GROWING FORWARD:
A FEDERAL - PROVINCIAL - TERRITORIAL
FRAMEWORK AGREEMENT ON AGRICULTURE, AGRI-FOOD AND AGRI-BASED PRODUCTS POLICY

BETWEEN THE GOVERNMENTS OF:

CANADA, as represented by the Minister of Agriculture and Agri-Food;

- and -

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

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

NOVA SCOTIA, as represented by the Minister of Agriculture;

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

QUEBEC, as represented by the Minister of Agriculture, Fisheries and Food and the Minister responsible for Canadian Intergovernmental Affairs, Aboriginal Affairs, Francophones within Canada, the Reform of Democratic Institutions and Access to Information;

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

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

SASKATCHEWAN, as represented by the Minister of Agriculture;

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

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

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

NORTHWEST TERRITORIES, as represented by the Minister of Industry, Tourism and Investment; and

NUNAVUT, as represented by the Minister of Economic Development and Transportation.

Explanatory Note

(This note is for reference only and does not form part of the agreement)

This agreement replaces the APF Framework Agreement (which covered the 2003 – 2008 time period), as well as those parts of the bilateral “Implementation Agreements” which were essentially multilateral in nature.

Part IA of the agreement sets out the shared policy agenda of the Parties.

Part IB sets out certain framework provisions for the agreement.

Part IIA sets up federal and provincial/territorial funding targets, a bilateral process to identify the programs for which funding will be counted against the targets, and certain requirements surrounding the administration of those programs.

Part IIB lists federal initiatives which have multilateral approval to be counted against the spending targets, and specifies certain funding options for each. Other initiatives can be included in bilateral arrangements, with notice to the other parties to this agreement.

Part IIC lists federal initiatives which contribute to policy objectives set out in Part IA, but which will not be counted against the spending targets.

Part III describes several Business Risk Management programs, makes certain amendments to the AgriStability / AgriInvest (formerly NISA) agreement as well as the AgriInsurance (formerly Production Insurance) agreement, and provides for the consolidation of those agreements.

Annex A is a consolidation of the existing agreement respecting AgriStability and AgriInvest, taking into account the various amendments that have already been made, as well as making certain further amendments.

Annex B is a consolidation of the existing Production Insurance agreement (renaming it AgriInsurance), taking into account the various amendments that have already been made, and making certain further amendments.

Annex C provides a more detailed description of AgriRecovery, mentioned in Part III.

Table of Contents

1 PURPOSE 11

2 DEFINITIONS 11

PART IA: POLICY 13

3 VISION 13

4 PRINCIPLES 13

5 POLICY DIRECTION 13
- 5.1 A Competitive and Innovative Sector 13
  - 5.1.1 Accelerate the pace of innovation and facilitate the adoption of new technologies 14
  - 5.1.2 Enable Competitive Enterprises and Sectors 14
  - 5.1.3 Transform Canada's Strengths into Domestic and Global Success 14
- 5.2 A Sector that Contributes to Society's Priorities 14
  - 5.2.1 Enhance the Safety and Security of Canada's Food System 14
  - 5.2.2 Promote Environmentally Responsible Agriculture 15
  - 5.2.3 Help the sector to meet consumer demands for Health and Wellness 15
- 5.3 A Sector that is Proactive in Managing Risks 15
  - 5.3.1 Minimize the Occurrence and Extent of Risk Incidents 15
  - 5.3.2 Managing Business Risk 15

PART IB: FRAMEWORK 17

6 AUDIT, EVALUATION, REPORTING 17
- 6.1 Principles 17
- 6.3 Consistent Performance Measurement and Financial Approaches 17
- 6.4 Access to Documentation 17
- 6.5 Application of Privacy Legislation 17
- 6.6 International Reporting Requirements 17

7 COMMUNICATIONS 17
- 7.1 Coordination 17
- 7.2 Identity 17
- 7.3 Language 17

8 GOVERNANCE 18
- 8.1 Annual Meeting 18
- 8.2 Special Meetings 18
- 8.3 Advisory Committees and Working Groups 18

9 AGREEMENT MANAGEMENT 18
- 9.1 Coming into Effect 18
- 9.3 Amendment 18
- 9.6 Withdrawal 18
- 9.7 Termination 18
- 9.8 Appropriations 18

PART IIA: SPENDING 19

10 FUNDING 19
- 10.1 Base Funding Target 19
- 10.2 Annual Targets 19
- 10.3 Qualified Spending 19
- 10.4 Adjustments based on Actual Qualified Spending 19
- 10.9 Establishing Actual Qualified Spending 20
- 10.12 Assigning Canada's Qualified Spending to Provinces and Territories 20

11 BILATERAL AGREEMENTS 20
- 11.1 Bilateral Agreements 20
- 11.2 Proportionate Spending 21
- 11.3 Scope of Designated Programs 21
- 11.4 Mutual Consent to Designated Programs 21

11.5 Transition ... 22
11.7 Funding Arrangements ... 22
11.10 Transparency ... 22
11.12 Amendments ... 22

12 PROGRAM DELIVERY ... 22
12.1 Obligations when engaging Third-Party Administrators ... 22
12.2 Definition of "Counterpart" ... 22
12.4 Obligations in relation to Designated Programs ... 23
12.5 Accountability ... 23

SCHEDULE 1 TO PART IIA: FUNDING LEVELS ... 24

PART IIB: INITIATIVES ... 25

13 A COMPETITIVE AND INNOVATIVE SECTOR ... 25
13.1 Accelerate the pace of innovation and facilitate the adoption of new technologies ... 25
13.1.1 Innovation Fora ... 25
13.1.2 Promoting Agri-Based Innovation Investment Opportunities ... 25
13.1.3 Science Clusters ... 25
13.1.4 Innovation Commercialization Centres ... 25
13.1.5 Science to Support Commercialization of New Agri-Based Products ... 26
13.1.6 Supporting the Innovative Capacity of Farmers ... 26
13.2 Enable Competitive Enterprises and Sectors ... 26
13.2.1 Farm Program Entry and Navigation Platform (FPENP) ... 26
13.2.2 Business Development ... 26
13.3 Transform Canada's Strengths into Domestic and Global Success ... 27
13.3.1 Brand Canada International ... 27
13.3.2 Market Information and Export Capacity Building ... 27

14 A SECTOR THAT CONTRIBUTES TO SOCIETY'S PRIORITIES ... 28
14.1 Enhance the Safety and Security of Canada's Food System ... 28
14.1.1 Food Safety Systems Development ... 28
14.1.2 Food Safety System Recognition ... 28
14.1.3 Food Safety System Implementation ... 28
14.2 Promote Environmentally Responsible Agriculture ... 29
14.2.1 Watershed Evaluation of Beneficial Management Practices (WEBs) II ... 29
14.2.2 Supporting On-Farm Sustainable Agricultural Practices ... 29

15 A SECTOR THAT IS PROACTIVE IN MANAGING RISKS ... 30
15.1 Minimize the Occurrence and Extent of Risk Incidents ... 30
15.1.1 Developing National Biosecurity Systems ... 30
15.1.2 Developing National Traceability Systems ... 30

PART IIC: FEDERAL-ONLY INITIATIVES ... 33

16 A COMPETITIVE AND INNOVATIVE SECTOR ... 33
16.1 Accelerate the pace of innovation and facilitate the adoption of new technologies ... 33
16.1.1 Canadian Agri-Innovation Council ... 33
16.1.2 Bioeconomy Strategy ... 33
16.2 Enable Competitive Sectors and Enterprises ... 33
16.2.1 Health Claims and Novel Food Ingredients ... 33
16.2.2 Minor Use Pesticides ... 33
16.2.3 Veterinary Drugs ... 33
16.2.4 Support for National Organizations ... 33
16.2.5 Enabling Research for Competitive Agriculture ... 33
16.3 Transform Canada's Strengths into Domestic and Global Success ... 34
16.3.1 Domestic Branding ... 34
16.3.2 Enhancing Value Chain Roundtables (VCRTs) ... 34
16.3.3 Canadian Agriculture and Food International Program ... 34

17 A SECTOR THAT CONTRIBUTES TO SOCIETY'S PRIORITIES ... 34
17.1 Promote Environmentally Responsible Agriculture ... 34
17.1.1 Agri-Environmental Science ... 34
17.1.2 National Land and Water Information Service (NLWIS) ... 34
17.1.3 Supporting On-Farm Sustainable Agricultural Practices: Technical Assistance ... 34
17.1.4 Supporting On-Farm Sustainable Agricultural Practices: Federal Priority Beneficial Management Practices (BMPs) ... 35
17.1.5 Environmental Performance Measurement and Reporting ... 35

18 A SECTOR THAT IS PROACTIVE IN MANAGING RISKS 35
18.1 Minimize the Occurrence and Extent of Risk Incidents..... 35
18.1.1 National Animal and Plant Biosecurity Strategy 35
18.1.2 Animal and Plant Scientific Research and Technology Program 35

PART III: BUSINESS RISK MANAGEMENT 37

19 ACTIVITIES 37
19.1 BRM Suite 37
19.2 Supply Management 37
19.3 AgriStability 37
19.4 AgriInvest 37
19.5 AgriInsurance 37
19.6 AgriRecovery 37

20 AGRIINSURANCE..... 37
20.1 Startup Costs..... 37
20.2 Reinsurance 37
20.3 Additional Benefits 37

21 CONSOLIDATION OF EXISTING AGREEMENTS..... 38
21.1 Production Insurance Amendment..... 38
21.2 AgriStability and AgriInvest Amendment..... 38
21.3 Termination and Amendment..... 38

22 PERFORMANCE INDICATORS 38

23 RISK MANAGEMENT PROGRAMMING PRINCIPLES..... 38
23.1 General Principles..... 38
23.2 Principles applicable to Production Insurance 39

ANNEX A: AGRISTABILITY AND AGRIINVEST 41

1 DEFINITIONS..... 43

2 PARTICIPANT ELIGIBILITY..... 44
2.1 Eligibility Rules 44
2.3 Publicly-funded institutions..... 44
2.4 Estates of Deceased Participants 44
2.5 Partnerships 44
2.6 Separate Participation in AgriStability and AgriInvest..... 44

3 AGRISTABILITY 45
3.2 Annual Requirements..... 45
3.3 Producer Contribution 45
3.5 Stabilization Component Payments 45
3.6 Disaster Component Payments 45
3.7 Source of Payments..... 46
3.8 Supply-Managed Commodities..... 46
3.9 Determining Producer Contribution..... 46
3.10 No Withdrawal of Producer Contributions..... 46
3.11 Determining triggered payment..... 46
3.12 Fund 2 Payments 46
3.13 Interim Payments 46
3.14 Structure Change 46
3.15 Accrual Adjustments 46
3.16 Reference Margin..... 47
3.17 Combining 47
3.19 Account Adjustment Deadline..... 47
3.20 Transfer of Operation..... 47

4 AGRIINSURANCE PREMIUM ADJUSTMENT 47

5 AGRIINVEST..... 47
5.2 AgriInvest Annual Requirements..... 47
5.4 Determine Maximum Matchable Deposit..... 48

5.5 Matchable Deposits 48
5.6 Matching Deposit 48
5.7 Withdrawals 48
5.8 Maximum Matchable Deposit 48
5.9 Allowable Net Sales 48
5.10 Allowable Net Sales Cap 48
5.11 Maximum Account Balance 49
5.12 Application of Maximum Account Balance 49
5.13 Evasion of Maximum Account Balance or ANS Cap 49
5.14 Mandatory Withdrawal 49
5.15 Fair Market Value 49
5.16 Account Adjustment Deadline 49
5.17 AgriInvest Three Year Review 49
5.18 AgriInvest Interim Review 49

6 ADMINISTRATION 49
6.1 Administering Party 49
6.2 Delegation 49
6.3 Deadlines 50
6.5 AgriStability Annual Cost Share 50
6.7 Program Guidelines 50
6.8 Authorizations and Corrective Adjustments 50
6.9 Accounts 50
6.10 Opt Out 51
6.11 Data Sharing 51
6.12 Forecasting 51
6.13 Overpayments 51
6.14 Set-Off 51
6.15 Mandatory Withdrawals 51
6.16 Review and Appeals 51

7 ACCOUNTS 51
7.1 Fund 1 and Fund 2 51
7.4 Financial Institutions 52

8 FINANCIAL PROVISIONS 52
8.1 Cost Sharing 52
8.2 Cost Volatility Mechanism 52
8.3 Maximum Government Contribution 52
8.4 Invoices 52
8.10 Dispute Resolution 53

9 ADMINISTRATIVE COST-SHARING PRINCIPLES 53
9.1 Definitions 53
9.2 Eligible Administrative Costs 53
9.4 Common or Shared Expenses 54
9.5 Capital Expenditures 54

10 NATIONAL PROGRAM ADVISORY COMMITTEE 55
10.2 Committee Members appointed by Federal Minister 55
10.3 Members appointed by Provinces and Territories 55
10.4 Term of Committee Members 55
10.5 Participation in Programs 55
10.6 Committee Functions 55
10.7 Remuneration 55
10.8 Terms of Reference 55

11 VERIFICATION OF PARTICIPANT DATA 56
11.1 Audit and Verification 56
11.7 False information 56
11.8 Audit and Verification Principles 56

12 COMMUNICATIONS 56
12.2 Announcements 57
12.3 Wordmark 57

12.6 Language of Communication 57

13 REPORTING 57
13.1 Comprehensive Review 57
13.2 Annual Report 57
13.3 Environmental Assessment 57

14 AMENDMENT AND TERMINATION 57
14.1 Termination 57
14.2 Amendment 58
14.3 Other Program Payments 59

ANNEX B: AGRIINSURANCE 61

1 DEFINITIONS 63

2 ELIGIBILITY 64
2.1 Eligible Products 64
2.2 New Agricultural Products and Changes to Insurance Plans 64

3 INSURANCE DEADLINES 64

4 PROBABLE YIELD DETERMINATION 65
4.1 Manner of determining probable yield 65
4.2 Actuarial opinion 65

5 COVERAGE 65
5.1 General 65
5.5 Catastrophic Production Loss Coverage 65
5.7 High-cost Production Coverage 65
5.9 Risk-splitting Benefits 66
5.14 Unbiased Unit Values or Production Values 66
5.15 Coverage Levels above 80 Per Cent 67
5.16 Annual Review of High-cost Production Coverage 67

6 UNIT VALUE AND PRODUCTION VALUE DETERMINATION 67
6.1 Determining unit values or production values 67
6.2 Compliance with regulations 67
6.3 Exceeding actual or replacement value 67

7 LOSS DETERMINATION 67
7.1 Eligible Perils 67
7.2 Determination of losses 67
7.5 Quality Protection 68
7.6 Multiple compensation 68

8 PREMIUM RATE DETERMINATION 68
8.1 Determining premium rates 68
8.2 Actuarial opinion 68

9 NEW AGRICULTURAL PRODUCTS 68

10 WILDLIFE COMPENSATION 68
10.1 Provincial election 68
10.2 Mitigation 68
10.3 Rate of compensation 68
10.5 Conditions for compensation 68
10.6 Limits on livestock losses 69
10.8 Minimum amounts 69
10.9 Form of payment 69

11 PAYMENTS BY CANADA 69
11.1 Payment to province or agent 69
11.2 Payment ratios 69
11.3 Claims for payment 69
11.5 Wildlife Compensation 69
11.6 Administrative Expenses 69

11.10 Negligence 70

12 RESPONSIBILITIES OF THE PROVINCE 70
12.1 Provincial payments 70
12.2 Wildlife Compensation 70
12.3 Administrative Expense Budgets 70
12.4 Requirements of Act, Regulations and Agreement 70
12.5 Insurance Fund Account 70
12.6 Delegation 70
12.8 Procedures for investment of funds 71
12.9 Communications 71

13 PAYMENTS BY INSURED PRODUCERS 72

14 DISPUTE RESOLUTION 72

15 RECORDS AND INFORMATION 72

16 PERFORMANCE MEASURES 72

17 AUDIT MEASURES 72
17.1 Annual audit 72
17.2 Reconciliation 72
17.3 Compliance Audit 73
17.5 Availability of Documents 73

18 ENVIRONMENTAL ASSESSMENT 73

19 RESPONSIBILITIES OF CANADA 73

20 GENERAL PROVISIONS 73
20.1 Laying agreement before Parliament 73
20.2 Conflict 73
20.3 Signing operation document 73

21 AMENDMENTS 73
21.1 Amendments to conform to available funding 73
21.2 Amending Formula 73
21.3 Province-specific Schedules 74

22 WHOLE FARM COVERAGE 74

23 DEFICIT FINANCING 74

24 TERMINATION–GENERAL 74
24.1 Termination 74
24.2 Surpluses and Deficits if no new agreement 74
24.3 Surpluses and deficits if new agreement 74

SCHEDULE 1 TO ANNEX B: ADMINISTRATIVE EXPENSES AND REQUIREMENTS 75

1 DEFINITIONS 75

2 IDENTIFICATION OF EXPENSES 75
2.1 Eligible Administrative Expenses 75
2.2 Other Programs 76
2.3 Capital Expenditures 76
2.4 Employee Costs 76
2.5 Methodology to apportion administrative expenses and revenues 76
2.6 Billings and cost transfers 76
2.7 Costs in dispute 76
2.8 Payroll benefits 76
2.9 Access to records 76

SCHEDULE 2 TO ANNEX B: PROVINCIAL DEFICIT FUNDING (BRITISH COLUMBIA) 77
1 Deficit Funding 77
2 Interest 77

SCHEDULE 3 TO ANNEX B: FEDERAL-PROVINCIAL REINSURANCE (ALBERTA) 78
1 Term 78
2 Provincial Crop Reinsurance Fund 78
3 Federal Crop Reinsurance Fund for the Province 78
4 Reinsurance Premiums 78
5 Self-sustaining 78
6 Cumulative Financial Balance 79
7 Additional Premium 79
9 Interest 79
10 Review by Independent Actuary 79
11 Deficits 79
14 Audited Financial Statements 79

SCHEDULE 4 TO ANNEX B: FEDERAL-PROVINCIAL REINSURANCE (SASKATCHEWAN) 80
1 Term 80
2 Provincial Crop Reinsurance Fund 80
3 Federal Crop Reinsurance Fund for the Province 80
4 Reinsurance Premiums 80
5 Self-sustaining 81
6 Cumulative Financial Balance 81
7 Additional Premium 81
9 Interest 81
10 Review by Independent Actuary 81
11 Deficits 81
14 Audited Financial Statements 82

SCHEDULE 5 TO ANNEX B: FEDERAL-PROVINCIAL REINSURANCE (MANITOBA) 83
1 Term 83
2 Provincial Crop Reinsurance Fund 83
3 Federal Crop Reinsurance Fund for the Province 83
4 Reinsurance Premiums 83
5 Self-sustaining 83
6 Cumulative Financial Balance 84
7 Additional Premium 84
9 Interest 84
10 Review by Independent Actuary 84
11 Deficits 84
14 Audited Financial Statements 84

SCHEDULE 6 TO ANNEX B: PROVINCIAL DEFICIT FUNDING (ONTARIO) 85
1 Deficit Funding 85
2 Interest 85

SCHEDULE 7 TO ANNEX B: PROVINCIAL DEFICIT FUNDING (QUEBEC) 86
1 Deficit Funding 86
2 Interest 86

