Canadian Food Inspection Agency

Performance Report

For the period ending
March 31, 2007

Approved:

The Honourable Gerry Ritz
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

Canadian Food Inspection Agency | Agence canadienne d'inspection des aliments

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Canada

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1. AGENCY OVERVIEW

1.1 Minister's Message

I am pleased to submit to Parliament the Canadian Food Inspection Agency's (CFIA) *Performance Report* for 2006–07. This report illustrates the CFIA's ongoing commitment to safeguarding Canada's food supply and its plant and animal base. This contributes to a healthy environment and economy, and the well-being of Canadians.

Throughout 2006–07, food safety and controlling the entry, emergence and spread of animal diseases and zoonotic and plant pests remained the key priorities of the CFIA, and contributed in a meaningful manner to Canada's security and economic performance.

The CFIA, in collaboration with its public and private partners, continues to demonstrate and be recognized for its strong commitment to managing risk associated with animal diseases such as bovine spongiform encephalopathy (BSE) and avian influenza. Testament to the high level of international confidence in Canada's regulatory regime is a recommendation by the World Organisation for Animal Health (OIE) that Canada be recognized as a BSE "controlled risk" country.

The CFIA has worked in close collaboration with federal, provincial and regulated partners as it refines and tests its emergency response plans to avian and pandemic influenza. Prevention strategies have also been high on the agenda as the CFIA has sensitized Canada's agriculture industry to the need for enhanced biosecurity measures.

I am encouraged by the manner in which the CFIA has developed strong partner and stakeholder relationships, in both government and industry, as we continue to build an integrated, world-leading food safety, animal health and plant protection system for all Canadians.

As Minister of Agriculture and Agri-Food, I have been impressed by my portfolio team's dedication to serving the agriculture and agri-food sector and indeed all Canadians. I have seen the advantages of teamwork on priorities such as the development of the Next Generation of Agriculture and Agri-Food Policy. I am confident this collaborative spirit will continue to be a defining feature of my portfolio as implementation of the new policy proceeds over the coming months.

I have every confidence that the CFIA, with its diligent, competent and dedicated workforce, and its strong partnerships and stakeholder relationships, will continue to excel as a science-based regulator, trusted and respected nationally and internationally.

The Honourable Gerry Ritz
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

1.2 President's Message

I am pleased to present the Canadian Food Inspection Agency's (CFIA) *Performance Report* covering the period from April 1, 2006, to March 31, 2007. The CFIA is dedicated to safeguarding Canada's food supply as well as the animals and plants upon which safe and high quality food depends. These activities contribute directly and significantly to the health and well-being of consumers, as well as the environment and the Canadian economy.

April 1, 2007, marked the 10th anniversary of the CFIA. Over the course of its first decade, the CFIA has grown in capacity and profile.

The CFIA is Canada's largest science-based regulatory agency. For our decisions to remain objective, credible and defendable, they must be based on the best available science and a balanced consideration of other factors integral to good public policy. During the past year, we have demonstrated a balanced approach to the issues that we have faced while serving Canadians and protecting their food supply.

In 2006, we were challenged by a number of food safety incidents, including alerts for salmonella in chocolate and *E. coli* in spinach. The CFIA, along with its partners and industry, worked to identify, manage and minimize risks. In fall 2006, we issued several high-profile food-related hazard alerts. The CFIA's rapid and effective response to these hazards continues to meet the expectations of Canadians.

While managing the eradication and containment of a number of plant pests of international significance, we were also challenged with the detection of a potato pest, the golden nematode, in Quebec. Together with our partners and industry, steps were taken to control its spread and to minimize the impact on the marketability of Canadian potatoes.

The ongoing implementation of the CFIA's bovine spongiform encephalopathy (BSE) surveillance program continues to accelerate the eradication of this disease from Canada's cattle population and to enhance the Agency's reputation internationally. This year, for example, the World Organisation for Animal Health (OIE) designated several CFIA facilities as OIE World Reference Laboratories for BSE and avian influenza. In fact, the CFIA's laboratory system includes 13 of Canada's 17 international reference laboratories.

The Agency, working with its partners and stakeholders, has played throughout the year and over the past decade an important role in the life of our country. Thanks to its dedicated, competent, and professional men and women, the foundation of a proud legacy has been built.

Carole Swan
President

1.3 Summary Information

The Canadian Food Inspection Agency (CFIA) is dedicated to safeguarding food, animals and plants, which enhance the health and well-being of Canada's people, environment and economy. The CFIA serves Canadians by providing protection from preventable health risks, delivering a fair and effective regulatory regime, protecting the plant and animal resource base, and promoting the security of Canada's food supply and agricultural resource base. In support of these activities, the CFIA is committed to effective internal management.

Note: *Where targets are discussed in this document, they are indicated by the following symbol:*  .

Summary of Performance in Relation to Agency Priorities

The CFIA plans for and reports on its performance based on a Program Activity Architecture that was developed and implemented in collaboration with the Treasury Board. This *Performance Report* outlines key performance results against four of the Agency's five[1] Strategic Outcomes, its expected results, and its established targets.

In 2006–07, the CFIA met or exceeded 31 of 40 (78%) targeted results compared with meeting 26 of 36 (72%) targeted results in 2005–06. The year over year increase in the number of met targets is due to one additional target being met under the Public Security Strategic Outcome, and one additional target being met under the Sustainable Plant and Resource Base Strategic Outcome. The CFIA's compliance and enforcement policies, as well as program strategies continue to support the core mandate set out in the various statutes that the CFIA administers and enforces. In a few program areas, however, a need for improvement has been identified. In these cases, adjustments to correct the deficiencies are being made to policies and program delivery.

Table 1.3.1 — Financial Resources

Planned Spending ($ millions)	Total Authorities ($ millions)	Actual Spending ($ millions)
637.6	662.0	620.6

Source: SATURN and 2006–07 **Report on Plans and Priorities**.

Table 1.3.2 — Human Resources

Planned Full-Time Equivalents (FTEs)*	Actual FTEs	Difference
6,401	6,098	303

* The calculation of a full-time equivalent (FTE) differs from the calculation of an employee in that the former considers part-time employment, term employment, job sharing, and would combine, for instance, two-half time employees into a single FTE.

Source: Salary Management System and 2006–07 **Report on Plans and Priorities**.

[1] While the Agency's 2003–08 Corporate Business Plan presents five strategic outcomes, subsequent direction from TBS required that the fifth SO, Sound Agency Management, be excluded from the approved PAA. Resources attributable to "Sound Agency Management" have been allocated among the Agency's other Strategic Outcomes on a pro-rata basis.

Table 1.3.3 presents CFIA's planned and actual spending, as well as some of the CFIA's performance highlights for four of its Strategic Outcomes: Protection from preventable health risks related to food safety or the transmission of animal diseases to humans; security from deliberate threats to Canada's food supply and agricultural resource base; protection of consumers through a fair and effective food, animal and plant regulatory regime that supports

Table 1.3.3 — Summary of Performance Results and Spending* (April 1, 2006, to March 31, 2007)

Benefits to Canadians: Public Health

CFIA's Contribution: Protecting Canadians from preventable health risks related to food safety or the transmission of animal diseases to humans

CFIA's Ongoing Priority: Effective response to threats to human health

Planned Spending & Full-Time Equivalents (FTEs)** 2006–07		Total Authorities 2006–07	
$353.5 million	**3,708 FTEs**	**$349.5 million**	**3,708 FTEs**

Program Activity	Expected Results	Performance Indicators
Food Safety and Public Health (Food safety and animal diseases that can be transmitted to humans, e.g. AI, BSE) (See Section 2.3.1 for a detailed description of performance results)	Food leaving federally registered establishments for inter-provincial and export trade or being imported into Canada is safe and wholesome	Extent to which federally registered establishments inspected comply with federal food safety requirements Extent to which domestic food products comply with each test criterion for federal chemical residue requirements
	Food safety incidents in non-federally registered facilities and food products produced in them are addressed	Extent to which projects are developed to address major health risks identified through the science committees
	Food safety recalls and incidents are contained in a timely and appropriate manner	Time taken to issue Class I recall public warnings
	Animal diseases that are transmissible to humans are effectively controlled within animal populations	BSE sample collection in full accordance with the guidelines recommended by the OIE # of BSE disease incidents (no known cases that fall outside accepted parameters) Extent to which products of federally registered plants comply with SRM removal-related laws and regulations Extent to which cattle tagging is compliant with the regulations for animal identification
	Decision making related to food safety, nutrition and public health is supported by sound, sufficient and current Agency regulatory research	Not available

* Detailed information on achievements against targets can be found in Section 2.3: Performance by Strategic Outcome.

** The variances between planned and actual spending are related to the financial coding of the CFIA's PAA/MRRS. The CFIA, in the implementation of the TBS PAA/MRRS, will strengthen the link between performance and actuals. This will apply to all the Strategic Outcomes.

competitive domestic and international markets; and a sustainable plant and animal resource base. The performance highlights demonstrate the success of the plans implemented by the CFIA, as well as the CFIA's progress toward meeting the priorities and planned outcomes to which it committed in its 2006–07 *Report on Plans and Priorities* (RPP). A more detailed discussion of the CFIA's performance can be found in Section 2.

Actual Spending & Full-Time Equivalents (FTEs) 2006–07		
$379.6 million		**3,668 FTEs**
TARGETS Opportunity for Improvement (X) or Met (√) or Exceeded (√+)		
2005–06	**2006–07**	**Example of Achievements**
√ 14 of 17 targets met or exceeded	√ 14 of 18 targets met or exceeded	Updated the 1998 version of the *Good Importing Practices For Food* (see Section 3.1) Progress made on the development of a more integrated approach to food safety in collaboration with partners, provincial and territorial food regulatory representatives (see Section 2.3.1a) There were 2,915 food safety investigations conducted and 246 recall incidents issued by the CFIA's emergency response system (see Section 2.3.1a) Issued public warnings for all Class I recalls within 24 hours 100% of the time (see Section 2.3.1a) Launched a multi-year Travellers Bio-security Campaign to raise awareness of the role of Canadian and foreign travellers in protecting Canada from foreign diseases and other threats that they might unintentionally introduce in the country (see Section 2.3.1a) The CFIA's on-line subscription service sent updates to over 22,417 subscribers on a variety of key food allergy concerns. There were 2,143,940 viewings of the food recall and allergy alert pages on the CFIA website. More than 252,500 CFIA-produced food safety information publications were distributed to the public through Service Canada sites and at more than 50 public events across the country (see Section 2.3.1a) The Avian Influenza (AI) Working Group, established in February 2006, made significant progress on the implementation of the AI Strategy (see Section 2.3.1b) Published regulatory amendments to enhance the 1997 Feed Ban through the introduction of new outcome-based requirements for the removal of specified risk material (SRM) from all animal feeds and fertilizers (see Section 2.3.2b or 2.3.3b) Finalized the development of a foodborne pathogens diagnostic tool named Cloth-based Hybridization Array Systems; development of new methods enhanced laboratory capacity to detect and analyze contaminants in food (see Section 3.3)

Table 1.3.3 — Summary of Performance Results and Spending (April 1, 2006, to March 31, 2007) *(continued)*

Benefits to Canadians: Economic Growth

CFIA's Contributions: Protecting consumers through a fair and effective food, animal and plant regulatory regime that supports competitive domestic and international markets

CFIA's Ongoing Priority: Modernizing the regulatory system to address new demands and challenges

Planned Spending & Full-Time Equivalents (FTEs) 2006–07		Total Authorities 2006–07	
$119.6 million	**1,350 FTEs**	**$130.5 million**	**1,350 FTEs**

Program Activity	Expected Results	Performance Indicators
Science and Regulation (See Section 2.3.2 for a detailed description of performance results)	The Agency contributes to the development and implementation of international rules, standards and agreements through international negotiations	Extent to which the international regulatory framework reflects Agency and stakeholders' priorities and needs
	The Agency applies sound and current science to the development of national standards, operational methods and procedures	Extent to which the Agency's standards, operational methods and procedures reflect sound and current science
	Transparent, outcome-based and science-based domestic regulatory framework is maintained	Extent to which CFIA's mandate and activities are supported by legislation and regulations that reflect priorities and requirements of the Agency and its stakeholders
	Deceptive and unfair market practices are deterred	Extent to which seed establishments and private labs inspected comply with federal requirements
		Extent to which non-pedigreed seed tests comply with CFIA quality standards
		Extent to which pedigreed seed tests comply with CFIA quality standards
		Extent to which seed tests comply with CFIA varietal purity
	Other governments' import requirements are met	Extent to which certified food shipments meet the receiving country's import requirements
	Decision making related to regulatory development and review, deterring unfair practices, and export is supported by sound, sufficient and current Agency regulatory research	Not available

Actual Spending & Full-Time Equivalents (FTEs) 2006–07	
$77.1 million	**815 FTEs**

TARGETS Opportunity for Improvement (X) or Met (√) or Exceeded (√+)		
2005–06	**2006–07**	**Example of Achievements**
√ 5 of 7 targets met or exceeded	√ 6 of 7 targets met or exceeded	Led Canada's participation at the three World Trade Organization/ Sanitary and Phytosanitary Measures Committee meetings that took place (see Section 2.3.2a) Led Canada's participation at the annual General Session of the International Committees of the OIE (World Organisation for Animal Health) and at the North American Plant Protection Organization (see Section 2.3.2a) Canada holds the vice chair position of the Bureau to the Commission of Phytosanitary Measures, which governs the International Plant Protection Convention (see Section 2.3.2a) For the past two years, the CFIA has chaired the Organisation for Economic Co-operation and Development seed schemes, which certify seed varietals being traded internationally (see Section 2.3.2a) Completed six consultations across Canada on the Proposal to Facilitate the Modernization of the Seed and Fertilizer Regulatory Framework (see Section 2.3.2a) The CFIA has more than 60 proposed regulatory packages under development. In addition, 10 CFIA regulations were promulgated (see Section 2.3.2b) Revised CFIA's import policies for bluetongue and anaplasmosis for animals imported from the United States (see Section 2.3.3b) Developed electronic, web-based export certification system project proposal and work plans for meat export (see Section 3.1)

Table 1.3.3 — Summary of Performance Results and Spending (April 1, 2006, to March 31, 2007) *(continued)*

Benefits to Canadians: Environmental Protection

CFIA's Contributions: Sustaining the plant and animal resource base

CFIA's Ongoing Priority: Effective protection of the environment and plant resource base

CFIA's New Priority: Development and implementation of a Pan-Canadian Animal Health Strategy

Planned Spending & Full-Time Equivalents (FTEs) 2006–07		Total Authorities 2006–07	
$106.7 million	**1,146 FTEs**	**$120.8 million**	**1,146 FTEs**

Program Activity	Expected Results	Performance Indicators
Animal and Plant Resource Protection (See Section 2.3.3 for a detailed description of performance results)	Entry and domestic spread of regulated plant diseases and pests are controlled	Extent to which Agency data indicate the entry of new regulated diseases and pests into Canada (listed diseases/ pests in the Regulated Pest List for Canada)
		Change in the presence of plant diseases or pests beyond the regulated areas
		Extent to which pests surveys are conducted as per workplan
	Industry complies with federal acts and regulations concerning Canada's crops and forests and livestock	Extent to which fertilizers and supplement sample tests comply with efficacy and safety standards (non-biotechnology product)
		Extent to which fertilizers and supplement sample tests (heavy metal, pathogen, and pesticide contamination) comply with efficacy standards
		Extent to which feed mills are compliant with the Feed Ban (without major deviations)
		Extent to which feed renderers are compliant with the Feed Ban (without major deviations)
		Extent to which feed mills are compliant with the *Feeds Act,* including the Feed Ban (without major deviations)
		Extent to which feed renderers are compliant with the *Feeds Act,* including the Feed Ban (without major deviations)
	Entry and domestic spread of regulated animal diseases are controlled	Extent to which Agency data indicate the entry of new regulated animal diseases into Canada (listed diseases in OIE)
		Change of animals (domestic) with regulated animal diseases found in Canadian herds/flocks
	Agricultural products meet the requirements of federal acts and regulations	Extent to which confined field trials of PNTs comply with CFIA requirements
		Extent to which fertilizer and supplement sample tests comply with efficacy standards (novel supplements)
	Decision making (including regulation) in regards to animal and plant health are supported by sound, sufficient and current Agency regulatory research	Not available

Actual Spending & Full-Time Equivalents (FTEs) 2006–07	
$140.1 million	**1,431 FTEs**

TARGETS Opportunity for Improvement (X) or Met (√) or Exceeded (√+)		
2005–06	**2006–07**	**Example of Achievements**
√	X	Developed Canadian Invasive Plant Framework (see Section 3.1)
7 of 11 targets met or exceeded	9 of 13 targets met or exceeded	Developed draft containment standard for facilities handling plant pests (see Section 3.1)
		In collaboration with partners, established Vice Presidents/ADMs Level committee for biotechnology related issues (see Section 3.1)
		Developed highly needed diagnostic reagents and assays for rapid response to foot and mouth diseases (see Section 3.3)
		Conducted several meetings and consultations regarding the establishment of the National Animal Health Strategy for Canada (see Section 3.1)
		Developed Memorandum of Understanding and joint Results-Based Management Accountability Framework with Fisheries and Oceans regarding the implementation of the National Aquatic Animal Health Program (see Section 3.1)

Table 1.3.3 — Summary of Performance Results and Spending (April 1, 2006 to March 31, 2007) *(continued)*

Benefits to Canadians: Public Security

CFIA's Contributions: Promoting the security of Canada's food supply and agricultural resource base

CFIA's Ongoing Priority: Effective response to threats to human health

Planned Spending & Full-Time Equivalents (FTEs) 2006–07		Total Authorities 2006–07	
$57.8 million	**197 FTEs**	**$61.2 million**	**286 FTEs**

Program Activity	Expected Results	Performance Indicators
Public Security (See Section 2.3.4 for a detailed description of performance results)	The Agency is in a state of readiness for an effective, rapid response to emergencies	Extent to which CFIA has implemented aspects of Public Safety Canada's National Emergency Response System
	CFIA has the capacity to respond to emergencies	Extent to which CFIA has implemented aspects of Public Safety Canada's National Emergency Response System
	Decision making related to public security is supported by sound, sufficient and current agency regulatory research	Not available

CFIA Context

More than 6,000 highly-trained, full-time staff are employed by the CFIA across Canada in a wide range of scientific, technical, operational and administrative positions. The staff of CFIA are involved in risk assessment, risk management, policy and program development, analytical testing, research and development, and international discussions and negotiations. They are also involved in providing certification, establishment and product inspections, sampling, monitoring and verification, as well as conducting surveillance, warnings, detentions, seizures, recalls, and other related compliance activities.

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

Sound science: The CFIA is Canada's largest science-based regulatory agency. The CFIA's vision is to excel as a science-based regulator that is trusted and respected by both Canadians and the international community. To achieve this vision, the CFIA regularly relies on scientific input and advice when developing, reviewing and improving regulations, international standards, and policies and programs for inspecting, testing, and responding to emergencies.

Actual Spending & Full-Time Equivalents (FTEs) 2006–07	
$23.8 million	**184 FTEs**

TARGETS Opportunity for Improvement (X) or Met (√) or Exceeded (√+)		
2005–06	**2006–07**	**Example of Achievements**
X 0 of 1 target met or exceeded (target met as of June 2006)	√ 2 of 2 targets met or exceeded	In collaboration with partners, established a national veterinary reserve (see Section 3.1) In collaboration with provincial governments, updated the joint Foreign Animal Disease Emergency Support Agreement (see Section 3.1) Developed guidelines for the containment of plant and animal pathogens. Also developed new and faster test methodologies for microbial food contaminants (see Section 2.3.4b) Performed maintenance on equipment and acquired software licences for National Operation Centres (see Section 2.3.4) The CFIA and Health Canada co-led Canada's participation in activities under the Security and Prosperity Partnership of North America that impact bio-protection, food and agricultural regulation (see Section 2.3.4a) The World Organisation for Animal Health recognized the CFIA Canadian Science Centre for Human and Animal Health as an international reference laboratory for AI and BSE (see Section 3.1)

Effective regulatory base: To protect Canadian consumers and industry, as well as Canada's trading partners, the CFIA strives to continually improve regulations and to promote science-based standards for world trade in food, animals, and plants. Clear, effective and enforceable regulations that are fair and consistently applied are essential tools for contributing to and achieving these public policy objectives. For example, Canada's priorities for regulating imported and exported products are consistent with the World Trade Organization's obligations. The CFIA also engages trading partners bilaterally and multilaterally to help Canada meet its economic objectives.

Effective inspection: Industry is ultimately responsible for doing what is necessary to meet or exceed standards established by federal legislation for food safety, animal health, and plant protection. The CFIA is responsible for administering and verifying industry compliance with federal statutes and their associated regulations by conducting inspections, audits, product sampling and verification and other activities.

Strong partnerships: Strong partnerships are central to the ability of the CFIA to achieve its Strategic Outcomes. The CFIA shares many areas of jurisdiction and responsibility with other federal departments; provincial, territorial and municipal authorities; and other stakeholders. For example, it shares responsibility for setting and enforcing standards that ensure the integrity of Canada's food supply, animal health, and plant protection systems. In support of Agriculture and Agri-Food Canada's Agricultural Policy Framework, the CFIA is developing and implementing regulations to control the manufacturing of medicated feeds. Working with Agriculture and Agri-Food Canada, as well as the provinces and territories, the CFIA is also implementing a program that provides government recognition of industry-developed, on-farm food safety programs.

Key federal partners of CFIA:

Health Canada

Agriculture and Agri-Food Portfolio, including Agriculture and Agri-Food Canada and the Canadian Grain Commission

Public Safety Canada

Canada Border Services Agency

Public Health Agency of Canada

Fisheries and Oceans Canada

Natural Resources Canada, including the Canadian Forest Service

Foreign Affairs Canada and International Trade Canada

Environment Canada, including the Canadian Wildlife Service

Further details on the complementary roles played by each CFIA partner are outlined in Section 2.3 — Performance by Strategic Outcome.

CFIA Operating Environment

While the CFIA delivers its programs according to its pre-established Strategic Outcomes, the agriculture and agri-food environment in which it operates is dynamic. New threats routinely emerge in biological systems, and the nature of these threats is often unpredictable. As a result, the CFIA is frequently called upon to mobilize its resources in response to emerging challenges, such as avian influenza, new cases of bovine spongiform encephalopathy, major food safety recalls, and the detection of new plant pests in Canada. It is a constant challenge for the CFIA to be able to balance prompt and appropriate responses to threats with the effective delivery of its ongoing responsibilities.

Agency Special Initiatives for 2006–07

Develop and implement a National Animal Health Strategy: Global ecosystems and economies are interconnected. While it is more difficult to invest in prevention of off-shore risks, it is no longer adequate to only manage risks once they occur on Canadian soil. The CFIA management of domestic and international animal health issues must now be conducted in an integrated manner. The focus of CFIA management in this area must also shift to strategic and proactive disease prevention. The National Animal Health Strategy is striving to achieve five key results: maintain confidence in Canada's animal health and food safety inspection system; reduce social and economic consequences of disease detection; provide industry and regulated stakeholders with greater market access, security, predictability and competitiveness; ensure access to the best available science to support evidence-based decision making; and create better informed consumers. The development of the National Aquatic Animal Health Program (NAAHP) continues the co-operation between the federal and provincial governments. It will provide a disease control program that will be recognized by our trading partners for its efforts to prevent the spread of fish diseases in Canada.

The CFIA works in partnership with Agriculture and Agri-Food Canada, as well as the provinces and territories, in its efforts to develop a comprehensive National Animal Health Strategy.

Facilitate recognition of the Canadian Science Centre for Human and Animal Health (Winnipeg) as an international reference laboratory for avian influenza (AI) and bovine spongiform encephalopathy (BSE): Canada's only safety level four containment laboratory is the Canadian Science Centre for Human and Animal Health in Winnipeg. The complex is also home to the National Microbiology Laboratory and the CFIA's National Centre for Foreign Animal Diseases, which was approved as an international reference laboratory for AI and BSE by the World Organisation for Animal Health (OIE).

Increase security, prosperity and quality of life of North American citizens: The Security and Prosperity Partnership initiative was announced on March 23, 2005, to address North American security and economic challenges through the implementation of trilaterally agreed workplans. The CFIA and Health Canada co-lead Canada's participation in activities that impact bio-protection and food and agricultural regulation. For example, a North American food safety co-ordinating mechanism is being developed to assess food safety standards throughout the continent. Key bio-protection initiatives led by the CFIA include: developing a co-ordinated approach to identify and manage threats to animals, plants and humans; undertaking joint emergency response drills; expanding the animal vaccine bank to respond to more animal health diseases; and jointly responding to enforcement actions.

Establish a national veterinary reserve: The CFIA is establishing a national veterinary reserve in partnership with the Canadian Veterinary Medical Association, provincial governments, provincial veterinary associations and registrars, as well as the Public Health Agency of Canada and Public Safety Canada. This initiative will build a roster of trained foreign animal disease emergency response personnel to further enhance preparedness. It will also serve to augment Canada's ability to collaborate at the international level when addressing emerging risks at their source, without compromising its domestic operational and business continuity obligations.

Key Factors Affecting the Agency in 2006–07

The changing marketplace: The CFIA has a responsibility to ensure that Canadian food — whether exported or consumed at home — meets the demands of the marketplace. International markets have become increasingly competitive, and trading partners demand that Canada's exports meet existing and new standards and requirements. At the same time, Canadian consumers are increasingly seeking accurate information on food labels and in advertising in order to make informed choices. Canadian consumers also expect the food supply and the environment on which it depends to continue to be safe.

Emerging animal diseases: The CFIA has had to respond quickly and adopt new methods for detecting the presence of emerging animal diseases such as the highly-pathogenic H5N1 strain of avian influenza and Viral Haemorrhagic Septicaemia (VHS), an infectious virus affecting mostly rainbow trout in the Great Lakes waters shared by Canada and the United States. Early detection of emerging diseases is critical to protect animal health in Canada and protect products destined for domestic trade and export.

Key Risks and Challenges

The CFIA's capacity to achieve its Strategic Outcomes depends greatly on its ability — and those of its partners — to recognize, manage, and mitigate risks. In its *2006–07 Report on Plans and Priorities*, the CFIA identified its key risks and challenges and set out a plan to address these issues. Key risk mitigation strategies have been identified in Section 3.1 with the following symbol  .

Foodborne illness: Canadians have access to a food supply that is safe and nutritious. The CFIA and its regulatory partners, as well as industry and consumer groups, have worked to significantly reduce the threat of foodborne illness in Canada; however, the risk that such illness can arise will always remain. The CFIA works to manage and mitigate risks in collaboration with its partners.

Emergence and/or spread of animal diseases that affect humans (zoonoses): Animals, both domestic and wild, can transmit disease-causing agents to humans. Bovine spongiform encephalopathy, avian influenza, the spread of West Nile virus, and new strains of rabies are examples of diseases of animal origin that can affect public health (although not all of these have occurred in Canada). Incomplete scientific knowledge surrounding the nature and transmission of emerging diseases and inadequate animal and veterinary public health infrastructure in many countries only adds to the complexity of managing these diseases. The CFIA protects Canadians from these types of diseases by working in close partnership with the animal health community, livestock producers, provinces, and the international community in promoting early detection, reporting, and control of disease.

International regulatory framework: The CFIA continues to work through international institutions to help develop and operationalize international trading rules to ensure the protection of human, animal, ecosystem and plant life. For the same reasons, the CFIA promotes the development of international standards and policies that are based on sound science in other international fora. Retaining, strengthening, and reinforcing rules and science-based approaches within the international regulatory framework helps Canada achieve its regulatory objectives, and serves to protect Canadian exporters from discriminatory and unnecessary barriers.

Domestic legislative framework: Outdated statutes and/or insufficient authority could impede the CFIA's ability to fully and effectively carry out its mandate. Inconsistencies among federal, provincial and territorial legislation also weaken the domestic legislative framework. The CFIA is pursuing mechanisms to update and modernize its legislative framework.

Entry and/or spread of regulated plant and animal pests and diseases that affect the resource base: A healthy and sustainable plant and animal resource base in Canada is critical to social objectives, the environment, and the economy. The CFIA and its partners use a number of measures to identify and reduce threats to the animal and plant resource base. These range from surveys and movement control to eradication and emergency response.

Emergency preparedness and response: The CFIA must be able to take rapid and effective action to protect food, plants, and terrestrial and aquatic animals from accidental or intentional events that could compromise their safety or integrity. To do this, the CFIA must maintain and rehearse well-planned emergency response plans and procedures in the event of international, non-international and natural emergencies. Strong, co-operative relationships with the CFIA's partners, including those in other countries, are critical to the success of its emergency and security measures.

Demand for new/enhanced services: Increasing demands from producers and consumers for new or enhanced services has placed additional pressure on CFIA resources. The CFIA responds to growth in domestic industries, such as the opening of new meat establishments, and the resulting increase in requests for inspection and certification of products. As well, the CFIA responds to increasing consumer concerns and needs, such as demands for better information on nutrient content and methods of production for food products.

Performance information: To better support day-to-day and strategic decision making, the CFIA must improve its performance information and develop mitigation strategies to enhance the use of performance information and data collection. Improving performance information will, through the continual improvement and development of information systems, also strengthen the CFIA's ability to report results to Canadians.

Financial and human resources: The CFIA faces the constant challenge of managing resources so it can continue to meet ongoing activities, make strategic investments in program redesign, and cope with animal and plant health emergencies. The CFIA's Long Term Capital Plan is designed to ensure a sustainable resource base. In addition, the CFIA conducts appropriate recruitment, retention and training practices to attract new employees and maintain staff with the appropriate skills, knowledge and abilities.

Program design: The CFIA must continue to review its program design in order to deal with technological and scientific advancements. This ongoing review focuses on achieving social and environmental objectives for human and animal health, and stewardship of the resource base, while enabling the competitiveness of Canadian agri-business. Where the service delivery requires innovative solutions, the CFIA works with stakeholders to bring these about.

2. ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

2.1 How the Agency Plans and Reports

The planning requirements of the Canadian Food Inspection Agency (CFIA) are set out in the *Canadian Food Inspection Agency Act* and in Treasury Board policies and guidelines. The CFIA is required to produce an annual *Report on Plans and Priorities* (RPP) and an annual *Performance Report* (PR).

In accordance with Treasury Board requirements on the Management of Resources and Results Structure, the CFIA's planning and reporting framework is based on Strategic Outcomes (SO). These SOs are outlined in its Corporate Business Plan 2003–08 and are elaborated in detail in the CFIA's *Reports on Plans and Priorities* and the *Performance Report*s. Financial information in these reports is also aligned in this manner.

Under each Strategic Outcome, the CFIA reports on ongoing activities under each sub-activity as outlined in the *Report on Plans and Priorities*. In accordance with the CFIA's 2006–07 *Report on Plans and Priorities*, the *Performance Report* is structured around Strategic Outcomes, program sub-activities and expected results. Progress on Special Initiatives is reported in Section 3.1 where risk mitigation strategies are also identified by this symbol  .

Refer to Section 4.2 — Notes on Reporting Against the Report on Plans and Priorities *for more information.*

Reporting Performance

In Section 2.3, performance information and expected results for each Strategic Outcome are, where possible, described and measured against targets using compliance and other relevant performance indicators. Targets measure the performance of industry and the CFIA against expected results set by the CFIA.

The 2005–06 *Performance Report* marked the first time that the CFIA reported against specific targets. The CFIA's 2006–07 *Performance Report* builds upon this work, and it reports on a two-year trend for performance indicators that are based on outcomes and have established targets, adding substantially to the CFIA performance story. Future *Performance Report*s will include longer trending periods and a broader set of performance indicators.

