environment

The world in which the sector and the Department operate continues to change. It is being shaped by powerful economic, social and environmental forces.

The Department and the sector have both been responding to a world that is more complex and to issues that are more inter-related. All stakeholders are being affected: producers, suppliers, processors, distributors, retailers, consumers and governments. This means changing industry structures.

The sector has also become more and more consumer-driven. Consumers are making new demands regarding food safety, its quality, and the environment. In addition to asking for a wide range of new food and non-food products and services, they want to know how safe their food is and how it is grown and processed. Product traceability, identity preservation, and product segregation will soon be required to meet demands of different markets.

The Department continues to work towards reducing unfair subsidies to achieve a more level playing field in international trade. However, as trade agreements are negotiated and as tariffs are further lowered, our trading partners are placing increased importance on meeting technical requirements in order to maintain or gain access to markets.

Changes continue to happen on the farm as well. Farming is becoming an increasingly complex operation, with success depending more than ever on our ability to turn innovation and knowledge into action. In addition to increased consumer concerns about food safety and environmental practices, producers have to keep pace with rapid advances in science and technology. Management skills must be updated through ongoing training and education. Producers need the tools to make sound farming and business decisions.

SAFETY NETS REMAIN A KEY PART OF THE DEPARTMENT'S APPROACH...

Farming will always face traditional risks of low prices and poor yields because of weather and disease. That's why safety nets will always be important, providing the necessary stability to the sector.

Last year, for the first time, the Federal, Provincial and Territorial Agriculture Ministers agreed on a common, integrated, framework approach to agricultural risk management programs. This included an income disaster program, which Canadian farmers have called for.

This framework agreement on agricultural risk management was a huge step forward in providing the Canadian agriculture and agri-food sector with the security it needs to grow and prosper, as well as to take advantage of the exciting opportunities that lie ahead.

Federal, Provincial and Territorial Agriculture Ministers also committed in 2000-2001 to a review — to be completed in 2002 — of how our safety net programs could work more effectively. The Ministers also emphasized that the commitment and perseverance that led to this agreement set an excellent standard for federal, provincial and territorial co-operation in agriculture.

THE DEPARTMENT HAS DEVELOPED A NEW AGRICULTURAL POLICY FRAMEWORK

But, improving safety nets alone is not enough to respond to the array of challenges and opportunities faced by the sector.

Over the past year, we have worked with provincial and territorial governments and the sector to change how we approach the challenges and opportunities that face the sector. The centrepiece of this approach is our new Agricultural Policy Framework. A year in the making, it has five components designed to enable the Department and the sector to respond to the changing business and policy climate in an integrated way:

- safety nets
- on-farm food safety
- protection of the environment

Federal, Provincial and Territorial Agriculture Ministers committed in 2000-2001 to a review — to be completed in 2002 — of how our safety net programs could work more effectively.

- science and research
- renewal of the sector

In short, the Department's work last year has laid the foundation for integrating our safety net, science, food safety, environmental and sectoral renewal efforts to continue to "brand" Canada in international markets as a safe, innovative, environmentally responsible producer of agricultural goods.

The integrated Agricultural Policy Framework that was developed will continue to move the sector beyond crisis management and from a focus on basic commodities. It will move towards greater diversification, new investments and employment, better land use, and higher standards of environmental stewardship and food safety.

The Framework offers a broader approach to:

- **Risk Management:** To respond effectively in the interests of all Canadians, we have taken a more comprehensive view of the future and the demands of consumers at home and abroad. Instilling consumer confidence will give us a competitive advantage in existing markets, as well as in new and expanding ones. Today's consumers have concerns about environmental and food safety issues. These concerns could pose as significant a risk to farm income as traditional, climate and economic risks. We have always worked diligently to help the sector manage environmental, food safety, science and trade issues. However, last year, we combined our efforts in these areas with our efforts in safety nets, in order to manage all the risks that the sector faces, in an integrated fashion.
- **Science:** Innovations in science and technology are allowing a more integrated, science-based approach to resolving food safety, and environmental and productivity issues. Science is offering the sector the tools to address these concerns, and is helping to expand the sector into other parts of the economy. Within the life science agenda, for example, we continue to use our knowledge of living things to create innovative, bio-based products and services. Bio-fuels, nutraceuticals, building materials, plastics and household products, such as paper, can be important new markets for our agriculture products. These products can also reduce our reliance on non-renewable resources, improve the health of humans and the environment, generate economic returns, and contribute to the sustainability of rural communities.

AAFC Researchers Awarded the Order of Canada

Dr. Vern Burrows and Dr. Arnold Dyck for their significant research innovations in oat breeding and entomology, respectively.

http://www.gg.ca/appointments/20010822_e.html

- **Trade and Investment:** The Agricultural Policy Framework is also helping us to respond to concerns that globalization is leading to borderless economies, where new rules for trade and investment are coming into play. What we do on food safety and the environment at home can now help or hurt us abroad. Accordingly, we have begun to integrate our environmental and food safety efforts with our international agenda. Our international trade, marketing and investment strategies have become extensions of our domestic policy to ensure that we have fair and competitive access to markets.

DELIVERING THE GOODS

The Department also developed a new vision in 2000-2001 for its work with Canada's agriculture and agri-food sector. This vision is of an *“innovative and competitive sector whose partners work in unison to be the world leader in the environmentally responsible production of innovative, high-quality and safe food and non-food products and services to meet global consumer needs in a way that manages diverse risks and contributes to the best quality of life for all Canadians.”*

The new Strategic Outcomes that we developed in 2000-2001 are the platform that we will use to work collaboratively with our partners to give farmers the tools to help them capture opportunities offered by the agri-food environment. These Strategic Outcomes are:

Security of the Food System - aimed at making Canada the world leader in producing, processing and distributing safe and reliable food to meet the needs and preferences of consumers, in Canada and around the world.

Health of the Environment - aimed at making Canada the world leader in using environmental resources in a manner that ensures their quality and availability for present and future generations.

Innovation for Growth - aimed at fostering innovation in order to make Canada the world leader in developing food and non-food agricultural products and services that meet the diverse demands of markets at home and abroad.

Much of the sector's success comes from international markets. It has more than doubled exports since 1990 (to \$23.1 billion in 2000 — largely through increased consumer-oriented products), and contributes \$6 billion annually to Canada's trade balance. It exports 35 percent of total bulk commodity production and almost 20 percent of processed food and beverage production. While the U.S. is Canada's largest agriculture and agri-food customer, some 39 percent of exports are to other countries.

Agriculture and Agri-Food Canada's Mandate

To provide information,
research and technology, and
policies and programs to
achieve security of the food
system, health of the
environment and innovation
for growth.

More details on the Department's Strategic Outcomes and Key Result Commitments can be found in Figure 1.

THE DEPARTMENT HAS BEGUN TO REDESIGN THE WAY THAT IT OPERATES

Developing a new vision for the Department and a new Agricultural Policy Framework for achieving it was only a start. Last year, the Department also took significant steps to embrace this new vision and Agricultural Policy Framework, and to put in place the management framework to make it happen.

The Department not only reached consensus with the provinces, but also reached a broad internal consensus on where we are going and how we will get there.

To make this vision for Canadians a reality, the Department started to develop and implement a new model for doing business in the 21st century.

Over the past year, teams of people from across the Department were brought together to redefine our Strategic Outcomes and develop a new framework of key result commitments. This is the framework through which we report to Parliament and Canadians on our Strategic Outcomes for the fiscal year 2000-2001 in the next section of this Departmental Performance Report.

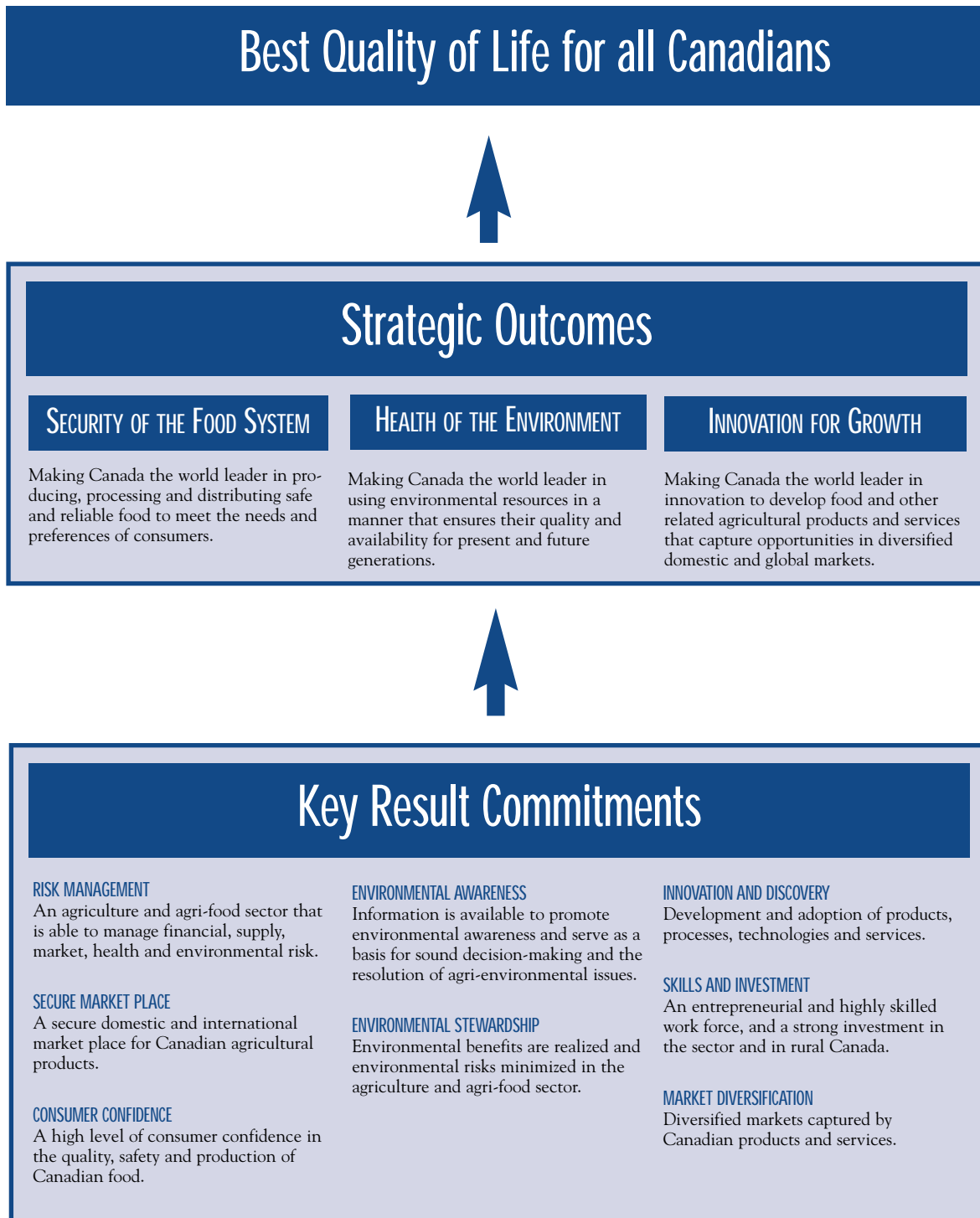
Additionally, the Department began restructuring to deliver on this new vision, and has begun a process to completely redesign the way it operates. We have initiated a process to maximize the use of our skills, knowledge and resources through a focus on the new horizontal management framework. This new focus has also required us to rethink how we can better coordinate enabling functions, such as information technology, human resources and asset management on a department-wide basis.

The Department has:

- **Moved from a Branch-based planning approach to a department-wide planning model** that emphasizes an integrated approach to addressing the challenges and pursuing the opportunities that face the sector.
- **Streamlined how decisions are made.** New management structures were put in place that are less hierarchical and more responsive to the pace of change that the sector is experiencing. For example, five senior management teams have been created to integrate the management of critical enabling functions: people, knowledge, finance, communications, and audit and evaluation.

Figure 1

Agriculture and Agri-Food Canada's Resolution for Canadians



Lessons Learned in 2000-2001 included:

We must continue to balance our approach across the economic, environmental and social dimensions of agriculture for the benefit of Canadians, farm families and rural communities.

To achieve our Strategic Outcomes we must continue to work horizontally with our partners and other government departments.

Only through an integrated, department-wide team approach will we be able and ready to change course as new priorities emerge.

We will become truly inclusive only by recognizing the potential and maximizing the contribution of every AAFC employee.

- ***fundamentally changed how people work together.*** A focus on teamwork is essential to the success of both our vision and Agricultural Policy Framework. The Department has completely reoriented the way that we work. Interdisciplinary teams that operate collectively are becoming the norm. Hierarchical approaches to work are being replaced because of the need to seek out and integrate diverse views and skills wherever they are in the Department.

As teamwork is fundamental to achieving our Strategic Outcomes, we have developed a new learning platform to facilitate working together, towards our common purpose. This platform means redesigned training courses that are aligned with our Strategic Outcomes. It also means new training programs to support our new direction. These, include an integrated team learning program that enables teamwork and collaboration, and that supports innovation both on an individual and team level.

- ***begun to develop and implement a new integrated performance measurement model*** to evaluate the progress we are making towards the achievement of Strategic Outcomes. These measures will help the Department to better focus and manage our work and to improve our reporting of results to Parliament and to Canadians.
- ***started the process of building a responsive risk management model.*** Last year, we began to improve the design and administration of our Farm Financial Programs, where the lion's share of the Department's budget is dispensed. Our focus is on developing an integrated approach to risk management from the farm right through to the consumer that enhances the confidence of Canadians and global consumers in our food safety measures.