SCHEDULE 8 TO ANNEX B: FEDERAL-PROVINCIAL REINSURANCE (NEW BRUNSWICK) 87
1 Term 87
2 Provincial Crop Reinsurance Fund 87
3 Federal Crop Reinsurance Fund for the Province 87
4 Reinsurance Premiums 87
5 Self-sustaining 87
6 Cumulative Financial Balance 87
7 Additional Premium 88
9 Interest 88
10 Review by Independent Actuary 88
11 Deficits 88
14 Audited Financial Statements 88

SCHEDULE 9 TO ANNEX B: SINGLE-FUND REINSURANCE (NOVA SCOTIA) 89
1 Term 89
2 Crop Reinsurance Fund of Canada for the Province 89
3 Reinsurance Premiums 89
4 Self-sustaining 89

5 Cumulative Financial Balance 89
6 Additional Premium 89
9 Interest 90
10 Review by Independent Actuary 90
11 Deficits 90
13 Audited Financial Statements 90

SCHEDULE 10 TO ANNEX B: PROVINCIAL DEFICIT FUNDING (PRINCE EDWARD ISLAND) 91
1 Deficit Funding 91
2 Interest 91

SCHEDULE 11 TO ANNEX B: PROVINCIAL DEFICIT FUNDING (NEWFOUNDLAND AND LABRADOR) 92
1 Deficit Funding 92
2 Interest 92

ANNEX C: AGRIRECOVERY 93
1 Description 93
2 Scope 93
5 Principles and Guidelines 93
6 Coverage Guidelines 94
7 Implementation 94
9 Funding 95

WHEREAS the federal, provincial and territorial ministers responsible for agriculture, representing their respective governments, recognize the important economic and social contribution of the agriculture, agri-food, and agri-based products sector to Canada;

AND WHEREAS the responsibility for agriculture is shared between federal, provincial and territorial governments of Canada and the Parties have had a long history of collaboration in working towards a prosperous Canadian agriculture and agri-food sector;

AND WHEREAS the Agricultural Policy Framework (APF), put in place in 2003, was an important step forward in coordinating an integrated, federal/provincial/territorial approach to the sector in terms of policy and program direction;

AND WHEREAS the agriculture, agri-food, and agri-based products sector is facing ever-changing opportunities and challenges in an increasingly-competitive global market, from animal and plant disease outbreaks to a liberalized trading environment and the emergence of low-cost producers;

AND WHEREAS the Parties want to build upon the success of the APF and better focus their efforts to help the sector become more competitive and succeed, in areas such as regulations and innovation, and to recognize the broader context in which agriculture operates, with linkages to such areas as the environment, and health and wellness;

AND WHEREAS on June 29, 2007 at the Annual Meeting of Ministers of Agriculture, the Parties concluded an agreement in principle that sets out the broad parameters of Growing Forward, a new market-based approach that will replace the APF;

AND WHEREAS the Parties recognized the need to further develop Growing Forward, with the goal of defining common objectives and creating solid mechanisms, ensuring the benefits of a common approach while recognizing the need for flexibility in achieving these objectives, and respecting the jurisdiction and responsibilities of each Party;

AND WHEREAS the Parties recognize that a flexible approach in designing and implementing programs, where appropriate, would strengthen the capacity of the sector to achieve the Growing Forward objectives, while responding to the specific needs of each Province or Territory.

NOW THEREFORE the Parties agree to enter into this federal-provincial-territorial framework agreement entitled *Growing Forward*.

1 PURPOSE

1.1 The purpose of the Growing Forward Agreement is to:

1.1.1 set out an integrated, comprehensive and outcome based framework to support a profitable and innovative agriculture, agri-food and agri-based products industry that seizes opportunities in responding to market demands, proactively manages risks, and contributes to the health and well-being of Canadians, while respecting the jurisdiction of each of the Parties and the international obligations of Canada;

1.1.2 identify common goals, potential measures and mechanisms for implementation over the course of the Implementation Period, reflecting the need for provincial and territorial flexibility in approaches to achieving these goals;

1.1.3 establish funding arrangements between the Parties for the Implementation Period; and

1.1.4 provide the basis for bilateral agreements and administrative arrangements setting out details on the objectives, implementing measures and mechanisms for this agreement.

2 DEFINITIONS

2.1 In this agreement, the following words shall have the following meanings:

"Administering Party" means, in relation to a Designated Program, the party who is responsible for the administration of that Designated Program;

"Bilateral Agreement" means an agreement between Canada and a Province or Territory which contains an Activities and Expenditures Plan established under this agreement;

"Designated Program" means a program which is included in an Activities and Expenditures Plan established under this agreement, or which is identified in Part IIB as a program for which federal spending will be attributed under clause 10.12;

"Fiscal Year" means the period between April 1 of a year and March 31 of the following year;

“Implementation Period” means the Fiscal Years from 2008/09 to 2012/13, inclusive, subject to clause 9.2;

“Program Administrator” means, in relation to a Designated Program, the Administering Party for that program, and any third party engaged by the Administering Party (or, in turn, engaged by a Program Administrator) to administer that program;

“Qualified Spending” means the spending of a party to this agreement which counts against the funding commitments made under this agreement.

Part IA: Policy

3 VISION

Our common vision is for a profitable and innovative agriculture, agri-food and agri-based products industry that seizes opportunities in responding to market demands and contributes to the health and well-being of Canadians.

4 PRINCIPLES

In implementing the vision, the Parties will be guided by the following principles:

- All parts of the sector have a role to play in contributing to a profitable agriculture, agri-food and agri-based products sector. Collaboration and partnership are key factors in success.

- Governments (within their respective jurisdictions) and industry each have a role to play in good stewardship of land, water, and resources.

- Policies and programs:
  - will be integrated and work together to achieve common goals, where appropriate;
  - will be consistent with Canada's international trade obligations;
  - will respect the jurisdictional competencies of the Parties;
  - will provide for appropriate provincial-territorial flexibility consistent with national objectives;
  - will be developed in collaboration with producers and other stakeholders;
  - will be transparent, and their delivery streamlined to achieve efficient delivery with the minimum administrative burden possible for participants;
  - will treat producers and other stakeholders equitably across commodities and regions;
  - will contribute to positioning Canada as a leader in developing opportunities at home and abroad and contributing to society's priorities;
  - will encourage consistent success for the sector in the marketplace, through:
    - a business environment that facilitates industry innovation;
    - the continuing adoption of best practices to improve competitiveness; and
    - putting in place measures that will facilitate adaptation to changing market circumstances and that will help producers improve profitability, in a manner that addresses the unique needs of the sector.

In achieving the objectives set out in Part I of this agreement, the Parties will make provision for flexibility in approaches, program design, implementation, and in the management of the agreement, to accommodate provincial/territorial differences, where appropriate.

5 POLICY DIRECTION

The Parties recognize that sustainable profitability must come from the market, within a larger global context that presents both challenges and opportunities. The sector must also work within Canada's international trading rights and obligations. The Parties agree that the focus of an integrated policy framework should be on common goals and mechanisms, while recognizing the need for flexibility in achieving these goals. This outcomes-based approach will lead to greater effectiveness in meeting the needs of the sector.

Within *Growing Forward*, the Parties agree to operate towards three strategic outcomes:

- a competitive and innovative sector,

- a sector that contributes to society's priorities, and

- a sector that is proactive in managing risk.

In doing so, the Parties shall work to ensure that initiatives outlined in bilateral and operational documents are consistent with the following objectives and outcomes. The Parties shall also commit that the initiatives undertaken will meet measurable and relevant targets.

5.1 A Competitive and Innovative Sector

To enable a competitive and innovative sector, the Parties shall work toward the following overarching policy outcomes:

- A business climate that facilitates innovation, an entrepreneurial culture, and provides a more competitive playing field;

- A sector that is better equipped with the information, knowledge and capacities necessary to succeed in an increasingly demanding and complex business environment;

- A sector with a stronger focus on strategic market opportunities built through value chain cooperation and a shared understanding of Canada's strengths;

- A sector that seeks out higher value markets for differentiated products.

Therefore, the Parties agree to institute measures to:

5.1.1 Accelerate the pace of innovation and facilitate the adoption of new technologies

Key outcomes of policy are:

- Appropriate agricultural research capacity, information flow, and infrastructure to contribute to competitive success in domestic and foreign markets;

- Greater creation, adoption, and commercialization of innovative products and processes.

5.1.2 Enable Competitive Enterprises and Sectors

Key outcomes of policy are:

- Increased investment within the agriculture, agri-food and agri-based products sector;

- Development of under-utilized agricultural resources;

- Streamlined, harmonized regulation that facilitates growth and innovation;

- Increased ability throughout the industry to: identify and develop new market opportunities; manage risks and resources proactively; and meet the needs of the marketplace cost-effectively as they evolve;

- Greater ability of industry to anticipate and capture opportunities associated with wide-ranging issues, such as labour, water, sectoral transformation, and health and wellness;

- Strategies for sector renewal and succession;

- A sector with improved collaborative capacity to overcome obstacles and capture opportunities.

5.1.3 Transform Canada's Strengths into Domestic and Global Success

Key outcomes of policy are:

- Expanded access for Canadian agricultural and value-added products in key markets;

- Increased industry capacity to exploit expanded market access.

5.2 A Sector that Contributes to Society's Priorities

To enhance sector capabilities in meeting market demands that reflect society's priorities relating to food safety, environmental stewardship and health and wellness, the Parties shall work toward the following overarching policy outcomes. Specifically this includes:

- The tools and capabilities to meet demands for enhanced food safety;

- The capacity to meet the need for strong environmental stewardship and to deliver ecological goods and services;

- The capability to meet growing demand for healthy food.

Therefore, the parties agree to institute measures to:

5.2.1 Enhance the Safety and Security of Canada's Food System

Key outcomes of policy are:

- The tools are available for the sector to put in place enhanced food safety assurance procedures;

- Industry is taking a leadership role in implementing measures to assure food safety;

- The public is well-informed and participates in addressing food safety risks;

- The Canadian food safety assurance procedures are known to have a solid scientific base;

- The food safety initiatives under Growing Forward will complement national food safety enhancement efforts.

5.2.2 Promote Environmentally Responsible Agriculture

Key outcomes of policy are:

- An economically and environmentally sustainable sector that responds to and anticipates the demands of society and the marketplace, uses available natural resources sustainably, and is able to adapt to changing environmental conditions;

- Action to address key environmental challenges in Canada including agriculture’s impact on water quality and water use, adaptation to the impact of climate change, mitigation of agriculture's greenhouse gas emissions and the exploration of new economic opportunities that encourage additional environmental action.

5.2.3 Help the sector to meet consumer demands for Health and Wellness

Key outcomes of policy are:

- A sector that is well-positioned to meet, and benefit from, the increasing demand on the part of Canadian and foreign consumers for healthy foods;

- A sector that is well-positioned to contribute to broader goals of a healthier Canadian population that is more educated about food consumption and health and that has a variety of options for safe and nutritious food.

5.3 A Sector that is Proactive in Managing Risks

To enable a sector that is proactive in mitigating risk, the Parties shall work toward the following overarching policy outcomes:

- Greater focus on prevention and mitigation;

- Increased protection of human health through sound management of the plant and animal resource base;

- Reduction in the economic impact of plant and animal disease outbreaks, thereby reducing the demand for after-the-fact financial compensation;

- The development and implementation of full-chain tracking and tracing capabilities;

- Reduced public risk due to health, environmental and economic disasters;

- Greater ability for producers to stabilize their enterprise income through a wide range of financial tools;

- Effective, coordinated responses to disasters, should they occur.

Therefore, the Parties agree to institute measures to:

5.3.1 Minimize the Occurrence and Extent of Risk Incidents

Key policy outcomes are:

- Improved ability to prevent the incidence of risk events to animal, plant and production-related resources;

- Improved preparedness to respond to, mitigate the impact of and recover from risk events to animal, plant and production-related resources;

- The sector has at its disposal full-chain tracking and tracing capabilities;

- Effective scientific research and foresight capacity to identify and prepare for emerging risk factors to animal, plant and production-related resources.

5.3.2 Managing Business Risk

Key policy outcomes are:

- Business Risk Management (BRM) programs that are timely, responsive and predictable;

- Increased producer capacity to manage business risk from unexpected events;
- Reduction in the economic impact of disasters on producers and more rapid adjustment and business resumption after a disaster;
- Greater stability of producers’ incomes.

Part IB: Framework

6 AUDIT, EVALUATION, REPORTING

Principles

6.1 Each party is subject to public scrutiny and its work must be managed in a manner that is open and transparent to the public for audit, evaluation and reporting.

6.2 Each party is accountable under its own existing accountability mechanisms for the proper use of funds it has provided for Designated Programs, for the results achieved by those programs, and for reporting results.

Consistent Performance Measurement and Financial Approaches

6.3 To support public accountability, audit, evaluation and reporting, the parties collectively shall establish consistently defined performance and financial information, and shall collect and share this information for reporting, audit and evaluation purposes. The collectively established definitions, and the requirement to establish the processes for collecting and sharing information, will be included in the Bilateral Agreements.

Access to Documentation

6.4 Each Program Administrator shall keep all records, information, databases, audit and evaluation reports and all other documentation related to a Designated Program for a period of at least six years, and shall allow the Administering Party and its Counterpart to have timely access to documentation necessary to meet evaluation, audit, planning or reporting requirements pertaining to its respective contribution.

Application of Privacy Legislation

6.5 It is the responsibility of the Program Administrator to take the necessary steps to ensure that the requirements of this agreement with respect to Designated Programs can be met within the terms of applicable legislation in relation to privacy, by obtaining any necessary consent or by other available means.

International Reporting Requirements

6.6 The parties agree to work together to ensure that Canada has sufficient and timely information to meet its international obligations (including information required for Organization for Economic Co-operation and Development (OECD) Producer Support Estimates and World Trade Organization (WTO) notification).

7 COMMUNICATIONS

Coordination

7.1 The parties agree to work together in the development of communications plans, products and activities.

Identity

7.2 To ensure a consistent brand and visibility for the Growing Forward Framework, and subject to any exceptions permitted in a Bilateral Agreement:

7.2.1 In communications related to this agreement, each Party shall ensure that the Growing Forward graphic standard is applied and that all other parties to the Growing Forward agreement are identified equally.

7.2.2 In communications related to a Designated Program, each Program Administrator shall ensure that the Growing Forward graphic standard is applied, and that the Administering Party and its Counterpart are identified equally.

Language

7.3 Where the Administering Party and its Counterpart agree that translation of public information in relation to Designated Programs to English or French is necessary, all incremental costs related to this translation shall be borne by Canada.

8 GOVERNANCE

Annual Meeting

8.1 Ministers will meet at least once in each fiscal year to discuss the operation of this agreement.

Special Meetings

8.2 Any Party has the right to bring to the attention of the Parties any matter that it considers relevant to the management of the agreement, the benefits derived from the agreement, or the responsibilities that result from the agreement. Any Party may convene a meeting of the Parties for the purpose of discussing such matters, to be held within two months of the notification to all Parties.

Advisory Committees and Working Groups

8.3 Advisory committees or working groups may be formed as the Parties deem necessary, with appropriate terms of reference, representation and resources, to assist with implementation and management of the Growing Forward agreement.

9 AGREEMENT MANAGEMENT

Coming into Effect

9.1 This agreement comes into effect in respect of a Province or Territory, on the latter of:

9.1.1 the date on which that Province or Territory signs the agreement; and

9.1.2 the date on which the agreement has been signed by Canada and at least two-thirds of the Provinces or Territories, representing at least 50 per cent of annual farm cash receipts as most recently reported by Statistics Canada.

9.2 This agreement shall apply to a Province or Territory as of the beginning of the Fiscal Year in which the agreement came into effect in respect of that Province or Territory, and the Implementation Period shall be considered to begin, for that Province or Territory, at the beginning of that Fiscal Year.

Amendment

9.3 Except as otherwise provided for in this agreement, the agreement may be amended with the unanimous consent of the parties.

9.4 Part IIB (Initiatives) and Part III (with the exception of Annexes A and B) may be amended with the consent of Canada and at least two-thirds of the other parties to this agreement, representing at least 50 per cent of annual farm cash receipts as most recently reported by Statistics Canada. Part IIC (Federal-only Initiatives) may be amended by Canada, by giving notice to all other Parties.

9.5 If a party designates an official or officials who are authorized to consent to amendments under this agreement, the party shall notify each of the other parties.

Withdrawal

9.6 A party may withdraw from this agreement, effective the end of a Fiscal Year, by giving notice to all other parties before the beginning of that Fiscal Year.

Termination

9.7 This agreement shall remain in effect until terminated.

Appropriations

9.8 The Parties are bound to the terms of this Agreement to the full extent of their executive authorities.

9.9 Any spending by Canada for the purpose of Designated Programs or programs included in Part III is subject to an appropriation by Parliament which permits that spending and, similarly, any spending by a Province or Territory for the purpose of Designated Programs or programs included in Part III is subject to an appropriation by the Provincial or Territorial Legislature. If, at any time during the term of this agreement, Canada or a Province or Territory is unable to obtain a required appropriation, the parties agree to make the necessary adjustments to this agreement.

Part IIA: Spending

10 FUNDING

Base Funding Target

10.1 For the Implementation Period considered as a whole:

10.1.1 Canada's base funding target for each Province or Territory shall be determined by adding the amounts listed in Schedule 1 for that Province or Territory for the fiscal years that form part of the Implementation Period for that Province or Territory.

10.1.2 the base funding target for each Province or Territory shall be determined by multiplying Canada's base funding target for that Province or Territory by two-thirds.

Annual Targets

10.2 Each bilateral Activities and Expenditures Plan shall specify:

10.2.1 annual funding targets for Canada, for the fiscal years included in the Implementation Period, which add up to Canada's base funding target for the Province or Territory, and

10.2.2 annual funding targets for the Province or Territory, for the fiscal years included in the Implementation Period, which add up to the Province's or Territory's base funding target.

Qualified Spending

10.3 The eligible expenses of a Party shall count as Qualified Spending under this agreement if the spending applies to a Designated Program. Only the portion of spending that applies to the Designated Program shall count as Qualified Spending. Expenses for program delivery costs shall count as Qualified Spending only to the extent that they are directly related to the delivery of a Designated Program in those jurisdictions where the program is available. No charges for services or materials provided free of charge to the Program Administrator shall be included in Qualified Spending. Eligible expenses shall include:

10.3.1 pay and benefits of personnel working directly on the development and delivery of a Designated Program;

10.3.2 costs of outreach/extension services; training of trainers, staff, and recipients; and workshops with third parties or ultimate recipients, including pay and benefits of personnel working directly on those activities;

10.3.3 costs of program recipient audits;

10.3.4 costs of IM/IT systems directly related to program delivery;

10.3.5 costs of developing program materials, program communications, program advertising, and program public notices;

10.3.6 costs of accommodations, telecommunications, travel, transportation, and postage directly related to program delivery; and

10.3.7 costs of client feedback and client advisory committees for the purposes of developing, delivering or evaluating programs.

Adjustments based on Actual Qualified Spending

10.4 If a Province or Territory has less Qualified Spending with respect to a Fiscal Year than the Province's or Territory's adjusted target for that Fiscal Year, then:

10.4.1 if there is at least one Fiscal Year remaining in the Implementation Period, the portion of the difference that is no more than 25 per cent of the Province's or Territory's original target for that Fiscal Year shall be added to the Province's or Territory's annual funding target for the next Fiscal Year.