In 2006–07, a review was completed to perform a preliminary assessment of the systems controls (both manual and automated). In order to carry out the review, the CFIA identified sources of data; identified the controls in place through interviews; and made a preliminary assessment of those controls based upon manual and system components and the impact of downstream manipulation and management review. The assessment of the system controls was the first step in a continuum of reviews, which will serve to ensure that CFIA is able to provide accurate data for performance reporting.

Building on the work of the review, which identified that action taken in management review and control weaknesses would be beneficial, the CFIA also implemented additional controls on all performance information gathered and included it in the *Performance Report*. These controls included: implementing rigor in the collection, review and substantiation of targeted data; building further management accountability into the process; and supplementing control processes by identifying and verifying the name of data sources, the time period covered, calculations and calculation methodology.

The assessment of quality of data found in this *Performance Report* is based upon the preliminary assessment of the system controls, as well as the additional management controls implemented for the preparation of the report.

Table 2.1.1 provides a summary of ratings for data quality for the targeted data reviewed, including the additional management controls implemented for the preparation of the *Performance Report*. The Agency will continue to review certain data systems and improve upon management controls and present those findings in future performance reports.

Key findings of this review include that 70% of the targeted data have controls rated as "good". The balance of targeted data reviewed was rated as "reasonable" and has no more or less significance or impact on overall data quality than those rated as "good". While two thirds of the targeted data reviewed have adequate controls, it has been concluded that targeted data should be tested, with controls imposed and documented in an information management system.

Performance Targets

In 2005–06, the CFIA set up a working group to begin to establish and formalize performance targets in all critical program areas. The targets set during 2005–06 are used in the 2006–07 *Performance Report* and are based on historical averages of actual performance or on expected results of effective programming (e.g., compliance rate for industry conformity to regulatory standards, control of entry and spread of animal and plant diseases). Industry compliance targets of less than 100% are representative of the CFIA risk-based inspection approach, which targets areas of high risk and past non-compliance. When interpreting performance information we must consider that the CFIA carries out monitoring activities on an industry-wide basis and also conducts targeted monitoring of problem areas along the agri-food continuum (farm to plate) and within specific food sectors. When a program specifically targets areas of past non-compliance or responds to complaints, the compliance levels identified cannot be fairly considered against the industry-wide compliance. Hence, while clearly indicated in the report, these targets are not reported in the same manner as results of broader monitoring programs. The CFIA strives to promote improved industry compliance on a year-to-year basis and has an enforcement and compliance strategy to address all instances of non-compliance. Results achieved against targets, as well as non-targeted performance information are reported in the following section of this report.

The 2006–07 *Performance Report* is the second report in which the CFIA reported results against targets that were established in 2005–06. To more comprehensively report on its core performance in the future, the CFIA plans to expand and further refine these targets. As a first step, the CFIA refined its Strategic Outcomes and Program Activities — approved in May 2007 by Treasury Board. Subsequent to this, the CFIA began reviewing its Performance Measurement Framework consistent with the Treasury Board *Management Resources and Results Structure Policy* implementation with the intention of reviewing and building upon the targets and indicators set in 2005–06.

Table 2.1.1 — Rating Summary of Data Systems and Process Controls

Data Systems and Controls Rating	Definition	Number of Data Systems and Controls
Good	Has clearly defined policies and procedures in place	31
Reasonable	Has compensating controls in place to make up for lack of defined policies/procedures	12
Weak	Has no defined policies/procedures or compensating controls in place	1

Assessment of Compliance

As a regulatory agency, the principal means by which the CFIA carries out its mandate is by measuring rates of compliance with Canadian food, animal, and plant regulatory requirements. The CFIA promotes compliance by conducting inspections, audits, product sampling and verifications. The CFIA also carries out education and awareness activities to increase regulated parties' understanding of statutory requirements and standards. Compliance rates are an indicator of the extent to which industry has adhered to federal acts and regulations. The CFIA takes a number of approaches to assessing compliance. These include:

- *Monitoring approach*: Establishments or products are inspected, sampled and tested in such a way that the resulting compliance rates are representative of the CFIA-regulated population. Monitoring programs provide an accurate overview of compliance in the marketplace in general.
- *Targeted approach*: In cases where monitoring has identified specific compliance problems, the CFIA takes a targeted approach to inspections, sampling and testing by focusing on the problem area and areas of highest risk. Non-compliant establishments or products are often sought out for the targeted approach to better define problem areas and reasons for non-compliance. For this reason, compliance rates of targeted programs are typically lower. Improved compliance is promoted through enforcement actions.
- *Investigative approach*: Compliance is assessed for the purposes of prosecution for non-compliance. Investigations involve gathering evidence and information from a variety of sources considered relevant to a suspected violation or offence.

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

The complexity of the agri-food sector and the inherent variability of the biological and production systems underpinning it are such that some degree of non-compliance is inevitable. A compliance rate of less than 100% means that some proportion of the facilities or products inspected by the CFIA has failed to meet certain requirements or standards as defined by the regulations. Major variances have the potential to pose a significant risk to human, animal or plant health and/or other program objectives. These are always met with vigorous enforcement actions to assure protection of Canadians and the plant and animal resource base. Some deficiencies represent "minor" variances and do not pose a significant risk to human, animal or plant health.

2.2 Office of the Auditor General Reports

The Auditor General's assessment of CFIA's performance information is presented in Section 2.2.2 of this report. This information, which is presented in Section 2.3, has not been audited; the assessment is done only at a review level of assurance.

The Auditor General's audit opinion on the CFIA financial statements is presented in Section 3.5.1 of this *Performance Report*. These audited statements are presented in Section 3.5.

The Auditor General has not reported on other sections of this report.

2.2.1 Management Representation Statement

The Canadian Food Inspection Agency's (CFIA) *Performance Report* for the year ending March 31st, 2007, was prepared under the direction of the President and the Executive Management Committee of the CFIA and approved by the Minister of Agriculture and Agri-Food Canada. In accordance with the *Canadian Food Inspection Agency Act*, the report also includes an assessment of the fairness and reliability of the performance information conducted by the Auditor General of Canada.

I submit for tabling in Parliament, the 2006–07 *Performance Report* for the Canadian Food Inspection Agency.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007–08 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the Agency's Strategic Outcomes and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers for the Estimates and the Public Accounts of Canada.

Carole Swan

President

2.2.2 Auditor General's Assessment of Performance Information

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR GENERAL'S ASSESSMENT
of Performance Information in the Canadian Food Inspection Agency's 2006-2007 Performance Report

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

What I Assessed

As required by the *Canadian Food Inspection Agency Act*, I have assessed the fairness and reliability of the Canadian Food Inspection Agency's performance information for 2006-2007 with respect to the objectives established in its corporate business plan.

Management's Responsibility

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

My Responsibility

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

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

The Nature of My Assessment

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

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

Conclusion

Based on my assessment, nothing has come to my attention that causes me to believe that the Agency's performance information for 2006-2007, with respect to the objectives established in its corporate business plan, is not, in all significant respects, fair and reliable using the criteria described in the Annex to this report.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
August 23, 2007

ANNEX

CRITERIA FOR THE ASSESSMENT OF FAIRNESS AND RELIABILITY
OFFICE OF THE AUDITOR GENERAL OF CANADA

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

FAIRNESS

RELEVANT The performance information reports in context, tangible, and important accomplishments against objectives and costs.

MEANINGFUL The performance information clearly describes expectations and provides benchmarks against which performance is compared.

ATTRIBUTABLE The performance information demonstrates why the program has made a difference.

BALANCED A representative and clear picture of performance is presented, which does not mislead the reader.

RELIABILITY

RELIABLE The performance information adequately reflects the facts

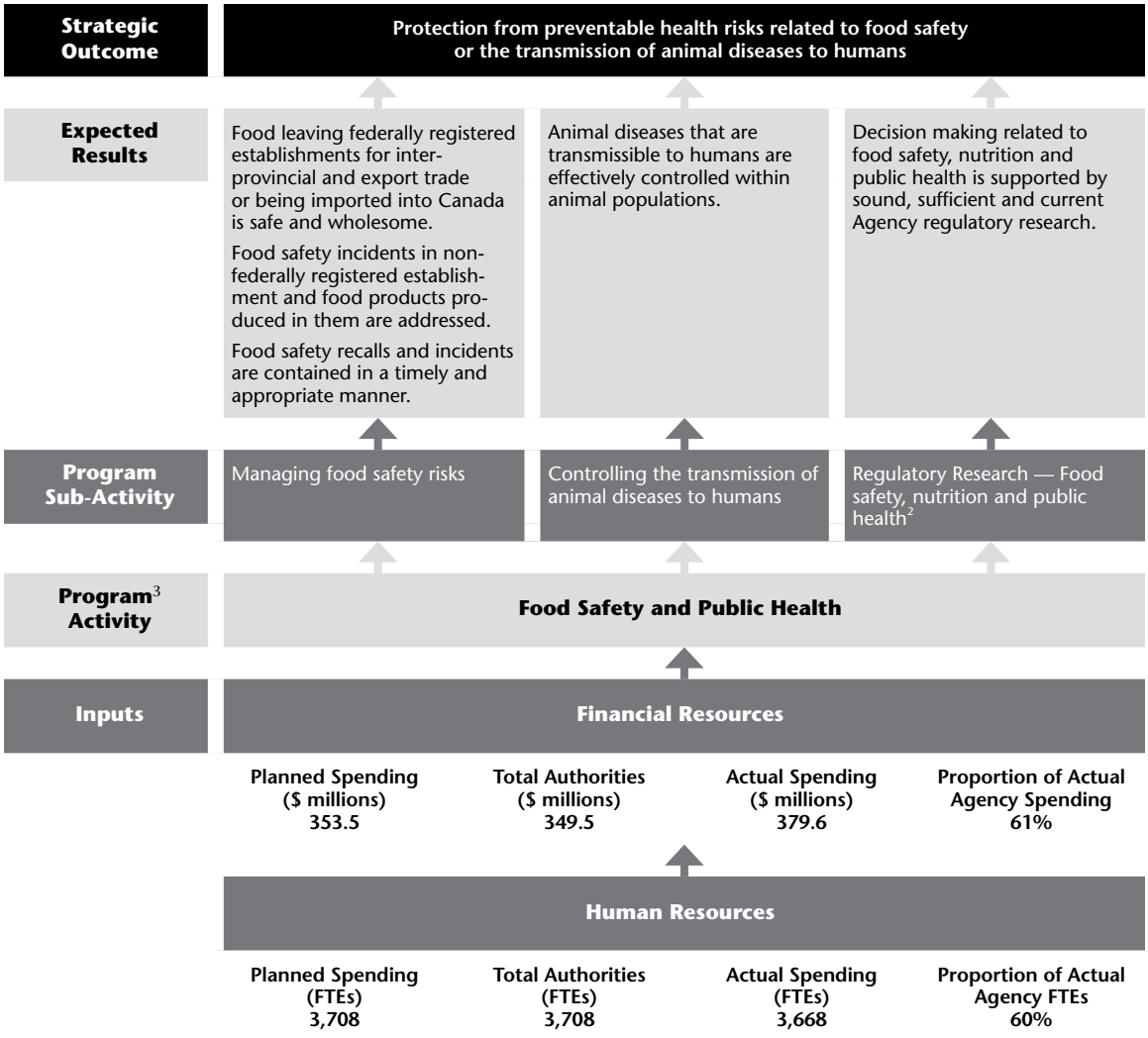
These criteria were developed specifically for the assessment. The Canadian Food Inspection Agency has acknowledged that they were suitable for the assessment.

More information on the criteria will be available on our Web site at http://www.oag-bvg.gc.ca/

2.3 Performance by Strategic Outcome

The CFIA presents its performance information based on the Program Activity Architecture, in line with the presentation of planning information in the *Report on Plans and Priorities*. For each Strategic Outcome, the CFIA sets the results context in terms of outcomes for Canadians and elaborates the performance story at the Program Activity level. The focus is on program sub-activities, as the CFIA has identified expected results at this level. Balanced performance information is provided for each expected result in support of demonstrating progress towards achieving the overarching Strategic Outcome.

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



2 In the Agency's effort to focus performance reporting on strategic level outcomes, and due to the activity-based nature of Regulatory Research, these activities have been reported in Section 3.3.

3 The Agency recognizes that assessing the fairness of performance information requires consideration of relevance. Performance information is relevant if reported results are focused on outcomes within related program activity and outputs identified. As the Treasury Board *Management, Resources and Results Structure Policy* (MRRS) does not require output statements for the 2006–07 reporting period, outputs have not been included in the results chain for 2006–07. The recent review and revision of the Agency's 2008–09 PAA will include outputs; therefore, outputs will be included in the results chains for the 2008–09 reporting period.

Results achieved: In 2006–07, the CFIA met or exceeded 14 of the 18 performance targets established under this Strategic Outcome. These achievements, combined with the CFIA's non-targeted performance, including its effective response to crises (which cannot be measured against targets), have contributed to the CFIA meeting its expected results and therefore playing a significant role in providing protection from preventable health risks related to food safety or the transmission of animal diseases to humans.

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

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

In 2006–07, the CFIA spent approximately 61% of its budget to achieve this Strategic Outcome.

2.3.1a Program Sub-Activity: Managing food safety risks

In managing food safety risks at the federal level, the CFIA is responsible for food inspection and compliance activities, and Health Canada is responsible for the development of food safety policies, standards and regulations, which the Agency enforces.

Of the $379.6 million the Agency spent to achieve this Strategic Outcome in 2006–07, approximately $284.0 million was devoted to managing food safety risks.

Expected Result: *Food leaving federally registered establishments for inter-provincial and export trade, or being imported, is safe and wholesome*

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

Establishment inspections

In order to ship certain products to other provinces and countries, food processing plants must be federally registered. Generally each establishment is subject to an initial and an annual registration process to confirm that critical systems and controls are in place. The CFIA inspects these plants regularly to ensure that they comply with federal regulations. The level of inspection depends on the spectrum of risks managed by the Agency, with higher-risk products or manufacturing processes receiving more attention. While most facilities are inspected at least once each year, some are inspected every day.

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

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
283.2	272.4	284.0	46%

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

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

The target compliance rates for various commodities requiring federally registered establishments are listed in Table 2.3.1a.2.

In 2006–07, CFIA monitoring inspections indicated a high level of compliance in the federally registered sector. These compliance rates provide assurance that the risks to food safety in the registered sector are well managed and, as a result, that the food it produces is safe.

The target for federally registered establishment compliance was met in the meat, fish and seafood, and the shell egg programs. It was not met for processed foods or dairy, although the dairy sector showed signs of improvement from 2005–06.

As of December 2005, the meat slaughter and processing industry moved to a new food safety control system (Hazard Analysis Critical Control Point system or HACCP). Under the HACCP inspection system, industry identifies specific hazards and measures for their control to ensure the safety of food. CFIA inspectors evaluate industry compliance to regulatory requirements through audits, inspections and sampling. The change to the more demanding HACCP system was a significant one for the industry and a concerted effort involving CFIA inspection staff

Table 2.3.1a.2 — Federally Registered Establishment Compliance Rates

Sector	Number of Federally Registered Establishments as of March 31, 2007	Targets		Results		Data Systems and Controls	Met/ Exceeded (√) Not Met (X)
		2005–06	2006–07	2005–06	2006–07		
Meat	771	None	≥ 98%*	87%	99%	Good	√
Fish and seafood	901	≥ 99%	≥ 99%	99%	>99%	Good	√
Processed products	614	≥ 98%	≥ 98%	97%	96%	Not rated	X
Shell egg	260	≥ 99%	≥ 99%	98%	99%	Good	√
Dairy	284	≥ 99%	≥ 99%	86%	97%	Not rated	X

* The target for industry compliance in the Meat sector was initially set according to inspection procedures that have changed. In 2005–06, the compliance rate was calculated in accordance with the new inspection procedures but the target was not revised. In 2006–07, the target was revised to take into consideration the new inspection procedures as well as aligning the meat sector's target to the other sectors for uniformity.

Source: Food Safety Enhancement Program National Tracking Reports, Client Management Systems, Multi-Commodity Activity Program

and industry management helped to improve the rate of compliance during the transitional phase. As of the end of 2006–07, almost all federally registered meat establishments were in compliance with the HACCP system, with compliance rates rising from 87% in 2005–06 to 99% in 2006–07. The CFIA will undertake proceedings to cancel the licence of establishments unable to demonstrate satisfactory compliance.

For the second year in a row, compliance rates in fish and seafood establishments remained at 99% or greater. The compliance rate for fish and seafood is "post-corrective action" meaning establishments that have undertaken corrective actions before the end of the reporting period, resulting in compliance, are included. The high rate of compliance (post-corrective action) in the monitoring of domestic fish and seafood establishments demonstrates the ability of non-compliant facilities to collaborate with the Agency to implement acceptable corrective actions, which result in domestic products that meet health and safety standards. In addition to the public health benefits, this high compliance rate also results in economic benefits for Canadians, in terms of market access for these products.

The decrease in compliance this past year by 1%, from 97% (2005–06) to 96% (2006–07), for processed products establishment inspection is a direct result of the implementation of a consistency project that has highlighted a number of additional elements which must be noted as deficiencies by inspectors. This improved process provides a higher quality of compliance overall, however, it has resulted in an increased number of deficiencies being noted in the short term. The CFIA is in the process of updating the Establishment Inspection Manual to improve clarity and to ensure continued consistency in the application of regulations.

For the shell egg sector, CFIA has established a target of 99%. The CFIA fully met its expected target for this sector. This is an improvement of 1% over last year's results, reflecting CFIA's continuing endeavours to improve compliance and ensure the health and safety of Canadians.

Compliance for the dairy program has increased from 86% to 97% over the past year but is not yet meeting its 99% target. In the year 2005–06, the dairy program introduced new control standards and inspection approaches that resulted in an overall reduction of compliance due to the more comprehensive controls. As the industry has adjusted to the new control and inspection approaches, the compliance rate for federally registered dairy establishments has climbed to just below the target during the 2006–07 reporting period.

By ensuring maximum compliance in federally inspected establishments, the CFIA helps to protect Canadians from preventable health risks related to food safety.

HACCP Recognition[4]

In order for a meat establishment to be granted the mandatory HACCP recognition, the establishment must be proven to meet a variety of conditions outlined by regulation. As of the end of the 2006–07 reporting period, all of the 742 federally registered meat and poultry establishments had been evaluated by the CFIA to ensure compliance with the requirement to adopt the HACCP approach.

The number of federally registered establishments with recognized, voluntary HACCP systems in place also increased this year. As of March 31, 2007, the following ratios indicate the number of voluntary HACCP systems put in place, by commodity: 52[5] processed product establishments out of a possible 614; 18 egg establishments out of a possible 281; 66 dairy establishments out of a possible 282;

4 HACCP: Hazard Analysis Critical Control Point, more details in Section 3.1
5 Data Systems and Controls: Reasonable

and six honey establishments out of a possible 206. The CFIA will continue to promote further adoption of the HACCP approach in the remaining voluntary establishments and to assist processors in identifying all critical stages that may affect the safety and quality of food products.

Product testing

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

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

The CFIA's program for monitoring chemical residues has monitoring, surveillance and compliance components. In the monitoring phase, an unbiased selection of samples is taken from the normal food supply and is tested for chemical residues. The CFIA uses the monitoring data to prevent potential health hazards caused by chronic exposure to contaminants. This is done by monitoring areas of concern, examining trends of prevalence and developing effective action plans to deal with health risks. Health Canada conducts re-evaluations for pesticides and other contaminants in the food supply, to verify that standards remain appropriate or to modify standards where necessary.

Every finding of chemical residues in food products is evaluated to determine if there is a violation of Canadian standards and if the violation poses a potential health risk to consumers. Where maximum levels have not yet been established by Health Canada for specific chemical residues in particular foods, any residue found is considered to be a violation. In many cases, such violations may not pose an unacceptable health risk, however, the CFIA investigates all violations to promote compliance.

Table 2.3.1a.3 illustrates the proportion of domestic samples with compliant maximum residue levels.

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

	Compliance					
	Targets		Results		Data Systems and Controls	Met/ Exceeded (√) Not Met (X)
Program	2005–06	2006–07	2005–06	2006–07		
Meat	≥ 95%	≥ 95%	96%	97%	Good	√
Fish and seafood	≥ 95%	≥ 95%	98%	96%	Reasonable	√
Fresh fruit and vegetables	≥ 95%	≥ 95%	99%	97%	Good	√
Processed products	≥ 95%	≥ 95%	99%	100%	Good	√
Honey	≥ 95%	≥ 95%	94%	92%	Good	X
Shell egg	≥ 95%	≥ 95%	93%	87%*	Good	X
Dairy	≥ 95%	≥ 95%	99%	99%	Good	√

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

Source: National Chemical Residue Monitoring Program Database and Laboratory Sample Tracking System.

The 2006–07 target for product testing (chemical residue) was set at greater or equal to 95% for all programs.

The target was met or exceeded in five of seven programs: meat (97% compliance), fish and seafood (96% compliance), fresh fruit and vegetables (97% compliance), processed products (100% compliance) and dairy (99% compliance). These results are consistent with the 2005–06 results. Slight declines in compliance (2%) for fish and seafood and fresh fruit and vegetables are likely attributable to the sample size and are not considered significant as the targets were exceeded.

The 95% target was not met in two programs: honey and shell egg. Honey had a compliance rate of 92%, down from 94% in 2005–06. Shell egg had a compliance rate of 87%, down from 93% in 2005–06. Health Canada has yet to establish maximum residue levels for both commodities and the results reflect the detection of extremely low levels of chemical residues. Accordingly, despite not meeting the target, there is no significant risk to consumers.

CFIA, in partnership with Health Canada, continues to work collaboratively to take precautionary measures such as setting working residue levels for chemical contaminants that do not yet have established maximum residue levels. Through this work the CFIA continues to safeguard the food supply for Canadians.

Enforcement

Once inspections have determined that regulated parties do not meet their legislative requirements, the CFIA responds to this non-compliance. Specific responses can be directed at the product and/or the regulated party.

In 2006–07, CFIA investigated 372 instances of non-compliance as compared with 318 in 2005–06 to the *Canada Agricultural Products Act,* the *Fish Inspection Act,* the *Food and Drugs Act,* and the *Meat Inspection Act.* Combined with investigations carried over from previous reporting periods, these investigations resulted in 48 convictions and $221,750 in fines. In 2005–06, there were 41 convictions and $95,705 in fines. The number of enforcement actions is only a partial indicator for measuring the effectiveness of CFIA's continuum of enforcement work such as the issuance of detentions, seizures and warning letters.

> **Expected Result:** *Food safety incidents in non-federally registered facilities and food products in them are addressed*

The "non-federally registered" food sector covers a wide range of products, including infant foods, alcoholic beverages, bakery products and cereal products. The establishments that produce these products are not federally registered. Jurisdiction over the non-registered sector is shared between the federal, provincial and territorial governments. The CFIA enforces the food safety provisions of the *Food and Drugs Act* and regulations for foods in this sector. The CFIA monitors non-federally registered food sector commodities using a risk-based management model, prioritizing compliance activities in areas of high risk, enforcement actions in areas of low compliance, and gathering intelligence related to contraventions.

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

In 2006–07, the CFIA, in collaboration with food safety experts and science committees, developed inspection projects targeting areas of high risk and prioritizing enforcement actions in areas of past low compliance. These projects were intended to improve the compliance of imported and domestic foods leaving non-federally registered establishments with health and safety standards set by Health Canada.

The target to measure activities related to the safety of food leaving non-federally registered establishments was to establish inspection projects to address ≥90% of the major health risks identified by the science committee. The CFIA exceeded this target in 2006–07 by completing projects covering 94% of the identified major health risks. The Food Safety Program developed 13 projects that addressed 16 of the 17 identified major health risks by the Food Safety Science Committee. A work specification was also developed for 2007–08 for the remaining project on Ochra-toxin in foods. Trending data are not available for this expected result as no data were collected or reported in 2005–06. Data reporting and trending for this target will be available next year.

> **Expected Result:** *Food safety recalls and incidents are contained in a timely and appropriate manner*

The CFIA works in partnership with Health Canada, Public Health Agency of Canada, provincial public health and food/agriculture inspection agencies as well as the food industry to operate a food safety and emergency response system. This response system can be triggered by a consumer complaint, information from industry or trading partners, or the results of inspection and monitoring activities of the CFIA or provincial food inspection agencies. Potential hazards, in the form of undeclared allergens, microbiological or chemical contamination, or extraneous material are investigated and appropriate risk management actions are taken to protect consumers.

Investigations and Recall Incidents

One of the key measures that the CFIA uses to assess its performance in managing food safety risks is the time it takes to respond to situations requiring a Class 1 recall. A Class 1 recall is carried out when there is a reasonable probability that the use of, or exposure to, a food product in violation of standards will cause serious adverse health consequences or death. To determine this, the CFIA's regulatory partners, in consultation with CFIA technical experts, provide the CFIA with a risk assessment. The CFIA uses the assessment as a basis in developing a risk management strategy, of which one option could be a Class 1 recall. Once an assessment has been received that indicates there is a risk to the public and Class 1 recall is warranted, the CFIA issues a public warning within 24 hours of the recall decision — the CFIA target for timeliness. In 2006–07, as in 2005–06, the Agency met the target 100% of the time.

	2005–06	2006–07
Food Safety Investigations	2,675	2,915
Food Recall Incidents	259	246

In 2006–07, there were 2,915 food safety investigations conducted with 246 incidents resulting in recalls, a decrease from the 259 recalls issued in 2005–06.[6] The lower number of recalls is attributable to the fact that most investigations determined that the vast majority of food safety incidents had not put the public at risk.

An initial recall situation (primary recall) may lead to additional recalls (secondary recall) related to the original issue. Common factors between primary and secondary recalls may include product safety concerns or process deviations. For example, an out-of-country manufacturer recalls a product that was shipped to multiple importers. The spinach recall in the fall of 2006 is an example that involved one packer in the U.S. that shipped its products to 58 importers in Canada.

6 Data Systems and Controls: Good

There were several high-profile recall incidents in 2006–07. They were:

- *Clostridium botulinum* in imported carrot juice
- *E. Coli* 0157:H7 in fresh spinach (U.S. outbreak)
- Tampering with infant formula, processed meat products, oranges, fresh turkey and cookies
- *Salmonella* in chocolate products
- *Salmonella* on imported cantaloupes, spinach and peanut butter
- *Staphylococcus* toxin in prepared cakes (Quebec outbreak)

Additional information on food recalls can be found on the CFIA's website. This information is updated regularly. The CFIA also has a Food Recall List Service that advises our subscribers from the health industry and private sectors on food recall incidents.

The CFIA is involved in a number of public awareness initiatives to promote food safety. For example, the CFIA's on-line subscription service sent updates to 22,417 subscribers on a variety of key food allergy concerns in 2006–07. There were 2,143,940 viewings of the food recall and allergy alert pages on the CFIA website. More than 252,500 CFIA-produced food safety information publications were distributed to the public through Service Canada sites and at more than 50 public events across the country.

Public opinion research conducted in October 2006 and in March 2007 suggests that the CFIA is meeting its objective of ensuring that the public is aware of food safety risks: 82% of Canadians said that they had heard about a food recall in the last year. The research also indicates a positive link between Canadians' awareness of food recalls and their confidence in the food supply.

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

Recent emergencies have brought to the forefront the relationship between animal and human health. The CFIA, in co-operation with its partners, carries out several programs and activities to help ensure zoonotic diseases (i.e. animal diseases), that are transmissible to humans either through contact or via the food chain, are controlled in animal populations. These programs focus on early detection, rapid response, and strong domestic and international co-ordination. The key strategies relating to this sub-activity include disease surveillance, testing activities, and control measures to mitigate the risk to animal, and indirectly to human health.

Of the $379.6 million the CFIA spent to achieve this Strategic Outcome, approximately $95.6 million was devoted to control the transmission of animal diseases to humans.

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

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
70.3	77.1	95.6	15%

* The Avian Influenza TB submission had a reference to include those resources as an item under the general Public Security and Anti-Terrorism Framework. Hence, the Planned Spending and Authorities figures for Preparing for Emergencies reflect the increased funding ($31 million and $28.8 million, respectively) related to Avian and Pandemic Preparedness. The Actual Spending figures were coded by program managers to "Protecting Canada's livestock" and "Controlling the transmission of animal diseases to humans." In 2007–08 and future years, the allocation of the budget will be realigned accordingly.

Expected Result: *Animal diseases that are transmissible to humans are effectively controlled within animal populations*

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

National identification tagging program: This program provides individual animal identification and herd-of-origin trace-back for cattle and bison. Every bovine animal must be identified with an official tag before leaving the herd of origin or co-mingling with cattle of other owners. The program is managed by the Canadian Cattle Identification Agency (CCIA) and mandated under the *Health of Animals Regulations*. The CCIA and CFIA work together to achieve effective control of animal disease risks associated with foodborne illnesses.

In 2006–07, the CFIA conducted inspections at feedlots, slaughterhouses and auctions to confirm compliance with the tagging regulations.[7] Compliance has remained high, with the estimated compliance rate for individual animals at all site types at 99.1%. This exceeds the target of 97% and is consistent with the 2005–06 compliance rate of 99%.

Highlight on AI

Avian Influenza

Since 2004, Canada has faced two outbreaks of AI in domestic poultry flocks, though neither of these outbreaks was of the highly pathogenic Asian H5N1 virus that has been linked to illness and death in humans in Asia, Africa, and Europe.

The CFIA continues to develop effective response strategies should it confirm that AI, regardless of the strain, is present in domestic poultry. In February 2006, the CFIA established a dedicated working group to guide and oversee the five components of the Agency's AI strategy: prevention and early detection; preparedness; partnerships; emergency response; and communications. Significant progress was made during 2006–07 in all five areas.

Prevention and early detection: The CFIA announced stronger controls over imports of live birds to Canada and continued to promote industry adoption of best practices in farm biosecurity that are recognized as a key preventative measure in reducing the introduction and spread of infectious agents into animal production. The CFIA also worked with the poultry industry and provinces to design an AI surveillance program and contributed to Canada's Wild Bird Avian Influenza Survey.

Preparedness: The CFIA strengthened its surge capacity to respond to outbreaks by creating staffing reserves, emergency response equipment stockpiles, and enhancing its information systems. The CFIA reviewed emergency response activation protocols,

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developing a consistent national approach, and fully implementing Level 5 protocols as of December 2006. In particular, the following achievements were made: the CFIA National Emergency Response Plan was instituted; the National Emergency Response Team was formalized; and a number of Avian Influenza Emergency Preparedness exercises were delivered. In January 2007, the Canadian Veterinary Reserve was established to identify available private sector veterinarians to help respond to animal health emergencies. The CFIA also partnered with provincial and university laboratories to improve domestic surveillance capability and early detection of AI by establishing a National Avian Influenza Laboratory Network for rapid testing and reporting.

Partnerships: The CFIA worked with provincial governments to update the joint Foreign Animal Disease Emergency Support (FADES) agreements and led the development of the Zoonotic Illness Outbreak Response Protocol to ensure a co-ordinated federal government response in the event of zoonotic disease outbreaks. The CFIA also worked with the World Organisation for Animal Health to develop new international biosecurity guidelines for raising, handling and transporting influenza-susceptible animals.

Emergency response: In 2006–07, the CFIA developed the National Emergency Response Plan and other emergency response plans to address an outbreak of highly pathogenic AI in domestic poultry. An AI National Emergency Response Team was pre-identified, consisting of key personnel familiar with Incident Command Systems. The Agency also worked with federally registered food processing establishments to enhance preparedness of this sector, developing food safety guidelines and movement procedures for poultry products in the event of an outbreak.