CONCLUSION

This year the Department has provided information, research and technology, policies and programs to ensure that Canadians enjoy a secure food system, a healthy environment and the benefits of growth through innovation.

The Department has started to chart a new course, one that will raise the bar for quality and service in a competitive, global market place.

We have taken a more integrated management approach, emphasizing innovation, partnerships and teamwork. We have reframed how we work together to achieve our goals and operate as one department.

Working collaboratively with our partners towards a common objective will ensure a healthy, strong agriculture and agri-food sector.

AGRICULTURE & AGRI-FOOD CANADA'S STRATEGIC OUTCOMES

Achieving Strategic Outcomes for Canadians

This section of the report highlights the Department's efforts in achieving our Strategic Outcomes. More information on the Department and its activities can be found on our Web site at <http://www.agr.gc.ca/dpr-rsr/2001>.

These new Strategic Outcomes were presented in the Department's 2001-2002 Report on Plans and Priorities.


The Departmental Performance Report for fiscal year 2000-2001 is the first time that the Department is reporting on the basis of its new Strategic Outcomes. As a result, for this year, the amounts reported against each of the new Strategic Outcomes are approximations.

A crosswalk between these new Strategic Outcomes and the Department's old Business Line Elements can be found in Table 4 of the Financial Tables in Annex I.

TOTAL DEPARTMENTAL EXPENDITURES

In the fiscal year 2000-2001, the Department spent \$2,362.7 million to achieve our three Strategic Outcomes. Detailed financial tables are included in Annex I of this report.

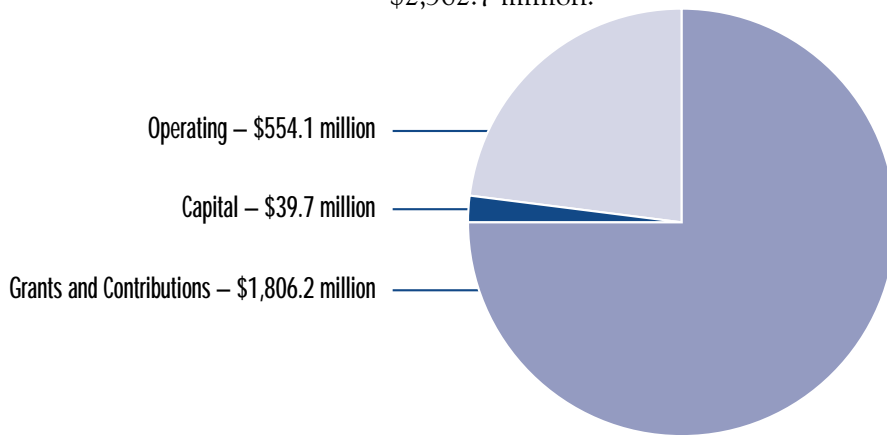
Connecting Canadians

In our continuing effort to provide Canadians with on-line access to information and services, we are including web links to more information and key outcomes and highlights. These links are indicated by  and are listed at:

http://www.agr.gc.ca/dpr-rsr/2001/links_e.html

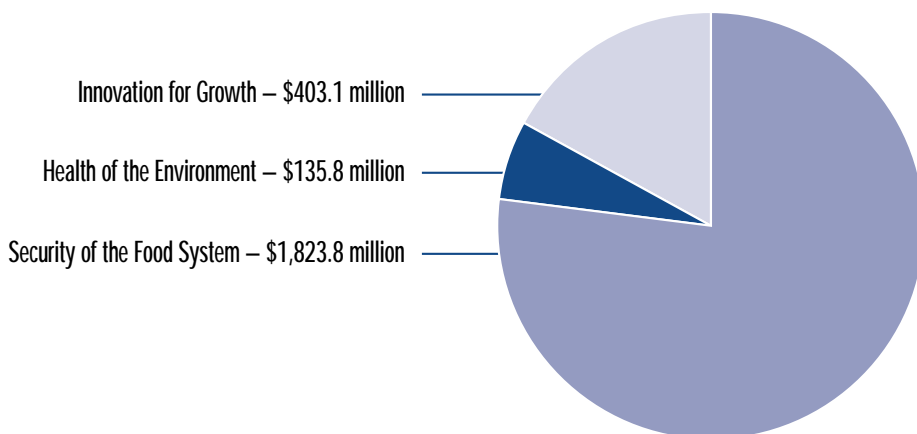
EXPENDITURE PROFILE BY EXPENDITURE TYPE

In 2000-2001, \$1,806.2 million was spent on grants and contributions, including statutory payments, \$39.7 million on capital and \$554.1 million on operating. Responsible revenues totalled \$37.3 million, resulting in total net expenditures of \$2,362.7 million.



EXPENDITURE PROFILE BY STRATEGIC OUTCOME

Last year, \$1,823.8 million was spent on Security of the Food System, \$135.8 million on Health of the Environment and \$403.1 million on Innovation for Growth.*



* AAFC has changed its business line structure from the way it was presented in the 2000-2001 Report on Plans and Priorities. The above graph presents amounts approximately allocated against the new strategic outcomes.

Performance Accomplishments

SECURITY OF THE FOOD SYSTEM

The Department's Security of the Food System Strategic Outcome focuses on promoting a safe and reliable food system, and includes everything from helping producers manage all forms of risk to helping promote a stable market place for Canadian agriculture and food products.

This Strategic Outcome complements the efforts of our partners, the Canadian Food Inspection Agency and Health Canada, to make Canada a world leader in the production and distribution of food and non-food products. This Strategic Outcome's objectives were achieved through three key result commitments:

- *Risk Management*
- *Secure Market Place*
- *Consumer Confidence*

RISK MANAGEMENT – 2000-2001 CHALLENGES AND HIGHLIGHTS

A vibrant and sustainable agriculture and agri-food sector requires a risk management framework that is comprehensive, integrated and ensures that farmers have the right tools to address issues and to capture opportunities.

Over the past year, the agriculture sector has been faced with a number of challenges. Food safety and environmental issues posed as significant a risk to the income of farmers as the traditional risks of unsettled markets, weather and disease. In 2000-2001, the Department continued to assist producers by providing income stabilization programs that helped farmers to weather the storms of low prices and poor yields.

In addition, the Department focused on providing producers with the knowledge and understanding of the linkages and complementarity of public and private risk management tools,

Objective

To make Canada the world leader in producing, processing and distributing safe and reliable food to meet the needs and preferences of consumers.

Expenditures in 2000-2001:
\$1,823.8 million

About 60 percent of CARD funds (\$35 million a year) over the four-year period (1999-2000 to 2002-2003) support national programs and initiatives that benefit the agriculture and agri-food sector and rural communities across the country.



and their use. This is contributing to a greater self-reliance and stability in the sector. Through programs that encourage best practices, such as Canadian Adaptation and Rural Development Program (CARD), the Canadian Agriculture Safety Program (CASP) and the Matching Investment Initiative (MII), the Department continues to provide the sector with the tools for change.

THE FOLLOWING ARE SOME EXAMPLES OF OUR OUTCOMES IN THIS AREA:

Federal/Provincial Agreement on Risk Management


- To help producers respond to risk-related challenges, the Department worked with its partners to achieve a new three-year *Framework Agreement for Agricultural Risk Management*. This agreement was signed on July 5, 2000.

Tools and strategies to manage risk

- Producers require the right tools to manage risk. The Managing Market Risk Course is one such tool that was designed to introduce the concept of market price risk and products to manage risk. 
- The right tools are also needed to help generate and implement innovative ideas to satisfy consumer demands for healthy, safe food and non-food products grown in an environmentally responsible way. The Canadian Adaptation and Rural Development Program sponsors Adaptation Council projects to develop and initiate feasible solutions to challenges faced by the industry. 

Pro-active approach to managing risk associated with consumer concerns about food safety

- Concerns have grown about antibiotic resistance developing in animals and in consumers. Antibiotics are sometimes used to promote livestock growth in many countries. In response to this, the Department developed alternative technologies to the practice of using antibiotics in animal feed. Our researchers have found naturally occurring enzymes and proteins that are an effective and much safer alternative to antibiotics.

- It is becoming increasingly important to ensure that the agriculture and agri-food sector can guarantee the safety of our agricultural products to consumers, and that we develop and implement a cost-effective way of reducing waste and recalls. The proactive approach that we have begun will brand Canada as a producer that consumers can trust. To enhance the safety of our food supply, we began developing technologies that support an integrated farm gate-to-dinner-plate Hazard Analysis and Critical Control Point (HACCP) based approach. 


SECURE MARKET PLACE – 2000-2001 CHALLENGES AND HIGHLIGHTS

Trade is critical to income security on the farm. Enhancing Canada's position in the international market place means more than improving access to international markets and reducing internal barriers to trade. It also means pro-actively addressing trade issues and positioning ourselves to efficiently resolve trade disputes.

Agriculture and Agri-Food Canada has worked as Canada's agricultural trade advocate to break down trade barriers at home and abroad. Through collaboration with our provincial partners, we continue to strive to get agreement on stronger trade rules and create a level playing field through organizations such as the World Trade Organization. The Department also secured new markets for Canadian products through negotiating new agreements, such as the Free Trade Area of the Americas.

THE FOLLOWING ARE SOME EXAMPLES OF OUR OUTCOMES IN THIS AREA:


Canada's agri-food trade interests were advanced


- Canada continued to secure its position in the international market place and enhance its role as a world leader in the agriculture sector through free trade negotiations such as the new Canada-Costa Rica Free Trade Agreement. 
- Canadian interests were advanced during the first phase of the World Trade Organization agriculture negotiations. Canada's initial negotiating position, which is supported by Canadian stakeholders, includes the elimination of export subsidies, the maximum reduction or elimination of trade-

Trade is a Team Effort




Science also plays an important role in managing trade. The Department's vast culture and herbarium collections provided researchers the material to quickly develop an effective soil sampling process, and allowed the Canadian Food Inspection Agency to demonstrate our success at controlling and eradicating potato wart in PEI.

The findings from the WTO Consultations Process Review were consistent with the results from the constituency building forum. The results of the review highlighted the need for governments to establish and nurture relationships with groups who represent non-traditional interests.

distorting domestic support, and real and substantial market access improvements for all agricultural and food products. It also calls for the maintenance of Canada's ability to operate orderly marketing systems. 

- Canada played a leadership role to help preserve global biodiversity through its ongoing support to the Convention on Biological Diversity and in negotiations on the *Cartagena Protocol on Biosafety*. 

Barriers to trade resolved

- Trade disputes required Canada to defend Canadian industry. The United States' ban on Prince Edward Island potatoes was resolved in six months and access was restored to a market, valued in 1999, at \$35.5 million.  Canadian Wheat Board trade practices were also defended in Section 301 of the U.S. Trade Act of 1974 investigation. 
- Foreign trade barriers were removed, opening up new markets for Canadian agricultural and food products. For example, Canada's icewine from British Columbia and Ontario gained access to the European Union market, and exports are expected to reach \$20 million in five years. 

CONSUMER CONFIDENCE – 2000-2001 CHALLENGES AND HIGHLIGHTS

Building consumer confidence means providing consumers at home and abroad with more information on how their food is grown and processed. It also includes using our technical expertise in developing new food-testing technologies and genetic screening to pinpoint diseases; it means having a food inspection system consumers can count on. We worked with the Canadian Food Inspection Agency, Health Canada and industry to emphasize safety in every step of the food production process.

The Department has worked to anticipate, understand and integrate consumer perceptions and preferences into all policies and programs. Timely and relevant policy analysis and advice have complemented the work done by our partners, making Canada a world leader in this area.




Through consultations with Canadians, the Department gathered opinions about the future direction of the agriculture sector and gained knowledge of emerging issues that are important in maintaining consumer confidence.


THE FOLLOWING DEPARTMENTAL ACTIVITIES HIGHLIGHT A FEW KEY PROJECTS IN 2000-2001:

Broader citizen engagement

- Success requires the Department to reach beyond the agriculture and agri-food industry to the citizens of Canada, both rural and urban, who look to the agriculture sector to provide them with safe food, a clean environment and products that improve their quality of life. The constituency includes not only producers and various sectors of the food industry, but non-government organizations, community organizations, health groups, academics, provinces, territories and consumers. To respond, we implemented a Constituency Building approach in all of our consultations and citizen engagement initiatives.

New standards are being developed and updated

- In order to maintain a high level of consumer confidence in the quality, safety and production of Canada's food system, work continues with the Canadian General Standards Board  (CGSB), in consultation with an array of constituents, to: support in close collaboration with Health Canada  the development of a standard for voluntary labeling of foods that are the product of biotechnology; and update and maintain the national organic standard at the international level, such as the E.U., U.S. or Codex organic standards. 

Responding to the challenge of ensuring that consumers have a better understanding of and more confidence in the food they eat, last year Canadians were provided with greater access to information regarding biotechnology. 

Objective

To make Canada the world leader in using environmental resources in a manner that ensures their quality and availability for present and future generations.

Expenditures in 2000-2001:
\$135.8 million

Our researchers have developed an Internet database called the Integrated Taxonomic Information System (ITIS), allowing Canadians access to information about biodiversity, biocomplexity, biocontrol, molecular genetics, international trade and more. 