10.4.2 the remaining portion of the difference, if any, shall be multiplied by 1.5, and the result subtracted from Canada's annual funding target in respect of that Province or Territory for the next Fiscal Year, or for that Fiscal Year if it is the last year of the Implementation Period.

10.5 If a Province or Territory has more Qualified Spending with respect to a Fiscal Year than the Province's or Territory's adjusted target for that Fiscal Year, and there is at least one Fiscal Year remaining in the Implementation Period, then the portion of the difference that is no more than 25 per cent of the Province's or Territory's original target for that Fiscal Year, shall be subtracted from the Province's or Territory's annual funding target for the next Fiscal Year.

10.6 If Canada has more Qualified Spending for a Fiscal Year in respect of a Province or Territory than Canada's adjusted target for that Fiscal Year in respect of that Province or Territory, and there is at least one Fiscal Year remaining in the Implementation Period, then the portion of the difference which is no more than 25 per cent of Canada's original target for that Province or Territory for that Fiscal Year, shall be subtracted from Canada's annual funding target in respect of that Province or Territory for the next Fiscal Year.

10.7 If Canada has less Qualified Spending for a Fiscal Year in respect of a Province or Territory than Canada's adjusted target for that Fiscal Year in respect of that Province or Territory, then:

10.7.1 if there are Fiscal Years remaining in the Implementation Period, the portion of the difference that is no more than 25 per cent of Canada's original target in respect of that Province or Territory for that Fiscal Year shall be added to Canada's annual funding target in respect of that Province or Territory for the next Fiscal Year;

10.7.2 the remaining portion of the difference, if any, shall be multiplied by two-thirds, and the result subtracted from the Province's or Territory's annual funding target for the next Fiscal Year, or for that Fiscal Year if it is the last year of the Implementation Period.

10.8 For the purposes of clauses 10.4 to 10.7:

10.8.1 A reference to an "original target" means the annual funding target as specified in the Activities and Expenditures Plan under clause 10.2, after applying any amendments to the Plan, but not applying adjustments made under clauses 10.4 to 10.7.

10.8.2 A reference to an "adjusted target" means the annual funding target after applying adjustments made under clauses 10.4 to 10.7 for previous Fiscal Years.

Establishing Actual Qualified Spending

10.9 In order to establish the amount of Qualified Spending under this agreement, Canada shall deliver to each other party, and each other party shall deliver to Canada, no later than two months after the end of each Fiscal Year in the Implementation Period, an account of Qualified Spending accompanied by explanatory information as necessary.

10.10 On request, Canada shall provide to each other party, and each other party shall provide to Canada, any further relevant documentation needed to verify the amount of Qualified Spending reported under clause 10.9. The Bilateral Agreements may make more specific arrangements with respect to verification of Qualified Spending.

10.11 Procedures and schedules for the exchange of information required to forecast Qualified Spending shall be provided for in the Bilateral Agreements.

Assigning Canada's Qualified Spending to Provinces and Territories

10.12 Canada's Qualified Spending with respect to Designated Programs which are identified in Part IIB as being funded by attribution shall be assigned to Provinces and Territories in a proportion equal to the proportion of each Province's or Territory's base funding target to the sum of the base funding targets for all Provinces or Territories.

10.13 Canada's Qualified Spending for Designated Programs other than those attributed under clause 10.12 shall be assigned to Provinces and Territories on the basis of the Province or Territory for which the spending occurs.

11 BILATERAL AGREEMENTS

Bilateral Agreements

11.1 Canada and each other party to this agreement shall establish, by mutual consent, a Bilateral Agreement, covering the entire Implementation Period, which shall provide for:

11.1.1 the programs to be included in the Activities and Expenditures Plan and the Fiscal Year (or years) for which those programs shall be considered Designated Programs;

11.1.2 which Party shall be the Administering Party with respect to each Designated Program;

11.1.3 under which of clauses 5.1, 5.2 or 5.3 each Designated Program shall be considered to fall (or in what proportion the Designated Program shall be considered to fall under more than one of those clauses);

11.1.4 any limits, in addition to the limits imposed by this agreement, on the spending which counts as Qualified Spending under this agreement with respect to each Designated Program;

11.1.5 any exceptions which this agreement permits to be made bilaterally from requirements set out under this agreement;

11.1.6 rules for determining Qualified Spending and Eligible Expenses under this agreement (consistent with clause 10.3);

11.1.7 procedures for reporting, tracking, estimating and forecasting Qualified Spending under this agreement;

11.1.8 procedures for reporting and tracking the Province's or Territory's funding targets under this agreement;

11.1.9 consistently defined performance and financial information;

11.1.10 targets and indicators for use in reporting on progress towards objectives;

11.1.11 reporting systems for Canada's international reporting obligations;

11.1.12 the Growing Forward graphic standard;

11.1.13 interpretation, clarification and implementation of provisions of this agreement generally, and in particular in respect of audit, evaluation, reporting and communications.

Proportionate Spending

11.2 With the exception of Yukon, Nunavut and Northwest Territories, the bilateral Activities and Expenditures Plans shall set out the estimated Qualified Spending of each party, over the entire Implementation Period, so as to meet the following requirements. For Canada, the following requirements shall be applied to the total of Canada's estimated Qualified Spending as set out in all bilateral Activities and Expenditures Plans, rather than to each individual Activities and Expenditures Plan.

11.2.1 At least 25 per cent of each party's estimated spending shall fall under clause 5.1 (competitive and innovative sector).

11.2.2 The total estimated spending for each party under clauses 5.2 (society's priorities) and 5.3 (managing risks), considered in aggregate, shall be at least 25 per cent of that party's estimated spending.

Scope of Designated Programs

11.3 A program must meet all of the following requirements to be included in an Activities and Expenditures Plan as a Designated Program:

11.3.1 the program must be consistent with Part IA;

11.3.2 for provincial or territorial programs, notice must have been given under clause 11.11;

11.3.3 the program must not undermine the objectives of this agreement;

11.3.4 the program must not distort the comparative advantage of the Province or Territory in the production of any goods or services, in relation to any other Province or Territory;

11.3.5 the program must not distort the production or business decisions of enterprises that would be based on market considerations;

11.3.6 the program must have been designed to minimize risk of action to counter its effects by Canada's trading partners.

Mutual Consent to Designated Programs

11.4 For greater certainty, no party is required to consent to include, in an Activities and Expenditures Plan, a program which meets the requirements of clause 11.3. However, with the exception of Yukon, Nunavut and Northwest Territories, each Activities and Expenditures Plan must include initiatives which are identified as "mandatory" in Part IIB of this agreement.

Transition

11.5 Notwithstanding clause 11.3, a program may be included in a Province's or Territory's Activities and Expenditures Plan in relation to the 2008/09 Fiscal Year if it was included in Annex D of an Implementation Agreement between Canada and the Province or Territory.

11.6 Where a previously existing provincial or territorial program is included in an Activities and Expenditures Plan, and the plan provides for funding to be provided by Canada for that program, then the plan shall provide for the Province or Territory to provide funding at least equal to the previous provincial or territorial funding level for that program, unless specified otherwise in the Activities and Expenditures Plan.

Funding Arrangements

11.7 Where funding for an initiative set out in Part IIB of this agreement is specified to be "federal only" (in whole or in part), spending on that initiative shall not be Qualified Spending under this agreement to the extent specified.

11.8 Where funding for an initiative set out in Part IIB of this agreement is specified to be "shared" (in whole or in part), Activities and Expenditures Plans which include that initiative may provide for funding for that initiative to be provided by Canada, one or more Provinces or Territories, or both, to the extent specified, no matter whether Canada or the Province or Territory is the Administering Party for that program.

11.9 Where funding for an initiative set out in Part IIB of this agreement is specified to be "matched" (in whole or in part), Activities and Expenditures Plans which include that initiative shall provide for funding to be provided by the Administering Party for that Designated Program, and not by its Counterpart, to the extent specified.

Transparency

11.10 Canada shall provide a copy of each Bilateral Agreement, and each amendment to a Bilateral Agreement, to all parties to this agreement.

11.11 A Province or Territory shall provide notice of the particulars of a provincial or territorial program to all parties to this agreement before the program is included in the Province's or Territory's Activities and Expenditures Plan. If any party considers the program to be inconsistent with this agreement, that party may seek consultations on the matter with the Province or Territory proposing the program and, if these consultations do not result in a satisfactory resolution within a reasonable period of time, bring the issue before the Parties as a whole.

Amendments

11.12 A Province's or Territory's Bilateral Agreement may be amended by mutual consent of Canada and the Province or Territory. Amendments may include changes to the annual targets of the current and future Fiscal Years under clause 10.2. However, amendments to annual targets for the current Fiscal Year must be made before November 30.

11.13 Each party shall designate, from time to time, one or more officials who are authorized to communicate that party's consent to a Bilateral Agreement or amendments to a Bilateral Agreement.

12 PROGRAM DELIVERY

Obligations when engaging Third-Party Administrators

12.1 Where an Administering Party engages a third-party to be the Program Administrator for a Designated Program, the Administering Party shall ensure that the Program Administrator is bound by the obligations imposed under this agreement on Program Administrators, including the obligation to ensure that anyone engaged (directly or indirectly) by the Program Administrator to administer the program is also bound by those obligations.

Definition of "Counterpart"

12.2 Where a Province or Territory is the Administering Party for a Designated Program, its counterpart is Canada.

12.3 Where Canada is the Administering Party for a Designated Program, its counterpart is each Province or Territory for which the program is included in an Activities and Expenditures Plan.

Obligations in relation to Designated Programs

12.4 The obligations under this agreement in relation to Designated Programs apply to all Designated Programs, whether funded by one party or more than one party and whether the Administering Party is Canada or a Province or Territory.

Accountability

12.5 This agreement does not, by itself, obligate any party to spend funds for the purpose of Designated Programs. Any agreements which provide for spending for the purpose of Designated Programs will respect the accountability requirements of each party that is providing funds.

SCHEDULE 1 TO PART IIA: FUNDING LEVELS

	2008/09	2009/10	2010/11	2011/12	2012/13	Total for 5 years
British Columbia	$9,441,884	$9,441,884	$9,441,884	$9,441,884	$9,486,800	$47,254,336
Alberta	$32,921,389	$32,921,389	$32,921,389	$32,921,389	$33,078,000	$164,763,557
Saskatchewan	$30,498,316	$30,498,316	$30,498,316	$30,498,316	$30,643,400	$152,636,664
Manitoba	$14,092,122	$14,092,122	$14,092,122	$14,092,122	$14,159,160	$70,527,649
Ontario	$36,213,528	$36,213,528	$36,213,528	$36,213,528	$36,385,800	$181,239,913
Québec	$23,025,824	$23,025,824	$23,025,824	$23,025,824	$23,135,360	$115,238,654
New Brunswick	$2,945,986	$2,945,986	$2,945,986	$2,945,986	$2,960,000	$14,743,942
Nova Scotia	$2,945,986	$2,945,986	$2,945,986	$2,945,986	$2,960,000	$14,743,942
Prince Edward Island	$2,945,986	$2,945,986	$2,945,986	$2,945,986	$2,960,000	$14,743,942
Newfoundland and Labrador	$3,697,500	$3,697,500	$3,697,500	$3,697,500	$2,960,000	$17,750,000
Nunavut	$325,600	$325,600	$325,600	$325,600	$325,600	$1,628,000
Northwest Territories	$488,400	$488,400	$488,400	$488,400	$488,400	$2,442,000
Yukon	$592,000	$592,000	$592,000	$592,000	$592,000	$2,960,000
Total	**$160,134,520**	**$160,134,520**	**$160,134,520**	**$160,134,520**	**$160,134,520**	**$800,672,600**

Part IIB: Initiatives

(Part IIB lists federal initiatives which have multilateral approval to be counted against the spending targets, and specifies certain funding options for each. Other initiatives can be included in bilateral arrangements, with notice to other parties to this agreement.)

13 A COMPETITIVE AND INNOVATIVE SECTOR

13.1 Accelerate the pace of innovation and facilitate the adoption of new technologies

13.1.1 Innovation Fora

This initiative will support the development and implementation of coordinated and collaborative science, policy and marketing action plans through innovation fora (series of workshops) on specific commodity sectors or markets. An individual innovation forum will consist of a series of workshops that explore a specific topic (challenge or opportunity) which will be defined by mutual agreement among government, academic and industry decision-makers. Where an individual province or territory wishes to hold a forum, the benefits must be applicable to other jurisdictions within Canada to be eligible for sharing.

Fora may be national or regional in scope depending on the topic and the level of interest among government, academic and industry participants.

Funding: This initiative will be shared (participation will not be mandatory).

13.1.2 Promoting Agri-Based Innovation Investment Opportunities

This initiative will establish, or build on existing national and provincial/territorial Innovation Symposia, and will bring agri-based entrepreneurs together with potential investors to share information on innovation best practices and explore new business opportunities with the aim of increasing private-sector investments. Provincial and territorial governments may identify priorities and partners for symposia.

Funding: Provincial/territorial and regional symposia will be shared (participation will not be mandatory). National Innovation Symposia, organized and delivered by the federal government or another appropriate institution, will be funded on a federal-only basis.

13.1.3 Science Clusters

This initiative will encourage the development of science clusters which will mobilize a critical mass of scientific and technical capacity to address issues in areas of priority defined by particular industry segments. The clusters will have strong industry leadership and participation by federal/provincial/territorial governments, industry, and academia.

Individual science clusters, encompassing both physical centres of science and virtual networks of scientists, will have a mandate to coordinate nationally the development and management of an applied science and technology program focused on a particular industry or market segment, but will also have a regional orientation depending on their particular area of focus. Provincial and territorial governments may choose which specific Science Clusters to support.

Eligible expenditures will include modifications to existing infrastructure to accommodate collaborative multidisciplinary research, acquisition of specialized equipment or modifications or upgrades to existing equipment, non-pay operating expenses for approved research projects, facilities lease or rental, salaries and benefits for research scientists and technical support staff.

Funding: This initiative will be matched or shared.

13.1.4 Innovation Commercialization Centres

This initiative will support the establishment of new, or the expansion of existing, innovation commercialization centres to:

- Aid in the focused development and provision of pre-commercialization services for business, product and market development, incubation, and marketing services for particular industry or market segments;

- Develop networks of service suppliers, and provide demonstration and scale-up support, intellectual property (IP) portfolio management, product and market analysis, and commercialization assistance to these suppliers; and

- Assist in marketing IP and building packages of IP to facilitate commercialization, and assist entrepreneurs in accessing necessary commercialization support services.

Funding: This initiative will be matched or shared.

13.1.5 Science to Support Commercialization of New Agri-Based Products

This initiative will supplement industry funding to provide access to scientific and technical research support to resolve pre-commercialization issues relating to product development. Emphasis will be given to smaller-scale projects generally not funded through existing innovation programming. The initiative will support government research partners as well as non-government research partners depending on who is best positioned to conduct the research. Provincial and territorial delivery will be optional.

Funding: This initiative will be shared (participation will not be mandatory)

13.1.6 Supporting the Innovative Capacity of Farmers

This initiative will provide funds to farmers or groups of farmers to support investments in the development or adaptation of technical innovations in primary agriculture, which contribute to on-farm profitability and competitiveness. Critical to the effectiveness of this program will be the dissemination of knowledge gained through these projects. Under this initiative, emphasis will be placed on smaller-scale projects not funded through existing programming.

- Eligible technical innovations will be new, not generally available, or not widely adopted in a given region or sector. Only one project supporting a proposed technical innovation in each sector will be funded in a given region. Innovations could be developed by farmers or groups of farmers, or could be sourced from domestic or international science or technology developers and adapted to the Canadian context.

- Projects will be supported by an assessment that identifies its potential benefits for on-farm profitability and competitiveness as well as benefits for the industry and/or community. The administrative requirements will be adapted to the scale of the project and the originality and viability of the project will be evaluated through the project selection process.

- Industry input in project selection will be required through a mechanism that is transparent, at arm’s length from governments, efficient, and minimizes conflict of interest.

- Participants must agree to report on and disseminate project results.

Funding: This initiative will be shared (participation will not be mandatory).

13.2 Enable Competitive Enterprises and Sectors

13.2.1 Farm Program Entry and Navigation Platform (FPENP)

This initiative will provide for the design by the federal government of a navigation platform that identifies federal and provincial/territorial agriculture programming offered in a province or territory. The intent of the service is to help a client better understand the programs and services available to them, so that the applicant will be in a better position to select those programs and services which are most suitable for their situation and their needs.

The navigation will be done using general questions to create a tool that is nationally consistent.

The federal government will fund and maintain the inventory platform, leveraging the existing service inventory platform developed for federal / provincial / territorial business risk management programs. Governments will work collaboratively to enable use of the platform, and provide and maintain federal / provincial / territorial information to ensure comprehensive and consistent details are available to producers. Every effort will be made with provincial / territorial governments to assess how existing platforms can be best leveraged to minimize duplication of effort. Provincial/territorial participation in the implementation of this initiative will be optional.

Federal, provincial and territorial governments will be asked to maintain the commitment of resources to ensure that information is current and up to date.

The FPENP will support all access points (web, phone, mail, in person).

Funding: This initiative will be matched through attribution.

13.2.2 Business Development

This initiative will build awareness of the benefits and encourage the use of sound business management practices, while also enabling businesses in the sector to be profitable and invest where needed to manage the natural resource base sustainably and to produce and market safe food and other products. The initiative will fund activities/programs related to business management practices and skills that:

- strengthen the capacity of businesses in the sector to assess the financial implications of business improvements, including the impact of environmental plans, food safety systems and innovation projects on their business profitability;

- strengthen the ability of businesses in the sector to manage transformation, respond to change and to adopt innovation in their business operations;

- expand the capacity of businesses in the sector to understand their financial situation, implement effective action and business management plans/practices for farm operations, and help producers benchmark their farm performance; and

- provide for enhanced participation by young or new entrants, First Nations clients, and clients in specific sub-sectors in transition.

The initiatives will be designed so as to avoid duplication and overlap with existing federal programs or initiatives relating to business development.

Funding: This initiative will be shared (participation will not be mandatory), with some elements funded on a federal-only basis.

13.3 Transform Canada's Strengths into Domestic and Global Success

13.3.1 Brand Canada International

This initiative will strengthen the Canada Brand and foster the ability of the sector to benefit from it in order to better position and help differentiate Canadian products in international markets. The program will continue to work with industry to encourage improvements to strengthen the Brand, conduct research to inform industry improvements, foster Brand membership and utilization, and provide Branding expertise to promote success in export markets.

Elements of the program will include:

- a research strategy including benchmarking industry sub-sectors at the national level with comparisons to international competitors;

- branding training and information materials for stakeholder use and complementary outreach activities;

- standardized promotional materials and templates to support the Brand "common look and feel;" and

- identification of, and participation in, generic international branding opportunities in order to raise the industry profile.

Funding: This initiative will be matched through attribution.

13.3.2 Market Information and Export Capacity Building

Market Information

This initiative will conduct market analysis on Canada's performance in key markets and emerging countries and share resources and market information among governments in order to aid exporting companies and producers in capitalizing on global market opportunities and trends. This will be achieved by:

- Identifying, researching and raising awareness of new and emerging trends and changes in cycles critical to the Canadian industry;

- Fostering the exchange of information between government departments of agriculture at the federal and provincial levels;

- Facilitating the networking and partnerships between governments and industry associations; and

- Advocating and influencing agri-food marketing resources and activities such as trade shows and trade missions.