Several additional key plans were developed for responding to foreign animal disease outbreaks such as the Animal Health Functional Plan and the Notifiable Avian Influenza Hazard Specific Plan. Emergency procedural documents relating to humane destruction of birds, disposal, cleaning and decontamination were also prepared. In addition, the CFIA initiated procurement of 10 million doses of poultry vaccine to be stored at key locations in Canada, should traditional disease control measures be overwhelmed.

Communications: Regular AI updates and a notification service were introduced on the CFIA's website. A travellers' campaign and a biosecurity campaign were launched to address two of the most likely pathways for the introduction of highly pathogenic AI into Canada. Activities for the Travellers' Biosecurity Campaign included advertising and distributing information materials through travel agents, airlines and at international points of entry. Information materials, including a calendar, brochures and posters were developed for the biosecurity campaign and distributed to small flock owners through feed producers and hatcheries.

Highlight on BSE[8]

Bovine Spongiform Encephalopathy

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

In 2006–07, the CFIA carried out a number of activities to strengthen Canada's scientific and policy response to BSE in order to improve detection, evaluate the effectiveness of measures in place, and provide the foundation for maintaining consumer and international confidence in Canadian animals and animal products. The CFIA also devoted much effort to developing appropriate indicators to track performance, and to building systems needed to collect performance information and to report on the results of its BSE programs.

The CFIA's enhanced BSE programs are grouped into four program areas: surveillance and testing; enhanced tracking and tracing; removing specified risk material from the food chain; and re-opening international markets.

Surveillance and testing:[9] Since its inception and implementation in 1992, the design of the national BSE surveillance program has been based on internationally recognized risk factors and delivered through the collaborative efforts of federal and provincial governments, universities and private veterinary practitioners. The program has been developed in accordance with international standards and reflects the demographics of the Canadian cattle population.

Historically, the level of BSE testing has exceeded the international guidelines recommended by the Office International des Épizooties (OIE),[10] the World Organisation for Animal Health, and was appropriate to a country with no cases of BSE. In this context, the level of testing conducted was designed to satisfy a single objective: to determine whether BSE was present in Canada.

In 2003, the national BSE surveillance program confirmed BSE in a cow indigenous to Canada. This sentinel event signalled unknown prevalence of the disease and precipitated a significant increase in surveillance testing to determine the level of BSE within the national cattle population. On January 9, 2004, the government announced that BSE surveillance testing would be increased to include as many high-risk animals as possible, targeting a minimum of 8,000 samples during 2004, and a minimum of 30,000 samples in subsequent years. The level and design of this enhanced program continue to be in full accordance with the guidelines recommended by the OIE. Under the program, the high-risk cattle population that is targeted for evaluation reflects the demographics and distribution of the entire cattle population in Canada.

From January 1, 2006, to December 31, 2006, 55,420 samples were evaluated by a network of federal, provincial and university laboratories. Since the enhanced BSE surveillance program was implemented

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8 In order to further improve reporting to Canadians on BSE, the Agency will develop outcome based performance targets as part of its review of the Agency's Performance Measurement Framework in Fall, 2007.

9 Data Systems and Controls: Good

10 Although the Office International de Épizooties (OIE) became officially known as the World Organisation for Animal Health in 2005, it has retained the common usage acronym, OIE, which appears in this document.

in January 2004, over 136,700 samples have been evaluated for this disease. This illustrates the CFIA's success in scaling up its surveillance testing program as well as the high degree of support the national BSE surveillance program receives from all levels of government and from producers, private veterinarians and industry stakeholders.

The result of the national BSE surveillance program during 2006–07 was the detection of five cases of BSE as compared with one case in 2005–06. In all instances, the CFIA conducted a comprehensive animal and feed investigation which, in accordance with international science-based guidelines, resulted in the identification and removal of animals of equivalent risk to the BSE-affected cattle. The detection of these cases did not change any of Canada's BSE risk parameters and was wholly consistent with the experience of other BSE-affected countries. The locations and ages of the animals involved were consistent with previous cases detected in Canada and in this context did not contribute any new information with respect to the broader international understanding of this disease. The BSE surveillance results continue to reflect an extremely low level of BSE in Canada.

Based on these results for 2006–07, the annual incidence rate of BSE was determined to be 0.795 cases per million animals over two years of age as compared to 0.0145 for 2005–06. However, changes to international guidelines, implemented in 2006, have diminished the significance of this calculation. In May 2006, the OIE member countries, of which there are 168, adopted revisions to existing guidelines. The revisions removed reference to disease incidence and established a process to recognize countries as meeting the criteria of one of three possible categories with respect to BSE risk. These changes correctly emphasize a country's response to BSE as more important than the incidence of disease, and in this context, that safe trade between BSE-affected countries can be realized based on effective risk mitigation. In May 2007, Canada received confirmation that it has been categorized by the OIE as a controlled BSE-risk country, reflecting the effectiveness of Canada's surveillance, mitigation and eradication measures, and the efforts of all stakeholders.

Enhanced Tracking and Tracing Program: The CFIA is an active participant in the development of the National Agriculture and Food Traceability System (NAFTS) starting with livestock (prioritized species are cattle, sheep and hogs) and poultry. Tracking the movement of cattle is an essential step in the control and eradication of animal disease, and in preventing the transmission of animal disease to humans. Since 2004, there has been a mandatory identification system for cattle in Canada under the Health of Animals regulation. The CFIA monitors and enforces compliance to the criteria as defined in the regulation at the point of entry into the food chain.

Removing "Specified Risk Material" (SRM) from the food chain: Material from particular tissues, such as the brain, spinal cord or small intestine can harbour the BSE agent. The most effective food safety measure to protect humans from BSE exposure is to remove this material when animals are slaughtered. The CFIA monitors inspections of all federally registered establishments to confirm the removal of Specified Risk Material during slaughtering.[11] Failure to comply can lead to the suspension and/or cancellation of the facility's licence to operate.

➔ In 2006–07, a total of 11,241 ratings were completed for three key tasks related to the removal of Specified Risk Materials. The ratings indicated that the established

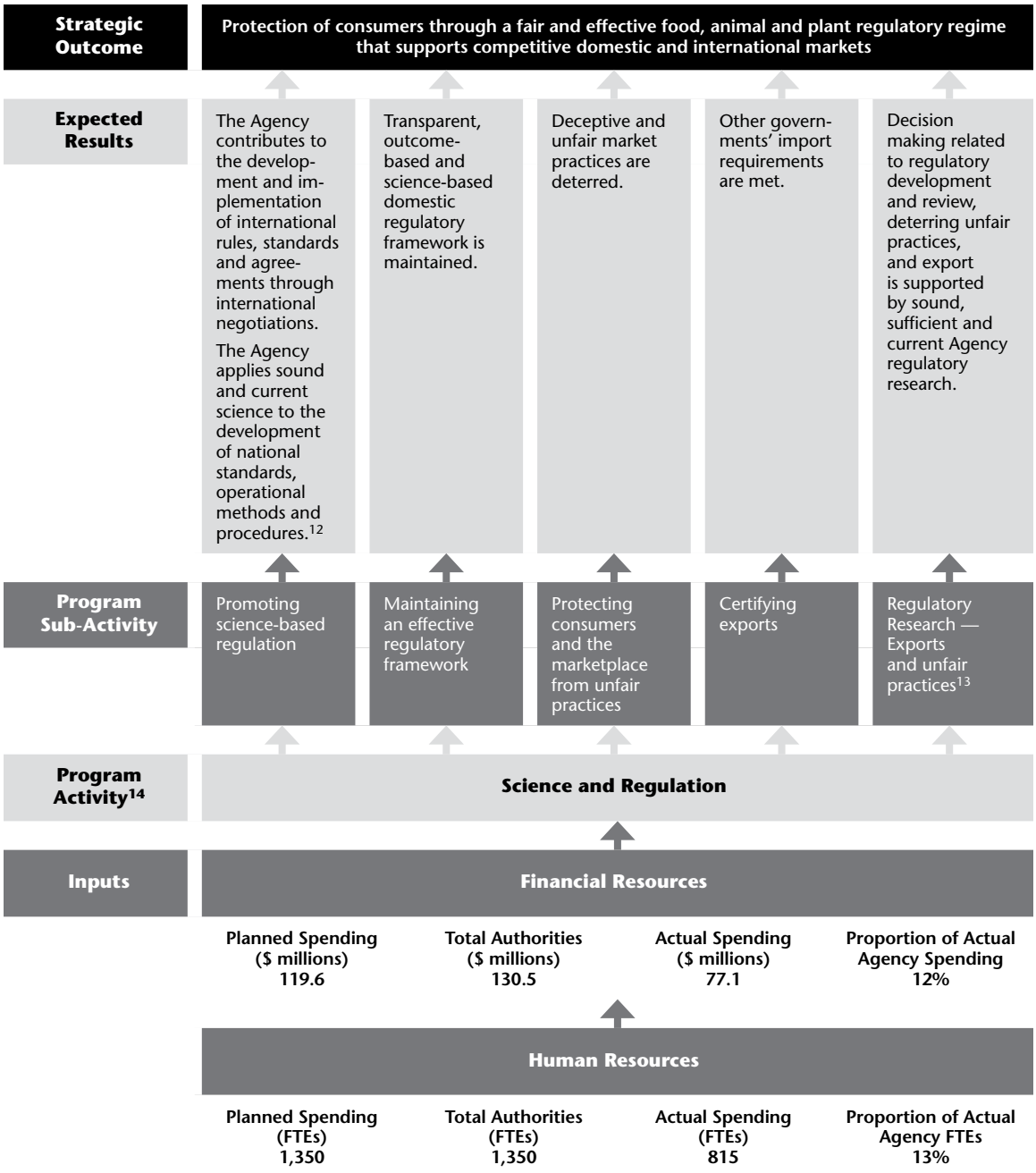
[11] Data Systems and Controls: Reasonable

compliance target of 97% in federally registered plants had been met and maintained from the 2005–06 reporting period. The target includes minor and major deviations: of the 11,241 ratings completed, 99% had no major deviations and none were critical in nature, therefore no licences were suspended or revoked. In the 84 cases where major deviations occurred, corrective action plans were implemented immediately.

Re-opening international markets: Demonstration of the overall integrity of Canada's inspection controls is the foundation for trading partners to provide market access to Canadian animals and animal products. Since the identification of the first case of BSE in 2003, 24 markets that had imposed restrictions on Canadian beef exports were subsequently lifted either in full or in part by March 31, 2007.

As of March 31, 2007, the CFIA had made significant progress in implementing the AI- and BSE-related recommendations. For further information on this progress, please refer to the relevant discussions under Strategy: Disease surveillance and eradication activities. Further recommendations will be implemented in 2007–08 and reported upon in the 2007–08 *Performance Report*.

2.3.2 Strategic Outcome: Protection of consumers through a fair and effective food, animal and plant regulatory regime that supports competitive domestic and international markets



12 In the Agency's effort to focus performance reporting on more strategic level outcomes, and due to the activity-based nature of this expected result, these activities have been reported in Section 3.1.

13 In the Agency's effort to focus performance reporting on more strategic level outcomes, and due to the activity-based nature of Regulatory Research, these activities have been reported in Section 3.3.

14 The Agency recognizes that assessing the fairness of performance information requires consideration of relevance. Performance information is relevant if reported results are focused on outcomes within the related Program Activity and outputs identified. As the Treasury Board *Management, Resources and Results Structure Policy* (MRRS) does not require output statements for the 2006–07 reporting period, outputs have not been included in the results chain for 2006–07. The recent review and revision of the Agency's 2008–09 PAA will include outputs; therefore outputs will be included in the results chains for the 2008–09 reporting period.

Results achieved: In 2006–07, the CFIA met 6 of the 7 performance targets established under this Strategic Outcome, while continuously improving in the areas where needed improvements were identified. This achievement combined with the CFIA's non-targeted performance, such as collaborating with its various partners to develop effective standards, methods and procedures and enforcing fair labelling practices, has assisted the CFIA in meeting its expected results. Therefore, the CFIA has supported the delivery of a fair and effective regulatory regime.

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

Prior to export, international convention requires the certification of quality, safety and other related standards by a national-level, competent public authority for many commodities including fish, meat, animals, and plant products. The CFIA is Canada's regulatory authority for providing such certification. The CFIA works collaboratively with Health Canada and Foreign Affairs and International Trade Canada, among others, to fulfill this responsibility.

The activities related to achieving this Strategic Outcome work to enable all of the strategic outcomes under CFIA's responsibility. The activities also contribute to strong international, science-based regulations, and are designed to mitigate the risks associated with failing to maintain and update the domestic legislative framework in Canada.

In 2006–07, the CFIA spent approximately 12% of its budget to achieve this Strategic Outcome.

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

The activities related to this sub-activity are drivers for the development of national and international science-based standards, operational methods and procedures. These activities are critical to expanding Canada's access to global markets because they influence the development of international standards related to food safety and consumer protection, animal health and plant protection. These activities are also directly linked to the government's priorities for public health, economic growth, environmental protection and public security.

Of the $77.1 million the CFIA spent to achieve this Strategic Outcome, approximately $16.8 million was devoted to promoting science-based regulation.

> **Expected Result:** *The Agency contributes to the development and implementation of international rules, standards and agreements through international negotiations*[15]

Canadians benefit from safe food, a secure plant and animal resource base, and a protected environment. Science-based rules that are

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

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
51.0	55.8	16.8	3%

[15] The CFIA recognizes that this Expected Result is activity-based and not outcome-based. However, given that the expected result was presented in the *Report on Plans and Priorities*, the Agency must report on the results in this *Performance Report*. A recently conducted review and revision of the Agency's PAA, including the development of outcome-based Expected Results, will address this issue in the future.

applied in a predictable, transparent and non-discriminatory manner on both domestic and international levels help to achieve these benefits for Canadians. The CFIA works bilaterally and multilaterally with a number of international partners to remain at the forefront of scientific developments and to advance sound, science-based decisions and policies at the international level.

In 2006–07, the Agency made significant contributions to the development of international rules and standards and advanced a number of bilateral issues in the following areas:

World Trade Organization — Sanitary and Phytosanitary Measures

The World Trade Organization (WTO) deals with the rules of trade between nations at a near-global level. Within the WTO there is an agreement on Sanitary and Phytosanitary or SPS Measures, which outlines how governments can apply food safety and animal health and plant health (SPS) measures on trade. The CFIA is the Government of Canada lead for the World Trade Organization *Agreement on the Application of Sanitary and Phytosanitary Measures* (SPS Agreement). An SPS Measure is any measure applied:

> To protect animal or plant life or health, within the territory of the member, for risks arising from entry, establishment or spread of pests, diseases, disease-carrying organisms or disease-causing organisms;
>
> To protect human or animal life or health, within the territory of the member, from risks arising for additives, contaminants, toxins or disease-causing organisms in foods, beverages or feedstuffs;
>
> To protect human life or health within the territory of the member from risks arising from diseases carried by animals, plants or products thereof, or from the entry, establishment or spread of pests; or
>
> To prevent or limit other damage within the territory of the member, from the entry, establishment or spread of pests.

The CFIA co-ordinates the implementation of SPS Measures to ensure they are consistent with Canada's obligations under the WTO, including implementation by other federal departments and agencies, provincial, and regional bodies. In 2006–07, the CFIA led Canada's participation at the three WTO SPS Committee meetings. The Committee is the key forum for discussing implementation of the WTO SPS Agreement and for raising SPS-related trade concerns in a multilateral environment.

World Organisation for Animal Health (OIE)

The OIE is an organization whose main objectives are to ensure transparency in the global status of animal disease and zoonotics and, through a number of activities, to safeguard world trade by publishing health standards for international trade in animals and animal products.

As a member country, Canada is a key player in OIE standard-setting processes and has access to early notification of animal disease outbreaks that may affect trade.

Canadian experts, as members of OIE ad hoc groups, have helped set standards in areas such as epidemiology. Twice a year, through the Office of the Chief Veterinary Officer, the CFIA undertakes an inclusive consultation process on new and/or revised standards developed by the OIE. The consultative process involves several federal departments and agencies, provincial jurisdictions, national industry associations and non-governmental organizations that prepare and submit comments on the standards.

Canada also works internationally with a number of OIE-member countries to build consensus for the adoption of standards at the annual General Session of the OIE. The CFIA leads Canada's participation at the annual General Session of the International Committee of the OIE every May. The General Session provides for the adoption of new or revised standards published in the Terrestrial and Aquatic Animal Health Codes, and as such, concludes the annual cycle of development of international science-based standards for animal, public and eco-system health and for the safe trade of animals and animal products in international commerce. Canada currently serves as an elected member of the OIE Administrative Commission for 2006–09.

Codex Alimentarius Commission

Codex is an international standard-setting organization created by the Food & Agriculture Organization (FAO) of the United Nations and the World Health Organization (WHO), whose mandate is to develop food standards to protect the health of consumers and to facilitate fair practices in international food trade. Codex standards, codes of practice and guidelines serve as the WTO–SPS Agreement reference point for food safety. Through its participation in Codex, the CFIA influences the development of international standards and related texts to reflect Canadian objectives for safe food and fair trade practices, and to ensure adopted standards are based on sound science and result in a fair and effective international regulatory framework for food. The CFIA serves as the Chair of the Codex Committee on Food Labelling and, with other departments, supports hosting committee meetings in Canada.

International Plant Protection Convention (IPPC)

The IPPC is an international treaty to secure action to prevent the introduction and spread of pests of plants products and to promote appropriate measures for their control. Through proactive involvement in this international treaty, the CFIA has contributed to the development of several international standards for Phytosanitary Measures. These standards facilitate exports of Canadian plants and plant products, while improving risk management related to imports to Canada. Canada currently holds the vice chair position of the Bureau to the Commission of Phytosanitary Measures, which governs the International Plant Protection Convention.

North American Plant Protection Organization (NAPPO)

NAPPO provides a continental approach to plant protection by affording a means of sharing information and furthering common goals in plant health activities. The CFIA is actively engaged in the development of North American regional standards, such as standards for the certification of commercial arthropod biological control agents, and for the import and confined release of transgenic arthropods. The CFIA is also leading the development of guidelines for the screening of potential invasive plants prior to import.

Organisation for Economic Co-operation and Development (OECD) Seed Schemes

For the past two years, the CFIA has chaired the OECD seed schemes, which certify seed varietals being traded internationally to ensure consistently high-quality seed. The CFIA has also contributed to the development of international standards and programs for seeds, such as standards for canola.

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

The key strategies related to this sub-activity include the development of regulations to maintain an effective regulatory framework that supports consumer protection and competitive domestic and international markets.

Of the $77.1 million the Agency spent to achieve this Strategic Outcome, $23.8 million was devoted to maintain an effective regulatory framework.

> **Expected Result:** *Transparent, rules-based and science-based domestic regulatory framework is maintained*[16]

The CFIA made progress toward modernizing and strengthening its internal processes for developing policy and legislation specific to mandated activities in food safety and plant and animal health. These improvements are expected to result in more fair, efficient and responsive regulatory activities. More specifically, the CFIA will continue to implement and refine a new issue identification and streaming process, which will include a thorough assessment of instrument options and early and ongoing consultation with stakeholders and partners. The process consists of several stages of committee review and affords various opportunities for challenge, at increasing levels of responsibility. The process will be assessed and improved on an ongoing basis, as opportunities for strengthening and/or streamlining are identified.

In addition, a new regulatory plan was developed and approved in the Fall of 2006. This plan positions the regulatory priorities in the context of policy priorities and resulted in adjusting the priority of some regulatory packages. Furthermore, in the interest of addressing the need for thorough consultation, openness and transparency, a number of regulatory amendments were subjected to additional consultation, including: Medicated Feeds, Humane Transport of Animals, Fresh Fruit and Vegetables — Licensing and Arbitration, and Seed Streaming and Variety Registration. In addition, there was a need to address a number of new priorities such as Golden Nematode, Sudden Oak Death, and Cheese Compositional Standards. It is expected that the outstanding priorities from 2006–07 will be moved forward to the *Canada Gazette*, Part I during 2007–08.

Legislative initiatives

Although there were no CFIA-specific legislative initiatives during 2006–07, work continued on the elaboration of options for a legislative strategy. CFIA officials worked closely with officials from Health Canada on the Health Canada Discussion Document entitled: *Towards a Regulatory Modernization Strategy for Food and Nutrition*. CFIA officials also worked closely with officials from other government departments in managing a number of Private Members' Bills with implications for the CFIA, notably: S-213 (An Act to Amend the *Criminal Code* — cruelty to animals) led by the Department of Justice; S-205 (An Act to Amend the *Food and Drugs Act* — safe drinking water), led by Health Canada; and, S-283 (An Act to Amend the *Food and Drugs Act* [food labelling]) led by Health Canada.

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

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
7.0	7.6	23.8	4%

[16] The CFIA recognizes that this Expected Result is activity-based and not outcome-based. However, given that the expected result was presented in the *Report on Plans and Priorities*, the Agency must report on the results in this *Performance Report*. A recently conducted review and revision of the Agency's PAA, including the development of outcome-based Expected Results, will address this issue in the future.

Regulatory initiatives

In 2006–07, the CFIA had more than 60 proposed regulatory packages under development, spanning all Agency programs. In addition, the following CFIA regulations were published in the *Canada Gazette*, Part I and/or II, during this time frame:

- *Regulations Amending the Plant Protection Regulations (Electronic Documentation)*
- *Regulations Amending the Health of Animals Regulations and the Regulations Amending Certain Regulations Administered and Enforced by the Canadian Food Inspection Agency (import requirements)*
- *Regulations Amending the Fish Inspection Regulations (Salted fish and other provisions)*
- *Organic Products Regulations*
- *Golden Nematode Compensation Regulations*
- *Regulations Amending Certain Regulations Administered and Enforced by the CFIA (Miscellaneous Program — Standing Joint Committee for the Scrutiny of Regulations amendments)*
- *Regulations Amending the Egg Regulations (HACCP and other requirements)*
- *Regulations Amending the Licensing and Arbitration Regulations (Exemption provisions)*
- *Certain Ruminants and Their Products Importation Prohibition, No. 2 (extension)*
- *Regulations Amending Certain Regulations Administered and Enforced by the Canadian Food Inspection Agency (Feedban extension)*
- *Phytophthora Ramorum Compensation Regulations (Sudden Oak Death)*
- *Regulations Amending the Introduced Forest Pest Compensation Regulations*
- *Regulations Amending the Livestock and Poultry Carcass Grading Regulations (Bison Grading)*
- *Regulations Amending the Compensation for Destroyed Animals Regulations*
- *Regulations Amending the Seeds Regulations (Seed Standards)*
- *Anthrax Compensation Terms and Conditions, No. 2.*

CFIA will continue to ensure that regulatory infrastructures are developed to support consumer protection as well as competitive, domestic and international markets. Key regulatory initiatives undertaken during 2006–07 of particular importance to Canadians are discussed below.

Organic Products Regulations

The *Organic Products Regulations* established a system by which the CFIA, as competent authority, regulates the use of the "Canada Organic" agricultural product legend. The CFIA's partner, Agriculture and Agri-Food Canada, establishes organic standards that provide the basis for organic regulations and also plays an important role in negotiating organic equivalency standards with the European Commission.

These regulations are built on the existing system of domestic accreditation and certification bodies to provide credibility and a basis for evaluation. The introduced regulations govern the use of a new Canada Organic logo, including certification requirements, for organic agricultural products. The regulatory framework includes a mandatory organic production standard, a certification and inspection regime as well as import requirements. The Organic Production Systems General Principles and Management Standards and Organic Production Systems Permitted Substances Lists developed by the Canadian General Standards Board form the basis of the regime.

Compensation for Destroyed Animals Regulations

Compensation for Destroyed Animals Regulations were published in 2000, replacing the *Maximum Amounts for Destroyed Animals Regulations, 1992*. The maximum amounts for each animal that are listed in the schedule of the Regulations have not been substantively amended since 2000 and, as a result, the list of animals and their maximum amounts no longer reflect the Canadian animal industry profile or the current animal market values. These amendments update the list of regulated animals and adjust the maximum amounts.

Enhancing the 1997 Feed Ban

In 2006–07, the CFIA published regulatory amendments to enhance the 1997 Feed Ban through the introduction of new requirements for the removal of Specified Risk Material from all animal feeds and fertilizers. These regulations prohibit rendering, feed production, and distribution sectors from feeding most mammalian proteins to ruminant animals, such as cattle, sheep and goats. The regulations also require these sectors to follow and document production and feeding procedures. As the regulations entered into force in July 2007, the first reporting on compliance with these new requirements will occur in the 2007–08 *Performance Report*.

Meat Inspection Reform

Canada's Meat Inspection Reform is about modernizing Canada's meat inspection system. The key objectives include: maintaining the safety and suitability of Canadian meat and meat products; sustaining consumer confidence; expanding market access; providing a sound regulatory base for industry, contributing to competitiveness; and, delivering meat inspection programs in the most efficient and effective manner possible. Meat Inspection Reform consists of changes to existing federal inspection programs and the development of a Canadian Meat Hygiene Standard.

The CFIA's efforts to reform inspection activities in federally registered establishments include streamlining poultry inspection under the Modernized Poultry Inspection Program and the Poultry Rejection Project; red meat inspection under the HACCP-based Inspection Program; meat processing inspection under the Compliance Verification System; the opening (registration and licensing) of new establishments; the approval process of labels for meat products; and the issuance of electronic documents for import and export.

The Modernized Poultry Inspection Program (MPIP) was the CFIA's first inspection-reform initiative. It incorporates HACCP-based principles and objective outcome measures into inspection methodology. Three outcome-based performance standards were developed to assess compliance to MPIP. The standards are based on science and designed to identify and control potential food safety hazards throughout the process of preliminary poultry production. In 2006–07, the status of the program implementation in identified targeted establishments was 82.5% (33/40 federally registered poultry establishments). The Poultry Rejection Project builds on the HACCP foundation of the MPIP and enhances veterinary oversight of animal welfare, control of food safety hazards, and early detection of foreign animal diseases. The Compliance Verification System integrates HACCP Audit approaches with pre-existing inspection tools to provide an improved and seamless interface between the CFIA and its regulated parties.

The Canadian Meat Hygiene Standard and accompanying Technical Guidance Documents set out the legal and technical requirements to ensure the production of safe and suitable meat and meat products. They could be used as a foundation for provincial governments when amending their own meat inspections systems and will serve as a benchmark for the food safety requirements in federal meat inspection.

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

Under this sub-activity, the CFIA carries out various strategies that are intended to deter deceptive and unfair market practices. These include enforcing standards relating to labelling composition, net quantity and advertising, and how information is presented on the labels of food products. CFIA's strategies under this sub-activity also extend to promoting compliance with the *Seeds Act*, granting plant breeders' rights, administering licensing and providing non-biased inspections for buyers and sellers of fresh fruits and vegetables.

Of the $77.1 million the Agency spent to achieve this Strategic Outcome, approximately $16.7 million was devoted to protecting consumers and the marketplace from unfair practices.

Expected Result: *Deceptive and unfair market practices are deterred*

Fair labelling practices[17]

The Fair Labelling Practices Program protects consumers from deceptive practices (i.e. unfairly and inaccurately presenting net weight and contents through labelling) and facilitates fair competition for industry by verifying compliance with the net quantity, composition, labelling and advertising provisions of the *Food and Drug Regulations* and the *Consumer Packaging and Labelling Regulations* for both domestically produced and imported food products. This regulatory program complements similar programs in the registered sectors (i.e. meat, dairy, fish and seafood) by protecting Canadians from unfair market practices in the non-federally registered sector.

Through its technical committee process, the CFIA identifies and prioritizes potential deceptive labelling practices in the marketplace, and develops strategies to direct inspection and laboratory resources towards products and establishments that are determined as posing the greatest non-compliance risk to consumers.

The CFIA promotes compliance by conducting trader education regarding regulatory requirements, by investigating consumer and trade complaints, by inspecting and analyzing food products at the manufacturing, retail and import levels of trade, and by taking effective compliance action.

During 2006–07, 2,646 inspections of food products resulted in the identification of 12,386 violations or an average of five violations per inspection. The average of five violations per inspection represents a full spectrum of deceptive and unfair market practice situations such as net quantity, composition, adulteration, absence of mandatory label information, nutrition labelling, bilingualism, or misleading claims. This is consistent with the previous four year average of 12,150 violations. All violations resulted in appropriate enforcement action up to, and including, prosecution. Examples are detailed below.

In May 2006, a company was fined $14,000 for failing to include whey powder in the list of ingredients on the label of a food product. The failure to identify whey powder can be a significant omission as milk-based foods are a significant food allergen for a number of Canadians. The *Food and Drug Regulations*

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

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
14.0	15.2	16.7	2%

[17] In order to further improve reporting to Canadians on Fair Labelling, the Agency will develop outcome-based performance targets as part of its review of the Agency's Performance Measurement Framework in Fall, 2007.

require that, with certain exceptions, pre-packaged multi-ingredient foods carry a list of ingredients and their components, if any, in descending order of proportion by weight of the product or, alternatively, as a percentage of the product.

In November 2006, a company was fined $4,000 for selling pre-packaged food products whose labels failed to declare the net quantity as required by the *Consumer Packaging and Labelling Act*.

The Fair Labelling Practices Program is also responsible for designing programs and tools to facilitate compliance. For example, during 2006–07, activities to implement Canada's amendments to the *Food and Drug Regulations* concerning nutrition labelling, nutrient content claims and diet-related health claims included: further development of inspection tools and tools to assist the industry in implementing these new regulations; training of industry and the CFIA's staff; and responding to many stakeholder inquiries. These activities will continue during 2007–08.

In addition to its routine compliance and enforcement efforts, the CFIA carried out a number of risk-based targeted projects (for example a retail survey) that were designed to focus inspection attention on specific commodities and compliance issues on a cyclical or sector-by-sector basis. Because targeted sampling, by definition, seeks out problem areas, the resulting compliance rates are not indicative of marketplace compliance in general, but do indicate that there is a segment of the industry not fully complying with the regulations. Examples are detailed below.

Following this sector-by-sector approach, inspection attention during 2006–07 was focused on both domestically produced and imported bakery and cereal products. Inspections of 209 companies resulted in the identification of 1,109 violations of the *Food and Drug Regulations* and the *Consumer Packaging and Labelling Act* and *Regulations*. Identified violations included: misrepresentation due to inaccurate nutrition declarations (e.g., trans fatty acid, saturated fatty acid, sodium); the presence of common food allergens not declared in the list of ingredients; and misleading highlighted ingredient and flavour claims. The results of these inspections are currently undergoing in-depth analysis. Strategies and recommendations to promote compliance across the sector will then be developed and shared with the sector.

Based on a risk-based targeted inspection approach, another project focused on olive oil. CFIA testing detected an increase in the adulteration of olive oil over the previous fiscal years. The rate of compliance in 2006–07 was 67%, compared to 83% last year and an average of 94% for the three preceding years (see chart below). While the year's compliance rate is not indicative of marketplace compliance in general because the sampling was targeted at suspected problems, it does

Table 2.3.2c.2 — Compliance Rates for Olive Oil Labelling

Year	# Brands Sampled	# Brands Showing Adulteration	% Compliance*
2006–07	45	15	66.7
2005–06	42	7	83.3
2004–05	64	5	92.0
2003–04	53	3	94.3
2002–03	49	2	95.9

* Since sampling is directed toward suspected problems, the above data are not indicative of marketplace compliance in general.

indicate that a significant volume of olive oil had been adulterated with cheaper oils such as sunflower or canola oil, or with oils derived from olive seeds rather than that from the flesh of the olive. In 2006–07, the CFIA took enforcement actions up to and including the prosecution of companies found to be in violation of regulatory standards. This is a fraudulent activity that is not welcomed by consumers and results in the properties and flavours of the oils being different than expected. One enforcement action involved fining a company $4,000 for selling extra virgin olive oil in a manner that was false or misleading.