HEALTH OF THE ENVIRONMENT

The Department's Health of the Environment Strategic Outcome focuses on the promotion of environmental stewardship and awareness. The intent of this strategic outcome is to make Canada a world leader in responsive agricultural products and processes that use Canada's natural resources in a responsible manner. Pursuit of this Strategic Outcome helped Canada tackle global problems, like climate change, by meeting international commitments such as the reduction of greenhouse gas emissions under the Kyoto Protocol.

These initiatives are carried out through two key result commitments:

- *Environmental Awareness*
- *Environmental Stewardship*


ENVIRONMENTAL AWARENESS – 2000-2001 CHALLENGES AND HIGHLIGHTS

The Department has been working with industry and other partners to develop and produce competitive products and processes in an environmentally responsible manner. We are promoting environmental awareness as the basis of effective decision-making to address agri-environmental issues. Stewardship of the environment is crucial to sustaining the value and integrity of Canada's environmental assets. The Department is working to integrate environmental and economic considerations into departmental, sectoral, community and individual decision-making.



We have played a leadership role working with our partners and with industry to promote environmental awareness and an understanding of environmental issues through scientific research and monitoring. Acting on behalf of Canadians, we have been working cooperatively with the provinces and territories to ensure that the most effective environmental management strategy is implemented.

THE DEPARTMENT HAS UNDERLINED THE IMPORTANCE OF SAFEGUARDING THE COUNTRY'S ENVIRONMENTAL HEALTH THROUGH OUTCOMES SUCH AS:



New partnerships on prairie water

- In an effort to ensure the long-term sustainability of agriculture on the prairies, Prairie Farm Rehabilitation Administration (PFRA) and the Geological Survey of Canada (GSC) jointly developed strategies to evaluate prairie groundwater supplies for the impact of climate change. These projects were supported by the Government of Canada Climate Change Action Fund and the Prairie Adaptation Research Co-operative. 

Sustainable land and water management practices

- To respond to Canadians' concerns about the "risk of groundwater contamination," we have collaborated with provincial/municipal planners and the hog industry to develop strategies to manage effluent disposal in a sustainable and environmentally sound manner. 
- In an effort to increase sustainable land use practices, the Department worked with Prairie Farm Rehabilitation Administration, Ducks Unlimited Canada, the Northwest Soil Management Association, and the rural municipalities of Strathcona and Mountain to implement the Environmental Tax Credit Program. 

Enhanced environmental awareness


- The need for greater awareness and commitment among Canadian producers to reduce greenhouse gas emissions led to the development of the Climate Change Skills and Knowledge Transfer Program. The program identifies and promotes the use of best environmental management practices on farms. 
- The environmental impact of the primary and food processing sectors on the environment was reduced by promoting less dependency on the use of fossil fuels. We encouraged the adoption of more environmentally friendly practices by providing information and analysis of alternative fuels. 

The Department is undertaking an environmental assessment of crop insurance. This means improved analytical capabilities to account for environmental factors in our decision making.

<http://www.agr.ca/policy/epad/english/pubs/adhoc/98009r/sum.htm>

Prairie Farm Rehabilitation Administration, in partnership with Saskatchewan Public Health and Sask Water, co-ordinated the water supply cleanup following the flood that devastated Vanguard, Saskatchewan, and area on July 3, 2000.

<http://www.agr.ca/pfra/water/supplye.htm>

- The *Prairie Agricultural Landscapes: A Land Resource Review* report was published to support strategies aimed at ensuring sustainable agricultural growth across the Prairies. The report provides decision-makers with a unique analysis of land use practices and landscape characteristics. 


ENVIRONMENTAL STEWARDSHIP – 2000-2001 CHALLENGES AND HIGHLIGHTS

The role of all levels of government, as advocates of maintaining a healthy environment, is crucial to sustaining the capacity of Canada's agriculture and agri-food system for the production of agriculture, food and non-food products that our customers want. We have worked over the past year to promote the benefits of enhanced environmental stewardship. At the same time, we were taking action to minimize risks to the agriculture and agri-food sector by fostering the development and implementation of economically sustainable best management practices.


Efforts to increase adoption and utilization of sustainable land and water management systems will afford greater economic security for future generations. Through the adoption, by producers, of smart technologies and farm-friendly solutions, we are working to make Canada the world leader in using Canada's environmental resources wisely.

THE DEPARTMENT HAS ADDRESSED THE IMPORTANCE OF ENHANCED ENVIRONMENTAL STEWARDSHIP THROUGH:



A new Sustainable Development Strategy

- The Department has developed an environmental decision-making framework that will guide departmental decisions over the coming years. It will ensure that our policies and programs reflect greater environment, economic and social integration and sustainability. Our second Sustainable Development Strategy, *Agriculture in Harmony with Nature*, was tabled in Parliament on February 14, 2001. More detailed information is available under **Government-Wide Initiatives — Sustainable Development Strategy**. 


Environmental performance measurement

- To measure environmental performance, we established 14 agri-environmental indicators that measure key environmental conditions resulting from agricultural activity. Linked to our analysis and modeling, these indicators will help us set a course for environmental health and sustainable growth. 

Sustainable land management practices

- To address Canadians' concerns about the impact of large livestock operations on the environment, the Department launched the Livestock Environmental Initiative (LEI). The program established the Management Council and provided \$1 million for the development of technology to address these concerns. One project is focusing on the issue of "reduction of odour and gas emissions from swine buildings," which responds to the growing environmental concern associated with the expansion of pork production. 
- The Agriculture Drought Risk Management Plan (ADRMP) was developed to respond to the need for drought management and to prepare for droughts in Alberta. 

A new focus on biodiversity

- Biodiversity is a key component of our Environmental Stewardship agenda. Work undertaken included development of strategies to reduce or eliminate the negative impacts of prairie agriculture. This resulted in the Recovery Strategies Report. 

In addition, the groundwork was laid for a major national conference on bioinformatics, to support national efforts to manage biodiversity.

Responding to the challenge of ensuring that consumers have a better understanding and more confidence in the food they eat, last year we provided Canadians with greater access to information regarding biotechnology.

The worldwide erosion of the gene pool of plants we use for crops and their wild relatives is a serious concern to all. The Department's "Canadian Clonal Genebank" is helping to preserve these plants. The Genebank provides a reservoir of genetic material that breeders and researchers can use as a source of new traits to respond to drought, global warming, weed insects and disease pests.

Objective

To foster innovation in order to make Canada the world leader in developing food and other related agricultural products and services that capture opportunities in diversified domestic and global markets.

Expenditures in 2000-2001:
\$403.1 million

INNOVATION FOR GROWTH

The Department's Innovation for Growth Strategic Outcome articulates our commitment to the development and adoption of products, processes and practices that contribute to Canadian competitiveness and environmental sustainability. This Strategic Outcome includes promoting innovative practices in everything we do, from investment, trade, policy and regulatory frameworks to research and development.

The promotion of *Made in Canada* products through the Agri-Food Trade Service and research that continues to develop new ways of strengthening agricultural products, illustrates that we have met this challenge.

The goals of this strategic outcome are implemented through three key result commitments:

- ***Innovation and Discovery***
- ***Skills and Investment***
- ***Market Diversification***

INNOVATION AND DISCOVERY – 2000-2001 CHALLENGES AND HIGHLIGHTS

To thrive in this new global, knowledge-based economy, we need to be innovative, adaptable and outward looking in our economic practices. The sector's success hinges on industry's continuing ability to develop and market a broad range of new products, and find innovative ways to market these products.

The Department has begun to integrate priorities for research and development with competitive private sector knowledge about markets, regulations, demographics, science and technology.

EXAMPLES OF OUR INNOVATIVE RESEARCH PROJECTS THAT ALSO SHOW THAT WE HAVE INCREASED CANADA'S COMPETITIVE EDGE INCLUDE:

New research capacity

- With a focus on the emerging functional food and nutraceutical segments of the agri-food industry, Minister Lyle Vanclief officially opened the new \$10 million Food Research Centre

in Guelph, Ontario. The centre is strategically located within a one-hour drive of 40 percent of the nation's food processing industry. A unique feature of the facility is a pilot processing plant that permits researchers to gauge the effects of food processing on common food-borne pathogens.

New crop varieties

- The Department continues to work to keep on producing agricultural products that are the best in the world. Durum wheat, from which pasta is made, accounts for about 18 percent of Canada's total wheat crop. Our research has recently produced two new varieties of wheat, AC Avonlea and AC Navigator, that should make a strong contribution to strengthening our share of the world market.
- Our Matching Investment Initiative (MII) produces an abundance of successful market-driven research results every year. One project that will have a significant long-term impact on western agriculture is the development of an edible oil crop from mustard. The new variety, Brassica juncea, was released and just recently received the GRAS (Generally Recognized As Safe) designation in the U.S. It was this designation that catapulted Canola into the limelight as the second most important crop on the Prairies (behind wheat), with 5.5 million hectares seeded annually.

Reduced need for pesticides

- Wheat Midge is the most damaging insect pest of wheat in Manitoba and Saskatchewan, causing over \$100 million per year in losses. Our research has successfully transferred resistance from winter wheat to spring wheat. This resistance kills more than 99 percent of the larvae, eliminating the need for costly and potentially environmentally harmful pesticides.
- Our research has also identified sources of natural resistance to Fusarium graminearum in Chinese varieties of wheat. Markers for three genes have been patent-protected for Canadians. This significant milestone will accelerate breeding research considerably and should lead to significant progress in the next few years in developing head blight resistant wheat varieties.

World renowned for its high-quality and superior cooking performance, Canadian durum has captured 70 percent of the world durum trade.

This breakthrough in mustard should extend oil seed production into the southern dry prairie and add an estimated one to two million hectares to the existing production land base.

The overall annual economic benefits of bringing Fusarium graminearum under control are estimated to be over \$100 million.

Agriculture scientists have come up with a new technology to extract lycopene from tomato skins and manufacture it into useable capsule form. Lycopene is a compound with enormous potential in the nutraceutical market, offering the potential to prevent cancer and cardiovascular disease. The work is expected to help develop the Canadian lycopene supply industry.

In 1999, total direct foreign investment in Canada increased \$20.8 billion (9.5 percent), to reach almost \$240 billion.

New uses for agricultural products

- Our research to produce nutraceutical compounds from common commodities like tomatoes and blueberries, and more exotic products like sea buckthorn, has led to numerous potentially lucrative markets. Canada is a leading producer of agricultural commodities that have the potential to be processed into functional foods and nutraceuticals for domestic and global markets. For more information on these and other related research results, please consult our Web site at: http://res2.agr.ca/research-recherche/ann-dir/result_e.html.

SKILLS AND INVESTMENT – 2000-2001 CHALLENGES AND HIGHLIGHTS

A competitive agricultural sector depends on our capacity to attract people and investment. Working with our federal, provincial and industry partners, we have raised Canada's visibility in the investment community and improved investor perceptions of Canada as the preferred place to invest. Success in generating and implementing innovative ideas and expanding Canada's economy is dependent on collaboration among individual Canadians, businesses, academic institutions and governments.

THE AGRICULTURE AND AGRI-FOOD CANADA INITIATIVES THAT HAVE HELPED TO "BRAND" CANADA AS A PLACE TO INVEST INCLUDE:

Integrated strategies implemented


- An integrated approach to targeting investment promotion, addressing irritants to expansion and retention of investment by individual firms, and working with responsible policy makers to explore options regarding longer-term regulatory issues was needed. The Department, in collaboration with provinces and other federal partners, developed and implemented an integrated strategy to attract investment.

Investment in Canada actively promoted

- Addressing investor misperceptions about Canada's attractiveness as a place to invest, the Department co-sponsored Brand Canada investment projects in Boston and Dallas. Research among senior executives initiated in the New England area will provide the basis for a targeted campaign in Boston to raise awareness of Canada's unique strengths in life sciences.

- The Department co-sponsored a study of the relative costs of doing business in North America, Europe and Asia. This study fostered awareness of Canada's ongoing competitiveness in terms of indicators such as highly skilled work force, regional capabilities in clusters and research infrastructure, health and safety systems, and labour costs.
- Unlocking the potential to gain Canada's share of the expanding life sciences economy, the Department has worked with provinces to develop a joint integrated strategy for attracting investment to the agri-food sector.

A focus on competitiveness

- The *Agricultural Adaptation: A Co-operative Approach* initiative explores new alternatives to improve the competitiveness of the sector and its abilities to capture new market opportunities. It was developed with the Canadian Co-operatives Association and the Conseil canadien de la coopération and was funded under the Canadian Adaptation and Rural Development Fund. 

Investment in research and development encouraged

- To accelerate technology transfer, the Department's Matching Investment Initiative (MII) matches market-driven investments with the private sector in agriculture research and development, averaging \$64 million in recent years.

MARKET DIVERSIFICATION – 2000-2001 CHALLENGES AND HIGHLIGHTS

In 2000-2001, the Department supported the sector's efforts to pursue domestic and foreign market opportunities. Together, we promoted market diversification through the management of the agriculture and agri-food component of Team Canada to help Canadian business succeed in world markets. The increasing domestic and export sales of Canadian agricultural commodities and agri-food products accounted for Canada's \$23.1 billion in exports. Our commitment to the production of quality agricultural goods has helped establish Canada as a leader in the world market place. This commitment continues to brand Canadian products as the choice of consumers.