Export Capacity Building

This initiative will be to strengthen the capacity of the agriculture and food sector to maintain and enter new foreign markets.

Export capacity building will consist of a suite of activities, programs or information that will contribute to the leadership and strategic direction of the sector in improving its position in existing and emerging markets.

The activities could include the provision of advice and guidance to small to medium size enterprises (SMEs), the development of long term client relationships with exporting companies, the delivery of seminars on Branding Canada, the organization of exploratory missions, the preparation for a trade show, the development of tailored market and consumer intelligence and analysis for specific countries, the strengthening of national and regional associations through the Canadian Agri-food International Program, or the collaboration on the development or refinement of a country marketing strategy.

The emphasis will be on activities that focus on developing knowledge and capacity to sustain exporting with respect to select international markets (US, Mexico, Japan, EU, China and increasingly India) and to emerging sectors (e.g. bio-economy, health and wellness, etc.) as well as traditional sectors.

Funding: The Market Information initiative will be shared (participation will not be mandatory). The Export Capacity Building initiative will be matched through attribution.

14 A SECTOR THAT CONTRIBUTES TO SOCIETY'S PRIORITIES

14.1 Enhance the Safety and Security of Canada's Food System

14.1.1 Food Safety Systems Development

This initiative will support organizations in developing national, government-recognized on-farm and/or post-farm Hazard Analysis of Critical Control Points (HACCP) or HACCP-based food safety systems using a two-phase system. In Phase 1, the organization will develop a national strategy and food safety system and in Phase 2, the organization will develop and disseminate training material and create tools to implement at the national level.

Intended clientele will be national non-profit organizations or regional non-profit organizations that are not represented by entities at the national level which can demonstrate the ability to deliver a national initiative, and are involved directly in producing food, or indirectly as an on-farm service provider for biosecurity.

Funding: This initiative will be matched through attribution.

14.1.2 Food Safety System Recognition

This initiative will provide government recognition of on-farm and post-farm food safety systems developed through Food Safety Systems Development. After development of a system, an organization referred to in 14.1.1 will be eligible to apply to begin the recognition process:

- Technical Review Part 1 is the review and approval by the Canadian Food Inspection Agency (CFIA) of the system developed. Once a system has been approved, applicable producers become eligible for funding to implement their systems.

- Technical Review Part 2 is the review of the documentation of the organization's overall management system.

Once an organization's system is approved and has been operationalized, it is subject to a third party audit, and eligible for CFIA recognition.

Funding: This initiative will be matched through attribution.

14.1.3 Food Safety System Implementation

This initiative will facilitate the early adoption of government-recognized food safety systems by producers and non-federally registered food-processing enterprises through financial incentives. Eligible Projects will include implementation of good manufacturing practices (GMP) towards HACCP or ISO 22000 in non-federally registered processing plants and implementation of government reviewed HACCP-based food safety systems on farms. Implementation funding for the post-farm sector will be restricted to certain non-federally registered processors in the agri-food sector.

- Eligible activities for producers will include workshops, technical advice, equipment and first certification audits. For processors, eligible activities will include equipment, technical advice, and first certification audits. Outreach activities will include seminars, workshops, HACCP pilot studies, and the development of generic models.

Provincial and territorial governments will be able to:

- Establish the recipient-government cost-share ratio by modifying the level of provincial/territorial funding;

- Establish the maximum level of funding per recipient;

- Choose to have linkages or cross-compliance to other specific programs; and

- Deliver directly or through a third party.

Funding: This initiative will be shared (participation will be mandatory).

14.2 Promote Environmentally Responsible Agriculture

14.2.1 Watershed Evaluation of Beneficial Management Practices (WEBs) II

This initiative will comprise three components:

- WEBs II will build on, clarify, enhance and expand upon the evaluations already underway at established WEBs sites.

- The national WEBs network will be improved by adding new watershed sites to help address identified gaps in the current WEBs network. This component will be proposal-based and consideration may also be given to augmenting non-AAFC sites with scientific potential that are already in operation.

- Supplementary/Innovative Studies to Enhance BMP Research will fund new and innovative short-term proposals that are complementary to longer-term WEBs objectives. Leveraged resources from other organizations will raise the dollar value of this work.

Funding: This initiative will be matched or shared.

14.2.2 Supporting On-Farm Sustainable Agricultural Practices

Agri-Environmental Risk Assessments

This initiative will support the development and completion of agri-environmental risk assessments by those in the agriculture and agri-food industry to identify areas where environmental performance can be enhanced in a sustainable and economic fashion. In doing so, governments will be guided by the following principles:

- An agreed-upon, nationally consistent, base-level, demand-driven approach will be used as the foundation. Provincial and territorial governments may focus efforts on regional priorities and allow innovative, regionally relevant approaches to programming, while contributing to national program objectives.

- Participation will be voluntary and program access will be made available to those meeting program eligibility criteria.

- The assessment process will be aimed at covering all environmental risks and benefits associated with air, water, soil, biodiversity, and the anthropogenic environment. Plans must undergo a review process and periodic updating.

- The assessment will be compatible with other federal and provincial/territorial environmental initiatives and programs, and should remain flexible in structure and delivery.

- The assessment will aim to integrate environmental considerations into overall business planning.

On-Farm Action

This initiative will assist producers in taking concrete steps to improve the environmental performance of their operations through specific actions in a sustainable and economic fashion. Financial assistance will be provided to support eligible producers or groups of producers to implement specific action. A menu of options will be available for targeted delivery of on-farm action in priority landscapes across Canada:

- Proven approaches to on-farm action, including an increased focus on promoting public benefit practices;

- Innovative approaches to foster integrated planning and provide tools, expertise and enhanced incentives to positively influence stewardship behaviour; and

- Landscape-based planning to provide access to group farm planning and on-farm action funding.

In doing so, governments will be guided by the following principles:

- Participation will be predicated on the completion of an eligible agri-environmental risk assessment;

- Participation will be voluntary and access will be made available to all producers meeting program eligibility criteria;

- Actions will not normally create ongoing liabilities to governments or programs and approaches which are intended to replace or offset the ongoing enforcement or financial impact of regulations;

- Actions will lead to scientifically-sound, agriculture-related environmental benefits or decrease environmental risk, or be widely accepted within the agricultural industry as reducing environmental risk;

- The program will consider overall requirements of the farm enterprise as influencing the ability of producers to invest in environmental action; and

- The use of alternate approaches can be explored.

- Provincial and territorial governments and other stakeholders may use their share of funding to address priorities other than water and climate change. Planning may be offered at a watershed, group, and/or individual farm level.

Funding: Agri-environmental risk assessment will be demand-driven. This initiative will be shared (participation will be mandatory). On-farm action will be shared (participation will not be mandatory), with some elements being federal-only.

15 A SECTOR THAT IS PROACTIVE IN MANAGING RISKS

15.1 Minimize the Occurrence and Extent of Risk Incidents

15.1.1 Developing National Biosecurity Systems

Development of National Biosecurity Standards

This initiative will be aimed at benchmarking biosecurity practices and developing national standards with industry and national commodity groups.

Biosecurity Systems Development

This initiative will support organizations in the development of biosecurity systems based on national standards. Eligible recipients will be national non-profit organizations or regional non-profit organizations that are not represented by entities at the national level which can demonstrate the ability to deliver a national initiative.

Biosecurity Implementation

This initiative will support the early adoption of industry-developed and government-approved biosecurity systems which provide financial incentive to undertake specific actions. In doing so, governments will be guided by the following principles:

- Measures funded will be directed towards the implementation of biosecurity programs that meet national standards;

- Participation will be voluntary and access will be made available to recipients meeting program eligibility criteria;

- Actions will not provide ongoing financial payments and will not provide financial support to be used as compensation for regulatory compliance; and

- Actions will lead to scientifically-sound improvements to the risk exposure of the particular sector.

In all of the biosecurity initiatives, priority will be given to high-risk areas, to be determined through discussion with industry and governments.

Funding: Development of National Standards will be matched through attribution. Development of Systems will be matched through attribution. Implementation will be shared (participation will be mandatory).

15.1.2 Developing National Traceability Systems

This initiative will comprise three interconnected elements:

Government Infrastructure

This initiative will invest in federal/provincial/territorial government infrastructure to provide an overarching structure to and complement industry traceability system components. The federal government will build and operate an internet-based portal to share and access traceability data from various industry and government databases, manage data-sharing protocols, support joint governance, and develop a National Agriculture and Food Traceability System (NAFTS) regulatory structure. Provincial and territorial governments will ensure that premises registration data for priority agricultural and food premises are collected and verified to the extent that legislation permits.

Industry Infrastructure

This initiative will invest in the development of industry-owned systems that collect and verify identification and movement data, and will accelerate the capacity currently being developed by industry. Actions within this initiative could include client services to aid participants with implementation, technology testing, and data auditing and verification. Eligible recipients will be organizations and private entities. Funding will be conditional on consistency with NAFTS, and agreement to share data collected.

Enterprise Infrastructure

This initiative will provide funding to individual businesses to assist in the purchase and installation of traceability infrastructure and the training of staff to implement traceability systems for plants, animals and products. For example, within the livestock sector this could include the animal handling systems, equipment and data systems necessary to record, store, and report data. Eligible recipients will include producers and ranchers, feedlots, transporters, service industries, processors, distributors and retailers, among others, as well as enterprises and selected public institutions. Delivery will be at the provincial/territorial level. To ensure a nationally-consistent approach, program elements will include sector priorities identified in the NAFTS strategic action plan.

Funding: Government infrastructure and industry infrastructure will be matched through attribution. Enterprise infrastructure will be shared (participation will be mandatory).

Part IIC: Federal-Only Initiatives

(Part IIC lists federal initiatives which contribute to policy objectives set out in Part I, but which will not be counted against the spending targets.)

16 A COMPETITIVE AND INNOVATIVE SECTOR

16.1 Accelerate the pace of innovation and facilitate the adoption of new technologies

16.1.1 Canadian Agri-Innovation Council

This initiative will support the creation of the Canadian Agri-Innovation Council to provide a systematic strategic foresight process to enable the sector, governments and academia to anticipate challenges and opportunities on the horizon. CAIC will be composed of high-level individuals with broad experience in agriculture, science, policy and marketing with the ability to engage knowledgeable individuals and decision-makers from governments, academia and industry to participate in CAIC Foresight and Innovation Forum activities.

16.1.2 Bioeconomy Strategy

This initiative will develop a comprehensive national strategy that engages industry and the provinces and territories in identifying and addressing common obstacles to capturing new opportunities from the emerging bioeconomy. The strategy will provide focus to the development of government policies and programming supporting the capture of new opportunities in the bioeconomy.

16.2 Enable Competitive Sectors and Enterprises

16.2.1 Health Claims and Novel Food Ingredients

This initiative will address key regulatory-related barriers through the creation of a facilitation centre, whose initial priority will be the novel food ingredients and health claims regulatory submissions process.

The centre will have three main functions:

- Determination of which ingredients/claims hold real safety/efficacy promise
- Science substantiation to fill evidence gaps through science collaboration
- Regulatory process enhancement to address bottlenecks in submission evaluation, provision of guidance to industry on submissions requirements, and development of a transparent submissions tracking system

16.2.2 Minor Use Pesticides

This initiative will provide dedicated resources to generate required field trial and laboratory data and prepare regulatory submissions in order to gain access to new minor uses of pesticides for farmers. It also provides dedicated resources to review minor use submissions. Expanding new uses of pesticides contributes to improving the sector's competitiveness by increasing the availability of newer reduced risk products.

16.2.3 Veterinary Drugs

This initiative will increase scientific capacity for reviewing veterinary drug submissions and a strategy will be developed for streamlining generic drug approvals.

16.2.4 Support for National Organizations

This initiative will continue support to certain national organizations to enhance the skills, tools and knowledge of youth, young and established producers and farm family members that are well positioned to develop, disseminate quickly, and encourage the use of farm business tools and information relevant to an increasingly challenging marketplace in order to increase competitiveness, innovation and risk management.

16.2.5 Enabling Research for Competitive Agriculture

This initiative will enable and enhance policy research capacity on key policy issues by tapping into external research community in Canada and abroad and by benefiting from the synergies created through collaborative research amongst the members of policy research community. Policy research will be undertaken in support of: (a) developing strategic policies to maintain and enhance Canada's competitiveness vis-à-vis existing and emerging global competitors; (b) an environmentally sustainable sector that manages risks proactively through the adoption of beneficial management practices; (c) a competitive and innovative sector that is productive and profitable, and supports economic development, on-farm innovations, and rural development; (d) meeting new consumer demands through the development of effective public and private regulatory systems.

16.3 Transform Canada's Strengths into Domestic and Global Success

16.3.1 Domestic Branding

This initiative will seek to build on the "Product of Canada" and "Made in Canada" labeling guidelines in linking the qualities and attributes of the international branding strategy (the 'Canada Brand') in the domestic marketing context.

16.3.2 Enhancing Value Chain Roundtables (VCRTs)

This initiative will expand both the work of existing VCRTs and the sectors covered by VCRTs. The objective will be for members along value chains to identify opportunities and challenges faced by specific sub-sectors and develop strategies to address them. Where appropriate, wider industry participation will be sought.

16.3.3 Canadian Agriculture and Food International Program

This initiative will provide matching funding to industry associations, alliances and technical marketing support organizations for brand recognition for Canadian agriculture, agri-food, beverage and sea-food products and commodities in targeted international markets; market development and promotional activities market research and technical services; trade advocacy; and, capacity building. Special emphasis will be placed on enabling industry to equip itself for success in global markets by assisting associations to strengthen market-entry strategies, developing the capacity of new exporters, marketing innovative products, and providing the platform for industry to lead and deliver market development activities.

17 A SECTOR THAT CONTRIBUTES TO SOCIETY'S PRIORITIES

17.1 Promote Environmentally Responsible Agriculture

17.1.1 Agri-Environmental Science

This initiative will provide a sound scientific basis for the development and implementation of beneficial management practices by supporting fundamental and applied scientific research activities aimed at improving the understanding of agriculture's interaction with the environment and developing technologies and strategies that can improve the agri-environmental performance of the sector in a cost-effective manner. The science activities will focus on the environmental challenges related to the identified priorities of the quality and use of water, and adaptation to and mitigation of climate change. All research funding will be allocated through a competitive, peer-reviewed process within two streams: i) fundamental research on understanding the processes by which agricultural production interacts with the broader environment; and ii) projects on cross-cutting issues.

17.1.2 National Land and Water Information Service (NLWIS)

This initiative will provide online access to integrated, geographic-based information and knowledge to support decision-making. Through the provision of information products, applications, and expertise, NLWIS will:

- Enable the migration of innovation and discovery to the landscape and watershed scale to support program targeting, implementation and performance measurement.
- Add a geo-spatial dimension to policy research and analysis and more efficient management of information.
- Increase stakeholder awareness and understanding of the relationship between agriculture and the environment, and improve communication of results to Canadians.
- Enable more prudent and appropriate responses by stakeholders to market and environmental realities, and better position them to capitalize on opportunities through the use of geographic-based information and associated decision tools.

17.1.3 Supporting On-Farm Sustainable Agricultural Practices: Technical Assistance

This initiative will support the agri-environmental risk assessment and on-farm action initiatives by providing funding and science-based information and knowledge to extension specialists and producers in order to improve the awareness and adoption of identified beneficial management practices and by funding strategic projects that enhance the understanding of economic, social, and environmental benefits of these practices. It will also improve the technical transfer capacity and delivery mechanisms by fostering communication between industry, extensions specialists, and researchers to help define emerging agri-environmental issues and opportunities and develop innovative solutions.

17.1.4 Supporting On-Farm Sustainable Agricultural Practices: Federal Priority Beneficial Management Practices (BMPs)

This initiative will provide additional support for supplemental on-farm action in priority areas, which will be in addition to the wider range of activities covered under the on-farm action initiative. Actions under this initiative will be targeted towards: i) Agricultural components of multi-user water infrastructure, which will focus on larger scale infrastructure projects, such as regional water pipelines, providing a long-term agricultural water source for a number of water users and promoting economic growth in an area or region; and ii) funding of BMPs to help producers improve riparian area management, grassland-management, protect water quality and reduce greenhouse-gas emissions. Actions such as erosion control structures, riparian buffers and grazing management planning will be supported.

17.1.5 Environmental Performance Measurement and Reporting

This initiative will develop, enhance and use agri-environmental indicators, greenhouse gas (GHG) accounting systems and economic indicators to assess the sector's environment and economic sustainability, and assess and report on the collective environmental and economic impact of the adoption of sustainable agriculture practices.

18 A SECTOR THAT IS PROACTIVE IN MANAGING RISKS

18.1 Minimize the Occurrence and Extent of Risk Incidents

18.1.1 National Animal and Plant Biosecurity Strategy

This initiative will provide for the development of a national animal and plant biosecurity strategy to mitigate risk to the animal and plant resource base. It will provide overarching policy direction for the development and implementation of national biosecurity systems. The intent is to ensure the full participation of federal, provincial and territorial governments, national and provincial/territorial commodity organizations and other important stakeholders in consultations to establish a principled approach to priority-setting to address biosecurity risks and threats.

18.1.2 Animal and Plant Scientific Research and Technology Program

This initiative will seek long-term animal and plant health improvements and enhanced risk mitigation in the Canadian agricultural sector through investments in scientific research and technology development. Recognizing the domestic costs and potential international reaction of disease outbreaks, funding will be provided to prepare the sector to address potential threats through funding for scientific research on potentially costly plant diseases, such as Wheat Steam Rust Ug99 and clubroot, as well as focusing on animal health, through research on pathogens and alternatives to antibiotics. Funding will also support a national program to conserve and enhance Canada's animal genetic resources.

Part III: Business Risk Management

19 ACTIVITIES

BRM Suite

19.1 The Business Risk Management Suite (BRM Suite) consists of AgriStability, AgriInvest, AgriInsurance and AgriRecovery. The BRM suite of programs aims to provide producers with effective tools to manage business risks which are largely beyond their control. These programs help producers reduce income losses stemming from low commodity prices, reduced production, or natural disasters.

Supply Management

19.2 The supply management system is a risk management program consisting of three pillars: (1) control over imports of products and several by-products; (2) a pricing policy administered according to production costs; and (3) production management. Supply managed commodities are governed by their own FPT agreements -- the national marketing plans.

AgriStability

19.3 AgriStability is a margin-based income stabilization program providing assistance for income losses that are greater than a defined percentage of a producer's reference margin. The program reduces the fluctuation of participant production margins by providing payments when a producer's production margin is less than the previous five year Olympic average.

AgriInvest

19.4 AgriInvest is a contributory style savings account program that replaces the top tier of former margin-based income stabilization programming. Governments match annual producer contributions to savings accounts up to a limit based on allowable net sales.

AgriInsurance

19.5 AgriInsurance provides insurance against production losses for specified perils. The federal government contributes to AgriInsurance contracts offered to producers by provinces or territories. The commodities covered vary by province or territory, and will expand to cover additional commodities.

AgriRecovery

19.6 AgriRecovery provides a process to enable governments to respond quickly when a natural disaster hits and fills gaps not provided by existing programming. It is further described in Annex C.