The CFIA has legislated criminal law authorities to conduct investigations and enforcement activities under the *Consumer Packaging and Labelling Act* and the *Food and Drugs Act*. In 2006–07, the Agency investigated six instances of major non-compliance. Combined with investigations carried over from previous reporting periods, investigations resulted in 18 convictions and violators were fined a total of $12,000, which conveys the message that the CFIA is committed to ensuring consumer protection.

Seed

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

Other partners also help throughout the process. The Canadian Seed Institute assesses seed establishments to ensure quality standards are maintained. The Canadian Seed Growers' Association monitors and certifies pedigreed seed for all agricultural crops, except seed potatoes. Based on the CFIA seed crop inspection reports, the Association also issues crop certificates, which indicate compliance with varietal purity standards and pedigreed seed-crop inspection procedures.

In 2006–07, the Canadian Seed Institute carried out 306 quality assessments of seed facilities from a total of 1,240 establishments, including registered seed establishments, authorized importers and private labs to confirm that they were meeting the Institute's quality standards. This number of assessments represents a significant increase over the 205 assessments conducted in 2005–06. Results indicate that 99% of the assessed facilities had no critical deficiencies, compared with 72% in 2005–06.

Inspectors for the CFIA also conducted marketplace surveillance for both pedigreed and non-pedigreed seed, and targeted establishments with poor compliance records and those subject to complaints from seed buyers. During the fiscal year, the CFIA laboratories conducted 8,666 such tests on 6,420 samples.

The target compliance rate for domestic pedigreed seed is 95% while the target compliance rate for domestic non-pedigreed seed is 85%.

Testing carried out in 2006–07 marketplace monitoring indicated compliance rates of 93% for pedigreed seed[18] and 88% for non-pedigreed seed.[19] Though the target for domestic pedigreed seed was still not met in 2006–07, both compliance rates are up slightly from their respective compliance rates of 92% and 86% for testing completed in 2005–06. The 2006–07 testing also indicated a compliance rate of 96% for imported seed,[20] down from 99% for testing completed in 2005–06.

18 Data Systems and Controls: Good
19 Data Systems and Controls: Good
20 Data Systems and Controls: Good

The CFIA has begun discussions with the seed industry to address compliance shortfalls.

During the 2006–07 reporting period, 4,076 seed growers produced more than 2,167 varieties of pedigreed seed. CFIA inspectors determined that 98%[21] of these met the purity product and process standards of the Canadian Seed Growers' Association, which confirms the maintenance of high-quality Canadian pedigreed seed. In 2005–06, the compliance rate was 99%.

In addition to the Canadian Seed Institute's audit and verification activities, the CFIA took 308 actions in response to marketplace incidents of non-compliance or complaints. This included issuing 25 education/warning letters, 163 detentions ("stop sale" orders) and 79 refusals of entry into Canada. The CFIA also conducted 31 complaint inspections and 10 investigations. There were no referrals for prosecution in 2006–07 in response to instances of non-compliance.

Grant plant breeders rights

The CFIA grants exclusive rights to Canadian breeders for their new varieties, and pursuant to Section 78 of the Act, reports on the administration of the *Plant Breeders' Rights Act*. The intent of this legislation is to: stimulate plant breeding in Canada through the protection of intellectual property rights; provide Canadian producers better access to foreign varieties of seed; and facilitate the protection of Canadian varieties in other countries.

Data are collected by calendar year under the *Plant Breeders' Rights Act*. In 2006, the CFIA received 498 applications for plant breeders' rights,[22] and rights were granted to 304 plant varieties. The CFIA also renewed 1,262 varieties previously approved for grant of rights. The CFIA received $1,074,850 in revenue for its registration services.

2.3.2d Program Sub-Activity: Certifying exports

The key strategies relating to this sub-activity include maintaining good relations with foreign governments, associations and domestic industries based on science and supported by standards, as well as certifying that certain Canadian exports of food and food products as well as plants and animals and their related products meet the requirements of importing countries.

Of the $77.1 million the Agency spent to achieve this Strategic Outcome, approximately $19.8 million was devoted to certifying exports.

Expected Result: *Other governments' import requirements are met*

The CFIA inspects and certifies regulated commodities destined for international markets, confirming the sanitary and phytosanitary status and quality of the product exported. The proportion of certified products accepted into foreign countries is utilized as a measure of success and can be considered a measure of confidence in the Canadian food supply and the CFIA's activities in food safety, plant and animal health (see Table 2.3.2d.2). Certification plays a crucial role in Canada's ability to trade in international markets, as CFIA-regulated exports of food, plants, animals, and associated products were valued at $42.6 billion in 2006.

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

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
47.6	51.9	19.8	3%

[21] Data Systems and Controls: Good
[22] Data Systems and Controls: Reasonable

Table 2.3.2d.2 — Certifying Exports

	Value of Exports Traded (2006)	Accepted into Foreign Countries: Certified	Targets 2005–06	Targets 2006–07	Results 2005–06	Results 2006–07	Data System & Controls	Met/ Exceeded √
Meat	$3.94 billion	1,498,400,397 kg	≥ 99%	≥ 99%	99%	>99%*	Good	√*
Fish and seafood	$3.57 billion	31,587 certificates**	≥ 99%	≥ 99%	99%	98%*	Good	√*****
Egg (processed)	$0.05 billion	12,603,163 kg	≥ 99%	≥ 99%	99%	>99%*	Good	√
Dairy	$0.22 billion	3,066 certificates	≥ 99%	≥ 99%	Not available	Not available ****	Good	Not available
Plants and plant products***	$10.7 billion	75,787 certificates	None	None	99%	>99%	Good	Not available

* Less than 1% of these commodities was rejected by importing countries.
** Certification is not required for all fish and seafood exports. The amount certified and the amount accepted into foreign countries reflects only exports for which certification was required.
*** Excludes trade facilitated by the *Seeds Act*.
**** Export certification is not compulsory and countries do not advise the CFIA when shipments are refused.
***** A variance of +/- 1% for the target is interpreted as "met."

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

The 2006–07 performance target for certifying exports is 99% or greater.

The CFIA met its established target for the meat and processed egg programs (see Table 2.3.2d.2). Factors other than health and safety violations were often to blame for the rejection of Canadian products by importing countries. For example, of the total products rejected, 4.1%[23] of meat was rejected due to a labelling error, 14.5% due to contamination (e.g., extraneous materials), 15.7% due to "miscellaneous" reasons (e.g., damaged packaging), and the remaining 65.7% of rejections were due to administrative processing errors and incorrect shipping markings.

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

While rejection rates are only available for some CFIA-regulated commodities at this time, the CFIA is making progress on collecting more performance information for this activity and will expand reporting as the data become available.

[23] Data Systems and Controls: Good

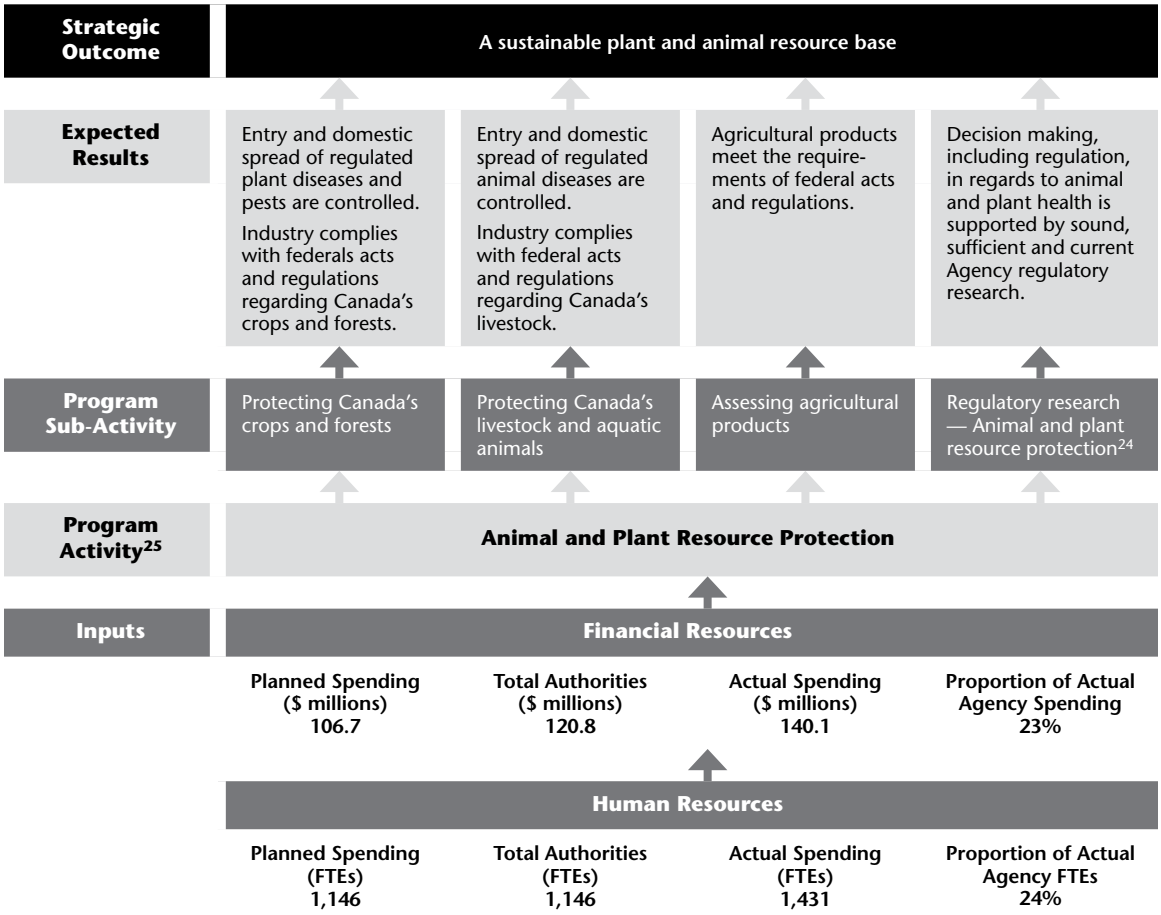
Certification

The CFIA continues to meet increasing export demands by moving towards information technology-based systems certification programs while maintaining science-based standards and principles. In 2006–07, the Agency implemented two such certification programs: the Canadian Wood Packaging Certification Program and the Canadian Heat Treated Wood Products Certification Program. Both of these programs are system-based, and inspections are conducted by third parties and audited by the CFIA. Currently 435 facilities are registered under the Canadian Wood Packaging Certification Program and 485 under the Canadian Heat Treated Wood Products Certification Program. During this fiscal year, only one facility in each of these programs was found to be non-compliant with export requirements.

Negotiating market access

The CFIA also plays an important role in negotiating market access for Canadian agricultural products based on sound scientific information. For example, in August 2006, following detection of Golden Nematode in Quebec, extraordinary measures were undertaken by the CFIA to maintain access to markets for potatoes and horticultural products produced in Quebec and other provinces. Immediate delimitation of the infested areas through the collection and analysis of 35,564 soil samples, in addition to the declaration of the Golden Nematode Infested Places Order, allowed the Agency to effectively negotiate with the U.S. and other countries and allowed normalization of trade within eight weeks. In order to maintain market access, the CFIA also implemented a certification program for all Canadian seed potato exports to the U.S.

2.3.3 Strategic Outcome: A sustainable plant and animal resource base



Results achieved: In 2006–07, the CFIA met 9 of the 13 performance targets established under this Strategic Outcome. When reflecting upon the CFIA's non-targeted performance, such as quickly and effectively responding to the detection of new plant pests in Canada, it is apparent that the Agency has made significant gains in fulfilling the expected results under this Strategic Outcome. The CFIA will continue to work closely with the partners with which it shares these responsibilities. The CFIA undertakes corrective action where necessary, and will continue to promote a sustainable plant and animal resource upon which safe and high quality food depends.

24 In the Agency's effort to focus performance reporting on more strategic level outcomes, and due to the more activity-based nature of Regulatory Research, these activities have been reported in Section 3.3.

25 The Agency recognizes that the assessing the fairness of performance information requires consideration of relevance. Performance information is relevant if reported results are focused on outcomes within related program activity and outputs identified. As the Treasury Board *Management, Resources and Results Structure Policy* (MRRS) does not require output statements for the 2006–07 reporting period, outputs have not been included in the results chain for 2006–07. The recent review and revision of the Agency's 2008–09 PAA will include outputs; therefore outputs will be included in the results chains for the 2008–09 reporting period.

Canada's social and economic well-being is closely linked to the health of its environment, which includes plants and animals. The promotion of a sustainable plant and animal resource base is the CFIA's contribution to the protection of the environment, as well as the sustainability of the Canadian food supply. This entails protecting Canada's crops, forests and livestock from regulated pests and diseases. It also includes preventing the introduction of substances into animal and plant production systems by way of animal feeds, seeds, fertilizers and supplements, or other pathways that could adversely affect human health or the environment.

To fulfill this Strategic Outcome, the CFIA works co-operatively with Agriculture and Agri-Food Canada, Natural Resources Canada (including the Canadian Forest Service), Environment Canada (including the Canadian Wildlife Service), the Canada Border Services Agency, as well as with provincial, territorial and municipal partners and stakeholders.

In 2006–07, the CFIA spent approximately 23% of its budget to achieve this Strategic Outcome.

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

Of the $140.1 million the CFIA spent to achieve this Strategic Outcome, approximately $65.2 million was devoted to protecting Canada's crops and forests.

The CFIA is responsible for protecting Canada's crops and forests from pests and diseases, such as Emerald Ash Borer and Potato Wart. The Agency has detection and control strategies to identify, assess and control or eradicate pests and diseases. This includes strategies for preventing pests and diseases from entering Canada, spreading within Canada, and being exported to other countries.

An estimated 300 species of tree-feeding insects have entered North American forests over the past century as part of commercial shipments and/or individual travellers' effects. In response, the CFIA has developed import policies and standards to help prevent pests and diseases from entering Canada at its borders and other points of entry. The CFIA's prevention efforts are supported by the Canadian Border Services Agency (CBSA), which enforces the CFIA's import policies and standards at Canada's borders and other points of entry. Within Canada, the CFIA works to control or eradicate pests. Keeping Canadian plants and plant products disease and pest-free is also critical to ensuring the safety and quality of Canadian plant resources and to protecting our export markets.

The stated purpose of the *Plant Protection Act* is to prevent pests and diseases injurious to plants from being imported into Canada, from spreading within the country and from being exported out of it. The Act also provides for controlling and eradicating pests and diseases and for certifying the pest and disease-free status of plants and plant material. To encourage reporting of plant pests, regulations under the *Plant Protection Act* allow for compensation to producers for the destruction of plants and plant products due to a specified regulated pest or disease.

The CFIA certifies the pest and disease-free status of plants and plant material, and encourages the reporting of pests to the CFIA by compensating producers for any CFIA required destruction

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

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
41.6	46.7	65.2	11%

* Actual Spending is higher than the Planned Spending due to in-year increased operating expenditures in relation to the Potato Cyst Nematode discovered later in the 2006–07 fiscal year, as well as to increased Statutory Compensation payments.

of infected products. For example, CFIA paid $661,322 in compensation[26] to Ontario producers who reported the presence of Emerald Ash Borer in their ash trees.

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

Ultimately, the CFIA's goal is to mitigate the risk of entry of new regulated pests and plant diseases into Canada.

The CFIA undertakes a series of activities to mitigate the risk of imported plant pests and diseases. Importers who wish to bring plants and plant products into Canada must first obtain an import permit from the CFIA. Regulated commodities are examined by inspectors from the Canada Border Services Agency, and in some cases CFIA inspectors, to confirm that they comply with federal acts and regulations before they enter the country.

Inspections

In 2006–07, there were 13,003 inspections of regulated plant products being imported into Canada compared with 18,581 in 2005–06. Of these, 1,298 (approximately 10%) resulted in interventions,[27] compared with 1,745 (approximately 9%) the previous year. Interventions include treatment orders, detentions, disposals, or refusals of entry for reasons including improper documentation and the presence of a regulated plant pest or disease. Significant year-to-year fluctuations in the number of inspections carried out is normal, as plant imports can fluctuate annually.

On-site verifications

To improve the effectiveness of its import program, and to enhance risk mitigation at origin, the CFIA increased on-site verifications of certification systems in the country of origin from five in 2005–06 to 10 in 2006–07. These activities help the Agency ensure that the certification systems of foreign countries are sufficiently stringent to generate a product that meets Canadian import requirements, ensuring protection of Canada's plant base.

Three examples of on-site verification that took place during the 2006–07 reporting period are on-site verifications of Chinese fragrant pear production, grapevines from France and a systems verification of Enoki mushroom-growing production practices in Taiwan. These examples are described below.

A CFIA audit of Chinese fragrant pear production revealed no major deficiencies, confirming that material originating from this program met Canadian standards in a consistent fashion.

The CFIA tested 1,932 import samples of grapevines from France in 2006 in response to the Agency's 2006 detection of the spread of two grapevine phytoplasmas in France. While no positive results were detected, several non-quarantine viruses were found, warranting further Agency monitoring. The CFIA also implemented additional treatment requirements for importation of grapevines from European sources. This included a mandatory hot water treatment and a follow-up field survey of European grapevines planted in Canada.

Table 2.3.3a.2 — Economic Value of Trade in Plants and Plant Products to Canada (2006)

Total imports: $9.612 billion in 2006–07	Total exports: $22.582 billion in 2006–07

Source: Industry Canada — Trade Data On-line Database

[26] Data Systems and Controls: Good
[27] Data Systems and Controls: Good

The CFIA also conducted an on-site systems verification of Enoki mushroom-growing production practices in Taiwan, leading to Canada's decision to allow the importation of this commodity from pre-approved sources in Taiwan.

Restrictions

Another aspect of the Agency's risk mitigation at origin is the implementation of restrictions when a pest has been identified in another country. For example, the CFIA placed restrictions on imports of potatoes, horticulture products and soil from Idaho as a result of a notification of Pale Cyst Nematode detection in April 2006. A scientific and technical review of the delimiting and containment strategies adopted in Idaho were then performed to assess if the phytosanitary risk measures adopted were sufficient to protect Canada from the introduction of Pale Cyst Nematode from Idaho. The United States Department of Agriculture and Animal and Plant Health Inspection Service (USDA–APHIS) and the CFIA have since agreed on a strategy for addressing Potato Cyst Nematode.

Pests and diseases

The globalized trade of plants and plant products makes it difficult for the CFIA to achieve absolute prevention of the entry of new pests and diseases into Canada.

The current Agency performance target in this area is the absence of evidence that any new regulated plant pests and diseases have been detected in Canada over the last fiscal year. When the Agency confirms that the pest or disease has been detected in the country, and depending on the pest or disease, the Agency responds quickly by investigating the risk posed to Canada's plant resource base and by developing strategies for control and eradication, as appropriate.

In 2006–07, the CFIA detected two new regulated pests[28] in Canada: *Chrysodeixis sp*. and Bois noir phytoplasma, compared to four pests found in 2005–06. The Agency responded immediately to determine the extent of the introduction and to put control measures in place to prevent the spread of these pests. The following summarizes the CFIA's actions in these two cases:

In August 2006, when *chrysodeixis* was discovered in greenhouses in Delta, British Columbia, the CFIA recognized the potential trade impacts of this organism on trade with the U.S. To mitigate the impacts, the Agency developed eradication protocols while establishing compliance agreements for impacted facilities. This allowed for continued shipping of host vegetables/fruit and transplants to the U.S., while mitigating the risk of spreading the pest. Negative trapping results confirmed the effective eradication of the pest.

In September 2006, the Agency found one grapevine plant infected with Bois noir phytoplasma in a lot of 1,965 plants that had been imported from France and planted in B.C. In response, the entire lot was removed and destroyed prior to spring of 2007. The CFIA will be conducting confirmatory surveys over the next year to assess the effectiveness of these eradication measures.

These instances are clear examples of the CFIA's commitment and vigilance to ensuring that the entry and domestic spread of regulated plant diseases and pests are controlled.

Surveys

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

28 Data Systems and Controls: Good

Pest surveys allow Canada to validate its claims of pest and disease-free status for certain areas, to detect any new pests, and to establish quarantine restricted zones to limit their spread. These surveys are also central to control and eradication programs as the survey data provide information needed for the CFIA to make decisions regarding further control measures.

The CFIA 2006–07 target for pest survey is to complete 100% of planned pest surveys.

In 2006–07, the CFIA planned and delivered a total of 24 pest surveys[29] for the fiscal year, meeting the Agency's target of 100%. In 2005–06 the CFIA planned 52 pest surveys and conducted 60. Annual survey priorities are established in conjunction with the Plant Health Division commodity section according to policy needs. CFIA Plant Health Division, through policy development activities that identify key scientific, environmental, social and economic issues, developed risk-based needs assessments that identified the need for targeted and specific activities. Some of the issues focused on the requirements for surveys for pests in all commodity groups, such as: forestry; horticulture; potatoes and grains; and field crops. The largest surveys were conducted as part of the CFIA control or emergency response for Plum Pox Virus, Emerald Ash Borer, Asian Longhorned Beetle, Brown Spruce Longhorned Beetle, Sudden Oak Death and the newly discovered infestation of Potato Cyst Nematode in Quebec.

Controls

While it is impossible for the CFIA to control the spread of pests and diseases caused by natural mechanisms, such as wind or the movement of wildlife, the Agency can limit spread caused by humans through the movement of material such as logs, firewood or nursery stock from an infected area to a non-infected area.

The target for control programs is to keep pests and diseases from spreading beyond quarantine zones or restricted areas.

Of six identified high-priority plant pests and diseases that were part of the Agency's surveys in 2006–07, the CFIA was successful in the control of three, or half of the cases. This is compared with 2005–06 when five identified high-priority plant and pest diseases were successfully controlled by the CFIA. The Agency's actions in regards to each of the respective plant pests are detailed below.

Surveys conducted by the CFIA indicate that Potato Wart has not spread outside its quarantined area of central Prince Edward Island since 2005.

Efforts to control the spread of Asian Longhorned Beetle have been successful; no newly infested trees were discovered outside the regulated area in 2006. Pest-mitigation activities continue in the Toronto area.

Following the detection of new infestations of Emerald Ash Borer in June 2006, Ministerial Orders were put in place for Lambton and Elgin Counties to slow the spread of the pest in Ontario. Following the October 2006 detection of three infested trees, a quarantine zone was also established in London, Ontario.

In 2006 there were 18 new Brown Spruce Longhorned Beetle finds outside the current regulated area in Nova Scotia. The CFIA has been working with industry to revise the regulated area in accordance with the new finds, which will be finalized before the flight season in 2007. The Agency is also working with its partners to develop more effective detection and control tools.

In 2006, a survey for Apple Clearwing Moth in British Columbia indicated that the pest has spread to the British Columbia coast and interior fruit belt. Detections were also made in London, Ontario. The CFIA shared biological information with the U.S. Department of Agriculture and discussed further regulatory approaches to deal with this pest. The Agency

[29] Data Systems and Controls: Reasonable

will conduct additional surveys to determine the extent of distribution of this pest in Ontario in 2007.

In 2006, as part of its seven-year program to eradicate Plum Pox Virus, the CFIA took samples from more than 940,000 susceptible trees in Canada. This resulted in the discovery of 610 Plum Pox Virus positive trees. To date, the Agency has eliminated the disease from five quarantine areas in Ontario and Nova Scotia with two areas in Ontario remaining to be actioned. In 2006–07, there was a minor expansion of one of the quarantine areas in Ontario; however, the overall trend continues to show lower virus levels inside the quarantine areas.

Emergency response

The CFIA is committed to dealing with new pests and diseases in an efficient and timely manner. Three examples of the Agency's rapid response to new pests and diseases in 2006–07 are presented below.

Phytophthora ranorum, the disease that causes Sudden Oak Death, was first detected in Canada in 2004. In 2006–07, the CFIA took samples from approximately 250 wholesale and retail nurseries across Canada that were either growers or importers of host plants to test for *P. ramorum.* Results indicated that the disease was detected at one wholesale and four retail nurseries in British Columbia. The disease has been eradicated from three retail nurseries and eradication efforts have been intensified in the two remaining nurseries. The Agency will continue to monitor for further signs of the disease.

In 2006–07, the CFIA activated its Chrysanthemum White Rust Eradication Protocol to eradicate an infestation at a site in British Columbia. No further infestations were found.

Following the detection of Golden Nematode in Quebec in August 2006, the Agency immediately undertook a major investigation and delimiting survey to determine the extent of the infestation and the steps to contain it. These efforts were successful in removing restrictions placed on certain agricultural products from most of Quebec. The CFIA is working with a committee of stakeholders and technical experts to identify a long-term management strategy to contain and mitigate the risk associated with Golden Nematode within the regulated area as well as explore viable business options for affected growers.

Expected Result: *Industry complies with federal acts and regulations regarding Canada's crops and forests*

The CFIA verifies that domestic and imported fertilizer and supplemental products sold in Canada meet the required standards under the *Fertilizers Act* and *Regulations*. These products are also sampled by the Agency to: test their efficacy; confirm that product guarantees are met; and confirm that contamination does not exceed set maximums.

Bulk-blend fertilizer monitoring

The target for the bulk-blend fertilizer monitoring program is 95% compliance.[30]

The Agency monitors approximately 1,179 bulk-blend fertilizer facilities across Canada, from which it tests samples of fertilizer products to confirm that label guarantees for the levels of nitrogen, phosphorus and/or potassium fall within regulatory tolerances. In 2006–07, the CFIA inspections found that 78% of samples were in compliance as compared with 2005–06 when 82% of samples were found to be compliant.

There has been a slight decrease in the compliance rate for bulk-blend fertilizers; yet, this rating remains consistent with findings over the past five years, which ranged between 75% and 82%. The slight decrease may be attributed, in part, to the implementation of an adjusted sampling strategy, which aims for greater industry compliance in the long term and includes targeting higher risk facilities. The CFIA

30 Data Systems and Controls: Reasonable

is currently in discussions with the industry-led Canadian Fertilizer Products Forum in an effort to identify root causes of non-compliance as well as options for bringing the product category back into compliance.

Pathogen, heavy metal and pesticide contamination testing

The CFIA regularly monitors fertilizer and supplement products for pathogens and heavy metal and pesticide contamination to help ensure the safety of the products for plants, animals, humans and the environment.

In 2006–07, the target cumulative compliance rate for these testing programs was 95%.[31] This compliance level is consistent with the 2005–06 result of 96%.

Fertilizer-pesticide guarantee monitoring

Pesticide guarantees in fertilizer-pesticide products are monitored by the CFIA for their compliance with the tolerances set forth in the fertilizers regulations. In 2006–07, the Agency found that only 69% of samples tested were in compliance. The majority of non-compliant samples contained less than the amount of active pesticide ingredient indicated on the label and, as such, are considered non-compliant from an efficacy perspective. While low, the compliance rate of 69% represents an 8% improvement compared with sampling results in 2005–06, an increase that has been attributed to the redesign of the CFIA guarantee monitoring program. Further improvement is expected in upcoming years.

In 2006–07, the CFIA investigated 86 instances of fertilizer-pesticide non-compliance. Combined with investigations carried over from previous reporting periods, these investigations resulted in no convictions or fines. This is attributable to a number of factors including: investigations/prosecutions/cases are still pending; evidence did not support a conviction; charges were withdrawn due to either a plea bargain or the introduction of new evidence.

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

The CFIA works to protect Canada's animal health status through the implementation of two main programs: Animal Health and Livestock Feeds.

Of the $140.1 million the Agency spent to achieve this Strategic Outcome, approximately $63.1 million was devoted to protecting Canada's livestock and aquatic animals.

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

The compensation program is designed to encourage owners to report disease in their herds and flocks at the earliest signs, thereby preventing or reducing the spread of disease and assisting owners in rebuilding their herds. Under the *Health of Animals Act*, Canadians who care for or have control of an animal are required to report the presence or suspicion of a reportable disease listed in the *Reportable Diseases Regulations* to the CFIA. The Agency monitors, tests,

Table 2.3.3b.1 — Financial Resources: ***Protecting Canada's livestock and aquatic animals****

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
53.3	60.7	63.1	10%

* The Avian Influenza TB submission had a reference to include those resources as an item under the general Public Security and Anti-Terrorism Framework. Hence, the Planned Spending and Authorities figures for Preparing for Emergencies reflect the increased funding ($31 million and $28.8 million, respectively) related to Avian and Pandemic Preparedness. The Actual Spending figures were coded by program managers to "Protecting Canada's livestock" and "Controlling the transmission of animal diseases to humans." In 2007–08 and future years, the allocation of the budget will be realigned accordingly.

31 Data Systems and Controls: Reasonable

inspects and orders quarantines to prevent, control or eradicate regulated animal diseases. To encourage early reporting of suspected diseased animals, the CFIA administers a compensation program. In 2006–07, the CFIA paid livestock owners $1.8 million in compensation compared with $5.1 million in 2005–06.[32]

The control of animal disease is a shared responsibility of the owner, the industry, and the federal government. In addition to the human and animal health benefits of reporting disease in farm animals, public confidence in Canada's safe food supply is enhanced. Early reporting also helps Canada maintain its excellent international animal health status, which, in turn bolsters Canadian exports of animals and animal products. The CFIA provides annual reports to the World Organisation for Animal Health on the status of animal diseases in Canada. The Agency also belongs to the Canadian Animal Health Network, which links partners involved in monitoring animal diseases within Canada.

To control the entrance of regulated diseases into Canada, the CFIA, in partnership with the Canada Border Services Agency and the Canadian Wildlife Service, regulates the entry of all imported animals and animal products.[33] The Agency also carries out scientific risk evaluations including evaluating the risks related to the commodity being imported, and the disease status of the country from which the product originates. Information garnered from the risk evaluations supports the CFIA's decisions relating to regulation and the imposition of import controls.

The target for keeping newly regulated diseases from entering Canada is the detection of zero cases. In both 2005–06 and 2006–07, no evidence was found indicating that any new foreign animal disease entered Canada, indicating that the CFIA target was met.[34]

Despite the best efforts of the CFIA, foreign animal diseases occasionally do enter Canada. In such cases, the Agency implements control programs that are designed to prevent or mitigate the effects of disease outbreaks.

The target for these control programs is to have no increase in the proportion of domestic animals with regulated animal diseases found in Canadian herds or flocks.[35]

The following provides a summary description of the CFIA's actions in 2006–07 regarding the control programs for Chronic Wasting Disease, bovine tuberculosis and scrapie:

> Chronic Wasting Disease is a transmissible spongiform encephalopathy (TSE) that affects deer and elk. It is controlled by the CFIA in farmed elk and deer. Eleven animals tested positive this year compared with one from last year. All the cases occurred in three infected farmed cervid herds. However, sampling and testing programs indicated that this disease is still present in wild deer and elk. Given the disease's long incubation period, surveillance and testing of farmed animals will continue to ensure the disease does not spread from wild to farmed populations.

Table 2.3.3b.2 — Economic Value of Trade in Animals and Animal Products to Canada (2006)

Total imports: $776.5 million	Total exports: $2.99 billion

Source: World Trade Atlas, Statistics Canada

32 Data Systems and Controls: Good
33 Data Systems and Controls: Good
34 Data Systems and Controls: Good
35 This performance indicator will be reviewed to better reflect the Agency's risk mitigation activities.