The Department worked with the Canadian Dairy Commission and stakeholders on modifications to class schedules, which resulted in increased usage of milk by further processors for value-added products.

MII also provides job opportunities for graduate students with AAFC and our industry partners. Aaron Mills, a graduate from the Nova Scotia College of Agriculture, is working on an MII project at our station in Charlottetown. The project examines the development of diseases in potatoes after harvesting. His research constitutes a significant portion of his Master of Science at the University of PEI.

The Department's focus on multi-year integrated strategies and industry-government partnerships is paying off. Under the Special Crops Strategy, in place since 1992, Canada has become a major player in the production of the world's special crops (e.g. peas, lentils, chick peas, beans, mustard, canary seed, etc.). Canadian special crops are now sold in more than 110 countries around the world. Since 1992, Canada has experienced a fivefold increase in pulse production (from 900,000 to 5,000,000 tonnes in 2000, valued at \$1.4 billion).

THE FOLLOWING ACTIVITIES ARE A FEW EXAMPLES OF OUR OUTCOMES:


Enhanced food product quality and safety

- The Department is working with producers to establish post-farm gate tracking of agricultural products. One of the highlights is our work with the cattle sector in the implementation of the unique animal identification system. 


Canadian products showcased

- We promoted *Made in Canada* products around the world through the International Markets Bureau, by participating in trade shows and hosting trade missions. We also helped export-ready firms get their products to markets, and provided hands-on assistance to agricultural entrepreneurs.

Awareness of opportunities increased

- Increased awareness and utilization by producers of market opportunities and trade promotion activities through the effective provision of timely, high-quality domestic and international market information reports, enabling Canadian companies to become more successful marketers. Agri-Food Trade Service (ATS) Web site promoted Canadian agri-food products and suppliers to the world. This electronic linkage keeps exporters and potential exporters better informed of current market conditions and issues. 

Targeted information to Canadians

- Keeping producers informed with regard to diversification opportunities is also key. The research team from the Eastern Cereals and Oilseeds Research Centre published the first Canadian Medicinal Crops book. This book contains comprehensive descriptions of indigenous medicinal plants that have the potential to be commercially profitable. It also details practical ways to build a medicinal plant business.
- The Department continued to improve the availability of market information to Canadians through the AAFC Online. 

Market opportunities pursued

- The Department continues to work with partners to exploit opportunities for diversification. For example, the Flax Consortium, made up of Agriculture and Agri-Food Canada, the University of Saskatchewan and the London Health Sciences Centre, recently signed a licence with the private sector to commercialize their flax lignan technology. Canada is the world's largest exporter of flaxseed.
- AAFC also assisted the industry in developing and implementing multi-year sectoral strategies through the International Markets Bureau.

The Canadian grains and oilseeds sector has been strengthened through the Department's industry-government Agri-Food Industry Market Strategies (AIMS). These integrated, multi-year strategies involve all parts of the sector, and have accounted for close to \$600 million in incremental sales per year in the grains and oilseeds sector since the program started. Market opportunities pursued include:

Canola - projects such as demonstration trials for canola meal in Mexico in the early 1990s helped make this commodity known and acceptable to livestock producers. Our canola seed exports to Mexico have increased from under 100,000 tonnes in the early 1990s to 800,000 tonnes in 2000, representing over \$200 million in incremental sales per year.

Flax - the flax strategy has supported activities aimed at reversing decreasing flax production. Production has increased 300 percent (from 337,000 tonnes in 1992-1993 to 1,022,000 tonnes in 2000). At current prices, this additional flax, most of which is exported, represents incremental revenue of \$210 million.

Soybeans - The soy strategy has been instrumental in increasing exports of high-value food quality soybeans to Asian markets from about 50,000 tonnes in 1990 to about 300,000 in 2000, and an incremental sales value of close to \$100 million per year. Furthermore, the experience acquired in identity preservation (IP) to serve these markets with specific food use varieties is now being applied by the Canadian soybean industry to create a significant IP market for non-GM soybeans in Europe.

According to research, the regular use of flax in diets has been associated with reduction of risk factors linked to heart disease, diabetes and hypertension.


Malt - The Canadian malting industry strategy went beyond coordinating marketing efforts and working collectively overseas. The Department has assisted the industry in their switch from obsolete varieties to new and more competitive varieties, allowing Canada to maintain and increase its market share. Sales have increased from 400,000 to 500,000 tonnes since 1997, an incremental sales value of over \$50 million.

Government-Wide Initiatives

This section contains initiatives that are government-wide in nature. It includes:

- *Canadian Rural Partnership*
- *Co-operatives*
- *Sustainable Development Strategy*

CANADIAN RURAL PARTNERSHIP

Enhanced **responsiveness to the issues and concerns of rural Canadians** was achieved through a continuous federal focus on the priorities from the *Federal Framework for Action in Rural Canada*. The Canadian Rural Partnership (CRP) and other programs were used to support this government-wide initiative. 

The Rural Secretariat provides cross-governmental leadership to the *Federal Framework for Action* by enhancing access to federal programs and services, refining and promoting the application of the Rural Lens to government initiatives, implementing horizontal rural initiatives, such as CRP Pilot Projects, and continuing the Rural Dialogue. Listening to Canadian citizens living in rural and remote areas is a cornerstone of the CRP elements.

Federal government presence in the regions has been improved through more activities of Rural Teams, which are made up of federal, provincial and territorial officials who work collaboratively with rural and remote Canadians to address local issues.


Objective

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

A Rural Action Plan was developed from Conference feedback, featuring 54 specific actions for follow-up.

http://www.rural.gc.ca/conference/rap-par_e.phtml


A strengthened dialogue with rural Canadians and the Federal Government

- A National Rural Conference was held in Magog-Orford, Quebec, April 27-30, 2000. More than 500 citizens from rural and remote Canada attended to share experiences and successes and provide feedback on federal performance. Building from priorities that were identified at the conference, a set of 54 specific governmental actions were developed. Items have been followed-up on from the conference. For example, the Canadian Agriculture Rural Communities Initiative, that funds rural organizations, partnership projects, conferences and research, was introduced.
- Additional regional Rural Dialogues were also held, focussing on local solutions to local concerns, and showed significant engagement of rural Canadians. 


Federal programs in rural areas are becoming more responsive to the needs of rural Canadians

The Rural Lens is shaping programs such as the Canada Infrastructure Program, which includes a designated rural allocation in each province. Changes to the seasonal employment insurance program that have been recently pilot-tested also respond to the unique needs of rural Canadians. A new *Guide to using the Rural Lens* has been developed by the Rural Secretariat for use by federal officials to provide guidance on assessing the impact of proposed initiatives on rural Canada.

In May 2000, the Government of Canada increased its commitment to the Community Futures Program by allocating \$90 million for the next five years. This investment is being used to create new Community Futures Development Corporations (CFDCs), increase funding for existing CFDCs, and enhance services to communities nationwide.

One hundred pilot projects were approved under round three, with a CRP federal commitment of \$2.9 million. These projects demonstrate creative and innovative approaches to community development in Rural Canada. 

Increased information is available to Canadians in Rural Canada about federal government programs


The first *Annual Report to Parliament* highlights more than 500 federal programs and services available to rural Canadians. 

The Canadian Rural Information Service (CRIS) responds to the information needs of rural and remote Canadians by providing guides to information services, customized information packages on specific queries, a Web site of rural development sources, referrals to expert sources of information and customized bibliographical searches. In 2000-2001, more than 1700 information requests were filled and 320,000 Web site hits were recorded.

The Evaluation of the pilot projects from the CRP round one provides a wealth of information to be shared with other communities.

Through Service Canada, the Government has put in place a network of one-stop access points providing basic information on programs and services, including 44 in rural areas.

The Rural Exhibits program visited about 115 venues in rural and remote Canada this year providing useful information on government programs and services to local citizens.

The Rural Secretariat publishes the *Pocket Directory of Rural Programs and Services*, which is being distributed across the country. 

CO-OPERATIVES

Over the last year, the Co-operatives Secretariat has expanded and promoted the use of co-operatives as a tool to address priorities, challenges and opportunities faced by the sector, and by all Canadians. In partnership with the sector, the Co-operatives Secretariat increased information sharing with other federal departments, and enhanced the understanding of co-operatives among all Canadians. Additionally, interdepartmental consultations generated a better understanding of co-operatives and identified opportunities where co-ops could contribute to community and government objectives.


The Shared Community Shellfish pilot project on the North Coast of British Columbia allowed various governments to partner with First Nations Groups to create a new shellfish industry where none existed previously.

Objective


To facilitate co-operative interaction with the federal government by working with relevant federal departments, consulting with the co-op sector, provincial officials and others.

FOLLOWING ARE HIGHLIGHTS OF OUR ACHIEVEMENTS:

A New Canada Co-operatives Act

- The Secretariat worked with partners in the sector and government on the new federal co-operative legislation governing co-operatives within government. A new Act came into force in 2000, Amendments (Bill S-11) passed in 2001. Several provinces have since undertaken to update their legislation using the federal legislation as a model. 

Alternatives for increasing farm profitability

- New alternatives to improving farm profitability were explored with agricultural producers, through the development of the Agricultural Adaptation: A Co-operative Approach. This initiative is funded through CARD. 

Increased Awareness of the Importance of Co-operatives

- The awareness and understanding of the contribution of the co-operative model to the quality of life of Canadians was increased through various publications, fora and interdepartmental consultations. These initiatives have developed a common understanding of co-operatives among federal institutions and have helped to create a level playing field for co-operatives.

Interdepartmental Collaboration on Co-operative Issues Increased

- Initiatives in collaboration within AAFC and with other departments have been undertaken to explore the potential of the co-operative form of business in priority areas of government, namely in dealing with agricultural revitalization, rural sustainability, Aboriginal community development and social cohesion.


SUSTAINABLE DEVELOPMENT STRATEGY

The Department's Sustainable Development Strategy is intended to protect Canada's natural resource base, prevent the degradation of soil, water and air quality, conserve biodiversity and contribute to the economic and social well-being of all Canadians. It is also intended to ensure a safe and high quality supply of agriculture and food products, and safeguard the livelihood and well-being of agricultural and agri-food workers and their families.

THE FOLLOWING ARE HIGHLIGHTS OF OUR ACHIEVEMENTS:

A renewed strategy for sustainable development

The Department worked with stakeholders to renew its Sustainable Development Strategy. This new strategy, which will cover 2001-2004, builds on the goals and accomplishments of the Department's first strategy *Agriculture in Harmony with Nature*. It provides a framework that will guide the departmental policies programs and decision-making over the coming years to promote environmental, economic and social sustainability in the sector.

Under the new framework, the Department will continue to work co-operatively with industry and other stakeholders in pursuing sustainable development objectives that will contribute to improving the quality of life of all Canadians, including those of future generations. 

Progress on the first strategy's four Strategic Directions

Significant progress was made on the four strategic directions of the Department's first SDS. It delivered results in each of the strategy's four key areas:

- **Increased Understanding:** Our first SDS increased the understanding of sustainable development by providing timely and appropriate information to encourage greater integration of environmental factors into sectoral and departmental decision-making. As an example, we have improved our ability to report on agriculture's environmental performance with the development of 14 agri-environmental indicators.

Objective

Producing and processing agricultural products in a way that is sustainable over the long term and in a manner that supports or enhances the quality of life for Canadians.

- **Greater environmental and resource stewardship:** Agriculture and Agri-Food Canada has developed and encouraged the adoption of practices that enhance the stewardship of natural resources. Under the first SDS, significant achievements were made through, for example, the National Soil and Water Conservation Program, which supported some 300 projects across Canada including enhancing water quality and conservation, and minimizing the negative effects of fertilizers and pesticides.
- **Innovations and solutions to environmental issues:** Sound science and innovation are key to improving the sustainability of agriculture. Under our first SDS, we have worked to address the issue of nutrient management on several fronts, for example by developing a manure treatment system that increases the uptake of nitrogen by plants, lowers the risk of phosphorous build-up and nitrogen runoff, and allows for the recuperation of biogas (methane), which could be used as an energy source.
- **Seizing market opportunities:** Environmental quality and sustainable growth are key to agri-food marketing and trade, and the Department has been active on facilitating the diversification and marketing of environmentally beneficial crops and promoting market opportunities related to value-added environmentally sustainable crops.

More detailed information on the progress that the Department has made over the past fiscal year in relation to its SDS commitments can be found at Agriculture and Agri-food Canada's Web site at <http://www.agr.ca/policy/environment>.



Canadian Pari-Mutuel Agency
Strategic Partners

Supplementary Information

THE CANADIAN PARI-MUTUEL AGENCY

The Canadian Pari-Mutuel Agency (CPMA) worked to protect the wagering public against fraudulent practices at race tracks by ensuring the integrity of pari-mutuel betting. This was achieved by providing efficient and effective pari-mutuel supervision within 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.

THE CPMA'S OPERATING ENVIRONMENT

- There are 85 race tracks across Canada with 137 theatres that are considered as off-site extensions of the race tracks
- The greatest part of every dollar bet through pari-mutuel betting is returned to the winning bettors.
- In 2000-2001, the gross betting revenue was \$1.8 billion.
- The CPMA is a full cost-recovery operation, which derives its revenues from a levy against each dollar wagered on horse races in Canada.
- The current levy is set at 0.8 percent on all wagers.