20 AGRIINSURANCE

Startup Costs

20.1 Subject to the availability of funds, Canada may pay up to 80 per cent of research and provincial start-up costs for activities that will increase collaboration between provinces in the development of new programming options or reduce provincial delivery costs. The cost of these initiatives will not be considered part of the administrative cost-sharing arrangements for the AgriInsurance program and therefore will not be subject to the federal-provincial cost-sharing arrangements set out in Annex B.

Reinsurance

20.2 Canada agrees to review the crop reinsurance provisions in the *Farm Income Protection Act* with a view to making reinsurance more available.

Additional Benefits

20.3 Where higher rates of producer participation result from a province offering additional benefits under a provincial production insurance program that do not conform with Annex B, adjustments shall be made to the federal funding accordingly.

21 CONSOLIDATION OF EXISTING AGREEMENTS

Production Insurance Amendment

21.1 The Parties hereby amend the Production Insurance agreement entered into by Canada and each other Party by renaming it the Federal / Provincial AgriInsurance Agreement, revoking all of its terms, and replacing them with the terms set out in Annex B.

21.1.1 A province or territory does not become a party to Annex B unless the province or territory was previously a party to a Production Insurance Agreement.

21.1.2 Annex B takes effect when agreed to by at least two-thirds of Provinces or Territories who have entered into a Production Insurance Agreement with Canada, having at least 50 per cent of the total insured liability in the most recent year for which data is available.

AgriStability and AgriInvest Amendment

21.2 The Parties hereby amend the Federal / Provincial Agreement with respect to Net Income Stabilization Accounts (NISA Agreement) by renaming it the Federal / Provincial / Territorial Agreement with respect to AgriStability and AgriInvest, revoking all of its terms, and replacing them with the terms set out in Annex A.

21.2.1 A province or territory does not become party to Annex A unless the Party was previously a party to the NISA Agreement.

21.2.2 Annex A takes effect when agreed to by at least two-thirds of Provinces or Territories who are parties to the NISA Agreement, where those Provinces or Territories represent at least fifty per cent of the total Production Margin for participating Provinces or Territories for the most recent year for which data is available.

21.2.3 Notwithstanding the revocation of the existing NISA Agreement, the transitional provisions in clause 2 of that agreement shall continue to apply according to their terms.

Termination and Amendment

21.3 Annex A and Annex B have their own provisions with respect to termination and amendment, and are not affected by the termination of this agreement or the expiration of an Implementation Period.

22 PERFORMANCE INDICATORS

22.1 The Parties shall use their best efforts to agree on performance indicators for AgriStability, AgriInvest, AgriInsurance and AgriRecovery.

23 RISK MANAGEMENT PROGRAMMING PRINCIPLES

General Principles

23.1 The Parties agree to consider the following principles when designing or modifying risk management programs.

23.1.1 programs shall be in conformity with Canada’s international trading obligations and should minimize countervail risk;

23.1.2 programs should minimize moral hazard and not influence farmers’ production and marketing decisions;

23.1.3 programs should be developed in conjunction with the agricultural sector, including consultation with other relevant partners and stakeholders;

23.1.4 programs should have a clear purpose, and be comprehensive, comprehensible, predictable, and simple to administer;

23.1.5 programs should not provide a disincentive to the use and development of private sector risk management tools;

23.1.6 programs should contribute to market-oriented adjustments and adoption of technological innovations;

23.1.7 programs should apply to the stability of the entire farm entity;

23.1.8 payments for the purposes of stabilization, disaster mitigation or production loss should not be capitalized into assets;

23.1.9 there shall be limits on the levels of assistance to producers;

23.1.10 programs should help mitigate a broad range of risks by allowing for increased or enhanced environmental stewardship and improved food safety and quality;

23.1.11 the financial resources of Canada should be allocated to provide, over time, the same level of protection for farmers in similar circumstances; and

23.1.12 the allocation of federal and provincial funds should not distort regional or commodity-based comparative advantage within or among jurisdictions.

Principles applicable to Production Insurance

23.2 In addition to the principles set out in clause 23.1, the Parties agree to consider the following principles when designing or modifying production insurance programs:

23.2.1 producers should have access to effective insurance tools as appropriate;

23.2.2 production insurance shall encompass production risk protection against uncontrollable natural perils with producers assuming the initial production losses;

23.2.3 the general approach shall consist of common program standards with provincial design and implementation flexibility;

23.2.4 protection strives to reflect, but not exceed, individual productive capability and expected, actual or replacement value of commodity;

23.2.5 programs strive to be cost-effective and efficient with an emphasis on protection against severe loss situations;

23.2.6 programs shall be based on sound insurance principles, actuarial soundness and self-sustainability;

23.2.7 the use and development of private sector insurance products and delivery is encouraged, where appropriate, or the development of non-subsidized plans in cases where such products are inconsistent with government policy;

23.2.8 there shall be equity and fairness in that the same level of federal cost-sharing shall be provided for similar levels of coverage, programs and features;

23.2.9 stakeholders are involved throughout the program design and implementation; and

23.2.10 governments shall strive for greater interprovincial and federal collaboration and data sharing in order to improve consistency and availability of programs, as well as to expand coverage of commodities.

ANNEX A: AGRISTABILITY AND AGRIINVEST

FEDERAL / PROVINCIAL / TERRITORIAL AGREEMENT WITH RESPECT TO AGRISTABILITY AND AGRIINVEST

BETWEEN THE GOVERNMENTS OF:

CANADA, as represented by the Minister of Agriculture and Agri-Food;

- and -

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

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

NOVA SCOTIA, as represented by the Minister of Agriculture;

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

QUEBEC, as represented by the Minister of Agriculture, Fisheries and Food and the Minister responsible for Canadian Intergovernmental Affairs, Aboriginal Affairs, Francophones within Canada, the Reform of Democratic Institutions and Access to Information;

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

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

SASKATCHEWAN, as represented by the Minister of Agriculture;

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

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

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

1 DEFINITIONS

1.1 In this agreement:

"Account" means an account established under clause 7;

"Act" means the *Farm Income Protection Act* (Canada);

"Administering Party" means, with respect to each Province or Territory, the Party determined under clause 6.1;

"Administration" means the senior official in charge of a body designated to exercise powers, functions or duties under clause 6.2, to the extent of those powers, functions or duties;

"AgriInvest" means the program elements established under clause 5;

"AgriStability" means the program elements continued under clause 3;

"Allowable Net Sales" means the amount established under clause 5.9;

"Appeals Committee" means a committee established under clause 6.17;

"Committee" means the National Program Advisory Committee established under clause 10.1;

"Disaster Component" means the income assistance measures of AgriStability that provide payments to a producer based on a margin decline that exceeds 30 per cent, with a government payment less than 70 per cent of the loss;

"Eligible Administrative Costs" means costs incurred with respect to the administration of AgriStability or AgriInvest which are eligible for cost-sharing under clause 9, and any further principles provided for in Program Guidelines, net of any administrative revenue;

"Eligible Production Input Costs" means input costs directly related to production that are eligible to be deducted from Farm Revenue in the calculation of the current year's Production Margin and Reference Margin, as set out in Program Guidelines;

"Entity" means a corporation, co-operative organization, trust, communal organization, or other entity recognized by law as having rights and duties;

"Farm Revenue" means farm income reported for income tax purposes or, for producers exempt from taxation, as would be reportable for income tax purposes, subject to any limitations set out in the program guidelines, and includes AgriInsurance payments but excludes other government program payments; and, for the calculation of the production margin in the Program Year only, includes payments made under legislation administered and enforced by the Canadian Food Inspection Agency that are reportable as farm income for income tax purposes, and other income support programs agreed to bilaterally between Canada and a province or territory;

"Fiscal Year" means the period beginning April 1 and ending on March 31;

"Government" means the federal, provincial and territorial governments that are parties to this Agreement;

"Income Tax Act" means the federal Income Tax Act;

"Margin Decline" means, with respect to a Program Year, the difference between a Participant's Production Margin for that Program Year and Reference Margin for that Program Year;

"Margin Decline Ratio" means, with respect to a Program Year, the ratio between a Participant's Margin Decline for that Program Year and Reference Margin for that Program Year;

"Maximum Account Balance" means the amount determined under clause 5.11;

"Maximum Government Contribution" means the amounts determined under clause 8.3;

"Maximum Matchable Deposit" means the amount determined under clause 5.8;

"Minimum Producer Contribution" means $45.00, or such other amount as is specified in the Program Guidelines;

"Minister" means the Minister of Agriculture and Agri-Food for Canada;

"Non-Administering Party" means, with respect to each Province or Territory, the Party which is not chosen as the Administering Party under clause 6.1;

"Participant" means a holder of an Account who is participating in AgriStability or AgriInvest, as the context requires;

"Participating Province or Territory" means a Province or Territory that is a party to this Agreement;

"Producer Contribution" means the contribution calculated under clause 3.3;

"AgriInsurance Program" includes a crop insurance program as defined in section 2 of the *Act*;

"Production Margin" means the difference between Farm Revenue and Eligible Production Input Costs, subject to adjustments made under clause 3.15;

"Program Guidelines" means guidelines established under clause 6.7;

"Program Year" means the period for which the Participant files a return under the *Income Tax Act*, or such other period as is permitted by the Administration under clause 3.4;

"Reference Margin" means the amount determined under clause 3.16;

"Stabilization Component" means the income assistance measures of AgriStability that provide payments to a producer based on a margin decline that is at or less than 30 per cent; and

"Supply Managed Commodities" means commodities coming within the provisions of the *Canadian Dairy Commission Act* or for which national marketing agencies have been established under Part II of the *Farm Products Agencies Act*.

2 PARTICIPANT ELIGIBILITY

Eligibility Rules

2.1 An individual or Entity is eligible to participate in AgriStability or AgriInvest if the individual or Entity, with respect to a Program Year:

2.1.1 has (a) reported farm income for the purposes of the *Income Tax Act*; or (b) where the individual or Entity is exempt from taxation, submitted to the Administration a statement of farming income and expenses as would otherwise be reportable under the *Income Tax Act*;

2.1.2 with respect to AgriStability only, has completed a minimum of six consecutive months of farming activity; and

2.1.3 with respect to AgriStability only, has completed a production cycle.

2.2 An individual or Entity that is unable to meet the requirements of clause 2.1.2 or 2.1.3 in a Program Year due to circumstances beyond their control shall be deemed to meet those requirements, subject to the Program Guidelines.

Publicly-funded institutions

2.3 Publicly-funded institutions, as specified in the Program Guidelines, are not eligible Participants for purposes of this Agreement.

Estates of Deceased Participants

2.4 An estate of a deceased Participant may participate in AgriStability or AgriInvest as specified in the Program Guidelines.

Partnerships

2.5 Subject to clauses 3.17 and 5.13, partners shall participate individually in AgriStability and AgriInvest according to procedures set out in Program Guidelines. For the purposes of this clause, "partnership" does not include the partnerships pursuant to Article 2188 of the Quebec Civil Code.

Separate Participation in AgriStability and AgriInvest

2.6 Participants elect to participate in one or both of AgriStability or AgriInvest according to procedures established by the Administration. A Participant is not required to participate in AgriStability in order to participate in AgriInvest, nor vice versa.

3 AGRISTABILITY

3.1 The program formerly known as the CAIS Program under this agreement shall be continued as AgriStability.

Annual Requirements

3.2 Each AgriStability Participant shall, with respect to each Program Year, no later than deadlines specified in Program Guidelines:

3.2.1 confirm AgriStability participation for that Program Year;

3.2.2 provide the Administration with such information as the Administration may require to determine the Participant's Reference Margin for that Program Year;

3.2.3 make the Producer Contribution assessed by the Administration for that Program Year;

3.2.4 provide the Administration with such information as the Administration may require to determine the Participant's Production Margin for that Program Year.

Producer Contribution

3.3 The Producer Contribution for a Program Year shall be calculated using the Participant's Reference Margin (as calculated for the purposes of this clause), multiplied by 0.45 per cent, multiplied by 85 per cent. In determining Reference Margin for the purpose of this clause, the Administration shall use procedures which are set out in Program Guidelines. The Producer Contribution shall not be less than the Minimum Producer Contribution. The Producer Contribution shall be credited to Fund 1.

3.4 A Participant shall take the steps set out in clause 3.2 according to procedures established by the Administration. If, subject to Program Guidelines, the Administration permits Participants to submit a statement of farming income and expenses, the statement must detail all income and expense information otherwise reportable for farm business income tax purposes and necessary for the calculation of entitlements for a Program Year (which shall be the calendar year or such other period as the Administration may permit). Participants who file in this manner must retain all source documents as would be required under the *Income Tax Act* such as sales invoices, purchase vouchers, bank records, ledgers and journals.

Stabilization Component Payments

3.5 For the Stabilization Component, where an AgriStability Participant experiences a Margin Decline in a Program Year with a Margin Decline Ratio less than or equal to 30 per cent, the Administration shall calculate a payment equal to the lesser of:

3.5.1 70 per cent of the portion of the Margin Decline which represents a Margin Decline Ratio less than or equal to 30 per cent, but greater than or equal to 15 per cent; and

3.5.2 the Maximum Government Contribution for that Participant.

Disaster Component Payments

3.6 For the Disaster Component, where an AgriStability Participant experiences a Margin Decline in a Program Year with a Margin Decline Ratio greater than 30 per cent, the Administration shall calculate a payment in the following manner. However, the total payment calculated under this clause shall be: (a) less than 70 per cent of the Participant's Margin Decline; and (b) less than or equal to the Maximum Government Contribution for that Participant:

3.6.1 80 per cent of the portion of the Margin Decline which represents a Margin Decline Ratio less than or equal to 100 per cent but greater than 30 per cent; and

3.6.2 70 per cent of the portion of the Margin Decline which represents a Margin Decline Ratio less than or equal to 30 per cent, but greater than or equal to 15 per cent; and

3.6.3 Where the Participant's Production Margin for that Program Year is less than zero (negative margin), 60 per cent of the lesser of: (a) the absolute value of the Production Margin; and (b) the Margin Decline. A Participant shall be eligible for a payment with respect to negative margins with respect to a Program Year if the Participant has: (a) incurred a negative margin resulting from the perils as set out in the Program Guidelines; (b) followed sound managerial practices as defined in Program Guidelines; and (c) had a Reference Margin greater than zero, or had a Production Margin greater than zero in at least two of the three Program Years used in calculating the Reference Margin, including Program Years for which Production Margin was estimated under clause 3.16.2, but excluding Program Years which were excluded under clause 3.16.1.

3.6.3.1 The calculation of Production Margin for the purposes of clause 3.6.3 shall include an amount in respect of AgriInsurance, whether or not the participant actually participated in an AgriInsurance program. The methodology to calculate the amount shall be set out in the Program Guidelines.

3.6.3.2 Clauses 3.5, 3.6.1 and 3.6.2 do not apply if the Participant's Reference Margin is less than zero.

Source of Payments

3.7 The payment calculated under clauses 3.5 or 3.6 shall be made first from the participant's Producer Contributions available from Fund 1. The remaining amount of the payment shall be made as a government contribution to the Participant's Fund 2.

Supply-Managed Commodities

3.8 Where the Margin Decline Ratio for a Participant is less than or equal to 30 per cent, the payment triggered under clause 3.5 shall be reduced by the ratio between (a) the allowable farm revenue that derives from Supply Managed Commodities; and (b) the total allowable farm revenue reported by the Participant. This ratio shall be calculated using data from the years which are used to calculate the Participant's Reference Margin.

Determining Producer Contribution

3.9 Once the Participant has provided the required information, the Administration shall determine the Producer Contribution required under clause 3.3 and notify the Participant of that determination and the basis for it.

No Withdrawal of Producer Contributions

3.10 Producer Contributions deposited to AgriStability Fund 1 with respect to the 2006 Program Year and later cannot be withdrawn except as provided for in clause 3.7 or clause 6.10.

Determining triggered payment

3.11 Once a Participant has provided the information required under clause 3.2.4 with respect to a Program Year, the Administration shall:

3.11.1 determine whether a payment has been triggered under clauses 3.5 or 3.6 and, if so, the amount of the triggered payment; and

3.11.2 notify the Participant of the determination made under clause 3.11.1, as well as the basis for that determination.

Fund 2 Payments

3.12 The Administration shall cause any AgriStability payment into Fund 2 to be withdrawn from Fund 2 and paid to the Participant.

Interim Payments

3.13 The Program Guidelines may allow AgriStability Participants to request an interim payment or an advance prior to the Administration determining their entitlements for a Program Year. The Program Guidelines may set out the mechanism by which an interim payment or advance shall be made, including but not limited to the application process and related fees and consequences for Participants who obtain an interim payment or advance in excess of the calculated entitlements that are subsequently determined.

Structure Change

3.14 Where a Participant's farming operation has undergone a change in ownership, business structure, size, farming practices, type of farming activity, method of accounting, or any other change that affects the farming operation's potential for profit, the Administration shall make adjustments to Production Margin and Reference Margin according to Program Guidelines. These adjustments may be waived by the Administration if, according to Program Guidelines, the changes were a result of circumstances beyond the Participant's control.

Accrual Adjustments

3.15 The Administration shall, according to Program Guidelines, make adjustments to the financial information reported by a Participant with respect to such matters as purchased inputs, commodity inventories, accounts payable and receivable and deferred income. The Participant shall supply such information as the Administration may require for this purpose.

Reference Margin

3.16 A Participant's Reference Margin with respect to a Program Year shall be calculated in the following manner:

3.16.1 a three-year average of a Participant's Production Margin based on the five-year period preceding the Program Year, excluding the years with the highest and lowest Production Margin; or

3.16.2 if it is not possible to determine the Participant's Production Margin for one or more of the preceding five years, the average of the Participant's Production Margin in the preceding three years. Where it is not possible to determine the Participant's Production Margin for one or more of those three years, the Administration shall estimate the missing Production Margin on the basis of like farms.

Combining

3.17 The Administration may combine multiple Participants and farming operations, for the purpose of calculating program benefits, where those Participants or persons with an interest in those farming operations are related persons, within the meaning of the *Income Tax Act*, and according to such further criteria as are set out in Program Guidelines.

3.18 The Administration shall calculate a combined Production Margin and Reference Margin for Participants and farming operations combined under clause 3.17, and calculate program benefits for those Participants on the basis set out in Program Guidelines. Payments under clauses 3.5 and 3.6 for Participants who have been combined under clause 3.17 shall not exceed the Maximum Government Contribution.

Account Adjustment Deadline

3.19 Deadlines and procedures for account adjustments requested by a Participant shall be specified in the Program Guidelines.

Transfer of Operation

3.20 Where a farming operation is transferred, in whole or part, to another individual or Entity, the Administration may make such adjustments with respect to Production Margin and Reference Margin as seem appropriate to the Administration in the circumstances.

4 AGRIINSURANCE PREMIUM ADJUSTMENT

4.1 The Administration shall pay an AgriInsurance premium adjustment to eligible AgriStability Participants in such circumstances as may be set out under clause 4.2.

4.2 The Program Guidelines may establish the rules under which a premium adjustment is calculated and paid and, without limiting the generality of the foregoing, may establish eligibility rules and limitations, rules respecting the inclusion of the premium adjustment in the calculation of the Production Margin or Reference Margin in future years, rules with respect to the forms of insurance coverage to be considered in calculating the premium adjustment, and any other rules for the purpose of the administration of the premium adjustment.