Bovine tuberculosis is a bacterial disease capable of remaining dormant in animals for several years before emerging. Long-term surveillance by veterinary inspectors is therefore required before a country can declare its animals free from this disease. Most of Canada is free of bovine tuberculosis-infected animals. A total of 21 cases were detected this year as compared with eight cases detected in 2005–06. All were additional cases found during depopulation of one infected herd detected in January 2006. Surveillance also determined that two farms were exposed to animals with this disease and, as a result, both farms were depopulated. It is important to note that none of the infected carcasses entered the food chain and there was no risk to human health.

Scrapie is another transmissible spongiform encephalopathy (TSE) affecting sheep and goats. The CFIA's control program for scrapie requires that all animals exposed to the disease be destroyed and prevented from entering the food chain. In 2006–07, the CFIA identified and destroyed two animals from the same flock as compared with 1,217 animals from four different flocks affected by scrapie in 2005–06.

Revised import policies for bluetongue and anaplasmosis

The CFIA's import controls are designed to effectively mitigate the risks posed by foreign animal diseases. These measures are periodically reviewed to ensure that they reflect the most current scientific information, remain effective and do not impose unwarranted trade restrictions. In line with this approach, Canada has reviewed and revised its bluetongue and anaplasmosis import controls for animals from the United States. These ailments pose no human health implications.

Bluetongue and anaplasmosis are diseases of domestic and wild ruminants that can be transmitted by biting insects such as midges and ticks. Both bluetongue and anaplamosis are reportable diseases under the *Health of Animals Act*.

The CFIA reviewed its import policy for bluetongue in July 2006. In consultation with a range of stakeholders, including provincial governments, animal health experts and industry, a decision was reached, as announced in February 2007, that bluetongue testing or herd certification would no longer be required for animals imported from the U.S.

In December 2006, the CFIA reviewed the import conditions for anaplasmosis for cattle and other ruminant animals from the United States. Relevant scientific factors were reviewed and various options ranging from status quo to complete deregulation were examined. The consensus of opinion was to reduce the level of required testing for anaplasmosis in breeding stock to a single test, utilizing improved testing methodology.

Feeder cattle for introduction to approved feedlots in Canada were previously eligible to be imported year-round from several northern states without testing, but with the changes to the bluetongue and anaplasmosis requirements, animals may now be imported to approved feedlots from any U.S. state year-round without testing for either disease.

The CFIA has now finalized the administrative mechanisms needed to issue import permits under the new conditions.

Expected Result: *Industry complies with federal acts and regulations for livestock*

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

Inspections

As part of this program, the Agency inspects feed mills, rendering facilities, and on-farm feed mixers to assess the extent to which feed products are in compliance with federal regulations. Feed product tests are conducted through various inspection programs, including: the traditional feed inspection system, which analyzes feed products for chemical contamination, drug residue, heavy metals and salmonella; testing of drugs in feed; and inspection related to controlling the feeding of mammalian proteins to ruminant animals, as stipulated under the 1997 Feed Ban.

Feed Ban[36]

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

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

Industry compliance with these regulations in relation to the targets set by the CFIA is presented in Table 2.3.3b.3 below. Inspections of commercial feed mills and rendering establishments are reported because they represent a higher risk in terms of potential contamination of non-prohibited material or ruminant feed with contaminated material.

It is important to note that the CFIA's *Report on Plans and Priorities 2006–07* included four performance indicators:

1. Extent to which feed mills inspected comply with the *Feeds Act,* including the Feed Ban (under the *Health of Animals Regulations*)
2. Extent to which renderers inspected comply with the *Feeds Act,* including the Feed Ban (under the *Health of Animals Regulations*)
3. Extent to which feed mills inspected are without any major deviations from the *Feeds Act,* including the Feed Ban (under the *Health of Animals Regulations*)
4. Extent to which renderers inspected are without any major deviations from the *Feeds Act,* including the Feed Ban (under the *Health of Animals Regulations*)

The compliance rates for indicators 1 and 2 include all (minor and major) deviations with respect to compliance to both the *Feeds Act* and the Feed Ban, whereas the compliance rates for indicators 3 and 4 are specific to major deviations. Major deviations are areas of non-compliance that have the potential to result in risk to either human or animal health and are relevant to the protection of Canada's livestock. Minor deviations, such as absence of a signature or not retaining records for the required period, have little relevance to the risk mitigation objective of the applicable acts and regulations.

Review of these performance indicators resulted in a determination that the first two indicators, as now worded, are of little significance from a performance reporting perspective due to the

[36] Further information on the Feed Ban can be found in Section 2.3.2b.

Table 2.3.3b.3 — Compliance on a Facility-by-facility Basis Target — Feed

	Target		Compliance Rate		Data Systems and Controls	Met/ Exceeded (√) Not Met (X)
	2005–06	2006–07	2005–06	2006–07		
Feed Mills						
Extent to which feed mills are compliant with the Feed Ban* (without major deviations)**	≥ 95%	≥ 95%	≥ 96%	94%***	Reasonable	√
Extent to which feed mills are compliant with the *Feeds Act*, including the Feed Ban (without major deviations)**	N/A	≥ 96%	N/A	82%	Reasonable	X
Feed Renderers						
Extent to which feed renderers are compliant with the Feed Ban* (without major deviations)**	93%	≥ 93%	≥ 93%	100%	Reasonable	√
Extent to which feed renderers are compliant with the *Feeds Act* including the Feed Ban (without major deviations)**	N/A	≥ 93%	N/A	100%	Reasonable	√

* In the 2005–06 Departmental Performance Report, the CFIA reported on compliance with the Feed Ban only. While the 2006–07 RPP does not reflect performance indicators and targets for the compliance with the Feed Ban only, for consistency and trend purposes, the CFIA is reporting on compliance with (1) the Feed Ban only, and (2) the Feed Ban and the *Feeds Act* combined.

** Compliance, for the purposes of this analysis, means without major deviations. Major deviations include: (1) *Feed Ban*: evidence of cross-contamination with Prohibited Material (PM), required written procedures related to BSE Feed Ban not available, required records related to BSE Feed Ban not available, and PM missing from labels for feed containing PM. (2) *Feeds Regulations*: evidence of cross-contamination with medications, required records related to Feed Regulations not available, and type A label violations identified.

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

Source: Multi-Commodity Activities Program

inclusion of minor deviations. They are therefore, not included in this report, nor will they be included in subsequent RPPs. At the same time, two indicators that were presented in last year's *Performance Report*, but not in the 2006–07 RPP, do reflect CFIA's risk mitigation focus and are meaningful from a performance perspective. As a result, they have been included in this report, along with trend data, and will be included in future reports. They are:

- Percentage of feed mills that are compliant with the Feed Ban (without major deviations)
- Percentage of feed renderers that are compliant with the Feed Ban (without major deviations)

The CFIA 2006–07 target for percentage of commercial feed mills that are compliant with the Feed Ban (without major deviations) is 95%. This rate includes all feed mills that came into compliance throughout the reporting period, including those that were detected as being non-compliant at first inspection but took action to successfully move into compliance during the reporting period. In 2006–07, the Feed Ban

compliance rate for commercial feed mills was 94%, down from 96% in 2005–06. The performance target is considered met and the decrease in compliance is not considered significant. That said, the CFIA is committed to continue working with partners to promote compliance with the Feed Ban.

The target for compliance of commercial feed mills with the *Feeds Act* including the Feed Ban (without major deviations) combined is 96%. In 2006–07, the compliance rate was 82%. As a new indicator, there is some question as to the relevance and reasonableness of the target compliance rate. This will be reviewed in the coming year. A number of factors of potential significance may have contributed to this result. The CFIA employees directly responsible for the inspection of commercial feed mills across Canada were provided with significant additional training on the feed mills industry practices and products, as well as CFIA inspection procedures and the assessment of compliance during 2006–07. There was also an increase in the frequency of inspection during the reporting year for this sector — from one full inspection per facility per year to one full inspection plus one to three partial inspections. These factors, individually and combined, may have affected the compliance rate. Also of potential significance, compliance issues not associated with the Feed Ban may be perceived by both industry and inspection staff as being lower priority, based on risk. This may have resulted in a larger number of instances of non-compliance not being resolved in a timely manner. Finally, existing issues around the use of compounded drugs and the use of appropriate sequencing to manage drug residues in feed are being clarified by Health Canada and CFIA. Once the required clarifications are fully communicated, it is expected that compliance will improve.

The CFIA 2006–07 target percentage of feed renderers that are compliant with the Feed Ban (without major deviations) is 93%. The compliance rate, for the purpose of this analysis, includes only major deviations. This rate includes all renderers that came into compliance throughout the reporting period, including those that were detected as being non-compliant at first inspection but took action to successfully move into compliance during the reporting period. The actual compliance rate for renderers was 100%. The 2005–06 compliance rate was 93%. As there are only 31 inspection sights, including year over year comparisons, actual results could fluctuate greatly with only a few non-compliant inspections. At the end of March 2007, there were no outstanding major deviations with the Feed Ban.

The CFIA 2006–07 target percentage of feed renderers for the *Feeds Act,* including the Feed Ban (without major deviations), combined was 93%. The compliance rate was 100%. The total population of facilities subject to this inspection activity is relatively small (31), thus even a small change in the number of facilities found to be in non-compliance on a year-to-year basis would have a significant impact on the overall compliance rate. The year-to-year increase in compliance from 93% to 100% demonstrates the CFIA's commitment to continuously working with partners to improve compliance rates, thus protecting Canada's livestock and ultimately contributing to the safety of Canada's food supply.

Enforcement

In 2006–07, the CFIA investigated 933 instances of non-compliance compared with 875 in 2005–06. Of the 933 instances of non-compliance, 842 were for the *Health of Animals Act* and 91 were for the *Feeds Act* compared with 824 for the *Health of Animals Act* and 51 for the *Feeds Act* in 2005–06. Combined with investigations carried over from previous reporting periods, these investigations resulted in 12 convictions (three for the *Health of Animals Act* and nine for the *Feeds Act*) compared with one conviction in 2005–06. Total fines for 2006–07 were $207,000 ($197,000 for *Health of Animals Act* and $9,250 for *Feeds Act*). In 2005–06, the total fines totalled $90,000 ($75,000 for *Health of Animals Act* and $15,000 for *Feeds Act*). Fines have therefore nearly doubled from 2005–06 to 2006–07.

2.3.3c Program Sub-Activity: Assessing agricultural products

The strategies related to this sub-activity focus on assessing and approving new agricultural products to determine whether or not they meet standards set by federal acts and regulations.

Of the $140.1 million the Agency spent to achieve this Strategic Outcome, approximately $11.8 million was devoted to assessing agricultural products.

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

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

Feeds

The *Feeds Act* and *Regulations* require pre-market approval of all new ingredients in livestock feeds and the registration of specified mixed feeds. Products are approved by the CFIA only if this review has determined that the products pose minimal risk of adversely affecting the environment, animals, plants or humans. In 2006–07, the CFIA received and completed reviews of 532 submissions requesting approval for new products. Of these, 477 (90%)[37] met legislative requirements and were approved. It is important to note that these data reflect applicant performance, as opposed to the CFIA's performance.

Fertilizers and fertilizer supplements

Federal regulations require that all fertilizer and supplement products sold or imported into Canada be safe when used according to directions, efficacious for the intended purpose, and be properly labelled. Some fertilizers and most supplements are also subject to registration, which requires assessment by the CFIA prior to their importation and sale. Other fertilizers are exempt from the registration requirement, but must still meet prescribed safety, efficacy and labelling standards at time of sale. In 2006–07, the CFIA received 775 submissions and completed reviews of 176 submissions[38] requesting approval for new products.

The CFIA samples biotechnology-derived fertilizer-supplement products from both retail and manufacturing outlets to help ensure that the products have the appropriate amount of viable cells in accordance with the purported guarantee.

The CFIA's target for fertilizer-supplements compliance is 95%.

In 2006–07, the compliance rate was 96%, exceeding the 2005–06 compliance rate of 92%. The increase in compliance is attributed to the CFIA's new stakeholder-engagement model, which likely led to increased industry awareness and willingness to comply with the regulations.

Approval of plants with novel traits and inspection of confined field trials

The CFIA regulates and authorizes Plants with Novel Traits (PNTs) that are imported or released into the natural environment. The CFIA's confined field trial program allows developers to conduct research on their products and to determine how they behave in the environment, while allowing the CFIA to establish that the material is adequately controlled and confined. The Agency sets specific terms and conditions for conducting these trials.

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

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
11.8	13.4	11.8	2%

37 Data Systems and Controls: Reasonable
38 Data Systems and Controls: Reasonable

The target compliance rate for monitoring confined field trials is 90%. In both 2006–07 and 2005–06, the compliance rate for monitoring confined field trials was 94%,[39] exceeding the 90% target compliance rate. When compliance problems were identified (in the remaining 6%), the CFIA issued compliance letters outlining any corrective actions required and conducted follow-up inspections, where appropriate, to ensure that the required corrective actions had been taken. No incidence of non-compliance resulted in an environmental or safety concern. In 2006–07, the CFIA approved eight new PNTs for unconfined environmental release. As of March 31, 2007, the total number of PNTs approved for unconfined environmental release was 57.

The CFIA is also engaged in consultation and policy development in key areas of plant biosafety, including plant molecular farming and adventitious presence. Plant molecular farming involves the growing of plants to produce pharmaceutical or industrial compounds, instead of for traditional uses such as for food, feed or fibre. Adventitious presence refers to the trace level of unintentionally present, biotechnology-derived material in seeds, grains/oilseeds, livestock feed and food, including material that is not approved.

Licensing veterinary biologics

In recent years, the animal health products industry has increasingly relied on veterinary biologics to prevent and diagnose disease. These include vaccines, antibody products, and diagnostic tests. Unlike some pharmaceutical products, most veterinary biologics leave no chemical residues in animals. In addition, most disease organisms do not develop a resistance to the immune response produced by a veterinary biologic.

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

To meet Canadian licensing requirements, veterinary biologics must be shown to be pure, potent, safe and effective when used in accordance with the manufacturer's label recommendations. In 2006–07, the CFIA received 40 new complete submissions, completed 52 initial reviews (including product files received in previous years), and licensed or registered 39 new products. In 2006, the average initial review time per product file was 86 days. Continuous efforts towards the development and implementation of service standards are being undertaken.

Porcine Circovirus vaccine

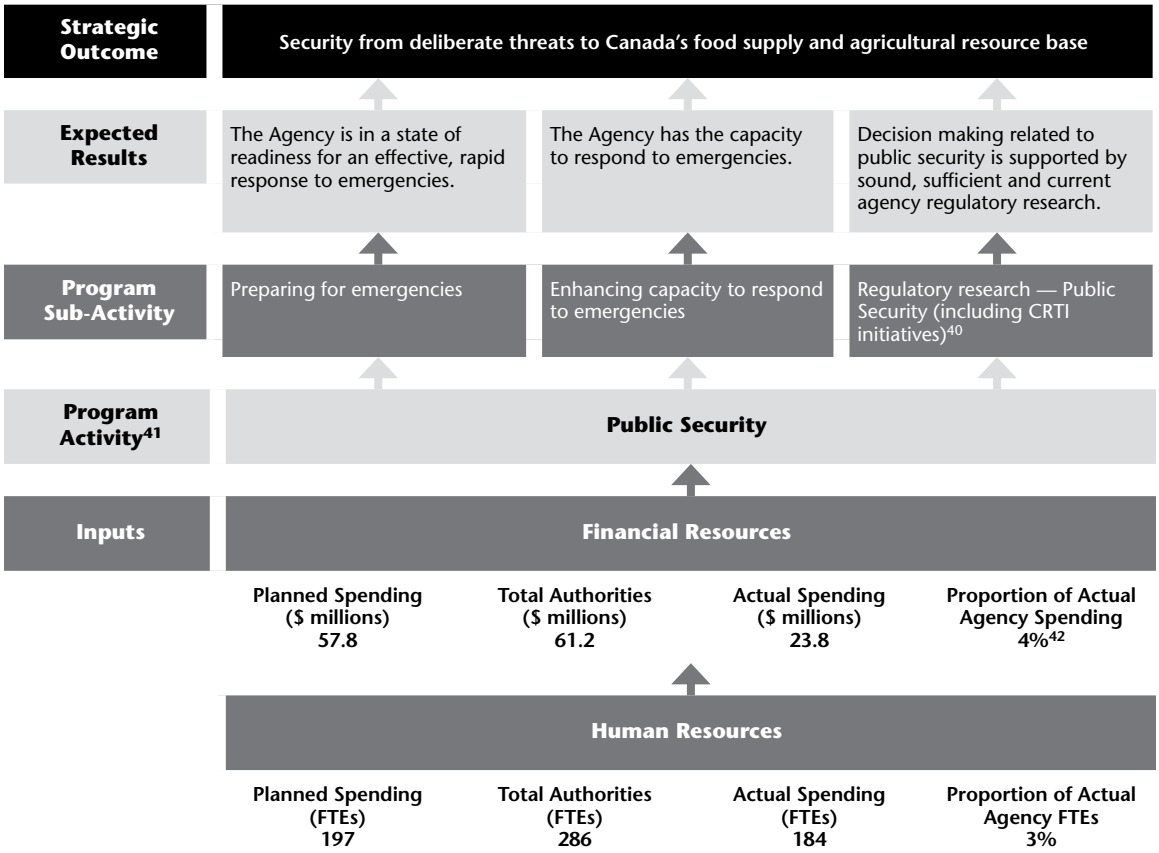
In 2006, the swine industry in 2006 experienced severe problems with Post-Weaning Multisystemic Wasting Syndrome (PMWS) in pigs, also known as Porcine Circovirus Associated Disease (PCVAD). Porcine circovirus-associated diseases, including PMWS, are widespread in Canada and around the world. Factors such as genetic predisposition, the emergence of a new strain of porcine circovirus type 2 (PCV2) virus, interactions with other common infectious agents (such as viruses and Mycoplasma), and management factors are thought to also play a role in this swine disease.

This syndrome can be devastating to individual producers and to the swine industry as a whole; however, it does not fall within the Canadian Food Inspection Agency's (CFIA) disease control and eradication mandate, which focuses on foreign animal diseases and those that present a public health or food safety threat.

The CFIA regulatory officials worked, on a priority basis, on the review and approval of porcine circovirus type 2 (PCV2) vaccine submissions, and issuance of import permits for the available vaccine. Currently, three vaccines are available in Canada. These products are currently available for emergency use under veterinary supervision.

[39] Data Systems and Controls: Good

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



Results achieved: In 2006–07, the Agency met both performance targets established under this Strategic Outcome. The CFIA has implemented several initiatives to prepare for, and respond to, deliberate threats to Canada's food supply and agricultural resource base, such as enhancing surveillance and early detection activities.

40 In the Agency's effort to focus performance reporting on more strategic level outcomes, and due to the more activity-based nature of Regulatory Research, these activities have been reported in Section 3.3.

41 The Agency recognizes that assessing the fairness of performance information requires consideration of relevance. Performance information is relevant if reported results are focused on outcomes within related Program Activity and outputs identified. As the Treasury Board *Management, Resources and Results Structure Policy* (MRRS) does not require output statements for the 2006–07 reporting period, outputs have not been included in the results chain for 2006–07. The recent review and revision of the Agency's 2008–09 PAA will include outputs; therefore outputs will be included in the results chains for the 2008–09 reporting period.

42 The proportion of Agency spending on these sub-activities does not match the proportion spent on the Strategic Outcome due to rounding off to the nearest percentage point.

The Government of Canada is committed to protecting Canadians from deliberate threats to their safety. Under the *Emergency Preparedness Act*, the CFIA is mandated to prepare for, and respond to, emergencies involving food safety, animal health, plant health and any other situation related to the Agency's programs. Chemical, physical, and biological threats to humans can occur through the deliberate contamination of the environment or of food and water. Threats to Canada's animal and plant resource base may occur through the deliberate introduction of significant plant pests or foreign animal diseases.

The CFIA's emergency preparedness program focuses on strategies that help the Agency and its partners reach a state of readiness to provide and promote an effective and rapid response to food safety, animal or plant health emergencies, including deliberate threats. These strategies are part of the Government of Canada's Public Security and Anti-Terrorism (PSAT) initiative, which is a key element of Canada's National Security Policy.

To achieve this Strategic Outcome, the CFIA works in collaboration with a number of partners, including Public Safety Canada, the Public Health Agency of Canada, provincial and territorial governments, municipalities, and law enforcement authorities.

In 2006–07, the CFIA spent approximately 4% of its budget to achieve this Strategic Outcome.

2.3.4a Program Sub-Activity: Preparing for emergencies

The true level of preparedness can be known only when an emergency occurs. The CFIA continues to develop and update emergency response plans within its mandate, and to lead or participate in emergency exercises. Such exercises give the Agency the opportunity to test, assess and refine its approaches as necessary.

Of the $23.8 million the CFIA spent to achieve this Strategic Outcome, approximately $1.2 million was devoted to preparing for emergencies.

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

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

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

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
32.9	31.0	1.2	<1%

* The Avian Influenza TB submission had a reference to include those resources as an item under the general Public Security and Anti-Terrorism Framework. Hence, the Planned Spending and Authorities figures for Preparing for Emergencies reflect the increased funding ($31 million and $28.8 million, respectively) related to Avian and Pandemic Preparedness. The Actual Spending figures were coded by program managers to "Protecting Canada's livestock" and "Controlling the transmission of animal diseases to humans." In 2007–08 and future years, the allocation of the budget will be realigned accordingly.

In 2006–07, the CFIA continued to participate in the Trilateral Co-operation's Emergency Preparedness and Response Working Group, established to enhance the ability of Canada, the United States, and Mexico to respond to emergencies, including those for food, which may affect more than one participating country. The group's workplan supported the objectives of the Security and Prosperity Partnership of North America, a trilateral effort to increase security and enhance prosperity among the three countries through greater co-operation and information sharing.

Funding from the Public Security and Anti-Terrorism (PSAT) Strategy was used to improve the Agency's ability to manage emergencies, specifically avian influenza. Three steps were taken to ensure the CFIA met this target. First, the Agency re-designed the epidemiology/ investigation questionnaire for avian diseases to ensure complete and detailed information about the premises under investigation are collected in a systematic fashion. Second, the Agency added the questionnaire to the web-based Canadian Emergency Management Response System (CEMRS) to facilitate access to and sharing of information during an emergency. Finally, the CFIA trained its field staff across the country in the use of the questionnaire and CEMRS.

While these activities were targeted to improve the CFIA's response to Notifiable Avian Influenza, staff training and the flexibility of CEMRS provided the additional benefits of strengthening CFIA's overall ability to respond to additional foreign animal diseases and other emergencies.

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

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

Of the $23.8 million the CFIA spent to achieve this Strategic Outcome, approximately $22.6 million was devoted to enhancing the Agency's capacity to respond to emergencies.

Expected Result: *The Agency has the capacity to respond to emergencies*

In 2006–07, the CFIA continued to expand the capacity of its laboratories to deal with deliberate threats to the food supply and to plant and animal resources. Improvements include the enhancement of bio-security measures and procedures, greater laboratory capacity, and the enhancement of laboratory infrastructure.

Specifically, the CFIA developed guidelines and standards for the containment of plant and animal pathogens and worked with federal, provincial and international partners to enhance its animal health diagnostic network. The Agency also developed new and faster testing methodologies for microbial food contaminants. In addition, the CFIA funded equipment and infrastructure upgrades at CFIA laboratories across the country to enhance its laboratory emergency response capacity.

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

Planned Spending ($ millions)	Authorities ($ millions)	Actual Spending ($ millions)	Proportion of Actual Agency Spending
24.9	30.2	22.6	4%

All health, safety and protection situations have a geographic dimension. Visual representations of geographic information are thus essential to the CFIA's effective response to animal, plant and food-related incidents across Canada. In 2006–07, the CFIA used funding under the Public Security and Anti-Terrorism (PSAT) initiative to prepare a GIS Project Charter and Plan for the proposed development of a geographic information system. Funding was also used to maintain equipment, software licences and telecommunications needed in CFIA National Emergency Operation Centres, building on the upgrades achieved in 2005–06.

During the 2006–07 fiscal year, the Agency also moved to update and upgrade its system for maintaining contact lists. During emergencies, or when dealing with urgent issues, the Agency must be able to quickly contact industry and other government departments via e-mail. To facilitate better responses to emergency situations and urgent circumstances, the CFIA has begun the development of a website containing all emergency contact information, to aid rapid communications between stakeholders.

The CFIA target for the implementation of the National Emergency Response System was full implementation of the system. The CFIA met this target, enabling the Agency to engage in a co-ordinated federal response to potential emergencies that could affect food safety, animal or plant health.

3. SUPPLEMENTARY INFORMATION

3.1 Special Initiatives

Moving Ahead on Key Challenges

Reporting on Special Initiatives: The Agency's 2006–07 *Report on Plans and Priorities* reports on its key risks and challenges and sets out a plan to address these issues, namely through the work of Special Initiatives. These are longer term in nature and represent the strategic agenda of the CFIA.

In accordance with the Agency's commitment to risk-based planning and the integration of risk management into all decision-making processes, the CFIA has identified 10 key challenges and risks to meeting its Strategic Outcomes. The CFIA recognizes that some of these risks, such as foodborne illness, zoonoses and the entry and spread of plant and animal diseases will likely always exist. Accordingly, the CFIA's goal is to reduce both the likelihood that these risks will occur and the consequences should they occur by improving its capacity to manage them. Any residual risks should be fully mitigated over time with careful planning and implementation of risk mitigation strategies. The initiatives included in the following section, although organized according to the PAA, directly contribute to the mitigation of key strategic risks. The risk mitigation strategies have been identified throughout this section with the following symbol  .

STRATEGIC OUTCOME: Protection from preventable health risks related to food safety or the transmission of animal diseases to humans

> **Program Sub-Activity:** *Managing food safety risks*
>
> **Expected Result:** *Food leaving federally registered establishments for inter-provincial and export trade, or being imported, is safe and wholesome*

Enhancing the consistency of import control programs

Canadians consume a variety of foods from a wider range of sources than ever before. Managing food safety risks associated with imported commodities presents challenges that differ from domestically produced food. In 2006–07, the CFIA updated and promoted the *Good Importing Practices for Food* publication which had last been updated in 1998. This voluntary code of practice provides guidance to food importers on how to establish effective controls to ensure food safety, as well as how to ensure imported products meet Canadian regulatory requirements. Although some sections may not apply to every importer, the publication is intended for broad use across the industry. The publication will also prove useful for CFIA inspectors in assessing food import controls, and will help guide the CFIA in refining its inspection priorities.

Continuing to expand and integrate the Hazard Analysis Critical Control Point (HACCP) approach

Hazard Analysis Critical Control Point (HACCP) is a systematic approach to identifying and assessing hazards and risks associated with a food operation and defining the means of their control. The HACCP system prevents food safety problems by applying control throughout the manufacturing process at stages identified as critical control points. These points permit operators to detect and control hazards before products are distributed. While voluntary in the past, HACCP systems became mandatory

for all federally registered meat and poultry establishments in November 2005 and became mandatory for fish establishments in 1997, although it remains voluntary for other sectors.

In order for a meat establishment to be granted HACCP-recognition, the establishment must be proven to meet a variety of conditions outlined by regulation. As of the end of the 2006–07 reporting period, all of the 771 federally registered meat and poultry establishments had been evaluated by the CFIA to ensure compliance with the requirement to adopt the HACCP approach.

> **Expected Result:** *Food safety incidents in non-federally registered facilities and food products produced in them are addressed*

Participate in the development of a National Food Safety Strategy

Federal, provincial and territorial food regulatory representatives met in 2006 and made progress on the development of a more integrated approach to food safety. The CFIA took a lead role in the development, with the aim of protecting Canadians from preventable health risks from food through better decision-making capability and increased transparency in communication. The partners formed expert panels to consider issues related to pathogens, chemical contaminants and nutritional safety and developed rationale for public health performance measures.

> **Program Sub-Activity:** *Controlling the transmission of animal diseases to humans*
>
> **Expected Result:** *Animal diseases that are transmissible to humans are effectively controlled within animal populations*

Develop integrated surveillance and analysis systems for zoonotic diseases

The CFIA has been working to establish a Canadian network of federal, provincial and university animal health laboratories that will maintain surveillance for foreign-animal and emerging-animal diseases. In the future, the network is intended to join with the Canadian Public Health Laboratory Network and the United States of America Health Laboratory Network.

Facilitate recognition of the Canadian Science Centre for Human and Animal Health (Winnipeg) as an international reference laboratory for avian influenza (AI) and bovine spongiform encephalopathy (BSE)

On May 31, 2006, the OIE announced that Canada's National Centre for Foreign Animal Disease in Winnipeg was selected as a reference laboratory for AI and BSE. This reference laboratory, along with the CFIA's laboratory in Lethbridge, will serve as centres for expertise and standardization for AI and BSE, to develop new procedures for the diagnosis and control of these diseases, and to co-ordinate research and provide training and diagnostics to other member countries of the OIE. The BSE Reference Laboratory is the first of its kind in the Americas, and one of only four in the world. The CFIA's excellent reputation as a science-based organization with world-class laboratories that employ some of the world's finest experts in animal health is evidenced by this designation.

See highlight on BSE and AI under section 2.3.1b

STRATEGIC OUTCOME: Protection of consumers through a fair and effective food, animal and plant regulatory regime that supports competitive domestic and international markets

> **Program Sub-Activity:** *Promoting science-based regulation*
>
> **Expected Result:** *The Agency applies sound and current science to the development of national standards, operational methods and procedures*[43]

Contribute to Government's science innovation and excellence initiative

As part of the federal science-based community, the CFIA contributes to the development of a common vision and implementation plan to

[43] The CFIA recognizes that this Expected Result is activity-based and not outcome-based. However, given that the expected result was presented in the *Report on Plans and Priorities*, the Agency must report on the results in this *Performance Report*. A recently conducted review and revision of the Agency's PAA, including the development of outcome-based Expected Results, will address this issue in the future.

address science and innovation within the federal government. For example, the CFIA has led the development of action plans to reduce financial resources, human resources and infrastructure barriers needed to address national research challenges facing Canada. The results of these plans are expected to improve the capability and capacity of the national innovation system to enhance the economic prosperity of Canada and improve the quality of life for Canadians.

> **Program Sub-Activity:** *Maintaining an effective regulatory framework*
>
> **Expected Result:** *A transparent, outcome-based and science-based domestic regulatory framework is maintained*

Contribute to the Government's Smart Regulation Strategy

The CFIA has been an active participant in the implementation of Smart Regulation direction since the inception of the government initiative, which was developed in response to the September 2004 report of the External Advisory Committee on Smart Regulation.

Over the past two years, the CFIA has made significant progress in responding to the strategic objectives it set for itself: enhancing policy capacity; improving the regulatory development process; and strengthening communication and consultation mechanisms. The issue streaming process outlined above is designed to provide opportunities for the consideration of alternate instrument options and to discuss and confirm consultation approaches, two key components of a more transparent and effective regulatory regime.

During 2006–07, government direction on regulation was clarified through Advantage Canada in November 2006 and Budget 2007. The new Cabinet Directive on Streamlining Regulation came into effect on April 1, 2007. The Directive has increased focus on lifecycle management, interdepartmental and intergovernmental co-operation and collaboration, setting measurable objectives, and quantitative cost-benefit analysis, all of which are intended to help maximize the net benefits of regulation.