The CPMA is a strong business-oriented organization that is on track for the delivery of its three-year business plan. The plan is aimed at maintaining the highest standards for pari-mutuel betting and has clear business strategies in place to address current and future operational needs. Last year:

- Partnerships have been established, with all provincial regulatory bodies, on a national program designed to help control the use of alkalinizing agents in racehorses (TCO₂).
- Programs and expenditures were continuously monitored and reviewed to ensure that the CPMA can meet fiscal pressures and to ensure continued high level of program delivery in the most effective and efficient manner.

Governmental

Agriculture and Agri-Food
Canada

Department of Justice
Canadian Food Inspection
Agency

Standards Council of Canada

External

Wagering Public
Racing Industry

The CPMA investigated partnership and alternate delivery options to meet revenue expenditure limitations.

- A new equine drug control contract was awarded in July 2000, resulting in substantial program savings that were reinvested in the program and used to help address resource shortfalls.

STRATEGIC OUTCOMES AND HIGHLIGHTS FOR 2000-2001

Open and productive communication between the CPMA and the horse racing industry

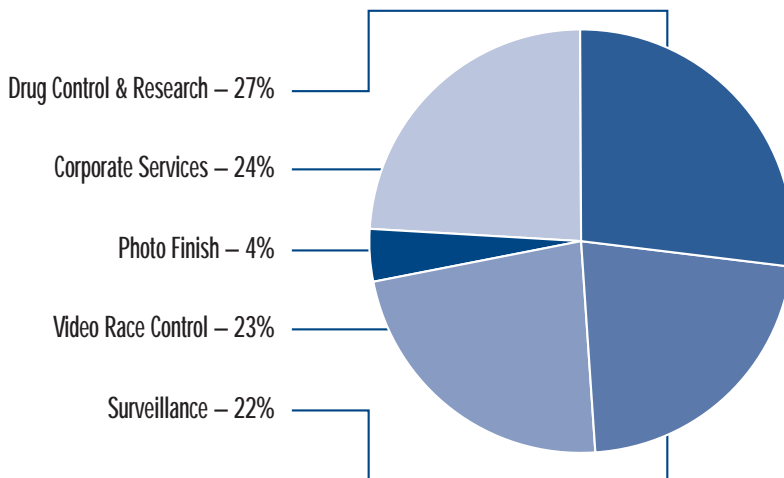
- A successful Industry-CPMA Workshop was held in April 2000 with extensive participation from industry and provincial regulatory bodies.
- Constructive meetings and consultations were held throughout the year with the regulatory and industry sectors on proposed amendments to regulations and strategic initiatives of the Agency.
- Informative statistical reports, on a wide range of racing information, is available upon request to the public and industry and is also situated on the Agency's Web site: <http://www.cpma-acpm.gc.ca>.

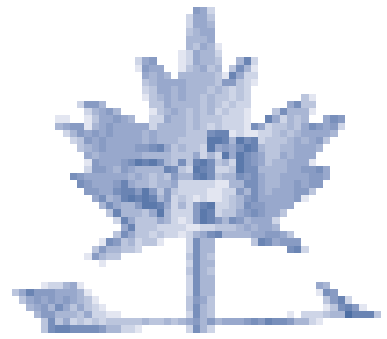
EFFECTIVE AND EFFICIENT ENFORCEMENT OPERATIONS

The Canadian betting public is protected against potential fraudulent practices at race tracks through:

- Agency officers being present at every track on each race day.
- 28 percent or 81,163 pools out of 289,602 pools offered were audited.
- Video race patrol and/or photo finish services were provided to 81 race tracks.
- An effective equine drug control program is in place — 53,827 official samples were tested in 2000, out of which 92 (0.17 percent) positive cases were detected.
- 41 different drugs and metabolites were detected in 2000, 4 of which were detected for the first time in Canada (benzylamine, celecoxib, rofecoxib and temazepam).

EXPENDITURES (%)
BY KEY PROGRAM AREA
(\$13.7 MILLION)





NATIONAL FARM PRODUCTS COUNCIL

The National Farm Products Council (NFPC) is a portfolio agency reporting directly to the Minister of Agriculture and Agri-Food. It currently has nine members, including a full time chairperson. Council is supported by a full-time staff of 14.

The Council was created in 1972, as called for in the *Farm Products Agencies Act* (FPAA), to oversee the national orderly marketing systems for Canadian farm products, except for dairy and wheat. In 1993, the FPAA was amended and 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).

COUNCIL'S MANDATE AS DEFINED BY THE FARM PRODUCTS AGENCIES ACT IS:

To advise the Minister of Agriculture and Agri-Food on all matters relating to the agencies established under the Farm Products Agencies Act, 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 interprovincial 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 agencies under the Act.

Reviewing the Operation of Orderly Marketing Systems

National Farm Products Council 2000 Annual Report

<http://www.nfpc-cnpa.gc.ca/english/reports/annualreview00.html>

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 Council's strategic initiatives for the fiscal year 2000-2001. A comprehensive report on these activities can be found in the National Farm Products Council's 2000 Annual Review.

Cynthia Currie
Chairperson

Working with the provinces and territories

STRATEGIC OUTCOMES AND HIGHLIGHTS FOR 2000-2001

Development of 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.
- The Council continues to play a leadership role in co-ordinating the efforts of the NAASA to develop new agreements in concert with working groups established within each agency.
- In 2000-2001, the chicken FPA renewal process was more advanced than those for eggs, turkey and broiler hatching eggs. Chicken Farmers of Canada had agreed on a draft of the new agreement, which was then sent to all provincial signatories for review and approval. Council worked closely with the NAASA and the Agency in the drafting process. By March 2001, the Agency was close to reaching consensus with all signatories on the wording of the new agreement.

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

Promoting the Strength
of the Industries

- Following the Poultry Meat Export Awareness Mission to Asia in 1999, the Council facilitated the formation of a Poultry and Egg Export Working Group, bringing together chicken and turkey producers, processors, further processors, traders, the NFPC and officials from AAFC's Market and Industry Services Branch.
- In May 2000, the NFPC and the Canadian Poultry and Egg Processors Council hosted a meeting of an expanded working group where 20 industry leaders discussed their experiences and different perspectives on developing export markets.
- An action plan was developed in consultation with industry to effect the next steps in export marketing of poultry and egg products. One element of the plan is to research appropriate international food shows. The NFPC organized a trip to Toyko's Foodex 2001 in March 2001, together with the Canada Beef Export Federation and one further processor of poultry products.
- Another project in 2000 was to find ways to increase export readiness and provide information on export opportunities. The NFPC updated all poultry and egg listings on the federal SourceCan directory, and in partnership with Industry Canada and industry made all industry companies aware of the directory and offered them an opportunity to be listed with an up-to-date and complete profile.
- The Council is a member of Team Canada Inc (TCI), the "virtual" trade agency that coordinates export development programmes, exporter information and other services to exporters offered by the government members and private sector partners. NFPC representatives attend the regular TCI Management Board meetings, where members give and receive updates and review progress on joint TCI activities.

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

- The NFPC continued to monitor the WTO negotiations during 2000-2001, and received regular updates from our country's negotiators. The Council discussed the WTO ruling on Canada's dairy export policies and participated in a meeting with the national agencies for chicken and eggs, DFAIT and AAFC to discuss the implications of the ruling for our poultry and egg industries.

Facilitate resolution of disputes within the poultry and egg industries

- In May 2000, Council held a formal hearing into a complaint filed by the Manitoba and Saskatchewan signatories to the egg agreement against the Canadian Egg Marketing Agency's proposed quota allocation for the year 2000. The complaint challenged the methodology followed by the agency in setting quotas for individual provinces.
- 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 quota allocation system, and will work to entrench this new system in a revised federal provincial agreement.

Convening workshops and conferences to discuss key issues that will help the industry reach its full potential

- Planning began in 2000 to hold a country-wide Forum on Global Awareness for leaders of the Canadian poultry and egg industries. The objective was to create an environment where industry leaders could discuss emerging global trends and strategies in the poultry and egg sectors. The Forum will aim to enhance awareness of external developments in these industries and their potential implications for Canada.
- In May 2001, the Council launched this initiative in Ottawa, where a group of forty producers, processors and further processors of the poultry and egg sectors will be invited to attend the first meeting. The Council will follow this event with a series of regional meetings, and will prepare a summary report of its findings and conclusions.

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. 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 were submitted to the Minister of Agriculture and Agri-Food in December 2000.
- The Minister of Agriculture and Agri-Food agreed with the Council's recommendation that the Canadian Beef Cattle Research, Market Development and Promotion Agency (CBHEMA) be proclaimed. The Council worked closely with the Cattlemen's Association, the Canadian Meat Council and the Canadian Association of Importers and Exporters Inc. to finalize the draft Proclamation of the Agency. This will be the first promotion research agency established under Part III of the *Farm Products Agencies Act*. It is expected that the agency will be proclaimed by the fall of 2001.
- Once created, the Council will continue working with the new agency to implement its business plan.

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. <http://www.nfpc-cnpa.gc.ca/>

ANNEX I

FINANCIAL TABLES

This Annex provides the Department's detailed Financial Information. AAFC developed a new business line structure that differs from what was presented in the *2000-2001 Report on Plans and Priorities*. Table 4 illustrates how resources have been allocated between the old business lines and the new Strategic Outcomes.

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

Crosswalk between Old Resource Allocation and New Allocation

TABLE 5

Revenue

TABLE 6

Statutory Payments

TABLE 7

Transfer Payments

TABLE 8

Capital Projects

TABLE 9

Canadian Pari-Mutuel Agency Revolving Fund

TABLE 10

Contingent Liabilities

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

TABLE 1: SUMMARY OF VOTED APPROPRIATIONS

FINANCIAL REQUIREMENTS BY AUTHORITY (\$ MILLIONS)

VOTE	AGRICULTURE AND AGRI-FOOD PROGRAM	PLANNED SPENDING	2000-01	ACTUAL
			TOTAL AUTHORITIES	
1	Operating Expenditures	432.4	467.5	458.7
5	Capital Expenditures	33.3	39.6	39.6
10	Grants and Contributions	1,273.8	1,445.0	1,321.6
(S)	Grants to agencies established under the Farm Products Agencies Act	0.2	0.6	-
(S)	Payments in connection with the Agricultural Marketing Programs Act	65.5	31.3	31.3
(S)	Loan Guarantees under the Farm Improvement and Marketing Cooperatives Loans Act	4.0	0.0	0.0
(S)	Payments in connection with the Farm Income Protection Act – Transition Program for Red Meats	0.8	0.8	0.8
(S)	Payments in connection with the Farm Income Protection Act – Agri-Food Innovation Program	3.2	3.8	3.8
(S)	Payments in connection with the Farm Income Protection Act – Crop Insurance Program	227.3	222.6	222.6
(S)	Payments in connection with the Farm Income Protection Act – Canada/Nova Scotia Apple Industry Development Fund	0.1	-	-
(S)	Payments in connection with the Farm Income Protection Act – 1994 New Brunswick Debt Refinancing Program	-	-	-
(S)	Payments in connection with the Farm Income Protection Act – Net Income Stabilization Account	212.6	226.1	226.1
(S)	Payments in connection with the Farm Income Protection Act – Safety Net Companion Programs	-	-	-
(S)	Payments in connection with the Farm Income Protection Act – Crops Sector Companion Program	-	-	-
(S)	Payments in connection with the Farm Income Protection Act – Gross Revenue Insurance Program	-	-	-
(S)	Minister of Agriculture and Agri-food – salary and motor car allowance	0.1	0.1	0.1
(S)	Contributions to employee benefit plans	48.6	54.5	54.5
(S)	Spending of proceeds from the disposal of surplus Crown Assets	-	3.7	3.6
(S)	Collection Agency Fees	-	0.2	0.2
(S)	Refund of Amounts credited to revenues in previous years	-	1.1	1.1
(S)	Canadian Pari-Mutuel Agency Revolving Fund	-	2.5	(1.2)
TOTAL DEPARTMENT		2,301.7	2,499.4	2,362.7

Note: Due to rounding, figures may not add to the totals shown

TABLE 2: COMPARISON OF TOTAL PLANNED SPENDING TO ACTUAL SPENDING

DEPARTMENTAL PLANNED VERSUS ACTUAL SPENDING BY STRATEGIC OUTCOME (MILLIONS OF DOLLARS)

STRATEGIC OUTCOMES	FTEs	OPERATING	CAPITAL	VOTED GRANTS AND CONTRIBUTIONS	STATUTORY GRANTS AND CONTRIBUTIONS	TOTAL GROSS EXPENDITURES	LESS RESPONDABLE REVENUES	TOTAL NET EXPENDITURES
Security of the Food System								
Planned	710.8	105.4	–	1,192.0	509.6	1,807.0	10.4	1,796.5
<i>Total Authorities</i>		<i>107.2</i>	<i>0.5</i>	<i>1,372.6</i>	<i>480.4</i>	<i>1,960.8</i>	<i>11.1</i>	<i>1,949.7</i>
Actuals	1,239.7	105.2	0.5	1,249.2	480.0	1,834.9	11.2	1,823.8
Health of the Environment								
Planned	1,342.7	116.9	2.0	19.9	–	138.8	15.8	123.0
<i>Total Authorities</i>		<i>135.3</i>	<i>3.5</i>	<i>16.8</i>	<i>–</i>	<i>155.6</i>	<i>17.1</i>	<i>138.5</i>
Actuals	1,475.4	133.1	3.5	16.8	–	153.4	17.6	135.8
Innovation for Growth								
Planned	2,682.5	292.9	31.3	61.9	4.0	390.2	7.9	382.2
<i>Total Authorities</i>		<i>323.1</i>	<i>35.7</i>	<i>55.6</i>	<i>4.8</i>	<i>419.1</i>	<i>7.9</i>	<i>411.2</i>
Actuals	3,050.0	315.8	35.7	55.6	4.6	411.6	8.5	403.1
Total Planned	4,736.0	515.3	33.3	1,273.8	513.6	2,335.9	34.2	2,301.7
<i>Total Authorities</i>		<i>565.6</i>	<i>39.7</i>	<i>1,445.0</i>	<i>485.2</i>	<i>2,535.6</i>	<i>36.2</i>	<i>2,499.4</i>
Total Actuals	5,765.1	554.1	39.7	1,321.6	484.6	2,400.0	37.3	2,362.7
OTHER REVENUES AND EXPENDITURES								
Less non-responsible revenues								
								47.9
								41.2
								41.2
Plus cost of services provided by other departments¹								
								27.8
								29.2
								29.2
Net cost of the program								
								2,281.6
								2,487.3
								2,350.7

Notes: AAFC has changed its business line structure from the way it was presented in the 2000-2001 Report on Plans and Priorities. The above table presents amounts approximately allocated against the new Strategic Outcomes. A crosswalk from the new to the old structure is provided – see Table 4.