4.3 A premium adjustment payable under clause 4.1 shall not be considered when applying clause 8.3.

4.4 Premium adjustments shall be paid separately from contributions under clause 3.7.

4.5 Governments shall share in the cost of a premium adjustment in the ratio established under clause 8.1. The Administration or the Administering Party shall invoice the Non-Administering Party for its share of the premium adjustments, separate from invoices provided for under clause 8.4.

4.6 Invoices for Eligible Administrative Costs shall specify separately the administrative costs relating to the operation of clause 4.

5 AGRIINVEST

5.1 AgriInvest is established for the 2007 Program Year and following Program Years.

AgriInvest Annual Requirements

5.2 Each AgriInvest Participant shall, with respect to each Program Year, no later than deadlines specified in Program Guidelines, provide the Administration with such information as the Administration may require to determine the Participant's Allowable Net Sales for that Program Year.

5.3 A Participant shall provide the information required under clause 5.2 according to procedures established by the Administration, subject to Program Guidelines.

Determine Maximum Matchable Deposit

5.4 Once the Participant has provided the information required under clause 5.2, the Administration shall determine the Maximum Matchable Deposit for that Program Year, and notify the Participant of this determination and the basis for it.

Matchable Deposits

5.5 Once a Participant has received notification of the Maximum Matchable Deposit determined under clause 5.4, the Participant may make a deposit of up to that amount into Fund 1 of the Participant's Account.

5.5.1 The Program Guidelines may specify a limit on the number of deposits a Participant may make under this clause with respect to a Program Year.

5.5.2 The Program Guidelines shall specify the deadline for deposits made under this clause, as well as the consequences when those deadlines are missed. Those consequences may include, among other consequences, ineligibility or reduction in program payments otherwise payable. The Program Guidelines may specify initial, final or other deadlines, and may specify different consequences for each type of deadline.

Matching Deposit

5.6 Once the Participant has made a matchable deposit under clause 5.5, the Administration shall make a payment into the Participant's Fund 2. Subject to Program Guidelines, the payment shall be equal to the matchable deposit. However, the payment shall not exceed the Maximum Government Contribution.

Withdrawals

5.7 An AgriInvest Participant may withdraw funds from the Participant's Account according to procedures established by the Administration.

5.7.1 A withdrawal shall be applied to the Fund 2 balance until the Fund 2 balance is zero, at which point any remaining part of the withdrawal shall be applied to Fund 1.

5.7.2 Program Guidelines may establish rules limiting the frequency of withdrawals or providing for minimum withdrawal amounts for administrative reasons, and may impose fees in relation to frequent withdrawals.

Maximum Matchable Deposit

5.8 The Maximum Matchable Deposit shall, subject to Program Guidelines, be calculated by multiplying the Participant's Allowable Net Sales for a Program Year by 1.5 per cent.

Allowable Net Sales

5.9 Allowable Net Sales shall be calculated as the revenue from eligible agricultural commodities (including AgriInsurance payments in respect of eligible agricultural commodities and other payments set out in Program Guidelines) less the purchases of eligible agricultural commodities.

5.9.1 The Program Guidelines shall set out the eligible agricultural commodities for the purposes of this clause, as well as procedures for adjusting revenue from or purchases of those commodities.

5.9.2 Supply Managed Commodities shall not be eligible agricultural commodities. Where a Participant has revenue from or purchases of Supply Managed Commodities, then the Participant's Allowable Net Sales shall be adjusted by adding the revenue and subtracting the purchases of Supply Managed Commodities, and then multiplying by the ratio of (a) the revenue from eligible agricultural commodities to (b) the revenue from eligible agricultural commodities plus the revenue from Supply Managed Commodities.

5.9.3 Where a Participant's Allowable Net Sales for a Program Year is less than zero, then the Allowable Net Sales for that Program Year shall be considered to be zero.

Allowable Net Sales Cap

5.10 A Participant's Allowable Net Sales shall be limited to $1.5 million.

Maximum Account Balance

5.11 A Participant's Maximum Account Balance with respect to a Program Year shall be equal to 25 per cent of the Participant's average Allowable Net Sales, considering the Program Year and the two preceding Program Years, but excluding any Program Year for which the Participant's Allowable Net Sales was not calculated under AgriInvest.

5.11.1 The Maximum Account Balance shall not apply to the 2007 Program Year.

Application of Maximum Account Balance

5.12 Where a matching deposit under clause 5.6 would cause the balance of a Participant's Account to exceed the Maximum Account Balance, then the Administration shall only make that portion of the matching deposit which would not cause the Account to exceed the Maximum Account Balance.

Evasion of Maximum Account Balance or ANS Cap

5.13 The Program Guidelines may set out circumstances in which the Administration may limit the combined Allowable Net Sales and Maximum Account Balance of multiple Participants under clauses 5.10 and 5.11.

Mandatory Withdrawal

5.14 Where an AgriInvest Participant has, for two consecutive Program Years, failed to report information required to calculate Allowable Net Sales, or has reported no sales or purchases of eligible agricultural commodities, the Administration shall cause the entire balance of the Participant's Account to be paid to the Participant.

Fair Market Value

5.15 Sales and purchases of agricultural commodities must be reported at fair market value. Where the Administration determines that sales and purchases have been reported other than at fair market value, the Administration may make the adjustments which are appropriate, in the opinion of the Administration.

Account Adjustment Deadline

5.16 Deadlines and procedures for account adjustments requested by a Participant shall be specified in the Program Guidelines.

AgriInvest Three Year Review

5.17 The Parties agree to review the operation of the first two years of AgriInvest generally, to determine whether program changes would be desirable. In particular, the Parties shall review:

5.17.1 whether AgriInvest is achieving its objectives;

5.17.2 whether changes to AgriInvest are required to maintain affordability for governments, considering in particular cost neutrality relative to the measures of the CAIS program which were replaced by AgriInvest; and

5.17.3 whether Maximum Account Balance and Allowable Net Sales limits are being applied effectively to multiple Participants under clause 5.13.

AgriInvest Interim Review

5.18 The Parties agree to review the operation of the first year of AgriInvest on an interim basis to determine whether changes to AgriInvest are required to maintain affordability for governments, considering in particular cost neutrality relative to the measures of the CAIS program which were replaced by AgriInvest.

6 ADMINISTRATION

Administering Party

6.1 Canada and each Province or Territory shall determine which Party shall be the Administering Party for that Province or Territory with respect to AgriStability and AgriInvest. The Administering Party need not be the same Party for AgriStability and AgriInvest.

Delegation

6.2 The Administering Party may designate any suitable body to exercise some or all of the powers, functions or duties of the Administration with respect to some or all Participants.

Deadlines

6.3 The Administration shall establish any deadlines required for the administration of AgriStability or AgriInvest, except as otherwise provided for in this Agreement or the Program Guidelines.

6.4 With the consent of Canada and at least two-thirds of the participating Provinces or Territories, deadlines established by this Agreement or the Program Guidelines may be extended in extraordinary circumstances in order to ensure the effective delivery of AgriStability or AgriInvest.

AgriStability Annual Cost Share

6.5 AgriStability Participants will share administration costs as a condition of participation. The annual share shall be $55, or such other amount as is set out in the Program Guidelines. The Administration may require that each Participant pay the annual share, or may establish an alternate method of allocating the annual share among Participants, in such a manner that the average payment per Participant is at least equal to the annual share.

6.6 The Administration shall establish the procedure by which Participants must pay the annual share.

Program Guidelines

6.7 Program Guidelines shall be established to provide the details on eligibility and payment calculations and any other interpretation or clarification required for the proper operation of AgriStability and AgriInvest on a basis that is consistent with this Agreement and consistent across participating Provinces or Territories. The Program Guidelines shall require the consent of Canada and at least two-thirds of the participating Provinces or Territories where those Provinces or Territories represent at least fifty per cent of program participation. The Administration and the Administering Party shall adhere to the Program Guidelines.

6.7.1 Separate Program Guidelines may be established for AgriStability and AgriInvest as well as generally with respect to the operation of this agreement as a whole.

6.7.2 Where deadlines are established by Program Guidelines, the Program Guidelines shall specify the consequences where those deadlines are missed, including ineligibility, reduction in program payments otherwise payable, or other consequences for missing deadlines. The Program Guidelines may specify additional consequences where deadlines are missed in successive Program Years, including consequences which affect eligibility and payments in future Program Years. The Program Guidelines may specify initial, final or other deadlines, and may specify different consequences for each type of deadline.

6.7.3 For the purposes of clause 6.7, program participation for each Party shall be calculated as follows:

6.7.3.1 For guidelines which only affect AgriStability, program participation shall be equal to Production Margin reported to AgriStability for the most recent Program Year for which data is available.

6.7.3.2 For guidelines which only affect AgriInvest, program participation shall be equal to Allowable Net Sales reported to AgriInvest for the most recent Program Year for which data is available. Until data reported to AgriInvest is available, Allowable Net Sales may be determined for this purpose using data reported to AgriStability.

6.7.3.3 For guidelines which affect both AgriStability and AgriInvest, the program participation requirement shall be determined using clauses 6.7.3.1 and 6.7.3.2, in separate calculations for each of those clauses, and the guideline as a whole must meet both program participation requirements.

Authorizations and Corrective Adjustments

6.8 All withdrawals or payments from a Participant's Account must be authorized by the Administration. The Administration may make or authorize corrective adjustments to a Participant's Account.

Accounts

6.9 An Account will be opened in the Participant's name when an individual or Entity which does not already have an Account becomes a Participant in AgriStability or AgriInvest, according to procedures established by the Administration. An individual Participant must provide the individual's Social Insurance Number. An Entity that is a Participant must provide its Business Numbers as used for income tax filing purposes. The Administration may also require an Entity that is a Participant to provide the name and Social Insurance Number or Business Number of all individuals or Entities who are related persons, within the meaning of the *Income Tax Act*.

6.9.1 The Administration shall require Participants to open a separate Account for the purposes of AgriStability and AgriInvest.

Opt Out

6.10 Participants may opt out of AgriStability or AgriInvest at any time. However, Participants who opt out of AgriStability and have funds remaining in AgriStability Fund 1 that relate to Producer Contributions for the 2006 Program Year or later, shall owe a fee to the Administration equal to that remaining balance. A fee equal to any remaining balance related to Producer Contributions for the 2006 Program Year or later shall also be payable by each Participant upon the dissolution of AgriStability. The Administration shall apply any remaining Fund 1 balance upon opt-out or dissolution to this fee.

Data Sharing

6.11 Subject to applicable privacy legislation, all data compiled by a Party, including individual farm data, with respect to AgriStability or AgriInvest shall be made available to the other Party for purposes such as audit and verification, consistent program delivery with common service standards across the country, assisting in future program development and ensuring adequate linkages between AgriInsurance Programs, AgriStability, AgriInvest and other elements of a framework agreement in relation to agriculture.

Forecasting

6.12 The Parties agree to share, on a timely basis, all information required to forecast their respective financial commitments under AgriStability and AgriInvest.

Overpayments

6.13 The Administration shall require Participants to repay any overpayments. The Administration shall recover overpayments by way of set-off against subsequent payments, or by other available means.

Set-Off

6.14 Where a Participant in AgriStability or AgriInvest is indebted to the Crown under an agricultural program, the Administration may, upon request from a program administrator, have such amounts deducted from any monies otherwise payable by the Administration into or out of a Participant's Account. The Administration may set-off other debts from monies otherwise payable into or out of an Account as authorized by law. The Administration shall notify a Participant that set-off has been applied.

Mandatory Withdrawals

6.15 The Administration may order mandatory withdrawals where account limits have been exceeded, participants are ineligible or an Entity ceases operations.

Review and Appeals

6.16 Each Administration shall provide a process by which a Participant may ask the Administration to review determinations of amounts payable into or out of AgriStability or AgriInvest accounts, including determinations that result in no amount being payable. In addition to considering such requests internally, the Administration shall, subject to exceptions permitted by Program Guidelines, refer the request to an Appeals Committee under clause 6.17.

6.17 Each Administration shall provide for one or more Appeals Committees, to which the Administration shall, subject to any exceptions permitted by Program Guidelines, refer matters raised by Participants under clause 6.16. An Appeals Committee shall consider matters referred to it by the Administration in accordance with procedures established by the Administration, and make a non-binding recommendation. The Administration shall determine whether to accept the Committee's recommendation, and shall notify the Committee and the Participant of this determination.

7 ACCOUNTS

Fund 1 and Fund 2

7.1 Each Participant's Account shall be composed of:

7.1.1 Fund 1, to which shall be credited all amounts paid by the Participant;

7.1.2 Fund 2, to which shall be credited all amounts paid by Canada or a Province or Territory in respect of the Participant.

7.2 Subject to clause 7.4, the Administering Party shall provide for Fund 1 of the Accounts:

7.2.1 within a Specified Purpose Account of the Party's Consolidated Revenue Fund; or

7.2.2 where the Administering Party is a Province or Territory, through another mechanism such as a trust account.

7.3 Subject to clause 7.4, the Administering Party shall provide for Fund 2 of the Accounts:

7.3.1 within a Specified Purpose Account of the Party's Consolidated Revenue Fund; or

7.3.2 where the Administering Party is a Province or Territory, through another mechanism such as a trust account.

Financial Institutions

7.4 Subject to the terms of an agreement between the federal Minister and financial institutions under s. 15.1 of the *Act*, the Administering Party may establish Fund 1 and Fund 2 of AgriInvest accounts in financial institutions.

8 FINANCIAL PROVISIONS

Cost Sharing

8.1 Government contributions to Fund 2, and Eligible Administrative Costs, shall be shared between Canada and the Province or Territory of the Participant in a ratio of 60 per cent and 40 per cent respectively.

Cost Volatility Mechanism

8.2 Canada and an individual Province or Territory may enter into an agreement setting up a cost volatility mechanism for that Province or Territory.

8.2.1 The agreement may provide for Canada to establish a cost volatility fund for the Province or Territory, as a Specified Purpose Account within the Consolidated Revenue Fund, or through another mechanism.

8.2.2 The Province or Territory shall be liable to make payments into the fund as provided for under the agreement.

8.2.3 Canada shall make payments from the fund to the Administration, or otherwise credit the Administration with amounts from the fund, as provided for under the agreement.

8.2.3.1 Payments or credits from the fund to the Administration shall be applied by the Administration towards the cost-sharing obligation of the Province or Territory under clause 8.1.

8.2.3.2 In no case shall the fund be permitted to have a negative balance. The Province or Territory shall remain responsible for its share of program costs under clause 8.1 to the extent that these expenses are not covered by payments or credits from the fund.

8.2.4 The agreement shall specify the disposition by Canada of the balance of the fund upon the termination of the agreement or the termination of this agreement.

8.2.5 Canada shall not make payments from the fund except as provided for under clause 8.2.3 and 8.2.4.

Maximum Government Contribution

8.3 The Maximum Government Contribution for a Program Year shall be $3,000,000 with respect to AgriStability, and $22,500 with respect to AgriInvest.

Invoices

8.4 The Administration or the Administering Party shall invoice the Non-Administering Party for its share of the Government contributions to Fund 2, according to procedures that shall be provided for in Program Guidelines. However, if interest is paid on Fund 1 or Fund 2, the interest payments shall not be eligible for cost-sharing. The Administration or the Administering Party shall credit the Non-Administering Party for its share of any fees collected under clause 6.10.

8.5 Where Canada incurs Eligible Administrative Costs with respect to the Provinces or Territories for whom Canada is the Administering Party, Canada shall attribute those costs to each of those

Provinces or Territories on the basis of the ratio of the number of Participants in each of those Provinces or Territories to the total number of Participants for whom Canada is the Administering Party. Canada shall invoice each of those Provinces or Territories for its share of those Eligible Administrative Costs, according to procedures that shall be provided for in Program Guidelines.

8.6 Where Canada incurs Eligible Administrative Costs with respect to AgriStability or AgriInvest generally, Canada shall attribute those costs to each of the participating Provinces or Territories on the basis of the ratio of the number of Participants in each of those Provinces or Territories to the total number of Participants in the program. Canada shall invoice each of those Provinces or Territories for its share of those Eligible Administrative Costs, according to procedures that shall be provided for in Program Guidelines.

8.7 Where Canada incurs Eligible Administrative Costs with respect to a specific Province or Territory, Canada shall invoice that Province or Territory for its share of those Eligible Administrative Costs, according to procedures that shall be provided for in Program Guidelines.

8.8 Each Province or Territory that is an Administering Party shall invoice Canada for its share of Eligible Administrative Costs, according to procedures that shall be provided for in Program Guidelines.

8.9 Where a Province or Territory incurs Eligible Administrative Costs with respect to another Province or Territory, the Province or Territory shall invoice Canada and the other Province or Territory for their respective share of the Eligible Administrative Costs, according to procedures that shall be provided for in Program Guidelines.

Dispute Resolution

8.10 Procedures to resolve disputes concerning invoices for Fund 2 contributions or eligible administrative costs may be set out in the Program Guidelines.

9 ADMINISTRATIVE COST-SHARING PRINCIPLES

Definitions

9.1 Definitions for the purposes of clause 9:

"charged directly to" means that all expenses which are specific to each program or programs shall be identified at the time the expense is incurred, and all expenses which are clearly identifiable with a specific program or group of programs shall be recorded in separate general ledger expense accounts. Such amounts shall not be included in common or shared costs;

"claimant" means the Party that is making a claim for reimbursement of Eligible Administrative Costs;

"common or shared costs" means those administrative expenses which cannot be specifically identified as relating to the program;

"out-of-pocket cost" means the actual amount incurred in respect of an employee or supplier of materials and services. This means that, if a material or service is provided by another department or branch of the government or a government-owned agency, the out of-pocket cost shall be the actual amount which that department, branch or agency paid to an employee or supplier of material and services. There shall not be any profit margin built into this amount; and

"payer" means a Party that is to receive a claim for reimbursement of Eligible Administrative Costs; and

"reasonable allocation" means that portion of expenses consumed by the program. Expenses may only be allocated to a program if verifiable documentation or independent studies can be provided which confirm that the amount allocated reflects the program's share of the cost.

Eligible Administrative Costs

9.2 No charges shall be made for services or materials provided free of charge. Eligible Administrative Costs are limited to:

9.2.1 the out-of-pocket cost of amounts charged directly to the program for:

9.2.1.1 payroll and benefits of personnel working solely on the administration of the program, including severance payments made in accordance with collective agreements or with employment contracts or which are consistent with the established policy and where the termination is to further operational needs;

9.2.1.2 travel, postage, freight, express and long distance communications;

9.2.1.3 advertising, publishing, printing, audio-visual and public relations;

9.2.1.4 legal expenses, computer system development, actuarial services, association dues, audit and evaluation;

9.2.1.5 rental of office accommodation and equipment;

9.2.1.6 utilities, materials and supplies;

9.2.1.7 repair and maintenance of equipment; and

9.2.1.8 other expenditures.

9.2.2 a reasonable allocation of the out-of-pocket cost of common or shared costs with respect to:

9.2.2.1 payroll and benefits of personnel working in part on the administration of the program;

9.2.2.2 travel, postage, freight, express and long distance communications;

9.2.2.3 advertising, publishing, printing, audio-visual and public relations;

9.2.2.4 legal expenses, computer system development, actuarial services, audit and evaluation;

9.2.2.5 rental of office accommodation and equipment;

9.2.2.6 utilities, materials and supplies;

9.2.2.7 repair and maintenance of equipment; and

9.2.2.8 other expenditures.