The new Cabinet Directive also strengthens regulatory management through the focus it places on enhanced analytical oversight of issues related to competitiveness, trade and business burden. In this sense it is linked directly to, and supported by, the Government's Paperburden Reduction initiative. The CFIA has been an active participant on a portfolio working group as well as the interdepartmental working group, led by Industry Canada, for the past two years. During 2006–07, the CFIA was instrumental in assisting Industry Canada officials with the development of the *Paperburden Reduction Implementation Guide* and in planning for the actual inventory count and reduction exercises.

Over the past two years, the CFIA has worked very closely with central agencies on three regulatory review pilot projects: Seed Modernization, Fertilizer Modernization and Fair and Ethical Trading. The Seed and Fertilizer Modernization pilots have demonstrated very clearly the benefits that can accrue from the concept of permanent stakeholder–stakeholder and stakeholder–government dialogue as a vehicle for regulatory effectiveness and efficiency. The enhanced two-way flow of information improves awareness and understanding among parties and contributes to improved transparency, predictability and responsiveness of the regulatory process, as well as increased ownership on the part of stakeholders. The Fair and Ethical Trading pilot also demonstrates the benefits of a strong industry–government partnership and the creation of a permanent consultative body. It has resulted in industry collaboration along the value-chain, as well as collaboration with other governments, in particular the United States and Mexico.

Security and Prosperity Partnership of North America

The CFIA participated in the development of a trilateral Food Safety Task Force in December 2005 to address milestones and initiatives under the Food and Agriculture Regulatory Systems work plan, which is part of the Security and Prosperity Partnership (SPP) of North America initiative. Milestones to be pursued include: establish or identify a North American food safety coordinating mechanism to facilitate the co-operative design and development of common standards, where appropriate; the review of existing food safety standards to identify and assess, on a scientific basis, differences with a view to removing, where warranted and appropriate, those identified differences; and the sharing of information on food safety matters to protect and advance public health in North America.

The Food Safety Task Force agreed to address the following priority trilaterally: the development of common risk management approaches for the safe production of fresh fruits and vegetables, with a focus on pathogen reduction on those commodities that have previously been identified as being a potential vector for foodborne disease (e.g., cantaloupes, lettuce, tomatoes, sprouts, and berries). It was agreed to activate the North American Free Trade Agreement Sanitary and Phytosanitary Technical Working Group on Dairy Products, Fruits, Vegetables and Processed Foods to address this priority. The CFIA hosted a Working Group meeting in September 2006 to initiate the comparison of Good Agricultural Practices in the three countries, and has participated in subsequent trilateral conference calls to pursue progress on this activity.

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

Expected Result: *Deceptive and unfair market practices are deterred*

Redesign of destination inspection

The CFIA provides destination inspections for buyers of shipped produce to provide an impartial inspection report for the resolution of buyer/seller disputes regarding the quality of fresh fruit and vegetables.

Beginning March 31, 2006, the CFIA began the development of a Destination Inspection Service to improve inspection services for the fresh fruit and vegetable agricultural sector in Canada over the next three years. Under this initiative, inspection resources have been dedicated and increased to improve the timeliness and consistency of destination inspections, and improve the CFIA's ability to readily respond to changing market demands. This activity is also expected to strengthen the confidence of the U.S. Department of Agriculture in the equivalency of the Canadian Licensing and Arbitration System, which uses destination inspections for dispute resolution purposes, thus benefiting Canadian exporters. The Destination Inspection Service was launched in April 2007.

Program Sub-Activity: *Certifying exports*

Expected Result: *Other governments' import requirements are met*

Develop and implement electronic export certificate systems

Canadians and international trading partners are demanding increased security and more timely documentation systems to deal with increasing trade volumes. The CFIA is moving from a paper-based system to an electronic certification system that will certify that Canadian products comply with the importing country's regulatory requirements. This system will also verify the regulatory status of shipments and provide equivalent information to originating countries regarding imports. E-certification capability will help secure Canada's position and involvement in international trade standards organizations.

In 2006–07, the CFIA received approval for its e-certification project proposal and work plans to electronically transmit import/export documentation in certain areas of focus (e.g., meat export) within five years. The CFIA has engaged multilateral working groups to develop the framework for e-certification of export systems, which will be the first CFIA computerized system to directly interface with industry and foreign governments. The first meat export pilots with industry stakeholders are scheduled for 2007–08,

and the phytosanitary e-cert pilot proposal will be presented to the North American Plant Protection Organization in 2007–08.

STRATEGIC OUTCOME: A sustainable plant and animal resource base

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

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

Invasive alien species

The CFIA is working with Environment Canada to develop and implement action plans to prevent invasive alien species (IAS) from entering Canada.

In 2006–07, the CFIA made extensive progress in addressing invasive alien terrestrial plants and plant pests. Activities included: developing the Canadian Invasive Plants Framework; conducting a pathways analysis on the spread of Sirex wood wasp; building capacity to increase risk assessment, surveillance, and identification of invasive plants and plant pests; establishing a national Plant Protection Network of Expertise; developing a national surveillance program for specific invasive alien species of concern; and, strengthening laboratory capacity for the detection and identification of invasive alien plant pests.

Plant pest containment guidelines

To help prevent escape into the surrounding environment, it is necessary to have clear, explicit physical and operational practices for the laboratory handling of invasive alien plant pests. To meet this need in 2006–07, the CFIA has developed containment standards for facilities handling plant pests, which will serve as the basis for the CFIA's approval of medium to high-risk containment for facilities and laboratories. The standards will also be used to assess containment facilities applying for import permits for plant pests. The standards are expected to be finalized by March 31, 2008, and to come into full effect on January 1, 2009.

Program Sub-Activity: *Protecting Canada's livestock and aquatic animals*

Expected Result: *Industry complies with federal acts and regulations for livestock*

Lead the development of the Integrated National Animal Health Strategic Policy Framework

In 2006–07, governmental (including the AAFC and other federal, provincial, and territorial organizations) and non-governmental organizations, industry and the general public have continued to work in partnership to develop this new initiative including the engagement of interdepartmental committees from the federal, provincial and territorial communities, specifically, the Council of Chief Veterinary Officers, the Council of Chief Medical Officers of Health, and the Canadian Wildlife Directors Committee. The National Animal Health Strategy (NAHS) is an initiative coordinated by the CFIA that is designed to provide a framework for optimizing and improving the health and welfare of Canadian animals, through coordinating the activities of governments, universities, industries and animal health communities. The vision of the NAHS is to provide a framework for an integrated animal health system that balances the interests of animals, humans and the ecosystem. A series of NAHS documents are under development to stimulate and facilitate discussion among partners and will cover animal populations such as wildlife, farmed animals, pets, aquatic animals, laboratory animals and zoo animals. The NAHS will be published in July 2008 and will include a short-term and long-term action plan.

Enhance animal disease tracing and animal tracking for all livestock species

In 2006–07, the CFIA continued to actively participate, along with federal, provincial and territorial governments and stakeholders, in the establishment of a national traceability system through a process initiated under the Agricultural Policy Framework. Traceability systems are an information tool to support emergency management strategies such as prevention,

preparedness, response and recovery applicable to all hazards (e.g., natural disasters, disease outbreaks, food safety incidents, bio-terrorism); market opportunities (e.g., providing links to verifiable attribute information such as cattle age); and supply chain management. The CFIA, with Agriculture and Agri-Food Canada, are leaders in the consultative process with industry. In addition to CFIA's mandate is the development of the regulatory foundation through the amendment process under the *Health of Animals Regulations*.

Develop a national disposal strategy for all livestock species

In 2006–07, responding to lessons learned, the CFIA's animal health working group developed four alternate disposal methods and procedures for use in an avian influenza outbreak. For example, one method includes a composting strategy that has been found effective in killing the virus. Other methods of disposal may be considered by the CFIA in the future.

Establish the National Aquatic Animal Health Program

The CFIA is the lead federal agency in developing a National Aquatic Animal Health Program, a science-based regulatory program for aquatic animal diseases that have been designated as reportable or notifiable in Canada because of their potential impact on trade and Canada's economy. Fisheries and Oceans Canada will co-deliver the program through its National Aquatic Animal Health Laboratory System.

The program has four components: disease surveillance; disease control; import control; and export certification. It is being modeled after the CFIA's terrestrial animal health program in order to meet international aquatic animal health management standards.

In 2006–07, the CFIA and Fisheries and Oceans Canada entered into a Memorandum of Understanding and a joint Results-based Management and Accountability Framework to assess the results of the development and implementation of the National Aquatic Animal Health Program. The CFIA also staffed the newly created Aquatic Animal Health Division and established a National Aquatic Animal Health Advisory Committee. In addition, the CFIA completed a draft national surveillance plan and shellfish health monitoring project with the British Columbia Shellfish Growers Association to refine sampling procedures and testing methods.

Program Sub-Activity: *Assessing agricultural products*

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

Implement regulatory policies to address key challenges concerning plants and animals derived from biotechnology

The CFIA worked with other federal regulatory departments to establish an interdepartmental committee to address and make progress on horizontal regulatory matters related to biotechnology. In 2006–07, this included developing and implementing an action plan for animal biotechnology; plant molecular farming; aquatic biotechnology; enforcement and compliance issues; research oversight; transparency; and public engagement and governance matters. The CFIA co-led the drafting of a revised interdepartmental biotechnology regulatory strategy, as well as an interdepartmental initiative to improve horizontal transparency and public engagement in biotechnology for the Government of Canada.

In addition, the CFIA developed an updated workplan to address key horizontal and vertical issues such as plant molecular farming, adventitious presence, animal biotechnology and microbes. The CFIA also developed and updated a suite of communications materials and implemented a series of communications activities regarding the regulation of agricultural biotechnology. The CFIA revised its post-secondary educator's resource entitled *Regulation of Agricultural Biotechnology in Canada*, and conducted an online consultation as well as an interdepartmental consultation on the development of regulatory guidelines for commercial production of plant molecular farming.

STRATEGIC OUTCOME: Security from deliberate threats to Canada's food supply and agriculture resource base

Program Sub-Activity: *Preparing for emergencies*

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

Update Foreign Animal Disease Emergency (FADES) agreements with the provinces/ territories; develop timetable to exercise agreements

In 2006–07, the CFIA signed Foreign Animal Disease Emergency Support (FADES) plan agreements with Nova Scotia, Prince Edward Island, Quebec, Manitoba, Saskatchewan, Alberta and British Columbia. In addition to the FADES agreement signed with Ontario in 2004, the Agency has now signed eight of 13 intended agreements. The CFIA is negotiating agreements with Newfoundland and Labrador, New Brunswick and the Yukon.

FADES agreements outline the emergency co-ordination arrangements and roles of federal and provincial organizations, as well as private organizations, in the event of a foreign animal disease outbreak. Highly contagious foreign animal diseases have the potential to spread at a speed that can exceed the capacity of any one organization to control them. FADES agreements provide for a rapid mobilization of resources in the collaborative response to an outbreak of foreign animal disease. In particular, FADES agreements describe the scope, goals, activities, decision-making responsibilities, facilities, operations, logistics and communications required for a multi-level response to this kind of outbreak.

Establish a national veterinary reserve

In 2006–07, the CFIA took steps to establish a national veterinary reserve along with the Canadian Veterinary Medical Association, provincial governments, provincial veterinary associations and registrars, as well as the Public Health Agency of Canada and Public Safety Canada. This initiative will build a roster of trained foreign animal disease emergency response personnel to further enhance preparedness. It will also serve to augment Canada's ability to collaborate at the international level to address emerging risks at their source, without compromising its domestic operational and business.

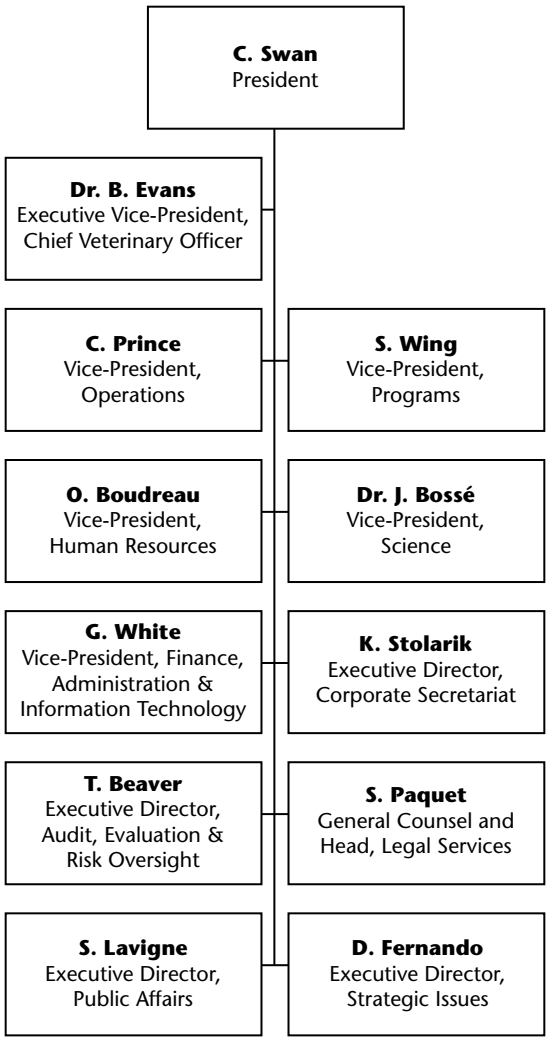
3.2 Organizational Information

The CFIA is mandated to safeguard food, animals and plants, which enhances the health and well-being of Canada's people, environment and economy. To carry out this mandate, the CFIA has almost 6,100 dedicated full-time equivalents working across Canada to regulate food safety, animal health and plant protection.

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

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

Two other VPs, four Executive Directors, a General Counsel and a Chief Veterinary Officer provide policy and corporate support for the delivery of the CFIA's mandate. They cover functions such as: human resources; corporate services; legal services; parliamentary and regulatory coordination; corporate planning, reporting and accountability; federal, provincial and territorial relations; industry affairs; cabinet, regulatory and legislative affairs; corporate and horizontal policy coordination; and public affairs.



3.3 Regulatory Research

Regulatory Research activities support the CFIA's mandate in food safety, animal health and plant protection. Regulatory research, as it applies to the activities of the CFIA, is focused on scientific investigation or analysis conducted by the CFIA, alone or with collaborating organizations, in order to produce new knowledge or new technology that addresses the specific needs or objectives of the CFIA. Research results aim to support sound, risk-based decision making, policy development and implementation, as well as program delivery.

The Regulatory Research Sub-Activities have been added to the CFIA's 2006–07 Program Activity Architecture as outlined in the CFIA's 2006–07 *Report on Plans and Priorities*.

Financial and human resources data, strategic indicators and targets are not available for this section for the current reporting year. In this section, we are reporting results for each expected result described in the 2006–07 *Report on Plans and Priorities*.

STRATEGIC OUTCOME: Protection from preventable health risks related to food safety or the transmission of animal diseases to humans

> **Program Activity:** *Food safety and public health*
>
> **Program Sub-Activity:** *Regulatory Research — Food safety, nutrition and public health*
>
> **Expected Result:** *Decision making related to food safety, nutrition and public health is supported by sound, sufficient and current Agency regulatory research*

Public awareness of food safety and nutrition continues to increase along with the global advancements in science. This trend has led to increased public focus on the safety and nutritional value of food. The scientific capacity to respond to new and emerging food safety and nutritional concerns is an important component of the CFIA's inspection programs. Timely and defensible laboratory test results that will withstand legal and international scrutiny are key elements in the enforcement of food safety and nutrition compliance.

- In 2006–07, the CFIA finalized the development of a diagnostic tool named Cloth-based Hybridization Array Systems (CHAS), which confirms the presence of four foodborne pathogens (*Salmonella*, *E. coli* O157:H7, *Listeria monocytogenes* and *Shigella* foodborne isolates).

  Finalization of CHAS methods for other foodborne pathogens and inter-laboratory performance validation is expected in 2007–08. This will provide the CFIA with more efficient analytical tools for use in its inspection programs for foodborne illnesses and shorter turnaround times for delivery of results. The CFIA also co-ordinated a databank of reference material to share this information throughout food microbiology laboratory networks across Canada to help in traceback investigations.

- During the fiscal year, the CFIA also developed a confirmatory method to screen eggs for the presence of additional antibacterial drugs. For example, the availability of some drugs, especially through international sources via the Internet, means that the possibility exists for the presence of antibacterials in eggs after extra-label drug use, accidental use, or unauthorized use. The new method is used in conjunction with other CFIA screening methods.

Zoonotic diseases, by definition, have the potential to threaten public health. Some zoonotic diseases such as brucellosis, rabies, and bovine tuberculosis occur at a low level in Canada, especially in wildlife. Other diseases such as BSE and AI have emerged in recent years to threaten Canada's agricultural economy, animal health and trade. Research to improve testing methodology contributes to reliable and accurate testing and facilitates disease control and early intervention should the disease appear in animals.

- *M. bovis* is the causative agent of bovine tuberculosis, a reportable zoonotic disease in the cattle family with great economic impact. Determining how strains of this disease are related is important when planning disease control strategies and during outbreaks. The CFIA adopted new methods to determine the strain type for *Mycobacterium bovis*. This method appears to overcome many previous difficulties of past research.

STRATEGIC OUTCOME: Protection of consumers through a fair and effective food, animal and plant regulatory regime that supports competitive domestic and international markets

> **Program Sub-Activity:** *Regulatory Research — Exports and unfair practices*
>
> **Expected Result:** *Decision making related to regulatory development and review, deterring unfair practices, and export, is supported by sound, sufficient and current Agency regulatory research*

The CFIA research supports the delivery of a fair and effective regulatory regime for food, animals and plants through the acquisition of new knowledge and improved methodologies. The Agency's research also supports consumer and marketplace protection from unfair practices by verifying that the methodology used to support regulatory compliance activities is fully validated, uses the best science available, is in line with international activities, and meets the requirements set out in Canadian regulations.

The CFIA, in collaboration with industry, worked on the potential validation of a DNA-chip technology system for the identification of meat ingredients. Knowledge acquired allowed the CFIA to advise and guide the industry to improve the technology for use in North American food markets.

Agency research has also used new molecular technologies to differentiate DNA among varieties of potato. Accurate identification of potato varieties is useful in sustaining export markets and maintaining the high reputation of Canadian seed potatoes.

STRATEGIC OUTCOME: A sustainable plant and animal resource base

Program Sub-Activity: *Regulatory Research — Animal and plant resource protection*

Expected Results: *Decision making, including regulation, regarding animals and plant health are supported by sound, sufficient and current Agency regulatory research*

The CFIA's research supports protection of the animal and plant resource base through the acquisition of new knowledge and improved technologies and methodologies for the prevention, detection, surveillance and management of animal diseases of significance to the health of livestock, wildlife, and plants. In addition, the CFIA's research supports the harmonization of laboratory methods with trading partners.

The CFIA developed highly efficient and sensitive detection methods to test for *Tobacco rattle virus* and the *tuber necrosis strain of Potato virus* Y in potato samples. This resulted in the development of standard protocols for CFIA diagnostic laboratories and an increase in virus surveillance and risk analysis, which in turn increased the CFIA's capacity to address this area of emerging environmental and economic concern.

Research on transmissible spongiform encephalopathies (TSEs)
The CFIA conducts research to increase knowledge on transmissible spongiform encephalopathies (TSEs), including BSE and scrapie, which are found in Canadian livestock, and Chronic Wasting Disease, which is present in wild and farmed elk and deer. Research is focused on finding better ways to detect these diseases before signs become apparent, improve their control and protect animal health and trade.

To date, six different rapid tests for the detection of BSE have been validated, and samples on TSEs have been stored for future collaborative projects. These activities will continue in 2007–08.

Research on high-threat animal diseases
Exotic animal diseases such as foot-and-mouth disease and classical swine fever could devastate animal health and trade if they are introduced into Canada. The CFIA conducts research on these diseases to improve tests that allow for early detection and rapid response in the event of an outbreak.

In 2006–07, CFIA research activities with foot-and-mouth disease virus were initiated. Results include the production of highly needed diagnostic reagents and the development of new diagnostic tests that will ensure the CFIA's ability to respond to an outbreak of this disease. This has allowed the CFIA to initiate proactive collaborations with other laboratories with similar interests. Through research, the CFIA will continue to work to develop a rapid "pen-side" diagnostic tool that would allow the testing of animals and animal products in situations where faster diagnosis is required.

STRATEGIC OUTCOME: Security from deliberate threats to Canada's food supply and agricultural resource base

Program Sub-Activity: *Regulatory Research — Public security (including the Chemical, Biological, Radiological and Nuclear Research and Technology Initiative)*

Expected Result: *Decision making related to public security is supported by sound, sufficient and current agency regulatory research*

In 2006–07, CFIA officials continued to work on the creation of laboratory clusters for the Chemical, Biological, Radiological and Nuclear Research and Technology Initiative (CRTI), which supports Canada's preparedness for, prevention of, and response to, chemical, biological, radiological and nuclear terrorist attacks. The CFIA also continued to co-chair the biological cluster of federal laboratories with the Public Health Agency of Canada.

Laboratory clusters focus on the joint needs of federal scientific laboratories and the operational community with respect to addressing potential chemical, biological, radiological and nuclear terrorist attacks. Through the clusters, representatives from federal departments and laboratories share their ideas, knowledge, experience and resources, as well as discuss challenges and solutions. The CFIA participated in the creation of a network of federal, provincial and university animal health diagnostic laboratories, which as a result of CRTI, will build on research findings and outcomes to enhance Canada's ability to detect animal disease threats and provide a rapid response to minimize human health and economic consequences in the country.

Specific achievements over 2006–07 include the continued development of rapid, highly sensitive diagnostic tests for use during emergency responses to outbreaks of high-threat animal viruses, including avian influenza, which could be introduced into this country and transmitted to livestock, wildlife and, in some cases, to humans. Work also continued on the development of a web-based system to collect and process targeted surveillance data in order to disseminate intelligence among partners for rapid exchange of information and decision making. The system is expected to result in the seamless integration of human and animal health intelligence, and to provide a comprehensive solution set from data exchange to analysis, and from surveillance to alerting and event management.

The CFIA research continues to develop methodologies to detect potential contamination of the food supply. Examples include methodologies to detect *Yersinia pestis* (plague), *Bacillus anthracis* (anthrax), and ricin (a toxin that has potential to be used as an agent of biological warfare) in the food supply. The CFIA is also assessing newer technology and methodologies to improve its service delivery and capacity for the detection of pathogens in food. Projected to continue through 2007–08, the validation of the CFIA's research methodologies for the detection of anthrax in specified foods is expected to be accredited by the Standards Council of Canada as official methods of Canada's Quality Assurance Program. The validation data will provide crucial information on the sensitivity and specificity of the tests.

The CFIA is also developing new capabilities for rapid detection and typing of the potential agro-terrorism agents, such as foot-and-mouth disease virus and avian influenza virus. In collaboration with CFIA stakeholders, DNA microarrays are being adapted to a more portable platform that can be easily and practically used by first emergency responders. This technology, named NanoChip technology, represents a novel detection and typing tool that can be used at the farm site in a mobile diagnostic unit. The CFIA has completed the assay design and layout on the NanoChip platform, and validation of the NanoChip electronic array technology is expected to be completed in 2008.

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

3.4 Providing Sound Agency Management

The CFIA views the implementation of the Treasury Board Secretariat's (TBS) Management Accountability Framework (MAF) as a means to continuously improve its management processes so that its core mandate can be delivered in the most effective and efficient manner possible.

The MAF is a key part of the Treasury Board's approach to improving management across federal departments and agencies. The framework is composed of 10 interconnected elements, such as risk management and accountability, which departments and agencies are expected to implement in their organizations to ensure management excellence and proper oversight of management practices. Every year, TBS assesses departments and agencies on their implementation of the MAF using more than 40 indicators.

Based on the TBS assessment of the management practices at the CFIA for 2005–06, the CFIA received the following ratings: five *notables*, 12 *acceptables*, one *average*, 10 *opportunities for improvement*, zero *attention required*, 14 *unrated/ not applicable*, and zero *information required*. This demonstrated an improved overall rating for the CFIA, moving up in eight indicators, down in one indicator, and maintaining its status for the remainder. In particular, the CFIA was commended for improving its ratings in the areas outlined in Table 3.4.1.

The CFIA was also praised for making progress in five priority management areas that were identified for follow-up in the 2004–05 TBS rating. These included: successfully integrating human resources into business planning; responding to common science-based human resources management issues by developing critical competencies for the science and technology community; and, mitigating financial pressures related to the management of animal and health emergencies using a contingency fund.

There were some areas, however, where the CFIA needed to improve its performance. For example, the CFIA was advised to address the under-representation of persons with disabilities, Aboriginal persons and visible minorities and to ensure that CFIA offices serving the public provide services in both official languages. It was also recommended that the CFIA improve its performance reporting by fully implementing the requirements of the TBS *Management, Resources and Results Structure Policy* (MRRS), and improve its governance structure by establishing a stable MRRS structure. In addition, the CFIA was asked to meet the *Management of Information Technology Security Standard*

Table 3.4.1 — Management Accountability Framework Rating Improvements

MAF Indicator	New Rating	Reason
Risk	Notable	Continued significant progress implementing Integrated Risk Management
Capital assets	Notable	Integration of all asset classes into a Long-Term Capital Plan
Materiel management	Notable	Materiel management framework with clear accountabilities. Undertaking initiatives to safeguard moveable assets
Real property	Notable	Developed Real Property Management Framework
Effective planning function	Notable	Developed tools to support strategic resource planning and management decisions
Evaluation	Acceptable	Sustained 2005–06 evaluation resource levels
TB submissions and conditions	Acceptable	Accurate, substantiated and comprehensive financial components in Treasury Board submissions

by December 2006 and establish firm target dates and prioritizing information and IT management activities.

The CFIA continues to actively address all MAF elements and indicators. Special priority has been made over the past year to address those areas that were deemed *opportunities for improvement* through the voluntary development of a MAF III Action Plan. The MAF Action Plan was presented and approved by the Executive Policy Committee and is updated on a quarterly basis through the Executive Sub-Committee on Planning and Reporting. The Action Plan was highly effective in increasing MAF awareness and engagement throughout the CFIA and has now been integrated as an ongoing best practice within the CFIA.

This section of the Agency's *Performance Report* is presented according to MAF elements and indicators. Note: Resources attributable to Sound Agency Management activities are allocated from the CFIA's four strategic outcomes on a pro-rata share.

3.4a Risk Management, Accountability, Governance and Strategic Directions, and Results and Performance

MAF Elements	Indicators
Governance and Strategic Direction	Governance legitimacy
	Effective planning
	Portfolio management
	Governance structure
	Horizontal initiatives
Risk Management	Legal risk management
	Risk
Accountability	Authorities and delegation
Results and Performance	Evaluation function
	Information and decision making
	Financial reporting
	Performance reporting

New Governance Structure

In 2006–07, the CFIA established a new governance structure that included the creation of two senior decision-making committees: one to oversee management and the other to drive policy direction. The *Executive Management Committee* is the forum for information sharing and updates on matters of ongoing interest and emerging issues. The *Executive Policy Committee* is the key point of integration for the CFIA, providing strategic policy direction for programs and administration, resource allocation, risk management and planning.

In the past year, the new governance structure has proven to be highly effective by enhancing communication, providing linkages amongst the various committees and ensuring that key issues are brought forth to the senior decision-making committees. To enhance the functionality of the governance structure, the CFIA has refined some of the processes required by these committees. These improvements include the development of a forward agenda, establishing regular meetings so that various committee chairs and committee secretariats can meet; development of a common look and feel for Records of Decisions (RODs); posting of executive sub-committees' RODs on the CFIA's Intranet site; and the creation of a database to capture all action items resulting from RODs. A review of each committee's "Terms of Reference" and membership was completed to ensure that CFIA priorities are reflected and supported through a sound governance structure.

The CFIA has established an independent *Executive Sub-Committee on Audit and Risk Management*, which is chaired by the CFIA's President. This sub-committee fulfills the terms and conditions of Treasury Board policies on internal audit and risk management. It also ensures independent and objective advice, guidance, and assurance on the adequacy of the CFIA's control and accountability processes.

The CFIA Executive Council hosted a two-day conference for the CFIA executive community in February 2007. The conference focused on Celebrating Leadership. The conference highlights included a presentation from key industry partners, a panel discussion about perspectives of the CFIA's federal partners as well as key messages from central agency leaders on workforce renewal and the strategic direction of the CFIA.

Integrated Risk Management

The CFIA, as a risk-based organization, continues to show its commitment to sound risk management by implementing Integrated Risk Management (IRM) principles throughout the organization. Integrated Risk Management is a continuous, proactive, and systematic process to understand, manage, and communicate risk from an organization-wide perspective. It is about making strategic decisions that contribute to the achievement of an organization's overall corporate plans and priorities. Implementation of IRM within the CFIA is guided by the Treasury Board Secretariat's Integrated Risk Management Framework and CFIA's Integrated Risk Management Policy, which was recently developed. In 2006–07, the CFIA began the work required to update the Corporate Risk Profile. Workshops were held in all areas of the CFIA to identify, validate and rate risks as well as develop an inventory of existing mitigation strategies in the organization. A new, high-level Corporate Risk Profile is scheduled for completion in the fall of 2007.

In the past year, consideration of key strategic risks was integrated into all decision making and planning processes, including (but not limited to) strategic planning, regulatory analysis and capital planning.

Program Activity Architecture Review

The CFIA reviews its Program Activity Architecture on an annual basis, undertaking incremental revisions each year. In Budget 2006, the Government of Canada called for a renewal of the Government's Expenditure Management System. This activity aims to ensure that federal programs focus on results, deliver value for money, are consistent with federal priorities, and continue to serve the purposes for which they were created. In 2006–07 the CFIA undertook an extensive review of its existing Program Activity Architecture to meet the objectives of this initiative as well as better reflect the Agency's mandate. The result was the development of three Strategic Outcomes, which have been approved by Treasury Board. [The CFIA's revised Strategic Outcomes and Program Activity Architecture structure will be implemented and reflected in the forthcoming 2008–09 *Report on Plans and Priorities*.]

Information Management/Information Technology Planning

Information Management (IM)/Information Technology (IT) planning is a key management priority for the CFIA. The TBS's Management Accountability Framework (MAF) Assessment III for 2005–06 concluded that, at the time of the assessment, there was no information available on IM/IT governance structure, project execution or approach to common services. The assessment also concluded that the CFIA's Management of Information Technology Security (MITS) plan needed to be refined to establish firm target dates for meeting compliance to the MITS Standard. As a result, the CFIA committed to set up a new Executive Sub-Committee on IM/IT; operationalize feeder committees to deal with IM/IT issues; and submit an MITS action plan, seek agreement from TBS, and validate the number of areas of MITS compliance commitments that the CFIA was required to address. Each of the action items undertaken in response to the TBS MAF Assessment III were completed by the end of March 2007 and will continue to be monitored and improved upon in 2007–08.

Setting Targets and Performance Reporting

Performance Management Framework

In 2006–07, the CFIA implemented a results-oriented Performance Management Framework to improve data collection, management, and performance reporting. This framework was re-aligned to ensure consistency with the TBS *Management, Resources and Results Structure Policy*. The framework was also adjusted to respond to

the recommendation of the Office of the Auditor General to include crosswalks between the program structure of the performance information and the Agency's *Report on Plans and Priorities* and the CFIA's Corporate Business Plan.