FTEs=Full-time Equivalents

1. Cost of services provided by other departments include accommodation provided by Public Works and Government Services Canada (PWGSC), contributions covering employees' share of employees' insurance premiums paid by TBS, Workman's Compensation coverage provided by Human Resources Canada and salary and associated expenditures of legal services provided by Justice Canada.

TABLE 3: HISTORICAL COMPARISON OF TOTAL PLANNED SPENDING TO ACTUAL SPENDING

HISTORICAL COMPARISON OF DEPARTMENTAL PLANNED VERSUS ACTUAL SPENDING BY STRATEGIC OUTCOME (MILLIONS OF DOLLARS)

STRATEGIC OUTCOMES	1998-99*			1999-00*			2000-01		
	PLANNED	AUTHORITY	ACTUAL	PLANNED	AUTHORITY	ACTUAL	PLANNED	AUTHORITY	ACTUAL
Security of the Food System							1,796.5	1,949.7	1,823.8
Health of the Environment							123.0	138.5	135.8
Innovation for Growth							382.2	411.2	403.1
TOTAL	1,420.1	1,361.4	1,296.0	1,712.8	2,277.4	2,080.1	2,301.7	2,499.4	2,362.7

Notes: AAFC has changed its business line structure from the way it was presented in the 2000-2001 Report on Plans and Priorities.

The above table presents amounts approximately allocated against the new strategic outcomes.

A crosswalk from the new to the old structure is provided – see Table 4.

* As a result of the change in business structure, the strategic outcome breakdown is not available for years prior to 2000-2001.

TABLE 4: CROSSWALK BETWEEN OLD RESOURCE ALLOCATION AND NEW ALLOCATION

Note: As AAFC has changed its business line structure from the way it was presented in the 2000-2001 Report on Plans and Priorities, the following two tables provide crosswalks to show how resources have been allocated in each structure. Where other financial tables in this annex report by business line, it is on the basis of the new Strategic Outcome structure.

CROSSWALK BETWEEN OLD AND NEW STRUCTURES (2000-2001)

Planned Spending (millions of dollars)

Old Structure	NEW STRUCTURE			OLD STRUCTURE		
	Security of the Food System	Health of the Environment	Innovation for Growth	Total amount	FTE's	Percent of total
Expanding Markets	150.6	0.9	37.3	188.8	449.0	8%
Innovating for a Sustainable Future	0.1	86.5	234.4	321.1	3,102.0	14%
Strong Foundation for the Sector and Rural Communities	1,635.2	22.3	78.7	1,736.2	553.0	75%
Sound Departmental Management	10.6	13.4	31.8	55.7	632.0	2%
NEW STRUCTURE TOTAL AMOUNT	1,796.5	123.0	382.2	2,301.7		
FTE'S	710.8	1,342.7	2,682.5		4,736.0	
PERCENT OF TOTAL	78%	5%	17%			100.0%

Note: Due to rounding, figures may not add to totals shown.

CROSSWALK BETWEEN OLD AND NEW STRUCTURES (2000-2001)

Actual Spending (millions of dollars)

Old Structure	NEW STRUCTURE			OLD STRUCTURE		
	SECURITY OF THE FOOD SYSTEM	HEALTH OF THE ENVIRONMENT	INNOVATION FOR GROWTH	TOTAL AMOUNT	FTE'S	PERCENT OF TOTAL
Expanding Markets	20.8	0.9	39.1	60.8	399.2	3%
Innovation for a Sustainable Future	1.2	101.9	252.5	355.5	3,500.0	15%
Strong Foundation for the Sector and Rural Communities	1,787.3	15.1	69.0	1,871.4	1,032.9	79%
Sound Departmental Management	14.5	18.0	42.5	75.0	833.0	3%
NEW STRUCTURE TOTAL AMOUNT	1,823.8	135.8	403.1	2,362.7		
FTE'S	1,239.7	1,475.4	3,050.0		5,765.1	
PERCENT OF TOTAL	77%	6%	17%			100.0%

Note: Due to rounding, figures may not add to totals shown.

TABLE 5: REVENUE

REVENUES BY STRATEGIC OUTCOME (MILLIONS OF DOLLARS)

	ACTUAL 1998-99*	ACTUAL 1999-00*	PLANNED REVENUE	2000-01 TOTAL AUTHORITIES	ACTUAL
RESPONDABLE REVENUES					
Security of the Food System			10.4	11.1	11.2
Health of the Environment			15.8	17.1	17.6
Innovation for Growth			7.9	7.9	8.5
TOTAL RESPONDABLE REVENUES	78.7	102.3	34.2	36.2	37.3
NON-RESPONDABLE REVENUES					
Security of the Food System			8.1	6.4	6.4
Health of the Environment			11.3	10.4	10.4
Innovation for Growth			28.5	24.5	24.5
	165.7	133.7	47.9	41.2	41.2
TOTAL REVENUES	244.4	236.0	82.1	77.4	78.5

Notes: Respondable revenues are generated by the Community Pastures program, administration fees related to the Net Income Stabilization Account (NISA) and the Canadian Pari-Mutuel Agency Revolving Fund. In accordance with Treasury Board policy, the Department can generate and spend up to 125 percent of its vote-netted revenue authority.

Non-respondable revenues include such items as refunds of previous years' expenditures, proceeds from the sale of Crown Assets, privileges, licenses and permits. Additional Non-Respondable Revenue, not included in the above figures, include revenues related to the Return on Investments from the Construction of Multi-Purpose Exhibition Buildings, the Farm Credit Corporation and the Canadian Dairy Commission, amounting, in total, to \$63.5 million for 2000-2001.

AAFC has changed its business line structure from the way it was presented in the 2000-2001 Report on Plans and Priorities.

The above table presents amounts approximately allocated against the new strategic outcomes.

A crosswalk from the new to the old structure is provided – see Table 4.

* As a result of the change in business structure, the strategic outcome breakdown is not available for years prior to 2000-2001.

TABLE 6: STATUTORY PAYMENTS

STATUTORY TRANSFER PAYMENTS ARE INCLUDED IN FINANCIAL TABLE 7.

TABLE 7: TRANSFER PAYMENTS

TRANSFER PAYMENTS BY STRATEGIC OUTCOMES (MILLIONS OF DOLLARS)

STRATEGIC OUTCOMES	ACTUAL 1998-99*	ACTUAL 1999-00*	PLANNED SPENDING	2000-01 TOTAL AUTHORITIES	ACTUAL
GRANTS					
SECURITY OF THE FOOD SYSTEM					
(S) Grants to agencies established under the Farm Products Agencies Act			0.1	0.4	–
Grants to organizations to facilitate adaptation and rural development within the agriculture and agri-food sector (CARD)			5.7	4.7	4.7
			5.9	5.1	4.7
HEALTH OF THE ENVIRONMENT					
Grants to organizations whose activities support soil and water conservation and development			0.0	0.0	0.0
Grants to organizations to facilitate adaptation and rural development within the agriculture and agri-food sector (CARD)			11.5	9.1	9.1
			11.5	9.2	9.2
INNOVATION FOR GROWTH					
(S) Grants to agencies established under the Farm Products Agencies Act			0.1	0.2	–
Agricultural research in universities and other scientific organizations in Canada			1.0	0.8	0.8
Grants to organizations to facilitate adaptation and rural development within the agriculture and agri-food sector (CARD)			19.7	15.5	15.5
			20.7	16.6	16.4
<i>Total Statutory Grants</i>			0.2	0.6	–
<i>Total Voted Grants</i>			37.9	30.3	30.3
TOTAL GRANTS	71.9	32.2	38.1	30.9	30.3
CONTRIBUTIONS					
SECURITY OF THE FOOD SYSTEM					
(S) Payments in connection with the Agriculture Marketing Programs Act			65.5	31.3	31.3
(S) Loan guarantees under the Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA)			4.0	0.0	0.0
(S) Payments in connection with the Farm Income Protection Act – Crop Insurance Program			227.3	222.6	222.6
(S) Payments in connection with the Farm Income Protection Act – Canada/Nova Scotia Apple Industry Development Fund			0.1	–	–
(S) Payments in connection with the Farm Income Protection Act – Net Income Stabilization Account			212.6	226.1	226.1
Contributions under the Agri-Food Trade Program (AFTP)			4.5	5.8	5.8
Contributions to provide farm income assistance to the agriculture community			435.5	357.9	357.4
Framework Agreement on Agricultural Risk Management			–	42.0	40.1
Contributions under the Agricultural Income Disaster Assistance (AIDA) pursuant to the Farm Income Protection Act			479.4	608.7	605.0
Contributions to facilitate adaptation and rural development (CARD) with the agriculture and agri-food sector			1.8	1.2	1.2

Continued on next page

STRATEGIC OUTCOMES	ACTUAL 1998-99*	ACTUAL 1999-00*	PLANNED SPENDING	2000-01 TOTAL AUTHORITIES	ACTUAL
SECURITY OF THE FOOD SYSTEM (CONT'D)					
Payments in connection with the Farm Income Protection Act – Safety Net Companion Programs			145.2	217.3	146.0
Assistance for the disposal of surplus potatoes in Prince Edward Island as a result of discovery of Potato Wart			–	14.6	14.6
Payments for the benefit of producers for agricultural commodities by the Governor in Council pursuant to the Farm Income Protection Act			60.3	68.1	62.0
Contributions to provide farm income assistance to the agriculture community: Spring credit advance program			59.5	51.9	11.9
Contributions to the Canada Safety Council in support of National Farm Safety Week			0.0	0.0	0.0
Contribution under the Agri-Food Assistance Program (AFAP)			–	0.5	0.5
	–	–	1,695.7	1,847.9	1,724.5
HEALTH OF THE ENVIRONMENT					
Contributions to bona fide farmers and ranchers, groups of farmers and small communities in Manitoba, Saskatchewan, Alberta and the Peace River District of British Columbia for the development of dependable water supplies			5.4	5.3	5.3
Contributions to facilitate adaptation and rural development with the agriculture and agri-food sector (CARD)			3.0	2.2	2.2
Contribution under the Agri-Food Assistance Program (AFAP)			–	0.1	0.1
	–	–	8.4	7.6	7.6
INNOVATION FOR GROWTH					
(S) Payments in connection with the Farm Income Protection Act – Transition Programs for Red Meats			0.8	0.8	0.8
(S) Payments in connection with the Farm Income Protection Act – Agri-food Innovation Program			3.2	3.8	3.8
Initiatives under the authority of the Economic and Regional Development Agreements			0.6	0.4	0.4
Contributions under the Canadian Agri-Infrastructure Program			20.7	16.8	16.8
Contributions to facilitate adaptation and rural development with the agriculture and agri-food sector			8.6	6.0	6.0
Contributions to the Protein, Oil and Starch (POS) Pilot Plan Corporation			1.7	1.7	1.7
Contributions in support of organizations associated with agriculture research and development			0.7	0.8	0.8
Contribution under the Canadian Rural Partnership Initiative			0.5	2.1	2.1
Contributions under the Agri-Food Trade Program (AFTP)			8.4	10.7	10.7
Contribution under the Agri-Food Assistance Program (AFAP)			–	0.5	0.5
	–	–	45.2	43.8	43.8
Total Statutory Contributions			513.4	484.6	484.6
Total Voted Contributions			1,235.9	1,414.7	1,291.3
TOTAL CONTRIBUTIONS	717.4	1,486.5	1,749.3	1,899.3	1,775.9
Total Statutory Grants and Contributions			513.6	485.2	484.6
Total Voted Grants and Contributions			1,273.8	1,445.0	1,321.6
TOTAL TRANSFER PAYMENTS	789.3	1,518.7	1,787.4	1,930.2	1,806.2

Notes: AAFC has changed its business line structure from the way it was presented in the 2000-2001 Report on Plans and Priorities. The above table presents amounts approximately allocated against the new strategic outcomes. A crosswalk from the new to the old structure is provided – see Table 4.

Due to rounding figures may not add to totals shown

* As a result of the change in business structure, the strategic outcome breakdown is not available for years prior to 2000-2001.