9.2.3 charges representing the fair market value of accommodations; and

9.2.4 such other amounts as are specifically authorized in writing by the payer.

9.3 Claims should include, for the goods and services listed above, federal GST net of any applicable input tax credits or rebates.

Common or Shared Expenses

9.4 Where other programs are administered in conjunction with AgriStability or AgriInvest, any common or shared expenses shall be split in a proportion equal to the use made by each respective program and only the portion attributable to AgriStability or AgriInvest shall be considered Eligible Administrative Costs.

Capital Expenditures

9.5 Capital expenditures on equipment, machinery or vehicles greater than $100,000 total cost per unit shall not be Eligible Administrative Costs without the written approval of the payer. No amount shall be considered Eligible Administrative Costs for capital expenditures on buildings and road infrastructures. This does not include leasehold improvements.

9.6 Within 120 days of the day this Agreement takes effect, and by March 1 of each subsequent year, a claimant shall be responsible for submitting, to each payer, costs of services associated with employees other than those directly employed in a program.

9.7 Within 120 days of the day this Agreement takes effect, and by March 1 of each subsequent year, a claimant shall be responsible for submitting, to each payer, a description of the methodology to be used to apportion administrative expenses and revenues between programs and between payers. Verifiable documentation or independent studies should be available to support the methodology.

9.8 Billings and cost transfers from other departments or special operating agencies, which do not detail the nature of the costs incurred or are based upon cost estimates or transfers of budgeted amounts, shall not be Eligible Administrative Costs.

9.9 Where there is a disagreement concerning Eligible Administrative Costs, contributions towards the portion of the costs in dispute may be withheld or denied by the payer until the issues related to their eligibility have been resolved.

9.10 Benefits (e.g., severance pay, holiday pay, or living allowances) for staff pertaining to their service prior to the start-up of activities under this Agreement, unfunded superannuation costs, and unfunded insurance plan costs shall not be Eligible Administrative Costs.

9.11 If access to a claimant's records is denied to a payer's staff or its appointed external auditors, all submitted amounts affected by this denial shall not be Eligible Administrative Costs.

9.12 A claimant shall be responsible for preparing reconciliations of their claims for program payments and administrative expenses with the amounts reported in their audited financial statements. A claimant shall be responsible for conducting an audit of these reconciliations which shall be carried out by a recognized independent accredited auditor. The claimant shall provide the audit to payers within nine months of the end of each Fiscal Year.

9.13 Compliance audits to determine that AgriStability and AgriInvest have been administered in accordance with the terms and conditions set out in this Agreement and the Program Guidelines shall be carried out by Canada using a recognized independent accredited auditor selected by Canada. Compliance audits shall be performed periodically at the discretion of Canada.

10 NATIONAL PROGRAM ADVISORY COMMITTEE

10.1 Pursuant to section 5 (3) of the Act, a National Program Advisory Committee shall be established to provide advice with respect to the administration of AgriStability and AgriInvest, and other programs as may be identified in the terms of reference provided to the Committee.

Committee Members appointed by Federal Minister

10.2 The Minister shall appoint to the Committee:

10.2.1 ten producers to represent commodity groups and regions of Canada;

10.2.2 one producer who is an aboriginal person; and

10.2.3 four federal officials.

Members appointed by Provinces and Territories

10.3 Each Participating Province or Territory shall appoint to the Committee:

10.3.1 one provincial or territorial official; and

10.3.2 one producer.

Term of Committee Members

10.4 Producers shall be appointed for a maximum of a three-year term.

Participation in Programs

10.5 Producers appointed under clause 10.2.1, 10.2.2, or 10.3.2 must be directly or indirectly participating (or agreeing to become a Participant) in AgriStability and AgriInvest.

Committee Functions

10.6 The Committee shall review the administration of AgriStability and AgriInvest, and report its recommendations to Ministers at least once per year.

Remuneration

10.7 Canada shall pay producer members of the Committee or sub-committees for service, traveling and living expenses incurred while absent from their usual place of residence. All costs associated with government officials shall be borne by their respective governments.

Terms of Reference

10.8 The operations of the Committee shall be governed by terms of reference established by the Parties.

11 VERIFICATION OF PARTICIPANT DATA

Audit and Verification

11.1 Participant files may be audited from time to time on a random basis or as deemed necessary to verify the accuracy of information submitted by the Participant and to ensure consistent compliance by Participants with eligibility rules. Audits may require the exchange of relevant information between the Administration and Canada Customs and Revenue Agency, as provided for in section 11 and section 26 of the Act, or the examination and verification of relevant information by other appropriate means.

11.2 The onus is on applicants to demonstrate, to the satisfaction of the Administration, that their farming operation is eligible to receive a payment under the terms of this Agreement.

11.3 The Administration shall require that Participants consent to the verification of the information used to calculate their payments from all relevant sources, including, but not limited to, their income tax records and information collected under other federal, provincial and territorial programs.

11.4 Individuals or entities wishing to open an Account must submit to the Administration full and accurate information as required.

11.5 A Participant, by enrolling in AgriStability or AgriInvest, authorizes the Administration to have access to any information pertinent to the administration of the Participant's Account and consents to allow the Minister of Agriculture and Agri-Food and the Provincial or Territorial Ministers of Agriculture to have access to any information the Participant provides for the purpose of audit, analysis, evaluation, program development and calculating and making special assistance payments subject to the provisions of their respective Privacy Acts.

11.6 Information provided by Participants under AgriStability or AgriInvest shall be subject to verification. Participants shall maintain all books and records pertaining to their accounts for the same length of time as books and records must be maintained as required under Section 230 and Regulation 5800 of the *Income Tax Act*. Information reported by Participants may be confirmed with Canada Customs and Revenue Agency.

False information

11.7 Any Participant who provides false information or is in breach of any of the conditions of eligibility may be considered ineligible to hold an Account and is subject to other consequences as set out in Program Guidelines.

Audit and Verification Principles

11.8 Audit and verification shall be subject to the following principles:

11.8.1 notwithstanding any verification processes that are put in place by the Administration, in all circumstances the onus of proof for any information provided, or claim made, rests with the Participant;

11.8.2 to have in place a visible process to verify that Participants are eligible to receive a payment and that the amount of the payment issued to an eligible Participant is plausible under the circumstances. This process must seek to minimize the risk of payment errors at a reasonable cost while treating all Participants in a consistent manner;

11.8.3 to ensure the Administration meets the legislative requirements for the expenditure of public monies as required under the federal *Financial Administration Act* for the federal contribution and similar provincial or territorial legislation for the provincial or territorial contribution. This includes verifying that there are sufficient funds available before making payments to eligible Participants;

11.8.4 there must be an appropriately-designed process in place to verify whether Participants are eligible to receive a payment and that the amount of the payment issued to eligible Participants is plausible under the circumstances; and

11.8.5 the verification work must be adequately documented, describing the nature, scope, and results of the verification activities to support the payments to eligible Participants.

11.9 Verification processes shall be subject to any further requirements set out in Program Guidelines.

12 COMMUNICATIONS

12.1 The Parties agree that all public information and advertising activities by the Parties in connection with this Agreement shall clearly make reference to this Agreement and shall fully and fairly reflect the Contribution of each Party.

Announcements

12.2 Announcements involving the Contribution of Canada, or a Province or Territory, under this Agreement or reporting on accomplishments and results arising out of, or related to, this Agreement shall be conducted as follows:

12.2.1 news releases shall be publicized and issued jointly by the Parties. To ensure proper visibility of the Parties, all joint news releases must contain quotes from the federal, and provincial or territorial, Ministers, include the wordmark of the Parties, and list federal, and provincial or territorial, contact persons;

12.2.2 each Party shall notify the others in a timely fashion of planned press conferences to facilitate the attendance at these press conferences of each Party or designated alternates.

Wordmark

12.3 Canada's participation in AgriStability and AgriInvest shall be identified by the prominent placement of the Government of Canada wordmark on all communications products, including but not limited to brochures, handbooks, cheques, posters, audio-visual materials, web-sites, Internet publications and other material related to this Agreement. The size of the Canada wordmark shall in no case be smaller than the provincial or territorial wordmark. The participation of the federal Department of Agriculture and Agri-Food shall be shown by the use of its departmental signature. The departmental signature shall be shown in both English and French and the predominant language in which the material is being written shall determine which language is presented first.

12.4 The participation of each Province or Territory in AgriStability and AgriInvest shall be identified by the provincial or territorial wordmark being prominently placed on all communications products relating to that Province or Territory, including but not limited to brochures, handbooks, cheques, posters, audio-visual materials and web-sites, Internet publications and other material related to this Agreement. The size of the wordmark shall in no case be smaller than Canada's wordmark. A provincial or territorial ministry's participation shall be shown by the use of the ministry's signature.

12.5 The Parties agree to co-operate to discharge the obligations imposed by clause 12 in an efficient manner.

Language of Communication

12.6 Where a Province or Territory is the Administering Party, and Canada and the Province or Territory agree that translation of public information in relation to this agreement to English or French is necessary, all incremental costs related to this translation shall be borne by Canada.

13 REPORTING

Comprehensive Review

13.1 A comprehensive review of AgriStability and AgriInvest shall be undertaken at least every five years, and shall include an environmental assessment. The findings will be reported to the parties to this Agreement and to each House of Parliament.

Annual Report

13.2 Each Administration shall prepare an annual report of the operations, revenues and expenditures pursuant to this Agreement as soon as possible following the end of each Fiscal Year.

Environmental Assessment

13.3 The Parties agree to complete an environmental assessment of AgriStability and AgriInvest within two years of this Agreement coming into effect. Subsequent environmental assessments may be integrated into the comprehensive review referred to in clause 13.1.

14 AMENDMENT AND TERMINATION

Termination

14.1 This Agreement between Canada and any one Province or Territory shall end on any date mutually agreed upon by Canada and that Province or Territory or by one of the Parties giving two full fiscal years advance notice in writing of such intent. Upon termination of this Agreement with respect to a Party, the balance in Participants' accounts with respect to that Party will be paid to the Participant after applying clause 6.10.

Amendment

14.2 This Agreement may be amended in accordance with the following requirements:

14.2.1 An amendment that does not have significant financial implications shall be valid if consented to by Canada and at least two-thirds of the participating Provinces or Territories, where those Provinces or Territories represent at least 50 per cent of program participation.

14.2.2 An amendment that has significant financial implications shall be valid if consented to by Canada and at least two-thirds of the participating Provinces or Territories, where those Provinces or Territories represent at least 67 per cent of program participation.

14.2.3 For the purposes of clauses 14.2.1 and 14.2.2, program participation for each Party shall be calculated as follows:

14.2.3.1 For amendments which only affect AgriStability, program participation shall be equal to Production Margin reported to AgriStability for the most recent Program Year for which data is available.

14.2.3.2 For amendments which only affect AgriInvest, program participation shall be equal to Allowable Net Sales reported to AgriInvest for the most recent Program Year for which data is available. Until data reported to AgriInvest is available, Allowable Net Sales may be determined for this purpose using data reported to AgriStability.

14.2.3.3 For amendments which affect both AgriStability and AgriInvest, the program participation requirement shall be determined using clauses 14.2.3.1 and 14.2.3.2, in separate calculations for each of those clauses, and the amendment as a whole must meet both program participation requirements.

14.2.4 Once an amendment achieves the required consent under this clause, the amendment shall be binding on all Parties to the agreement, except where a Party gives notice to Canada, within 90 days of the required consent having been achieved, that the Party does not wish to be subject to the amendment. Where such notice is given by a Party, the amendment shall not apply to that Party, and the agreement shall be administered with respect to that Party as it was without the amendment for the Program Year which corresponds to the current calendar year, and the following Program Year, after which time the agreement shall terminate in respect of that Party.

14.2.5 The financial implications of an amendment shall be calculated using a reference period consisting of the three most recent Program Years for which actual program data is available, and forecasted data for the following two Program Years.

14.2.6 The financial implications of an amendment shall be calculated by comparing:

14.2.6.1 the total estimated cost of AgriStability and AgriInvest during the reference period if the agreement were, for the entire reference period, as it would be immediately after the amendment is made; and

14.2.6.2 the total estimated cost of AgriStability and AgriInvest during the reference period if the agreement were, for the entire reference period, as it was immediately before the amendment would be made.

14.2.7 An amendment shall be considered not to have significant financial implications unless:

14.2.7.1 The total percentage change considering all Provinces or Territories represents an increase of 5 per cent or greater; or

14.2.7.2 The total percentage change considering a single Province or Territory represents an increase of 10 per cent or greater, and that Province or Territory gives notice to Canada, within 90 days of the date that Canada notifies the province of final estimates under clause 14.2.8, that it considers the amendment to have significant financial implications.

14.2.8 Canada shall prepare estimates necessary for determining whether an amendment has significant financial implications in collaboration with all Parties to this agreement. In case of disagreement, Canada's estimates shall be final for the purposes of this clause.

14.2.9 An amendment which changes the amending formula established under this clause shall require unanimous consent.

Other Program Payments

14.3 Notwithstanding any other provision in this Agreement, AgriStability and AgriInvest may be used for the purpose of taking any action under section 12 of the Act, or for the purpose of other programs as permitted under the Program Guidelines.

<u>ANNEX B: AGRIINSURANCE</u>

FEDERAL / PROVINCIAL AGRIINSURANCE AGREEMENT

BETWEEN THE GOVERNMENTS OF:

CANADA, as represented by the Minister of Agriculture and Agri-Food;

- and -

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

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

NOVA SCOTIA, as represented by the Minister of Agriculture;

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

QUEBEC, as represented by the Minister of Agriculture, Fisheries and Food and the Minister responsible for Canadian Intergovernmental Affairs, Aboriginal Affairs, Francophones within Canada, the Reform of Democratic Institutions and Access to Information;

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

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

SASKATCHEWAN, as represented by the Minister of Agriculture;

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

BRITISH COLUMBIA, as represented by the Minister of Agriculture and Lands.

1 DEFINITIONS

1.1 In this agreement, the following words have the following meanings:

"Act" means the *Farm Income Protection Act* (Canada).

"Actuary" means a Fellow of the Canadian Institute of Actuaries.

"Administrative Fees" means the fees charged to each Insured Producer on the basis of acreage insured, other than late filing fees and interest charges on overdue accounts, which are used to offset administrative expenses that would otherwise be payable by the Parties.

"Administrative Revenue" means any revenues earned by the Province in the course of operating the Insurance Program, but does not include Premiums and interest earned on Premiums.

"Agricultural Product" means (a) an animal, a plant or an animal or plant product, or (b) a product, including any food or drink, that is wholly or partly derived from an animal or plant.

"AgriInsurance Agreement" means this Agreement.

"AgriInsurance Program" means a production insurance program for the insurance of specified agricultural products against loss from natural causes that is established by the laws of a province and administered by a province and includes a crop insurance program as defined in the *Act*.

"Base Insurance Plan" means an Insurance Plan for Comprehensive Production Coverage or Catastrophic Production Loss Coverage that covers losses for the total production of the farm enterprise for a separate Agricultural Product.

"Catastrophic Production Loss Coverage" means benefits that are calculated in accordance with clause 5.5 of this AgriInsurance Agreement.

"Comprehensive Production Coverage" means all coverage other than Catastrophic Production Loss Coverage, High-cost Production Coverage, and Wildlife Compensation.

"Contract of Insurance" means a policy of insurance issued under an Insurance Program which covers all areas where an Agricultural Product is produced by one Insured Producer or more than one Insured Producer who have a common interest in that Agricultural Product.

"Contribution" means the amount to be paid by Canada to the Province pursuant to this AgriInsurance Agreement.

"Coverage Level" means the percentage of the Production Value of an Agricultural Product that is insured.

"Fiscal Year" means the twelve-month period beginning April 1 of any year and ending March 31 of the following year.

"High-cost Production Coverage" means benefits that are calculated in accordance with clauses 5.7 and 5.8 of this AgriInsurance Agreement.

"Insurance Plan" means a set of insurance features for an Agricultural Product under an Insurance Program.

"Insurance Program" means a program, established by provincial law and administered by the Province, that provides for Yield-based or Non-yield-based Coverage against losses arising from natural perils, and may provide for Wildlife Compensation.

"Insurable Value" means the amount of coverage purchased by an Insured Producer which is eligible to be cost-shared under this AgriInsurance Agreement.

"Insured Producer" means a holder of a Contract of Insurance who has insurable interest in one or more Agricultural Products covered by the Contract.

"National Certification Guidelines" means guidelines developed by Canada in consultation with the provinces that describe the work and the documentation needed to prepare the certifications required by the Regulations and that are available on request from the Minister.

"New Agricultural Product" means an Agricultural Product for which protection is being offered under an Insurance Plan at a Coverage Level which does not exceed 70 per cent of the Production Value of that Agricultural Product and for which insufficient data exists to meet the National Certification Guidelines.

"Non-yield-based Coverage" means insurance coverage that is not based on the probable yield of an Agricultural Product as provided for in the Regulations.

"Operational Document" means the agreement between Canada and a province that contains the details of provisions as required by this Agreement.

"Premium" means the amount of money assessed by the Province in any year to insure an Agricultural Product under the Insurance Program and, except in the case of a New Agricultural Product, is determined in accordance with clause 8.

"Production Guarantee" means the amount of insurance protection provided under a Contract of Insurance for an Agricultural Product based on the probable yield of that Agricultural Product, the exposure units insured, and the Coverage Level established under that Contract of Insurance.

"Production Value" means 100 per cent of the probable yield times the unit value of an Agricultural Product for Yield-based plans or 100 per cent of the total value of production of an Agricultural Product for Non-yield-based plans.

"Production Year" means the period set out in the Operational Document for each Agricultural Product.

"Regulations" means regulations made under the *Farm Income Protection Act* (Canada).

"Responsible Officer" means one or more persons identified by the Province to be responsible for the administration of the Insurance Program.

"Risk-splitting Benefit" means any Insurance Plan that triggers an indemnity payment without regard to the total production of the farm enterprise for a separately insurable Agricultural Product, that has Premium rates identified separately from other Premiums in an Insurance Plan and is in accordance with Section 4 of the Regulations. A Risk-splitting Benefit may be an independently-operated Insurance Plan or an option to a Base Insurance Plan.

"Wildlife" means the specific waterfowl and wildlife identified in the Operational Document.

"Wildlife Compensation" means the amount paid to producers to compensate them for damage, identified in the Operational Document, caused by Wildlife where such damage is not included as part of an Insurance Plan.

"Yield-based Coverage" means insurance coverage that is based on the probable yield of an Agricultural Product as provided for in the Regulations.

2 ELIGIBILITY

Eligible Products

2.1 Each Agricultural Product set out in the Operational Document for which there is an Insurance Plan agreed to by Canada and a Province is eligible under this AgriInsurance Agreement.

New Agricultural Products and Changes to Insurance Plans

2.2 The Operational Document shall provide for the introduction of an Insurance Plan for a new Agricultural Product or a change to an existing Insurance Plan that has a financial impact and shall provide for the manner in which a proposal shall be addressed by Canada.

2.3 The areas to which each Insurance Plan extends shall be set out in the Operational Document.

3 INSURANCE DEADLINES

3.1 All enrollment and seeding deadlines for each Insurance Plan shall be set out in the Operational Document

3.2 If the Province changes an enrollment or a seeding deadline, the cost of assuming any additional risk, as determined by Canada, shall be provided for in Premiums or by any other means that will compensate for the added risk as agreed to by the Parties.