In particular, the Agency progressed in each of the following Performance Management Framework activity areas:

- ***Development of strategic indicators and targets:*** The CFIA improved collaboration across the Agency at all levels by establishing and leveraging key committees. It is expected that these committees will act as central nodes for information sharing between branch planning teams as well as for the implementation of best practices.
- ***Benchmarking on performance measurement:*** In response to the recommendations of the Office of the Auditor General, during 2006–07, the CFIA undertook a series of benchmarking exercises, examining and comparing the performance measurement practices of the CFIA and other similar international bodies. This information will be utilized to improve performance indicators and targets throughout the organization as the CFIA continues its implementation of the *Management, Resources and Results Policy* through improvements to its Performance Measurement Framework.
- ***Performance management governance, guidelines, tools, training and communications:*** The CFIA integrated a new governance structure for performance management to enhance sound and collaborative decision making. The structure formalizes performance management as an established CFIA activity supported by management, building ownership within each branch and promoting further collaboration across the organization. In 2006–07, the CFIA continued to build its performance management expertise, including training branch coordinators so they are better equipped to manage performance activities.
- ***Development of performance measures across all branches:*** In recognition that results-based measures must be integrated throughout the CFIA's many branches and areas, the CFIA made a concerted effort to develop strategic and operational performance measures for all branches and regions.
- ***Performance management system mapping, cleanup, small improvements and upgrades:*** In 2006–07, the CFIA began a process aimed at identifying the gaps between corporate and strategic performance reporting. Reporting gaps have developed due to the utilization of different approaches for performance management and performance reporting, as well as the introduction of the revised Program Activity Architecture *after* the performance framework was established. This process will continue in 2007–08.
- ***Development and implementation of a long-term improvement strategy:*** The CFIA has been working to identify a long-term systems solution to support management reporting needs and to alleviate the challenges faced by users of the current system. In 2006–07, the CFIA focused on cleaning up core data and identifying ways to improve the reporting process and quality of data capture and reporting.

Access to information

In 2006–07, the CFIA implemented an Access to Information Action Plan (ATIP), which included making improvements to the *InfoSource* report and including data matching in its annual ATIP report. The CFIA achieved an "A" grade from TBS for its timely response to ATIP requests after it scored 95% on the ATIP report card.

3.4b People, Values and Learning

MAF Elements	Indicators
People	Workplace
	Employment equity
	Official languages
	Readiness for PSMA implementation
	Workforce
	Human resources planning
	Performance review
Values	Leadership
	Organizational culture
	Guidelines and recourse
Learning	Innovation and change management
	Organizational learning

Sustainable workforce

The CFIA recognizes that its success relies on the quality and ability of its employees and the sustainability of its workforce. To that end, the CFIA strives to ensure that it has sufficient resources to enable employees to do their jobs effectively. The CFIA is also committed to providing its employees with adequate and timely training, promoting diversity in its workforce, and ensuring that processes and practices are in place to resolve workplace issues.

The CFIA's workforce grew from 6,121 in 2005–06 to 6,585 employees in 2006–07, an increase of 7.6%. This included an increase of 4.7% in the scientific, professional and technical community.

In 2006–07, the CFIA created a Youth Network (YN) to empower and retain young employees at the Agency, while promoting the CFIA as an employer of choice. The Youth Network developed Terms of Reference, engaged members from across all CFIA areas and developed an action plan and budget that was presented and accepted by EPC. The YN has been actively engaged in the CFIA, hosting brown bag luncheon information sessions and participating in various Agency-wide activities.

The CFIA plans, promotes and implements employment practices that encourage the full participation of diverse Canadians. The CFIA's 2004 to 2007 Employment Equity Plan outlines goals to ensure that its workforce reflects the diversity of the Canadian population; progress in achieving these goals is measured annually.

In 2006–07, the CFIA made considerable progress toward sustaining a diverse and representative workforce. Representation of women, persons with disabilities and members of visible minorities have all reached 100% of the Canadian Workforce Availability, while the proportion of Aboriginal peoples is very close to this goal at 97%. Refer to Table 3.4b.1 for full representation breakdowns.

Moving Ahead on Key Challenges

Meet official languages obligations

The CFIA is working toward meeting the requirements of the *Official Languages Act* and the Agency's official languages policies by implementing specific measures outlined in a three-year strategic plan. The CFIA is currently in the third year of its three-year strategic plan.

Table 3.4b.1 — Diversity in CFIA's Workforce

Representation	2005–06	2006–07
Women	49.3%	50.3%
Aboriginal peoples	2.3%	2.3%
Persons with disabilities	4.8%	4.4%
Visible minorities	9.8%	10.6%

In 2006–07, the CFIA amended its Official Languages Policy to update and clarify its linguistic obligations and reinforce its commitment to serving Canadians in the official language of their choice. The CFIA also developed an accountability framework to outline the roles and responsibilities of its stakeholders with regard to Parts IV, V, VI and VII of the *Official Languages Act*. The CFIA also developed several new toolkits including one entitled *Getting Ready for your Second Official Language Training* to support employees in their second official language learning path.

Although the CFIA has made significant progress towards meeting the requirements of the *Official Languages Act* and the Agency's official languages policies, there is still room for improvement. The TBS' MAF Assessment IV for 2006–07 noted that the CFIA must continue its efforts to improve linguistic capacity in its offices with the obligation to provide service to the public in both official languages. The CFIA has committed to improving capacity to provide services in both official languages by 10% each year from 2006–09.

Enhance the focus on learning, including implementing a prerequisite training program for new managers and developing additional e-learning products

The CFIA provides all employees with the training and tools they need to do their jobs, as well as the support to pursue career-long learning and development opportunities. The CFIA's Learning Policy encourages a strong culture of continuous learning and provides direction to managers and employees on the management of learning.

In 2006–07, the CFIA offered a very successful *Managing for Success* training program to all 1,200 existing and 200 new managers. As part of its e-Learning initiative, the CFIA also launched a new e-Orientation program, e-Values program, and three science-based modules. In addition, the CFIA assessed leadership competency in all but two of its branches, the results of which were used to build branch-level learning strategies.

In support of its learning priorities, the CFIA increased its Development Fund to $2 million in 2006–07. This Fund supports knowledge transfer as well as management development including developmental official language training to meet succession planning needs. The Development Fund also provides for longer-term professional development and critical post-graduate opportunities.

The CFIA is also updating its meat hygiene learning modules to support its meat reform activities; has developed and implemented new training materials to support the avian influenza preparedness strategy; and is also delivering a scientific "train the trainers" course.

Launch second CFIA-wide employee survey

The CFIA conducted a second voluntary employee survey to gather views on its work environment and overall job satisfaction. The survey also sought employee opinion on changes that have occurred since the first survey was conducted in 2003.

A total of 54% of the CFIA's employee population responded to the survey. The CFIA achieved strong positive results, with employee satisfaction increasing at least 5% in 42 of the 118 survey question areas, covering areas such as classification, staffing, performance management, career development, relations with immediate supervisors, harassment, and relations with the unions. Feedback, performance review and career development areas recorded improvement levels of 10% on average, and there was a 9% increase in employee satisfaction in questions related to staffing practices.

The CFIA is developing action plans to build on these achievements and to address opportunities for improvement revealed by the results of the employee survey. The CFIA is also using the results of the survey to apply a series of human resource metrics to further measure workplace wellness.

Integrate human resources planning into the business process
The CFIA integrates human resources planning into its business plans to improve its ability to forecast human resource needs.

In 2006, the CFIA provided training in this area to more than 1,400 managers as part of the *Managing for Success* pre-requisite training program for managers. The CFIA also developed a five-step integrated HR and Business Planning process to help its business planners and senior management identify their human resource priorities.

In addition, human resources planning sessions were held with the three main branches of the CFIA to identify HR gaps, challenges and potential solutions related to business priorities. The results of these sessions will be integrated into future branch business plans.

3.4c Policy, Programs and Citizen-Focused Service

MAF Elements	Indicators
Policy and Programs	Policy framework
	Strategic policy capacity
Citizen-Focused Service	External service delivery strategy
	Official languages for external service delivery
	Government-wide services
	Service delivery and user fees

Incorporating the principles of the *Federal Accountability Act*

The *Federal Accountability Act*, which entered into force in 2006, takes a "lead by example" approach to improving responsibility and accountability. The Act outlines its expectations of all federal departments and agencies, such as developing clear action plans and reports on progress in addressing recommendations of the Auditor General and enhancing budget information to respond to Parliamentary Budget Officer requests.

In 2006–07, the CFIA developed a detailed action plan that outlines each of the provisions of the *Federal Accountability Act* that are applicable to the CFIA, as well as how the CFIA must proceed in order to meet the commitments of the Act. To that end, the CFIA is now refining its internal control measures to support the President as an Accounting Officer and developing a new policy on transfer payments that is expected to be issued in 2007. The CFIA is also taking steps to create/adopt a policy on Values and Ethics and an internal policy on wrongdoing extending from the *Public Servants' Disclosure Protection Act*.

Moving Ahead on Key Challenges

Develop a consultation policy and database
To support the government-wide priority of transparency and accountability, the CFIA has worked over the past year to finalize its Consultation Policy. Consulting and engaging stakeholders in the development, implementation, review and evaluation of its policies, programs, services and initiatives remains an important priority for the CFIA. Progress was made in 2006–07 on the development of an electronic inventory/database of the CFIA's consultations as well as a communications plan for the implementation of the framework.

Continued implementation of the program delivery consistency initiative
The TBS's Management Accountability Framework Assessment III in 2006–07 concluded that the CFIA would benefit from improving responsiveness to client needs as well as partnering with other jurisdictions or organizations to achieve more client-centric/cost-effective service delivery. In response, the CFIA committed to review the Consistency Initiative, with an aim to analyze and address areas of program delivery that require greater consistency across sectors. In 2006–07, the CFIA continued to measure its progress towards achieving consistency in the delivery of its programs for meat, dairy, food safety and animal health; significant progress is being achieved through implementation of a QMS (Quality Management System).

3.4d Stewardship

MAF Elements	Indicators
Stewardship	Capital assets
	Financial analysis
	Information and IT management
	Internal audit function
	Management of transfer payments
	Materiel management
	Procurement and contract management
	Project management
	Quality of TB submissions
	Real property
	TB conditions

Moving Ahead on Key Challenges

Improve information and IT management
The CFIA's Information Management and Information Technology infrastructure must continually evolve to keep up with demand. The CFIA has been working at an aggressive pace on its *Network Access Upgrade Project* over the past year, to implement faster data telecommunication to its locations currently on dial-up.

In 2006–07, the CFIA made progress in the implementation of its *Management of Information Technology Security Action Plan* by developing information and processing capabilities to manage emergency situations. The CFIA also created an executive sub-committee on IM/IT to increase the focus on information management and information technology at the Agency, and to improve alignment of IM/IT within the CFIA's business planning process.

Implement the TBS Internal Audit Policy
In April 2006, a new federal *Internal Audit Policy* took effect, aimed at strengthening public sector accountability, risk management, resource stewardship and good governance by reorganizing and bolstering government-wide internal audit.

The CFIA has adopted a proactive, incremental approach to the implementation of the policy over the next three years. Over the past year, the CFIA has been working on a business case to identify gaps in key systems, practices and controls, and to highlight areas requiring additional resources. Implementation of the policy is expected to be co-ordinated with other CFIA oversight measures.

3.4e Conclusion

Maintaining sound Agency management is the most important way that the CFIA can continue to reach each of its Strategic Outcomes. The CFIA is thus committed to continuously monitor and improve its management processes and to remain open to integrating new ways to improve the way the organization functions. This commitment will ensure that the CFIA continues to exceed the expectations of Canadians for a safe food supply and healthy plants and animals.

3.5 Financial Performance

3.5.1 Reporting on Parliamentary Appropriations

Table 1 — Comparison of Planned to Actual Spending (including Full-time Equivalents) ($ millions)

			2006–07			
	2004–05 Actual[1]	2005–06 Actual	Main Estimates	Planned Spending[2]	Total Authorities[3]	Total Actual
Food Safety and Public Health	262.2	341.5	318.8	353.5	349.5	379.6
Science and Regulation	155.9	82.4	119.4	119.6	130.5	77.1
Animal and Plant Resource Protection	105.5	139.0	106.6	106.7	120.8	140.1
Public Security	36.8	25.2	26.7	57.8	61.2	23.8
Total[4]	**560.4**	**588.1[7]**	**571.5[5]**	**637.6**	**662.0[5,6]**	**620.6[6,7]**
Less: Non-Respendable revenue	0.0	0.5	N/A	1.1	N/A	0.4
Plus: Cost of services received without charge	44.8	63.4	N/A	56.9	N/A	56.0
Total Agency Spending	**605.2**	**651.0**	**571.5**	**693.4**	**662.0**	**676.2**
Full-time Equivalents	**5,518**	**5,692**	**6,401**	**6,401**	**6,490**	**6,098**

1 The "2004–05 Actual" data have been restated to reflect the CFIA's current Program Activity Architecture structure.

2 The "Planned Spending" column reflects the figures displayed in the 2006–07 *Report on Plans and Priorities* for the Planned Spending year.

3 The "Total Authorities" column refers to total spending authorities received during the fiscal year (i.e. through Main Estimates), as well as funding received from Supplementary Estimates and transfers from Treasury Board via TB Vote 10 (Government-Wide Initiatives) and TB Vote 15 (Collective Bargaining).

4 All figures are net of Respendable Revenues for the respective fiscal years ($55.0M in 2004–05; $58.4M in 2005–06; $55.0M for Main Estimates and Planned Spending and $56.0M for Total Authorities and Total Actuals in 2006–07).

5 The variance of $90.5M between the 2006–07 Main Estimates ($571.5M) and the 2006–07 Total Authorities ($662.0M) is due to:
- 2005–06 carry forward (Operating $54.6M and Capital $8.3M for a total of $62.9M)
- Statutory Compensation Payments (increase of $2.3M over $1.5M base)
- Approved TB submissions and adjustments (increase of $28.8M for Avian Influenza, $4.2M for collective bargaining and $2.0M for Advertising Initiatives; reduction of $1.9M for the Expenditure Review Committee — Procurement reduction and $2.0M for Expenditure Restraint)
- Decrease in Employee Benefit Plans ($8.3M)

6 The variance of $41.4M between Total Authorities ($662.0M) and Total Actuals ($620.6M) is mainly attributable to lapsing funds in:
- Operating Expenditures and Contributions ($34.3M) due mainly to delays in staffing and procurement of goods and services
- Capital Expenditures ($6.7M) due mainly to a number of contracting delays and commitments not realized as expenditures

7 The variance of $32.5M between 2005–06 and 2006–07 actuals ($588.1M vs $620.6M) is due to:
- $12M for Avian and Pandemic Influenza Preparedness
- $12M for signed Collective Agreements
- $5.5M for Invasive Alien Species
- $3M for Bovine Spongiform Encephalopathy

Table 2 — Resources by Program Activity ($ millions)

Program Activity	2006–07 Budgetary					
	Operating	Capital	Contributions and Other Transfer Payments	Total: Gross Budgetary Expenditures	Less: Respendable Revenue	Total: Net Budgetary Expenditures
Food Safety and Public Health						
Main Estimates	349.0	1.0	0.1	350.1	31.3	318.8
Planned Spending	383.7	1.0	0.1	384.8	31.3	353.5
Total Authorities	377.2	4.5	0.5	382.2	32.7	349.5
Actual Spending	400.6	11.2	0.5	412.3	32.7	379.6
Science and Regulation						
Main Estimates	125.0	7.0	0.0	132.0	12.6	119.4
Planned Spending	125.2	7.0	0.0	132.2	12.6	119.6
Total Authorities	140.3	7.6	0.0	147.9	17.4	130.5
Actual Spending	91.0	3.5	0.0	94.5	17.4	77.1
Animal and Plant Resource Protection						
Main Estimates	114.2	1.7	1.6	117.5	10.9	106.6
Planned Spending	114.3	1.7	1.6	117.6	10.9	106.7
Total Authorities	118.2	4.3	4.2	126.7	5.9	120.8
Actual Spending	139.7	2.1	4.2	146.0	5.9	140.1
Public Security						
Main Estimates	21.9	5.0	0.0	26.9	0.2	26.7
Planned Spending	47.9	10.1	0.0	58.0	0.2	57.8
Total Authorities	49.5	11.7	0.0	61.2	0.0	61.2
Actual Spending	19.2	4.6	0.0	23.8	0.0	23.8
Total						
Main Estimates	610.1	14.7	1.7	626.5	55.0	571.5
Planned Spending	671.1	19.8	1.7	692.6	55.0	637.6
Total Authorities	685.2	28.1	4.7	718.0	56.0	662.0
Actual Spending	650.5	21.4	4.7	676.6	56.0	620.6

Note: The Agency does not have any loans, investments or advances to report as Non-budgetary items.

Table 3 — Voted and Statutory Items ($ millions)

Vote or Statutory Item	Truncated Vote or Statutory Wording	2006–07			
		Main Estimates	Planned Spending	Total Authorities	Total Actuals
30	Operating expenditures and contributions	482.4	537.2	564.8	530.5
35	Capital expenditures	14.7	19.8	28.1	21.4
(S)	Compensation payments under the *Health of Animals Act* and the *Plant Protection Act*	1.5	1.5	3.8	3.8
(S)	Contributions to employee benefit plans	72.9	79.1	64.6	64.6
(S)	Spending of proceeds from the disposal of surplus Crown assets	0.0	0.0	0.7	0.3
	Total	**571.5**	**637.6**	**662.0**	**620.6**

Table 4 — Services Received Without Charge ($ millions)

	2006–07 Actual Spending
Accommodation provided by Public Works and Government Services Canada	24.0
Contributions covering employer's share of employees' insurance premiums and expenditures paid by Treasury Board Secretariat (excluding revolving funds). Employer's contribution to employees' insured benefits plans and associated expenditures paid by the Treasury Board of Canada Secretariat	27.4
Worker's compensation coverage provided by Human Resources and Skills Development Canada*	0.0
Office of the Auditor General — Estimated cost for the audit	0.2
Salary and associated expenditures of legal services provided by the Department of Justice Canada	4.4
Total 2006–07 Services Received Without Charge	56.0

* Amount is less than $50,000 and therefore is not shown on this table.

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

			2006–07			
	Actual 2004–05	**Actual 2005–06**	**Main Estimates**	**Planned Revenue**	**Total Authorities**	**Actual**
Respendable Revenue						
Food Safety and Public Health	26.3	34.5	31.3	31.3	32.7	32.7
Science and Regulation	16.3	15.7	12.6	12.6	17.4	17.4
Animal and Plant Resource Protection	8.9	8.2	10.9	10.9	5.9	5.9
Public Security	3.5	0.0	0.2	0.2	0.0	0.0
Total Respendable Revenue	**55.0**	**58.4**	**55.0**	**55.0**	**56.0**	**56.0**
Non-Respendable Revenue						
Food Safety and Public Health	0.0	0.5	N/A	1.1	N/A	0.4
Science and Regulation	0.0	0.0	N/A	0.0	N/A	0.0
Animal and Plant Resource Protection	0.0	0.0	N/A	0.0	N/A	0.0
Public Security	0.0	0.0	N/A	0.0	N/A	0.0
Total Non-Respendable Revenue	**0.0**	**0.5**	**N/A**	**1.1**	**N/A**	**0.4**

Table 6 — Resource Requirements by Branch ($ millions)

	2006–07				
Agency	**Food Safety and Public Health**	**Science and Regulation**	**Animal and Plant Resource Protection**	**Public Security**	**Total**
Operations					
Planned Spending	219.9	25.3	34.4	19.9	299.5
Actual Spending	183.8	26.5	54.1	8.5	272.9
Programs					
Planned Spending	34.3	15.8	23.4	6.2	79.7
Actual Spending	42.6	13.0	34.4	0.7	90.7
Science					
Planned Spending	39.0	38.5	26.2	12.5	116.2
Actual Spending	49.7	8.1	29.8	4.8	92.4
Corporate Branches					
Planned Spending	60.3	40.0	22.7	19.2	142.2
Actual Spending	103.5	29.5	21.8	9.8	164.6
Total					
Planned Spending	353.5	119.6	106.7	57.8	637.6
Actual Spending	379.6	77.1	140.1	23.8	620.6

Table 7-A — *User Fees Act*

User Fee	Fee Type[1]	Fee-setting Authority	Date Last Modified	2006–07 Forecast Revenue ($000)	2006–07 Actual Revenue ($000)
Managing food safety risks	R	*CFIA Act*	1998	31,262	32,673
Controlling the transmission of animal diseases to humans	R	*CFIA Act*	1998	0	2
Protecting consumers and the marketplace from unfair practices	R	*CFIA Act*	1998	2,189	4,021
Certifying exports	R	*CFIA Act*	1998	10,404	13,398
Protecting Canada's crops and forests	R	*CFIA Act*	1998	4,404	3,472
Protecting Canada's livestock	R	*CFIA Act*	1998	5,474	2,095
Assessing agricultural products	R	*CFIA Act*	1998	1,078	371
Preparing for emergencies	R	*CFIA Act*	1998	189	0
Access to Information and Privacy (ATIP)	O	*Access to Information Act*	1992	0	3
Total				**55,000**	**56,035**

[1] R=Regulating, O=Other products and services

2006–07			Planning Years		
Full Cost ($000)[2]	**Performance Standard**	**Performance Results**	**Fiscal Year**	**Forecast Revenue ($000)**	**Estimated Full Cost ($000)[3]**
297,851			2007–08	31,262	280,939
			2008–09	31,262	273,482
			2009–10	31,262	269,333
85,982			2007–08	0	0
			2008–09	0	0
			2009–10	0	0
26,015			2007–08	2,189	15,374
			2008–09	2,189	15,402
			2009–10	2,189	15,513
41,849			2007–08	10,404	53,988
			2008–09	10,404	51,607
			2009–10	10,404	51,982
75,731			2007–08	4,404	47,284
			2008–09	4,404	48,655
			2009–10	4,404	48,502
71,764			2007–08	5,474	60,363
			2008–09	5,474	60,559
			2009–10	5,474	59,944
13,397			2007–08	1,078	12,924
			2008–09	1,078	12,039
			2009–10	1,078	12,384
1,226			2007–08	189	2,041
			2008–09	189	2,029
			2009–10	189	2,058
396			2007–08	0	511
			2008–09	0	511
			2009–10	0	511
614,211			**2007–08**	**55,000**	**473,424**
			2008–09	**55,000**	**464,284**
			2009–10	**55,000**	**460,227**

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

[3] These figures are taken from the reference levels established in the Annual Reference Level Update (ARLU) and the estimated amounts of services provided without charges by other government departments as well as year-end accruals.

Table 7-B — Policy on Service Standards for External Fees

External Fee	Service Standard	Performance Result	Stakeholder Consultation
Fees charged for the processing of access requests filed under the *Access to Information Act* (ATIA)	Response provided within 30 days following receipt of request; response time may be extended pursuant to section 9 of the ATIA. Notice of extension to be sent within 30 days of receipt of request.		The service standard is established by the ATIA and the Access to Information Regulations. Consultations with stakeholders were undertaken by the Department of Justice and the Treasury Board Secretariat for amendments done in 1986 and 1992.
Destination Inspection Service (fresh fruits and vegetables) www.inspection.gc.ca/english/plaveg/fresh/dis/queste.shtml	Inspectors to respond to 80% of the inspection requests within eight hours and 100% of requests within 24 hours.		
Veterinary Biologics Program Service Standards (The service standards refer to VBS calendar days, unless specified otherwise) *Dossier Review* (new submission, change in product formulation or change in label claim)			
Canadian Manufacturers			
Review initial submission and prepare response	Response time 4 months maximum	Average response time is 3 months	
Review supplemental data and prepare response	Response time 6 weeks maximum	Average response time is 4 weeks	
American Manufacturers			
Review initial submission and prepare response	Response time 4 months maximum	Average response time is 3 months	
Review supplemental data and prepare response	Response time 6 weeks maximum	Average response time is 4 weeks	
Manufacturers from other countries			
Review initial submission and prepare response	Response time 6 months maximum	Average response time is 4 months	
Review supplemental data and prepare response	Response time 6 weeks maximum	Average response time is 4 weeks	

Table 7-B — Policy on Service Standards for External Fees *(continued)*

External Fee	Service Standard	Performance Result	Stakeholder Consultation
Laboratory Testing			
Each master cell line	Response time 4 months maximum	Average response time is 3 months	
Each master seed culture	Response time 4 months maximum	Average response time is 3 months	
Each pre-licensing serial tested, to a maximum of three	Response time is maximum 4 months	Average response time is 3 months	
Facility Inspections/Audits			
Canadian manufacturers	Annual	Annual	
Canadian importers	Minimum every 3 years	Every 3 years	
American manufacturers	Minimum every 3 years	Every 3 years	
Other non-Canadian manufacturers	Minimum every 4 years	Every 4 years	
Issuance of Permits, Licences and Export Certificates	Response time maximum 2 weeks	Average response time is 2 weeks	
Serial Release			
If not tested	Response time maximum 5 days	Average response time is 35 days	
If tested	Response time maximum 45 days	Average response time is 2 weeks	
Label Review and Approval	Response time maximum 4 weeks	Average response time is 2 weeks	
Advertising Review and Approval	Response time maximum 4 weeks	Average response time is 2 weeks	
Protocol Review for Efficacy/ Safety Studies	Response time maximum 45 days	Average response time is 30 days	
Production Outline Revisions	Response time maximum 4 weeks	Average response time is 2 weeks	
Suspected Adverse Reactions	Response time maximum 4 weeks	Average response time is 2 weeks	

Table 7-B — Policy on Service Standards for External Fees *(continued)*

External Fee	Service Standard	Performance Result	Stakeholder Consultation
Application for Feed Registration and Ingredient Approval	***(i) Timeliness:*** For 90% or more of the applications received:		
	(a) Feed Section screens applications within 10 days of receiving it;	Met	
	(b) For products requiring a review of efficacy data, a preliminary review is conducted within 10 days of the screening date, and the results of the review are communicated to the applicant;	Met	
	(c) Feed Section conducts efficacy, livestock, human and environmental safety reviews and responds to applicant within **90 days**;	Met	
	(d) The laboratory does a desk review of proposed method of analysis within 4 weeks of receiving it. If laboratory testing is required, it will be done within 12 weeks of receiving a suitable method and test samples depending on availability of specialized equipment.	Met	
	(ii) Quality		
	(a) The *Feeds Regulations* are consistently interpreted and applied in registration/approval decisions;	Met	
	(b) Information is openly exchanged between clients and evaluation specialists;	Met	
	(c) Analytical methods are evaluated for specificity, selectivity, reliability and accuracy, using internationally standardized method validation procedures.	Met	

Table 8 — Department's Regulatory Plan

Regulations	Expected Results	Performance Measurement Criteria	Results Achieved
Organic Products Regulations The *Organic Products Regulations* established a system by which the CFIA, as competent authority, regulates the use of the "Canada Organic" agricultural product legend. The CFIA's partner, Agriculture and Agri-Food Canada, establishes organic standards that provide the basis for organic regulations, and also plays an important role in negotiating organic equivalency standards with the European Commission. These regulations are built on the existing system of domestic accreditation and certification bodies to provide credibility and a basis for evaluation. The introduced regulations govern the use of a new Canada Organic logo, including certification requirements, for organic agricultural products. The regulatory framework includes a mandatory organic production standard, a certification and inspection regime as well as import requirements. The Organic Production Systems General Principles and Management Standards and Organic Production Systems Permitted Substances Lists developed by the Canadian General Standards Board form the basis of the Regime.	European Union (E.U.) acceptance of Canadian organic certification requirements. Clear rules for the production and labelling of Organic Products.	Continued acceptance of Canadian Organic exports into E.U. markets. Reduction in the number of complaints relating to the Organic Products.	As a new program it is too early to assess results. In addition, most of the requirements will not be in force until December 2008.
Bovine Spongiform Encephalopathy (BSE) — Import of live animals The purpose of this amendment is to bring the import requirements related to the control of BSE for animals originating in the U.S. in line with those from other countries and to, thereby, eliminate the need for an importation prohibition regulation for bovines. In order to accomplish this, the CFIA is relying on the existing permitting system for bovine animals imported from the U.S. The permit conditions now reflect the criteria set out in the BSE import policy for bovine animals.	European Union (E.U.), the use of import permits enables the CFIA to respond to changing global patterns of disease and increasing requests for regionalization and compartmentalization in accordance with the World Organisation of Animal Health (OIE) guidelines.	Permit conditions allow for the importation of live animals from the U.S. while at the same time mitigating the risk of BSE.	As a new program it is too early to assess results. Imports of live animals from the U.S. have resumed.

Table 9 — Details on Project Spending ($ millions)

The following projects have exceeded their delegated project approval level:

- HQ Complex for Agricultural Portfolio, ON
- Mid Life Retrofit — Saskatoon, SK
- Mid Life Retrofit — Ottawa Lab (Fallowfield), ON
- Structural Building Reinforcement — Lethbridge, AB
- Level 3 Animal Wing Construction — Ottawa Lab (Fallowfield), ON

Supplementary information on project spending can be found at www.tbs-sct.gc.ca/dpr-rmr/0607/info/ps-dp_e.asp

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

Statutory Compensation Payments — Supplementary information on the CFIA's Transfer Payment Programs can be found at www.tbs-sct.gc.ca/dpr-rmr/0607/info/ps-dp_e.asp

Table 11 — Horizontal Initiatives

According to TBS guidelines, horizontal initiatives are initiatives in which partners* from two or more organizations have established a formal funding agreement (e.g., Memorandum to Cabinet, Treasury Board submission, federal-provincial agreement) to work toward the achievement of shared outcomes.** The following outlines the CFIA's major horizontal initiatives for 2006–07.

Supplementary information on horizontal initiatives can be found on the TBS website at www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp

Initiative	Profile	Partners
Public Security and Anti-Terrorism (PSAT)	In the 2001 Budget, the government allocated $7.7 billion in new funds to be spent over the subsequent five years on the PSAT initiative to enhance security for Canadians. The CFIA receives approximately $30 million a year and contributes the following for the initiative: • Delivers all federal food inspection, animal health and plant protection measures; and • Responds to biological outbreaks of pests and diseases in plants and animals. In 2006–07, the CFIA continued to expand the capacity of its laboratories to deal with deliberate threats to the food supply, and to plant and animal resources. Improvements include the enhancement of bio-security measures and procedures, greater laboratory capacity, and the enhancement of laboratory infrastructure. More information on this initiative can be found in Section 2.3.4b of this report.	**Lead: Public Safety Canada** Provinces and territories Canada Border Services Agency
Chemical, Biological, Radiological and Nuclear (CBRN) Research and Technology Initiative (CRTI)	The events of September 11, 2001, moved the issues of counterterrorism and national security to the forefront of the nation's concerns. CRTI represents the federal science community's response and commitment to providing scientific solutions to these issues. Through the creation of laboratory networks across the federal government that collaborate with industry, academia and first responder communities, the CFIA will provide new knowledge, technology and research necessary for CBRN response and preparedness. Specific achievements over 2006–07 include the continued development of rapid, highly sensitive diagnostic tests for use during emergency responses to outbreaks of high-threat animal viruses, including Avian Influenza, which could be introduced into this country and transmitted to livestock, wildlife and, in some cases, to humans. More information on this initiative can be found in Section 3.3 — Regulatory Research of this report.	**Lead: Department of National Defence** Agriculture and Agri-Food Canada Canada Border Services Agency Canadian Security and Intelligence Service Department of National Defence — Intelligence Defence Research and Development Canada — Ottawa Defence Research and Development Canada — Suffield Environment Canada Health Canada Natural Resources Canada Royal Canadian Mounted Police Transport Canada Public Safety Canada

Table 11 — Horizontal Initiatives *(continued)*

Initiative	Profile	Partners
Canadian Regulatory System for Biotechnology (CRSB)	CRSB aims to develop an efficient, credible and well-respected system that safeguards the health of all Canadians and the environment and permits safe and effective products. In 2006–07, the CFIA developed an updated action plan to address key horizontal and vertical issues such as plant molecular farming, adventitious presence, animal biotechnology and microbes. More information on this initiative can be found in Section 3.1 — Special Initiatives of this report.	**Lead (rotating): Health Canada** Environment Canada Industry Canada Fisheries and Oceans Canada Natural Resources Canada

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

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

Table 12 — Internal Audits and Evaluations

Name of Internal Audit or Evaluation	Audit Type or Evaluation Type	Actual completion date	Electronic Link to Report
Audit			
Audit of the Accredited Veterinarian Program	Compliance	April 2006	www.inspection.gc.ca/english/agen/eval/evale.shtml
Detailed Testing of Select Acquisition Card Controls	Compliance	February 13, 2007	www.inspection.gc.ca/english/agen/eval/evale.shtml
Follow-up Reports on Previous Audits a) Review of Consistency of Service Delivery b) Avian Influenza — Follow-up on Lessons Learned c) Environmental Management System d) Safeguarding of Moveable Assets e) Procurement and Contracting f) Hospitality and Travel g) Salary Management — Pay, Overtime and Leave	Follow-up	a) May 25, 2006 b) November 24, 2006 c) June 15, 2006 d,e,f,g) February 13, 2007	www.inspection.gc.ca/english/agen/eval/evale.shtml
Evaluation			www.inspection.gc.ca/english/agen/eval/evale.shtml
Evaluation of the Dairy Program	Formative	November 24, 2006	www.inspection.gc.ca/english/agen/eval/dailaie.shtml
Evaluation of the Accredited Veterinary Program	Formative	September 13, 2006	www.inspection.gc.ca/english/agen/eval/evale.shtml
Evaluation of the Canadian Regulatory Strategy for Biotechnology (interdepartmental)	Summative	December 12, 2006	www.inspection.gc.ca/english/agen/eval/evale.shtml

Table 13 — Travel Policies

The CFIA follows and uses the TBS Travel policies parameters.