TABLE 8: CAPITAL PROJECTS

CAPITAL PROJECTS BY STRATEGIC OUTCOME (MILLIONS OF DOLLARS)*

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

STRATEGIC OUTCOMES	CURRENT ESTIMATED TOTAL COST **	ACTUAL 1998-99*	ACTUAL 1999-00*	PLANNED SPENDING	2000-01 TOTAL AUTHORITIES	ACTUAL
SECURITY OF THE FOOD SYSTEM						
Saturn Financial System ¹	2.7	–	–	–	0.1	0.1
TOTAL	2.7	–	–	–	0.1	0.1
HEALTH OF THE ENVIRONMENT						
Saturn Financial System ¹	3.4	–	–	–	0.1	0.1
TOTAL	3.4	–	–	–	0.1	0.1
INNOVATION FOR GROWTH						
Lethbridge Alta. – Facility retrofit and upgrade (EPA)	34.6	1.4	1.6	5.0	6.6	6.6
Winnipeg Man. – Facility Retrofit (PPA)	18.6	0.9	0.8	–	–	–
Agassiz B.C. – Facility retrofit (PPA)	18.0	0.8	7.0	10.6	10.6	9.0
Fredericton N.B. – Facility Retrofit (EPA)	21.5	0.7	0.9	2.9	2.9	1.7
London/Delhi Ont. – Facility Upgrade (EPA)	12.0	7.0	1.4	0.4	0.4	0.3
Charlottetown P.E.I. – Consolidation of Operations (PPA)	8.4	0.1	0.5	5.4	5.4	2.5
St-Hyacinthe – Technology Innovation Centre (PPA)	8.0	–	–	1.9	1.9	0.6
Saturn Financial System ¹	8.2	–	–	–	0.2	0.2
TOTAL	129.3	10.9	12.1	26.2	28.0	20.9

Notes: * As a result of the change in business structure, the strategic outcome breakdown is not available for years prior to 2000-2001.

** The Current Estimated Total Cost number includes both expenditures made in previous years and expenditures forecast for beyond 2000-2001.

AAFC has changed its business line structure from the way it was presented in the 2000-2001 Report on Plans and Priorities.

The above table presents amounts approximately allocated against the new strategic outcomes.

A crosswalk from the new to the old structure is provided – see Table 4.

1 . The Saturn Financial System applies to all strategic outcomes. The total estimated cost is \$14.3 million, the actual expenditure in 1999-2000 was \$0.6 million, and the actual expenditure for 2000-2001 is \$0.4 million.

TABLE 9: CANADIAN PARI-MUTUEL AGENCY REVOLVING FUND

(MILLIONS OF DOLLARS)

	ACTUAL 1998-99	ACTUAL 1999-00	2000-01	
			TOTAL AUTHORITIES	ACTUAL
Revenues	13.6	14.1	13.8	14.9
Expenditures	14.5	14.4	13.8	14.1
PROFIT OR (LOSS)	(0.9)	(0.3)	0.0	0.8
Add items not requiring use of funds:				
Depreciation/amortization	0.1	0.1	–	0.5
Changes in working capital	(0.4)	(0.1)	–	(0.6)
Other changes	0.4	0.1	–	0.6
Investing activities:				
Acquisition of depreciable assets	(0.1)	(0.1)	–	(0.1)
CASH SURPLUS (REQUIREMENT)	(0.9)	(0.3)	(0.0)	1.2
AUTHORITY: CUMULATIVE SURPLUS (DRAWDOWN)	2.8	2.5	2.5*	3.7

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.

* The actual authority relates to authority available for use in subsequent fiscal years.

TABLE 10: CONTINGENT LIABILITIES – AGRICULTURE AND AGRI-FOOD CANADA

CONTINGENT LIABILITIES (MILLIONS OF DOLLARS)

LIST OF CONTINGENT LIABILITIES	AMOUNT OF CONTINGENT LIABILITY		
	MARCH 31, 1999	MARCH 31, 2000	CURRENT AS OF MARCH 31, 2001
Litigation	12.8	12.2	6.6
Guarantees	1,019.1	1,028.9	915.1 ¹
TOTAL	1,031.9	1,041.2	921.6

1. This amount reflects the Department's estimated contingent liability related to guarantees provided under the Agricultural Marketing Programs Act (AMPA), the Farm Improvement and Marketing Cooperatives Loans Act (FIMCLA) and the Spring Credit Advance Program (SCAP).

ANNEX II

STATUTORY ANNUAL REPORTS

Under the financial *Administration Act*, statutory annual reports are required for inclusion in the DPR of the responsible organization. Agriculture and Agri-Food Canada is responsible for the annual reports of the following:

- *Farm Income Protection Act*
- *Crop Year Annual Report*
- *Farm Improvement and Marketing Cooperatives Loans Act*

Farm Income Protection Act Annual Report

CROP INSURANCE PROGRAM

Crop Insurance 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 wildlife. 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 \$223 million in fiscal year 2000-2001 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 2000-2001 by province and recent loss experience by province are indicated in the following table.

TOTAL FEDERAL CONTRIBUTIONS TO THE CROP INSURANCE PROGRAM FOR THE 2000-2001 FISCAL YEAR (\$000s)

	FEDERAL CONTRIBUTION TO CROP INSURANCE PREMIUMS	FEDERAL CONTRIBUTION TO PROVINCIAL ADMINISTRATIVE COSTS	TOTAL FEDERAL CONTRIBUTIONS
Newfoundland	62	65	127
Prince Edward Island	695	217	912
Nova Scotia	168	291	459
New Brunswick	1,279	507	1,786
Quebec ¹	10,491	6,841	17,332
Ontario	14,442	5,399	19,841
Manitoba	33,000	3,600	36,600
Saskatchewan	79,137	13,032	92,169
Alberta ¹	36,632	9,701	46,333
British Columbia	5,909	1,108	7,017
TOTAL	181,815	40,761	222,576

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

CROP INSURANCE PROGRAM EXPERIENCE BY CROP YEAR

	NUMBER OF PRODUCERS	INSURED ACREAGE	COVERAGE (\$000's)	TOTAL PREMIUMS (\$000's)	TOTAL INDEMNITIES (\$000's)	ANNUAL LOSS RATIO	CUMULATIVE INDEMNITIES TO CUMULATIVE REVENUES RATIO
Newfoundland							
1997-98	30	298	526	69	105	1.51	1.30
1998-99	35	578	967	114	125	1.10	1.24
1999-00	44	615	1,048	117	86	0.73	1.17
2000-01	39	539	964	115	128	1.11	1.16
Prince Edward Island							
1997-98	151	26,920	23,970	2,172	823	0.38	0.88
1998-99	175	37,797	25,099	1,486	1,707	1.15	0.88
1999-00	191	45,627	35,853	2,188	2,562	1.17	0.89
2000-01	330	65,382	37,774	2,771	2,698	0.97	0.89
Nova Scotia							
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
1999-00	483	25,211	12,144	640	795	1.24	0.75
2000-01	500	26,090	14,303	674	286	0.42	0.74
New Brunswick							
1997-98	205	31,770	23,862	3,591	1,467	0.41	1.05
1998-99	407	87,501	36,807	3,533	982	0.28	1.01
1999-00	402	89,648	38,359	3,185	1,387	0.44	0.98
2000-01	433	90,115	39,450	2,979	700	0.23	0.95
Quebec							
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
1999-00	12,206	2,982,975	591,664	42,208	9,751	0.23	0.84
2000-01	12,350	3,100,958	684,283	40,544	123,296	3.04	0.95
Ontario							
1997-98	20,112	3,294,996	1,085,885	72,805	40,743	0.56	0.80
1998-99	19,966	3,483,499	1,110,829	80,887	34,684	0.43	0.77
1999-00	19,366	3,684,829	1,160,551	70,909	33,361	0.47	0.75
2000-01	19,130	3,747,281	1,145,325	63,249	142,984	2.26	0.79
Manitoba							
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
1999-00	13,343	7,526,702	855,244	85,533	43,050	0.50	0.80
2000-01	13,676	8,683,062	832,206	79,967	34,036	0.43	0.77
Saskatchewan							
1997-98	36,031	20,329,999	1,582,382	185,493	85,910	0.46	0.97
1998-99	36,626	21,830,363	1,627,393	194,808	93,254	0.48	0.94
1999-00	33,495	20,621,714	1,597,520	180,994	120,711	0.67	0.92
2000-01	34,415	24,405,016	1,573,952	185,868	131,242	0.71	0.91
Alberta							
1997-98	17,705	9,503,450	914,382	142,744	71,602	0.50	0.86
1998-99	17,800	12,209,122	1,017,402	155,658	100,644	0.65	0.84
1999-00	17,464	11,760,109	1,055,495	149,698	57,985	0.39	0.82
2000-01	16,673	10,605,206	959,317	138,208	152,909	1.11	0.83
British Columbia							
1997-98	1,673	250,627	146,148	7,797	17,093	2.19	1.04
1998-99	1,953	341,466	185,642	11,424	1,715	0.15	1.00
1999-00	2,252	422,886	231,714	13,807	5,411	0.39	0.97
2000-01	2,350	436,079	247,731	14,296	9,328	0.65	0.96
Canada							
1997-98	103,015	44,454,303	5,212,916	552,298	294,056	0.53	0.91
1998-99	103,448	49,165,117	5,444,417	583,938	282,901	0.48	0.88
1999-00	99,246	47,160,317	5,579,593	549,278	275,099	0.50	0.85
2000-01	99,896	51,159,728	5,535,307	528,672	597,607	1.13	0.86

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 percent of the province's crop insurance liabilities (coverage).
- Any remaining indemnities are then shared with provinces on a 75/25 percent 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 2000-2001, four provinces (New Brunswick, Manitoba, Saskatchewan and Alberta) participated in this reinsurance program with the federal government. The following table illustrates that a total of \$13 million in reinsurance premiums were collected and that no reinsurance payments were issued in 2000-2001, as a result of favourable crop conditions. The federal reinsurance account had a \$54 million surplus in March 31, 2001.

CROP REINSURANCE FUND BY FISCAL YEAR (\$000s)

	ACTUAL 1997-98	ACTUAL 1998-99	ACTUAL 1999-00	ACTUAL 2000-01
Nova Scotia ¹				
Opening Balance	752	752	752	752
Revenue	-	-	-	-
Expenditures	-	-	-	-
Closing Balance	752	752	752	752
New Brunswick				
Opening Balance	(7,239)	(4,396)	(3,124)	(2,454)
Revenue	838	507	670	261
Expenditures ²	2,005	765	-	-
Closing Balance	(4,396)	(3,124)	(2,454)	(2,193)
Ontario ³				
Opening Balance	9	9	9	9
Closing Balance	9	9	9	9
Manitoba				
Opening Balance	(15,208)	(7,399)	(2,926)	(2,477)
Revenue	7,809	4,473	449	408
Expenditures	-	-	-	-
Closing Balance	(7,399)	(2,926)	(2,477)	(2,069)
Saskatchewan				
Opening Balance	(258,032)	(64,493)	(45,710)	(32,099)
Revenue	31,539	18,783	13,611	12,317
Expenditures ²	162,000	-	-	-
Closing Balance	(64,493)	(45,710)	(32,099)	(19,782)
Alberta				
Opening Balance	58,060	76,499	77,222	77,225
Revenue	18,439	723	3	-
Expenditures	-	-	-	-
Closing Balance	76,499	77,222	77,225	77,225
Canada				
Opening Balance	(221,658)	972	26,223	40,956
Revenue	58,625	24,486	14,733	12,986
Expenditures	164,005	765	-	-
Closing Balance	972	26,223	40,956	53,942

1. Nova Scotia suspended participation in the program at the end of the 1996-1997 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 1997-1998 and 1998-1999 and in 1996-1997 and 1997-1998, respectively, to reduce their reinsurance deficits.
3. Ontario left the program during the 1968-1969 fiscal year.

NET INCOME STABILIZATION ACCOUNT PROGRAM

The Net Income Stabilization Account (NISA) Program 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.

NISA records the 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, 2001, participant deposits pertained, in most part, to the 1999 stabilization year (the period for which a participant filed a 1999 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 1999 stabilization year, the agreement allowed for matchable deposits of up to three percent 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 1999 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 three percent for Alberta;
- (c) participant non-matchable deposits held in participating financial institutions, which are limited to an annual maximum of 20 percent of ENS (carried forward for up to five years);
- (d) interest paid by the federal Government on funds held in the Consolidated Revenue Fund, 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, at rates set by negotiation between the participant and the financial institution;
- (f) bonus interest of three percent per annum, split between the federal and provincial governments (with the exception of Alberta where the federal government pays the full three percent), 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 1997, 1998 and 1999 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, 1999	MARCH 31, 2000 ¹	MARCH 31, 2001 (UNAUDITED)
Cash			
Cash in Participant Accounts (a)+(c)-(g)			
Fund 1	1,412,844,333	1,548,302,139	1,674,837,557
Fund 2 (b),(d),(e),(f) - (g)	1,416,830,365	1,544,068,476	1,621,345,785
	2,829,674,698	3,092,370,615	3,296,183,342
Accounts Receivable			
Participants	5,806,059	10,903,359	5,700,254
Financial Institutions – interest on participant accounts	10,861,195	5,985,267	10,805,303
Government contributions and bonus interest			
Federal	10,563,026	12,254,005	12,722,825
Provincial	6,636,889	8,903,275	8,672,640
	33,909,333	37,718,729	38,186,035
Total Assets	2,863,584,031	3,130,089,344	3,334,369,377
Liabilities			
Participant withdrawals payable	31,840,306	41,422,955	37,127,083
Nets Assets of Program Participants	2,831,743,725	3,088,666,389	3,297,242,294

1. The March 31, 2000 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, 2001 (1999 stabilization year).

NET INCOME STABILIZATION ACCOUNT — STATEMENT OF CHANGES IN NET ASSETS OF PROGRAM PARTICIPANTS (DOLLARS)

	STABILIZATION YEAR(S) ²		
	1997	1998 ¹	1999 (UNAUDITED)
Participant deposits			
Matchable (a)	353,150,538	354,441,578	349,129,008
Non-matchable (c)	14,775,232	15,965,913	20,049,018
Other	35,666	1,278,846	942,534
	367,961,436	371,686,337	370,120,560
Government matching contributions (b)			
Basic:			
Federal	227,713,389	225,367,580	227,303,822
Provincial	84,088,716	84,006,096	85,238,933
Enhanced:			
Federal	18,476,868	20,742,557	17,758,111
Provincial	20,244,466	22,577,510	24,861,356
	350,523,439	352,693,743	355,162,222
Other government contributions (b)			
Federal	50,719	75,233,441	2,128,188
Provincial	43,525	16,408,298	2,355,115
	94,244	91,641,739	4,483,303
Interest			
Regular Interest			
Consolidated revenue fund (d)	56,714,829	62,889,361	77,799,383
Financial institutions (e)	55,233,997	57,923,583	66,833,983
Bonus interest (f)			
Federal	22,126,298	24,966,587	26,689,838
Provincial	14,738,494	16,928,840	18,032,787
	148,813,618	162,708,371	189,355,991
Increase in Net Assets	867,392,737	978,730,190	919,122,076
Participant withdrawals (g)			
Fund 1	161,743,023	243,858,162	248,425,817
Fund 2	317,425,246	469,500,551	453,704,349
	479,168,269	713,358,713	702,130,166
Administrative cost share (g)	8,193,670	8,448,813	8,416,005
Decrease in Net Assets	487,361,939	721,807,526	710,546,171
Change in Net Assets for the Stabilization Year	380,030,798	256,922,664	208,575,905
Net Assets – Beginning of Stabilization Year	2,451,712,927	2,831,743,725	3,088,666,389
Net Assets – End of Stabilization Year	2,831,743,725	3,088,666,389	3,297,242,294

1. The 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, 2001 (1999 stabilization year).
2. The period for which the participant files an income tax return.

Farm Improvement and Marketing Cooperatives Loans Act

ANNUAL REPORT 2000-2001

The *Farm Improvement and Marketing Cooperatives Loans Act* (FIMCLA) helps producers and their marketing cooperatives with their financing needs through guaranteed loans resulting in market expansion, farm innovation, value added-processing and environmentally sustainable farming. The program facilitates the availability of credit to improve farm assets, strengthen production and/or improve financial stability. Under FIMCLA, the Minister of Agriculture and Agri-Food Canada provides a loan guarantee to designated lending institutions and is liable to pay 95 percent of a loss sustained by the lending institution. These loans can be granted for up to 80 percent of the purchase price or the appraised value of the property for which the loan is requested. Producers and producer owned marketing cooperatives apply directly through a lending institution.

The table below provides statistics on the operation of this program since 1996. FIMCLA provided over \$1.7 billion in loan guarantees to the farming sector over the last five years. Revenues have exceeded payments by about \$2.3 million over the past 5 years.

For the fiscal year ending March 31, 2001, 6,304 loans totaling \$189 million were guaranteed under FIMCLA. This figure is down from 7,628 loans totaling \$216 million made in 1999-2000, a decrease of 12 percent in the value of loans registered. The majority of loans were issued in the province of Saskatchewan with more than 61 percent, followed by Alberta and Ontario with 12 percent and 11 percent respectively. The majority of the loans were issued in the grains and oilseeds sector, which comprised 48 percent of the portfolio, followed by the beef sector with 29 percent. The predominant reason for loans issued was farm implements, which accounted for 46 percent followed by livestock and additional land with 19 percent and 17 percent respectively.

FIMCLA came into effect in 1988, replacing the *Farm Improvement Loans Act* (FILA). Since 1988, loans worth \$3.6 billion were issued and registered under FIMCLA. The loans outstanding (FILA and FIMCLA) are estimated at \$1.2 billion and the government's claims paid rate accounts for 0.94 percent of the loans issued. Recoveries on claims during this period averages 0.41 percent of the amount of loans guaranteed, therefore, the net cost of claims averages 0.53 percent. The Government's contingent liability with respect to the loans outstanding at the end of March 2001 amounted to \$303 million.

The five-year review is:

GENERAL STATISTICS REGARDING THE FARM IMPROVEMENT AND MARKETING COOPERATIVES LOANS ACT (\$000s)

	1996-97	1997-98	1998-99	1999-00	2000-01
Number of new loans registered	16,250	15,946	8,641	7,628	6,304
Value of new loans registered	488,759	516,885	259,174	215,998	189,087
Loan registration fees received	2,443	2,599	1,296	1,630	1,574
Claims paid	1,664	691	2,258	881	963
Recoveries of claims paid out	1,199	791	709	308	344
Administration costs	567	567	1,000	1,000	1,000
Net gain or loss	1,411	2,132	(1,253)	57	45

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.

Agricultural Marketing Programs Act

2000-2001 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 Act also includes the interest-free provisions on cash advances formerly provided under the Cash Flow Enhancement Program. The 2000 crop year is the fourth year of operation for the programs under the new Act.

According to the Act, the Minister of Agriculture and Agri-Food Canada, in consultation with the Minister of Finance, “must review the provisions and operations” during its fifth year, and subsequently table a report to Parliament on his or her findings. To meet this commitment, a Request for Proposal has been prepared detailing the scope of the study and is available on the Internet at <http://www.agr.ca/misb/nmp/app>.

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 2000 crop year, the Department entered into fifty-three (53) agreements with producer organizations across Canada, including the Canadian Wheat Board. These organizations issued advances to approximately 42,502 producers for \$953 million, representing an increase of \$7 million from the 1999 crop year. During the 2000-2001 fiscal year, the Department paid \$14.1 million in interest costs related to these agreements. As the agreements cover the entire marketing period for the 2000 crop and are, therefore, in effect until the fall of 2001, 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 OF DOLLARS)	NON-WHEAT BOARD ADVANCES (MILLIONS OF DOLLARS)	TOTAL ADVANCES ISSUED (MILLIONS OF DOLLARS)	DEFAULT PAYMENTS (MILLIONS OF DOLLARS)	TOTAL INTEREST COSTS (MILLIONS OF DOLLARS)
1996-97	47	875	272	1,147	10.6	16.3
1997-98	45	533	237	770	0.8	12.3
1998-99	45	468	339	807	24.8	20.2
1999-00	51	515	431	946	5.3	23.1
2000-01	53	612	341	953	3.7	14.1

Note:

1. The information provided for the 1997, 1998, 1999 and 2000 crop years pertains to the APP under AMPA. Historical information provided for crop year 1996 pertains to the former APCA and PGAPA.
2. The information provided is based on a crop year, which is approximately July 31 to August 1 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. Default Payments are amounts paid in the fiscal year.
3. The total interest costs for 2000-2001 are as of July 13, 2001.

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 agricultural products under a cooperative plan. 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 obtaining financing to make the initial payment and fund its 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 2000-2001 crop year, over \$136 million in price guarantees, under AMPA, were provided to five marketing agencies across Canada for the benefits of nearly 20,650 producers. No claim is anticipated for the 2000-2001 crop year.

In 1993, the Receivers for Eastern Ontario Vegetable Growers' Co-operative Inc. filed a claim under the APCMA relating to the 1991-1992 crop year losses incurred by the Co-operative. A payment was made under the Price Pooling Program during the 2000-2001 fiscal year in the amount of \$405,000.

PPP AND APCMA HISTORICAL SUMMARY OF AGREEMENTS *

CROP YEAR	NUMBER OF MARKETING AGENCIES	NUMBER OF PRODUCERS	TOTAL GUARANTEE (\$000s)	LIABILITY PAYMENTS (\$000s)	
1993-94	14	23,865	130,476	405	(a)
1994-95	9	21,177	270,060		
1995-96	8	21,900	298,738		
1996-97	4	21,222	183,979	17,285	(b)
1997-98	5	21,050	160,520		
1998-99	5	20,650	191,494		
1999-00	6	21,439	197,358		
2000-01	5	20,650	136,226		
TOTAL			1,568,851	17,690	

Liability Payments

- a. Eastern Ontario Vegetable Growers' Co-operative Inc. (1991) – \$405,000
- b. Ontario Wheat Producers Marketing Board (1996) – \$17,285,421

*Note: The information provided for the 1997, 1998, 1999 and 2000 crop years pertain to the PPP under AMPA. Historical information provided for crop years 1993 to 1996 inclusively pertains to the former APCMA.

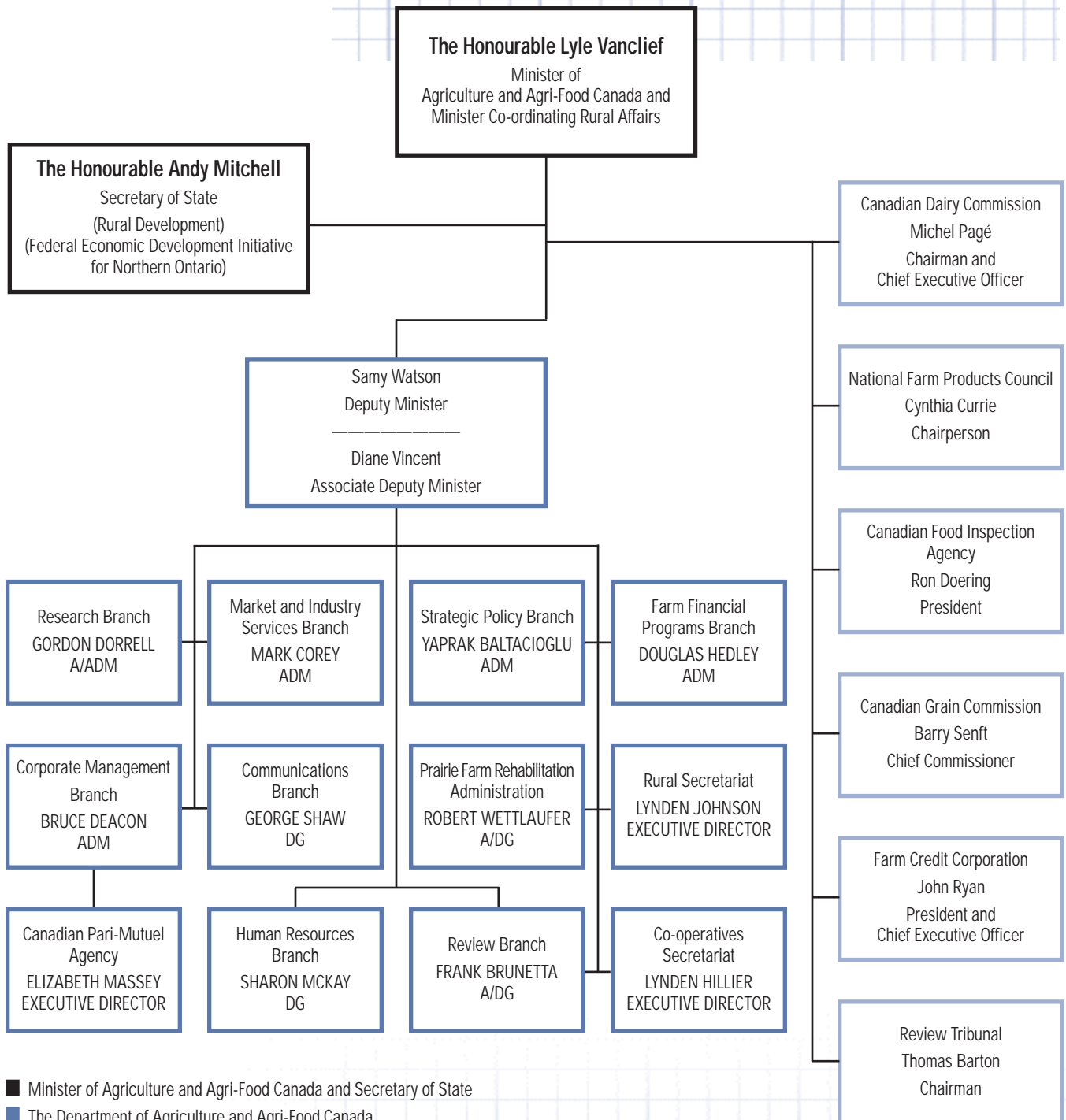
Government Purchases Program

Under the Government Purchases Program, the Minister of Agriculture and Agri-Food, with the authorization of the Governor-in-Council, may purchase and sell agricultural products. This authority would be used if unusual market conditions exist, as by intervening, the Minister could improve the marketing environment for a given product. Since AMPA was passed, this part of the act has not been used.

ANNEX III

FURTHER INFORMATION

Agriculture and Agri-Food Canada – Our Team



- Minister of Agriculture and Agri-Food Canada and Secretary of State
- The Department of Agriculture and Agri-Food Canada
- Agencies, Crown Corporations and Partners

How To Reach Us

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