3.5.2 Audited Financial Statements

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

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

I have audited the statement of financial position of the Canadian Food Inspection Agency as at March 31, 2007 and the statements of operations, equity of Canada and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Sincerely,

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
July 31, 2007

Financial Statements of

CANADIAN FOOD INSPECTION AGENCY

Year ended March 31, 2007

CANADIAN FOOD INSPECTION AGENCY

Statement of Management Responsibility

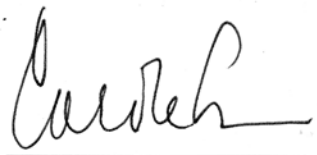
Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2007 and all information contained in these statements rests with the Agency's management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General which are consistent with Canadian generally accepted accounting principles for the public sector as required under Section 31 of the *Canadian Food Inspection Agency Act*.

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

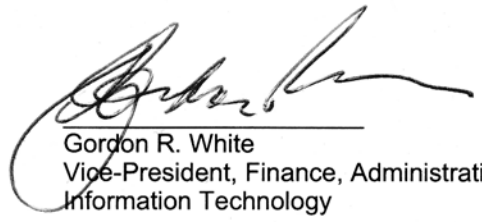
Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act,* are executed in accordance with prescribed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

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

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



Carole Swan
President



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

Ottawa, Canada
July 31st, 2007

CANADIAN FOOD INSPECTION AGENCY

Statement of Financial Position

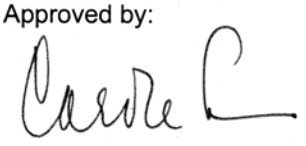
As at March 31
(In thousands of dollars)

	2007	2006
Assets		
Financial assets:		
Due from the Consolidated Revenue Fund	$ 76,644	$ 69,362
Accounts receivable and advances (Note 4)	18,160	8,716
	94,804	78,078
Non-financial assets:		
Inventory	1,088	1,139
Tangible capital assets (Note 5)	202,265	192,849
	203,353	193,988
	$ 298,157	$ 272,066
Liabilities		
Accounts payable and accrued liabilities	$ 94,195	$ 73,387
Vacation pay	26,919	25,240
Deferred revenue	2,384	1,789
Employee severance benefits (Note 6)	83,564	75,447
	207,062	175,863
Equity of Canada	91,095	96,203
	$ 298,157	$ 272,066

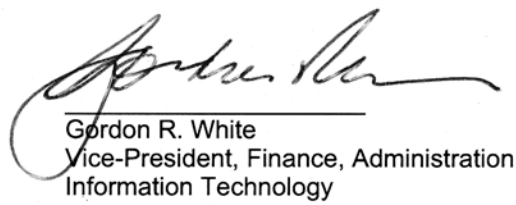
Contingent liabilities (Note 8)
Contractual obligations (Note 9)

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

Approved by:



Carole Swan
President



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

CANADIAN FOOD INSPECTION AGENCY

Statement of Operations

Year ended March 31
(In thousands of dollars)

	2007					2006
	Food Safety and Public Health	Science and Regulation	Animal and Plant Resource Protection	Public Security	Total	Total
Revenues						
Inspection fees	$28,032	$8,854	$3,604	$ -	$40,490	$41,582
Registrations, permits, certificates	2,306	6,940	1,329	-	10,575	9,982
Miscellaneous fees and services	636	2,160	1,124	-	3,920	4,305
Establishment license fees	1,786	152	-	-	1,938	2,062
Grading	219	4	-	-	223	247
Administrative monetary penalties	214	116	41	-	371	430
Interest	28	16	5	-	49	38
Total Revenues	33,221	18,242	6,103	-	57,566	58,646
Operating expenses						
Salaries and employee benefits	305,168	62,815	119,372	15,600	502,955	480,919
Professional and special services	44,489	16,171	18,646	3,341	82,647	55,684
Travel and relocation	16,328	3,083	9,899	859	30,169	25,860
Amortization	13,164	2,906	5,480	751	22,301	21,049
Accommodation	14,623	3,210	6,129	831	24,793	22,778
Utilities, materials and supplies	12,593	2,099	8,104	941	23,737	19,303
Furniture and equipment	9,363	1,880	4,869	1,379	17,491	15,320
Communications	6,566	1,395	2,873	438	11,272	8,947
Repairs	7,030	1,252	2,919	455	11,656	8,649
Equipment rentals	1,011	222	1,049	60	2,342	1,983
Information	2,498	649	1,395	150	4,692	1,746
Loss (gain) on disposal of assets	18	4	7	-	29	(43)
Miscellaneous	234	174	245	35	688	1,439
Total operating expenses	433,085	95,860	180,987	24,840	734,772	663,634
Transfer payments						
Compensation payments (Note 7)	-	-	3,754	-	3,754	9,478
Other	456	-	476	-	932	18
Total transfer payments	456	-	4,230	-	4,686	9,496
Total Expenses	433,541	95,860	185,217	24,840	739,458	673,130
Net Cost of Operations	$400,320	$77,618	$179,114	$24,840	$681,892	$614,484

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

CANADIAN FOOD INSPECTION AGENCY

Statement of Equity of Canada

Year ended March 31
(In thousands of dollars)

	2007	2006
Equity of Canada, beginning of year	$ 96,203	$ 59,667
Net cost of operations	(681,892)	(614,484)
Net cash provided by Government of Canada	612,929	560,662
Change in due from the Consolidated Revenue Fund	7,281	27,004
Services received without charge from other government departments (Note 10)	56,039	63,354
Assets funded by other government departments	535	-
Equity of Canada, end of year	$ 91,095	$ 96,203

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

CANADIAN FOOD INSPECTION AGENCY

Statement of Cash Flow

Year ended March 31
(In thousands of dollars)

	2007	2006
Operating activities:		
Cash received from:		
Fees, permits and certificates	$ (58,253)	$ (60,710)
Cash paid for:		
Salaries and employee benefits	464,359	422,917
Operating and maintenance	170,811	152,968
Transfer payments	4,582	12,123
Cash used by operating activities	581,499	527,298
Capital investment activities:		
Acquisition of tangible capital assets	31,925	33,689
Proceeds from disposal of assets	(495)	(325)
Cash used by capital investment activities	31,430	33,364
Net cash provided by Government of Canada	$ 612,929	$ 560,662

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

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2007

1. Authority and Purposes

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

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

The mandate of the Agency is to enhance the effectiveness and efficiency of federal inspection and related services for food, animals and plants. The objectives of the Agency are to contribute to a safe food supply and accurate product information; to contribute to the continuing health of animals and plants; and to facilitate trade in food, animals, plants, and related products.

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

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

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

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

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

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

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

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

Operating and capital expenditures are funded by the Government of Canada through budgetary lapsing authorities. Compensation payments under the *Health of Animals Act* and the *Plant Protection Act* and employee benefits are authorized by separate statutory authorities. Revenues received through the conduct of its operations are deposited to the Consolidated Revenue Fund and are available for use by the Agency.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2007

2. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General which are consistent with Canadian generally accepted accounting principles for the public sector as required under Section 31 of the *Canadian Food Inspection Agency Act.*

Significant accounting policies are as follows:

(a) Parliamentary appropriations

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

(b) Net cash provided by Government of Canada

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

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

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

(d) Revenues

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

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

(e) Expenses

Expenses are recorded on the accrual basis:

- Grants are recognized in the year in which the conditions for payment are met. In the case of grants which do not form part of an existing program, the expense is recognized when the Government announces a decision to make a non-recurring transfer, provided

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2007

the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.

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

(f) Employee future benefits

(i) Pension benefits:

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

(ii) Severance benefits:

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

(iii) Other future benefit plans:

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

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

(g) Accounts receivable and advances

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

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2007

(h) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(i) Environmental liabilities

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

(j) Inventories

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

(k) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of $10,000 ($3,000 for computer equipment and software) or more are recorded at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

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

(l) Measurement uncertainty

The preparation of these financial statements in accordance with Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

Year ended March 31, 2007

of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities (include environmental liabilities, claims and litigation), the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Appropriations

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

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

(in thousands of dollars)	2007	2006
Net cost of operations	$681,892	$614,484
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (less):		
Services received without charge from other government departments	(56,039)	(63,354)
Amortization of tangible capital assets	(22,301)	(21,049)
Revenue not available for spending	412	462
Net changes in future funding requirements	(14,524)	24,178
Non tangible capital assets funded by other government departments	(219)	-
Gain (loss) on disposal of tangible capital assets	(29)	43
	(92,700)	(59,720)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Add (less):		
Acquisition of tangible capital assets	31,925	33,689
Proceeds from disposal of assets	(495)	(325)
	31,430	33,364
Current year appropriations used	$620,622	$588,128

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(b) Appropriations provided and used:

(in thousands of dollars)	2007	2006
Vote 30 - Operating expenditures	$564,783	$522,995
Vote 35 - Capital expenditures	28,144	18,621
Statutory contributions to employee benefits plans and compensation payments	69,045	80,634
Less:		
Appropriations available for future years	(328)	(57)
Lapsed appropriation – operating	(34,264)	(32,875)
Lapsed appropriation – capital	(6,758)	(1,190)
Current year appropriations used	$620,622	$588,128

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

(in thousands of dollars)	2007	2006
Net cash provided by Government of Canada	$612,929	$560,662
Revenue not available for spending	412	462
Change in due from the Consolidated Revenue Fund		
Variation in accounts receivable and advances	(9,444)	8,403
Variation in accounts payables and accrued liabilities	20,808	(14,227)
Variation in deferred revenue	595	236
Other adjustments	(4,678)	32,592
	7,281	27,004
Current year appropriations used	$620,622	$588,128

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4. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

(in thousands of dollars)	2007	2006
Receivables from other government departments and agencies	$11,882	$2,744
Receivables from external parties	6,540	6,274
Employee advances	188	193
	18,610	9,211
Less:		
Allowance for doubtful accounts on external receivables	(450)	(495)
Total	$18,160	$8,716

5. Tangible Capital Assets

(in thousands of dollars)

	Cost				Accumulated amortization					
Capital asset class	Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance	2007 Net book value	2006 Net book value
Land	$3,331	$ -	$ -	$3,331	$ -	$ -	$ -	$ -	$3,331	$3,331
Buildings	250,339	1,523	-	251,862	141,390	8,839	-	150,229	101,633	108,949
Machinery and equipment	66,604	12,857	3,288	76,173	26,532	3,805	2,435	27,902	48,271	40,072
Computer equipment and software	41,174	4,154	955	44,373	31,323	4,410	931	34,802	9,571	9,851
Vehicles	33,304	7,659	3,667	37,296	13,482	4,092	3,593	13,981	23,315	19,822
Assets under construction	7,574	6,360	1,828	12,106	-	-	-	-	12,106	7,574
Leasehold improvements	8,313	1,943	-	10,256	5,063	1,155	-	6,218	4,038	3,250
	$410,639	$34,496	$9,738	$435,397	$217,790	$22,301	$6,959	$233,132	$202,265	$192,849

Amortization expense for the year ended March 31, 2007 is $22,301 (2006 - $21,049).

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6. Employee Benefits

(a) Pension benefits:

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

Both the employees and the Agency contribute to the cost of the Plan. In 2006-2007, the Agency contributed $47,948,000 (2006 - $52,699,000), which represents approximately 2.45 times (2006 – 2.6 times) the contributions by employees.

The Agency's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

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

(in thousands of dollars)	2007	2006
Accrued benefit obligation, beginning of year	$75,447	$67,145
Expense for the year	14,806	14,771
Benefits paid during the year	(6,689)	(6,469)
Accrued benefit obligation, end of year	$83,564	$75,447

7. Compensation Payments

The *Health of Animals Act* and the *Plant Protection Act* allow for the Minister, via the Agency, to compensate owners of animals and plants destroyed pursuant to the Acts. During the year, compensation payments incurred pursuant to these two Acts totaled $3,754,000 (2006 - $9,478,000). These payments pertained to the following diseases:

(in thousands of dollars)	2007	2006
Avian Influenza	$738	$1,573
Emerald Ash Borer	661	1,790
Potato Cyst Nematode	453	-
Plum Pox Virus	210	2,139
Scrapie	63	552
Bovine Tuberculosis	56	2,706
Other	1,573	718
	$3,754	$9,478

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8. Contingent Liabilities

(a) Contaminated sites

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites where the Agency is obligated or likely to be obligated to incur such costs. During the year, the Agency has undergone decontamination for the two sites identified in prior years. There are no other known sites identified where such action is possible. The Agency's ongoing effort to assess contaminated sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These liabilities will be accrued by the Agency in the year in which they become known.

(b) Claims and litigation

Claims have been made against the Agency in the normal course of operations, including grievances made by employees that are outstanding at year-end and class action suits against the Agency and other defendants related to bovine spongiform encephalopathy (BSE) for which the amounts claimed have not been specified. Claims totaling approximately $360 million (2006 - $340 million) were still pending at March 31, 2007. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements.

9. Contractual Obligations

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

(in thousands of dollars)	2008	2009	2010	2011	2012 and thereafter	Total
Capital projects	$3,779	$128	$ -	$ -	$ -	$3,907
Operating leases	78	225	15	13	307	638
Transfer payments	856	109	-	-	-	965
Other agreements	3,890	1,502	479	458	289	6,618
Total	$8,603	$1,964	$494	$471	$596	$12,128

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10. Related Party Transactions

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

a) Services provided without charge from other government departments:

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

(in thousands of dollars)	2007	2006
Accommodation	$24,052	$22,638
Employer's contribution to the health and dental insurance plans	27,458	31,111
Legal services	4,354	9,410
Audit services	175	195
	$56,039	$63,354

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

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

(in thousands of dollars)	2007	2006
Accounts receivable from other government departments and agencies	$11,882	$2,744
Accounts payable to other government departments and agencies	6,902	8,149

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements

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11. Comparative Information

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

12. Subsequent Event

On June 22, 2007, the Agency and the Public Service Alliance of Canada (PSAC) announced that, following careful consideration and evaluation, the Agency will proceed with the results of a classification decision covering work descriptions mediated with the assistance of the Public Service Labour Relations Board (PSLRB) and affecting CFIA employees in front-line inspection. The implementation of these decisions is a complex process and will require a significant amount of work. The management and the union are working cooperatively on an implementation strategy, which will include timeframes. The estimated cost for this classification decision is $32 million. This estimate is included in the amount for claims pending at March 31, 2007 as presented in Note 8 - Contingent Liabilities. The Agency will record the actual expense in year 2007-2008, the year that the Agency became bound to make the payments.

4. OTHER ITEMS OF INTEREST

4.1 Details of Summary of Performance Results and Spending

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

Table 4.1.1a — Breakdown of the Individual Targets and Associated Performance Results

		TARGETS		RESULTS Opportunity for Improvement (X) or Met (√) or Exceeded (√+)	
Targeted Performance		**2005–06**	**2006–07**	**2005–06**	**2006–07**
Benefits to Canadians:	Public Health				
CFIA's Contribution:	Protecting Canadians from preventable health risks related to food safety or the transmission of animal diseases to humans				
CFIA's Ongoing Priority:	Effective response to threats to human health				
Program Activity:	Food safety and public health				
Program Sub-Activity:	Managing food safety risks				
Expected Result:	*Food leaving federally registered establishments for inter-provincial and export trade or being imported into Canada is safe and wholesome*				
Federally registered food establishment compliance — Meat		None	≥98%	87%	99% √
Federally registered food establishment compliance — Fish and seafood		≥99%	≥99%	99% √	>99% √
Federally registered food establishment compliance — Processed products		≥98%	≥98%	97% √	96% X
Federally registered food establishment compliance — Shell egg		≥99%	≥99%	98% √	99% √
Federally registered food establishment compliance — Dairy		≥99%	≥99%	86% X	97% X
Chemical residue testing compliance — Meat		≥95%	≥95%	96% √	97% √
Chemical residue testing compliance — Fish and seafood		≥95%	≥95%	98% √	96% √
Chemical residue testing compliance — Fresh fruits and vegetables		≥95%	≥95%	99% √	97% √
Chemical residue testing compliance — Processed products		≥95%	≥95%	99% √	100% √
Chemical residue testing compliance — Honey		≥95%	≥95%	94% √	92% X
Chemical residue testing compliance — Shell egg		≥95%	≥95%	93% X	87% X
Chemical residue testing compliance — Dairy		≥95%	≥95%	99% √	99% √
Expected Result:	*Food safety recalls and incidents are contained in a timely and appropriate manner*				
Timeliness of public food recall warnings		100%	100%	100% √	100% √
Expected Result:	*Food safety incidents in non-federally registered facilities and food products produced in them are addressed*				
Extent to which inspection projects are developed to address major health risks identified through the science committees		None	≥90%	None	94% √
Program Sub-Activity:	Controlling the transmission of animal diseases to humans				

Table 4.1.1a — Breakdown of the Individual Targets and Associated Performance Results *(continued)*

		TARGETS		RESULTS Opportunity for Improvement (X) or Met (√) or Exceeded (√+)	
Targeted Performance		**2005–06**	**2006–07**	**2005–06**	**2006–07**
Expected Result:	*Animal diseases that are transmissible to humans are effectively controlled within animal populations*				
Level of sampling, as compared with OIE standards		≥30,000	≥30,000	57,768 √	55,420 √
Compliance with cattle tagging regulations		≥97%	≥97%	99% √	>99% √
Compliance with SRM removal regulations in federally registered plants		≥97%	≥97%	97% √	97% √
Number of new cases (if any) of BSE outside accepted BSE risk parameters		0	0	0 √	0 √
Benefits to Canadians:	Economic Growth				
CFIA's Contributions:	Protecting consumers through a fair and effective food, animal and plant regulatory regime that supports competitive domestic and international markets				
CFIA's Ongoing Priority:	Modernizing the regulatory system to address new demands and challenges				
Program Activity:	Science and regulation				
Program Sub-Activity:	Protecting consumers and the marketplace from unfair practices				
Expected Result:	*Deceptive and unfair market practices are deterred*				
Compliance with quality standard for non-pedigreed seed		≥85%	≥85%	86% √	88% √
Compliance with quality standard for pedigreed seed		≥95%	≥95%	92% X	93% X
Compliance with varietal purity standards for seed		≥99%	≥99%	99% √	98% √*
Compliance of seed establishments and private labs with federal requirements		None	≥95%	None	99% √
Program Sub-Activity:	Certifying exports				
Expected Result:	*Other governments' import requirements are met*				
Requirements of importing countries met — Meat		≥99%	≥99%	99% √	>99% √
Requirements of importing countries met — Fish and seafood		≥99%	≥99%	99% √	98% √
Requirements of importing countries met — Egg		≥99%	≥99%	99% √	>99% √
Requirements of importing countries met — Dairy		≥99%	≥99%	None	None

Table 4.1.1a — Breakdown of the Individual Targets and Associated Performance Results *(continued)*

Targeted Performance	TARGETS 2005–06	TARGETS 2006–07	RESULTS Opportunity for Improvement (X) or Met (√) or Exceeded (√+) 2005–06	RESULTS Opportunity for Improvement (X) or Met (√) or Exceeded (√+) 2006–07
Benefits to Canadians: Environmental Protection				
CFIA's Contributions: Sustaining the plant and animal resource base				
CFIA's Ongoing Priority: Effective protection of the environment and plant resource base				
CFIA's New priority: Development and implementation of a Pan-Canadian Animal Health Strategy				
Program Activity: Animal and plant resource protection				
Program Sub-Activity: Protecting Canada's crops and forests				
Expected Result: *Entry and domestic spread of regulated plant diseases and pests are controlled*				
Number of new regulated plant diseases or pests introduced into Canada through regulated pathways (if any)	None	None	4 X	2 X
Increase (if any) in size of regulated areas for plant diseases/pests attributable to human activity	No increase	No increase	Some increase √	Some increase √
Number of pest surveys that are completed as per workplan	100%	100%	100% √	100% √
Expected Result: *Industry complies with federal acts and regulations concerning Canada's crops and forests*				
Fertilizers and supplement (non-biotechnology) — compliance with efficacy standard	≥95%	≥95%	82% X	78% X
Fertilizer and supplement — compliance with safety standards (heavy metal, pathogen, and pesticide contamination)	≥95%	≥95%	96% √	95% √
Program Sub-Activity: Protecting Canada's livestock and aquatic animals				
Expected Result: *Entry and domestic spread of regulated animal diseases are controlled*				
Number of new regulated animal diseases introduced into Canada through regulated pathways (if any)	None	None	None √	None √
Increase (if any) in proportion of domestic animals infected with a regulated animal disease in Canadian herds or flocks	No increase	No increase	Some increase X	Some increase X
Expected Result: *Industry complies with federal acts and regulations for livestock*				
Extent to which feed mills are compliant with the Feed Ban (without major deviations)	≥95%	≥95%	96% √	94% √*
Extent to which feed mills are compliant with the *Feeds Act* including the Feed Ban (without major deviations)	N/A	96%	N/A	82% X
Extent to which feed renderers are compliant with the Feed Ban (without major deviations)	≥93%	≥93%	93% √	100% √
Extent to which feed renderers are compliant with the *Feeds Act* including the Feed Ban (without major deviations)	N/A	93%	N/A	100% √

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

Table 4.1.1a — Breakdown of the Individual Targets and Associated Performance Results *(continued)*

	TARGETS		RESULTS Opportunity for Improvement (X) or Met (√) or Exceeded (√+)	
Targeted Performance	**2005–06**	**2006–07**	**2005–06**	**2006–07**
Program Sub-Activity: Assessing agricultural products				
Expected Result: *Agricultural products met the requirements of federal acts and regulations*				
Novel fertilizer and supplement testing — compliance with efficacy and safety standards (biotechnology)	≥95%	≥95%	92% X	96% √
Compliance of confined field trials for plants with novel traits (PNTs)	≥90%	≥90%	94% √	94% √
Benefits to Canadians: Public Security				
CFIA's Contributions: Promoting the security of Canada's food supply and agricultural resource base				
CFIA's Ongoing Priority: Effective response to threats to human health				
Program Activity: Public security				
Program Sub-Activity: Preparing for emergencies				
Expected Result: *The Agency is in a state of readiness for an effective, rapid response to emergencies*				
Implementation percentage of Public Safety Canada's (PSC) National Emergency Response System (NERS)	Full	Full	Partial X	Full √
Program Sub-Activity: Enhancing capacity to respond to emergencies				
Expected Result: *The Agency has the capacity to respond to emergencies*				
Implementation percentage of aspects of Public Safety Canada's National Emergency Response System	None	Full	None	Full √

Table 4.1.1b — Breakdown of Spending by Program Sub-Activities

Program Sub-Activities	FY 2005–06 Planned Spending ($ millions)	FY 2005–06 Actual Spending ($ millions)	FY 2006–07 Planned Spending ($ millions)	FY 2006–07 Actual Spending ($ millions)
CFIA's Contribution: Protecting Canadians from preventable health risks related to food safety or the transmission of animal diseases to humans ***Program Activity:*** Food safety and public health				
Managing food safety risks	234.8	272.2	283.2	284.0
Controlling the transmission of animal diseases to humans	63.8	69.3	70.3	95.6
CFIA's Contributions: Protecting consumers through a fair and effective food, animal and plant regulatory regime that supports competitive domestic and international markets ***Program Activity:*** Science and regulation				
Promoting science-based regulations	47.6	13.2	51.0	16.8
Maintaining an effective regulatory framework	6.3	19.0	7.0	23.8
Protecting consumers and the marketplace from unfair practices	12.7	18.1	14.0	16.7
Certifying exports	44.7	32.1	47.6	19.8
CFIA's Contributions: Sustaining the plant and animal resource base ***Program Activity:*** Animal and plant resource protection				
Protecting Canada's crops and forests	35.6	57.6	41.6	65.2
Protecting Canada's livestock and aquatic animals	52.9	71.1	53.3	63.1
Assessing agricultural products	11.2	10.3	11.8	11.8
CFIA's Contributions: Promoting the security of Canada's food supply and agricultural resource base ***Program Activity:*** Public security				
Preparing for emergencies	1.6	4.4	32.9	1.2
Enhancing capacity to respond to emergencies	24.0	20.8	24.9	22.6

4.2 Notes on Reporting Against the 2006–07 *Report on Plans and Priorities*

As discussed in Section 2.1 — How the Agency Plans and Reports — the Agency is required to report on its performance against the 2006–07 *Report on Plans and Priorities* (RPP). The 2006–07 *Performance Report* has also been structured to reflect the Agency's performance over the reporting year in the most accurate manner possible. While more effort has been placed on providing a clear link between the *Report on Plans and Priorities* and the *Performance Report*, discrepancies may exist between the two documents. Continued improvements on linking between Plans and Performance will continue over future reporting periods.

Reporting by Strategic Outcome: The complexity of the CFIA's business demands that the CFIA engage in a number of ongoing activities that contribute to the achievement of expected results (as outlined in the RPP). The *Performance Report* reflects the Strategic Outcomes, program activities, program sub-activities and expected results around which the RPP is structured. In this sense, there is a linear correlation between the RPP and the *Performance Report*.

Reporting on Special Initiatives: As discussed in Section 1.3, the Agency's 2006–07 *Report on Plans and Priorities* reports on its key risks and challenges and sets out a plan to address these issues, namely through the work of Special Initiatives. As these are longer term in nature and do not immediately support the ongoing activities of the Agency, Special Initiatives are reported on separately in Section 3.1.

Reporting on Regulatory Research: Regulatory Research is an integral part of the CFIA's work and is reflected throughout all of the Strategic Outcomes. In order to highlight the CFIA's important contribution to Regulatory Research, the CFIA's performance has been highlighted in Section 3.3.

Sound Agency Management: The RPP presents its plan for sound agency management in Section 3.4. The CFIA places a high priority on management excellence. Excellent management is a cornerstone to the CFIA's ability to fulfill its mandate.

4.3 Acronyms

AAFC	Agriculture and Agri-Food Canada
AI	Avian Influenza
AP	Adventitious presence
APF	Agricultural Policy Framework
BCP	Business Continuity Planning Program
BSE	Bovine spongiform encephalopathy
CBRN	Chemical, Biological, Radiological and Nuclear
CBSA	Canada Border Services Agency
CCIA	Canadian Cattle Identification Agency
CFIA	Canadian Food Inspection Agency
CFS	Canadian Forest Service
CGC	Canadian Grain Commission
CODEX	Codex Alimentarius Commission
CRSB	Canadian Regulatory System for Biotechnology
CRTI	Chemical, Biological, Radiological and Radio-Nuclear Research and Technology Initiative
CSGA	Canadian Seed Growers Association
CVMA	Canadian Veterinary Medical Association
CWD	Chronic Wasting Disease
CWS	Canadian Wildlife Service

DFO	Fisheries and Oceans Canada
EC	Environment Canada
EU	European Union
F/P/T	Federal/Provincial/Territorial
FAA	*Federal Accountability Act*
FAD	Foreign Animal Disease
FADES	Foreign Animal Disease Emergency Support
FF&V	Fresh fruits and vegetables
FTEs	Full-time equivalents
HACCP	Hazard Analysis Critical Control Point
HC	Health Canada
HR	Human Resources
IAS	Invasive Alien Species
IC	Industry Canada
IM/IT	Information Management/ Information Technology
LTCP	Long-term Capital Plan
MAF	Management Accountability Framework
MOU	Memorandum of Understanding
MRRS	Management, Resources and Results Structure
NAAHP	National Aquatic Animal Health Program
NCE	Network of Centres of Excellence
NERS	National Emergency Response System
NPCSC	National Procurement and Contracting Services
NRCAN	Natural Resources Canada
OFFS	On-Farm Food Safety
OIE	World Organisation for Animal Health
OTF	Organic Production System Task Force
PAA	Program Activity Architecture
PHAC	Public Health Agency of Canada
PMF	Performance Management Framework
PNTs	Plants with novel traits
PSAT	Public Security and Anti-Terrorism
PSC	Public Safety Canada
QA	Quality Assurance
RPP	*Report on Plans and Priorities*
SARS	Severe Acute Respiratory Syndrome
SOP	Standard Operating Procedure
SPP	Security and Prosperity Partnership of North America
SPS	Sanitary and Phytosanitary
SRM	Specified risk material
S&T	Science and technology
TBS	Treasury Board Secretariat
TSEs	Transmissible spongiform encephalopathies
WTO	World Trade Organization

4.4 Web Links

Canadian Food Inspection Agency	www.inspection.gc.ca
Animals	www.inspection.gc.ca/english/anima/animae.shtml
Avian Influenza	www.inspection.gc.ca/english/anima/heasan/disemala/avflu/avflue.shtml
Regulating agricultural biotechnology	www.inspection.gc.ca/english/sci/biotech/bioteche.shtml
Bovine spongiform encephalopathy (BSE)	www.inspection.gc.ca/english/anima/heasan/disemala/bseesb/bseesbfse.shtml
Corporate Business Plan	www.inspection.gc.ca/english/corpaffr/busplan/2003-2008/indexe.shtml
Livestock feeds	www.inspection.gc.ca/english/anima/feebet/feebete.shtml
Food recalls and allergy alerts	www.inspection.gc.ca/english/corpaffr/recarapp/recaltoce.shtml
Food	www.inspection.gc.ca/english/fssa/fssae.shtml
Food Safety Web Wheel	www.inspection.gc.ca/english/corpaffr/educ/gamejeu/wheeroue.shtml
Invasive Alien Species	www.inspection.gc.ca/english/plaveg/invenv/invenve.shtml
Aquatic animals	www.inspection.gc.ca/english/anima/aqua/aquae.shtml
Plants	www.inspection.gc.ca/english/plaveg/plavege.shtml
Prosecution bulletins	www.inspection.gc.ca/english/corpaffr/projud/projude.shtml
Rabies	www.inspection.gc.ca/english/anima/heasan/disemala/rabrag/rabrage.shtml