4 PROBABLE YIELD DETERMINATION

Manner of determining probable yield

4.1 The manner of determining probable yields shall be established in accordance with the National Certification Guidelines and provided for in the Operational Document.

Actuarial opinion

4.2 The Province shall provide the Federal Minister with a written opinion signed by an Actuary certifying that the probable yield methodologies result in yields that accurately reflect an Agricultural Product's demonstrated production capability; where the opinion is qualified, the Actuary shall disclose the extent and the sources of the bias in the methodology. The probable yield methodology for each Agricultural Product shall be certified every six years. In addition, the methodology shall be certified whenever a new methodology is developed for an Agricultural Product or a portion of an existing methodology is revised.

4.3 The Province shall demonstrate to the Federal Minister that the probable yield of an Agricultural Product in the Province meets either of the tests set out in the Regulations. The tests shall be submitted prior to the year for which they are required, as set out in the schedule in the Operational Document.

5 COVERAGE

General

5.1 The Coverage Levels shall be set out in the Operational Document.

5.2 The method used to establish a Coverage Level above 80 per cent and up to 90 per cent shall be set out in the Operational Document and shall be consistent with Section 3 of the Regulations. A statistical assessment of risk related to the total pure Premium cost shall be used to determine the maximum Coverage Level available for an Agricultural Product.

5.3 Where probable yield does not form the basis for determining coverage, Non-yield-based Coverage may be provided to Insured Producers for losses, including losses to:

5.3.1 stands of fruit trees or other perennial plants;

5.3.2 livestock; and

5.3.3 production being prevented or reduced by weather or another agricultural peril.

5.4 The Operational Document shall set out program details related to the provision of benefits for Non-yield-based Coverage, including the establishment of the amount of protection, the determination of indemnities, and the determination of the long-term average loss percentage.

Catastrophic Production Loss Coverage

5.5 The purpose of Catastrophic Production Loss Coverage benefits is to measurably increase the amount of insurance protection provided for loss situations that, based on an actuarial assessment, are determined to be a 93 percentile loss or greater.

5.6 Canada and the provinces shall annually review the common standards and guidelines to ensure that the design and operation of such Catastrophic Production Loss Coverage fulfill or will fulfill that purpose. The program and implementation details relating to Catastrophic Production Loss Coverage, consistent with the standards and guidelines, shall be set out in the Operational Document.

High-cost Production Coverage

5.7 The purpose of High-cost Production Coverage is to provide greater flexibility in Insurance Plans as a means of attracting producer participation in the Insurance Program.

5.8 High-cost Production Coverage is:

5.8.1 Risk-splitting Benefits, other than those identified in clause 5.10;

5.8.2 Coverage Levels above 80 per cent for high-risk Agricultural Products; and

5.8.3 Insurance Plans with unit values or Production Values, for Non-yield-based Coverage, that exceed the actual or replacement value of an Agricultural Product.

Risk-splitting Benefits

5.9 Risk-splitting benefits include coverage for Agricultural Products that do not satisfy all of the following criteria:

5.9.1 can be distinguished from other like Agricultural Products;

5.9.2 have a separate market price from other like Agricultural Products;

5.9.3 have different productive capabilities or production risks from other like Agricultural Products; and

5.9.4 have sufficient volume of production and availability of data to ensure the financial viability of an Insurance Plan related to that Agricultural Product.

5.10 A Risk-splitting Benefit that meets one of the following criteria shall be eligible for funding under the Comprehensive Production Coverage or the Catastrophic Production Loss Coverage where:

5.10.1 the Risk-splitting Benefit relates to a production contract with a third party and the loss payable is the direct result of third-party actions (e.g. processor by-pass);

5.10.2 it can be demonstrated, by a statistical analysis, that operating the Risk-splitting Benefit results in indemnity payments that are less than would otherwise be paid under the Insurance Plan; or

5.10.3 the total costs (Premium and administrative) of the Risk-splitting Benefit are less than the total costs for the same perils at the same Coverage Level under an Insurance Plan that does not provide Risk-splitting Benefits; for greater certainty, the same Coverage Level means the same amount of liability for each exposure unit.

5.11 Risk-splitting Benefits that operate independently of a Base Insurance Plan shall be considered High-cost Production Coverage.

5.12 Where all of the following conditions are met, the Risk-splitting Benefit shall be eligible for funding under the High-cost Production Coverage and the Base Insurance Plan shall be eligible for funding under the Comprehensive Production Coverage or Catastrophic Production Loss Coverage:

5.12.1 the Risk-splitting Benefit is sold as an option to the Base Insurance Plan;

5.12.2 where the Risk-splitting Benefit is an option, the maximum Coverage Level for the Base Insurance Plan is 80 per cent of the probable yield for Yield-based Coverage or 80 per cent of the Production Value for Non-yield-based Coverage;

5.12.3 where the Risk-splitting Benefit is an option, the minimum Coverage Level for the Base Insurance Plan is 70 per cent of the probable yield for Yield-based Coverage or 70 per cent of the Production Value for Non-yield-based Coverage; and

5.12.4 there shall be no moral hazard associated with the Risk-splitting Benefit nor additional administrative costs required to control moral hazard; moral hazard shall be considered to be adequately controlled where:

5.12.4.1 there is third-party involvement which prevents mixing of crops; or

5.12.4.2 there are separate market channels that insure all subdivisions of crops are stored, priced and marketed separately; or

5.12.4.3 the Risk-splitting Benefit is designed such that indemnity payments are independent of producer actions; or

5.12.4.4 the Risk-splitting Benefit relates to losses where the Agricultural Product must be destroyed prior to harvest.

5.13 Where the conditions of clause 5.12 are not met, both the Risk-splitting Benefit and the Base Insurance Plan shall be considered High-cost Production Coverage.

Unbiased Unit Values or Production Values

5.14 Where the tests set out in the Regulations determine that an Insurance Plan has a unit value or Production Value that exceeds the actual or replacement value of an Agricultural Product, that entire plan shall be eligible for funding under the High-cost Production Coverage. As an exception, where a province can demonstrate the methodology used to determine the unit value or the Production Value contains no bias, only the portion of the coverage above actual or replacement value shall be considered High-cost Production Coverage.

Coverage Levels above 80 Per Cent

5.15 A high-risk Agricultural Product is a commodity insured above the 80 per cent coverage level, where the total pure Premium cost is greater than nine per cent of the total Production Value. The only exception to this shall be where a whole-farm or basket-of-crops option provides coverage above 80 per cent and the total Premium costs for this option is no greater than the total Premium costs of 80 per cent coverage for the individual Agricultural Product included in the basket. For greater certainty, the additional Premium cost greater than 9 per cent associated with coverage above 80 per cent for high-risk Agricultural Products shall be limited to the amount allocated for High-cost Production Coverage.

Annual Review of High-cost Production Coverage

5.16 The parties shall undertake a review, if requested by one of the parties, to ensure limitations on high-cost production coverage are not preventing the flexibility to cover new commodities; where the limitations on High-cost Production Coverage have prevented the development of Insurance Plans for new Agricultural Products, the parties agree to consider modifying clauses 5.7 to 5.13, as necessary, to eliminate these impediments.

5.17 Program details for High-cost Production Coverage shall be set out in the Operational Document

6 UNIT VALUE AND PRODUCTION VALUE DETERMINATION

Determining unit values or production values

6.1 The manner of determining unit values or Production Values shall be established in accordance with the National Certification Guidelines and provided for in the Operational Document.

Compliance with regulations

6.2 The Province shall demonstrate to the Federal Minister that the unit value or Production Value of an Agricultural Product meets either of the tests set out in the Regulations. The tests shall be submitted prior to the year for which they are required, as set out in the schedule in the Operational Document.

Exceeding actual or replacement value

6.3 If the tests set out in the Regulations determine that the unit value or Production Value exceeds the actual or replacement value of an Agricultural Product and the Province cannot demonstrate that adequate administrative procedures are in place to prevent moral hazard, payments by Canada shall be based on the actual or replacement value.

6.4 If the tests set out in the Regulations determine that the unit value or Production Value exceeds the actual or replacement value of an Agricultural Product and the Province can demonstrate that adequate administrative procedures are in place to prevent moral hazard, payments by Canada shall be based on the unit value or Production Value up to a maximum of 120 per cent of the actual or replacement value.

7 LOSS DETERMINATION

Eligible Perils

7.1 The eligible perils under an Insurance Plan shall be set out in the Operational Document.

Determination of losses

7.2 The determination of losses for each Agricultural Product shall be based on the total production of the Agricultural Product, adjusted for quality losses where quality protection is provided, on all exposure units identified in the Contract of Insurance, compared to the total Production Guarantee for that Agricultural Product for the corresponding exposure units.

7.3 Where losses are not determined as specified in clause 7.2, the procedure for determining such losses shall be set out on the Operational Document.

7.4 The loss of or damage to an Insured Producer's Agricultural Product shall be determined by the Province in accordance with documented standards and procedures, all of which shall be set out in the Operational Document.

Quality Protection

7.5 For the purposes of loss determination, where quality protection is provided, an adjustment shall be made to the total Production Value, Insurable Value, or unit value to reflect a quality loss. The method used to make this adjustment shall be set out in the Operational Document.

Multiple compensation

7.6 Where losses are eligible for payments under more than one Insurance Plan or under both an Insurance Plan and Wildlife Compensation, the Province shall ensure that compensation is paid only once for the same loss.

8 PREMIUM RATE DETERMINATION

Determining premium rates

8.1 Except in the case of a New Agricultural Product, the manner of determining Premium rates shall be in accordance with the National Certification Guidelines and provided in the Operational Document. A description of each Premium rate methodology and how it is applied in determining Premiums shall be provided for in the Operational Document.

Actuarial opinion

8.2 Beginning with the initial date set out in the Operational Document and every five years thereafter and each time changes are made to the methodology used to determine Premium rates, the Province shall provide the Federal Minister with a written opinion signed by an Actuary stating that:

8.2.1 Premium rate methodologies have been established in an actuarially sound manner; and

8.2.2 the Insurance Program is financially self-sustaining, as defined in the National Certification Guidelines.

9 NEW AGRICULTURAL PRODUCTS

9.1 The Province shall conduct a review of each Insurance Plan for a New Agricultural Product no later than five years after implementation, to determine whether the provisions of the Regulations relating to New Agricultural Products shall continue to apply.

10 WILDLIFE COMPENSATION

Provincial election

10.1 Within 30 days of the signing of this AgriInsurance Agreement or no later than March 1 before the first Fiscal Year for which Wildlife Compensation will be paid, the Responsible Officer shall advise Canada if the Province shall be providing Wildlife Compensation. The provisions of clauses 10.2 to 10.9 shall then apply and details for the compensation shall be set out in the Operational Document.

Mitigation

10.2 Compensation shall only be paid if the Province has in place a program for the mitigation and prevention of damage related to the losses sustained.

Rate of compensation

10.3 Compensation may be paid up to 80 per cent of the production loss, as set out in the Operational Document.

10.4 Compensation shall be paid at a lesser rate than that specified in clause 10.3 if it is determined to be agronomically feasible to produce another Agricultural Product on the damaged area in the same Production Year. In such cases, the amount of compensation and the basis of payment shall be the same as that provided under the Insurance Plan.

Conditions for compensation

10.5 No compensation shall be provided where:

10.5.1 the acreage of the damaged Agricultural Product has been harvested prior to inspection;

10.5.2 it is determined that the Agricultural Product was seeded too late to reasonably expect normal yields;

10.5.3 it is determined that the damage occurred after the majority of the Agricultural Products in the same vicinity were harvested;

10.5.4 the Agricultural Product was a result of volunteer growth; or

10.5.5 the Agricultural Product was seeded on land considered unsuitable for crop production.

Limits on livestock losses

10.6 Subject to the approval of Canada, the Province may limit the amount to be paid for livestock losses to an amount that will encourage producers to carry private insurance on valuable animals.

10.7 The amount to be paid for livestock losses covered by Wildlife Compensation under this AgriInsurance Agreement (including any veterinary expenses incurred to treat the animal) shall not be greater than the commercial value of the animal, as determined by the Province.

Minimum amounts

10.8 The minimum amount to be paid for losses in respect of any claim shall be determined by the Province.

Form of payment

10.9 At the discretion of the Province, all or part of a Wildlife Compensation payment may be made in the form of materials that will help prevent similar damage in the future.

11 PAYMENTS BY CANADA

Payment to province or agent

11.1 Canada shall pay any Contribution directly to the Province or, if the Province so instructs, to its designated agent.

Payment ratios

11.2 Canada shall pay to the Province an amount equal to 60 per cent of all Premiums for Catastrophic Production Loss Coverage, 36 per cent of all Premiums for Comprehensive Production Coverage, 20 per cent of all Premiums for High-cost Production Coverage, and 60 per cent of costs for Wildlife Compensation.

Claims for payment

11.3 Canada shall pay its Contribution for an Insurance Plan to the Province if the Responsible Officer, at the time of requesting the Contribution, delivers to the Federal Minister, in addition to the information required by clause 11.4, the required budget and cashflow statement as specified in clause 12.3.

11.4 Canada shall pay its Contribution for Premiums for an Insurance Plan to the Province providing the Responsible Officer delivers to the Federal Minister, not more frequently than monthly, a claim containing the following information:

11.4.1 the total Premiums collected from Insured Producers during the period and cumulatively for the year; and

11.4.2 the Premiums paid by the Province during the period.

Wildlife Compensation

11.5 Canada shall pay its Contribution for Wildlife Compensation to the Province providing the Responsible Officer delivers to the Federal Minister, not more frequently than monthly, a claim containing the total Wildlife Compensation paid to producers during the period and cumulatively for the year, subject to the Responsible Officer having provided the required budget and cashflow statement as specified in clause 12.3.

Administrative Expenses

11.6 Canada shall pay to the Province an amount equal to 60 per cent of the administrative expenses incurred by the Province to administer the Insurance Program. Canada may pay advances for these administrative expenses to the Province not more frequently than monthly, on the basis of the budgets and cashflow statements referred to in clause 12.3. Subject to the provision of clause 12.3, administrative expenses shall be net of any Administrative Revenues.

11.7 Canada may adjust the advances referred to in clause 11.6 on the basis of the cashflow statements referred to in clause 12.3 to reflect the actual amounts reported for previous quarters.

11.8 The administrative expenses eligible for Contributions are set out in Schedule 1 to this AgriInsurance Agreement.

11.9 Administrative Fees paid by Insured Producers in the Province shall be considered to be payments in respect of Premiums for the purpose of establishing that the levels of federal funding have been complied with.

Negligence

11.10 No Contributions shall be made towards Premiums or administrative expenses that result from negligence of the Province in the operation of the Insurance Program.

12 RESPONSIBILITIES OF THE PROVINCE

Provincial payments

12.1 The Province shall pay an amount equal to at least two-thirds of the combined federal funding for the levels set out in clause 11.2 and 40 per cent of the administrative expenses incurred by the Province to administer the Insurance Program.

Wildlife Compensation

12.2 Where the Province provides Wildlife Compensation, the Province shall pay in respect of each Fiscal Year an amount equal to 40 per cent of the administrative expenses incurred in that Fiscal Year. Administrative expenses shall be net of any Administrative Revenues.

Administrative Expense Budgets

12.3 Prior to March 1, an administrative expense budget for the following Fiscal Year, approved by the Responsible Officer, shall be provided to the Federal Minister. Prior to August 1, a budget for the current Fiscal Year, approved by the appropriate governing body, shall be provided to the Federal Minister. For each three-month period ending on the last day of June, September, December, and March of each year, the Responsible Officer shall provide the Federal Minister with the cashflow statement by the last day of the month following each quarter. The statement shall be certified to be accurate, complete, and verifiable and in compliance with this AgriInsurance Agreement. The information to be included in the budgets and cashflow statements shall be set out in the Operational Document.

Requirements of Act, Regulations and Agreement

12.4 For the purposes of the Insurance Program, the Province agrees to do all things required of the Province by the Act, Regulations, and the AgriInsurance Agreement.

Insurance Fund Account

12.5 The Province shall ensure that it establishes and maintains an insurance fund account in which Premiums, interest, and investment income earned and reinsurance recoveries of indemnities shall be credited and the insurance fund shall only be used to:

12.5.1 pay indemnities under Contracts of Insurance;

12.5.2 if applicable, repay any amounts paid or advanced by Canada to the Province, out of funds not derived from the Premium receipts, for the payment of indemnities under Contracts of Insurance; and

12.5.3 pay premiums for the reinsurance of the liabilities of the Province pursuant to a reinsurance agreement and the reinsurance in any other manner of any portion of the Province's liabilities under the Insurance Program that is not covered by a reinsurance agreement.

Delegation

12.6 It is understood that the Province may delegate to a provincial body any or all of its powers, duties, and authority to administer the terms and conditions of this AgriInsurance Agreement as it relates to the Province, including identifying the Responsible Officer. This delegation of authority from the Province shall be done by a letter to or agreement with the delegated body and the Province shall provide to Canada a certified copy of the letter or agreement. Any such delegation does not affect the Province's obligations under this AgriInsurance Agreement, and any policy issues arising from this AgriInsurance Agreement shall not be delegated but shall be dealt with by Canada and the Province.

12.7 Without limiting the generality of clause 12.6 but for greater certainty, the Province may delegate to the agent responsibility for:

12.7.1 developing, designing, and operating the Insurance Program;

12.7.2 providing actuarial certifications that the program is self-sustaining, that the Premium rates are established in an actuarially sound manner, and that the probable yield methodology reflects an Agricultural Product's demonstrated production capability;

12.7.3 conducting financial audits;

12.7.4 establishing and maintaining an account for the Insurance Program;

12.7.5 receiving and recording all Contributions paid to the account, recording all expenditures paid from the account, and providing audited reconciliation statements; and

12.7.6 any other obligations, responsibilities, or duties which the Province has in relation to this AgriInsurance Agreement.

Procedures for investment of funds

12.8 The Province shall establish and maintain procedures governing the investment of funds held in the Insurance Program account.

Communications

12.9 Canada and each Province agree that all public information and advertising activities in connection with this agreement by Canada or the Province shall clearly make reference to this agreement and shall fully and fairly reflect the contribution of each party.

12.10 Unless otherwise agreed to by Canada and a Province, announcements involving Canada's or the Province's contribution under this agreement or reporting on accomplishments and results arising out of, or related to, this agreement, shall be conducted as follows:

12.10.1 news releases shall be publicized and issued jointly by Canada and the Province. To ensure proper visibility of both parties, all joint news releases must contain quotes from the federal and provincial Minister, include the wordmark of both parties and list a federal and provincial contact person;

12.10.2 Canada and the Province shall notify the other in a timely fashion of planned press conferences to facilitate the attendance at these press conferences of both parties or designated alternates.

12.11 Unless otherwise agreed to by Canada and a Province, Canada's participation in AgriInsurance shall be identified by the prominent placement of the Government of Canada wordmark on all communications products, including but not limited to brochures, handbooks, cheques (or cheque stubs), posters, audio-visual materials, web-sites, Internet publications and other material related to this agreement. The size of the Canada wordmark shall in no case be smaller than the provincial wordmark. The participation of the federal Department of Agriculture and Agri-Food shall be shown by the use of its departmental signature. The departmental signature shall be shown in both English and French and the predominant language in which the material is being written shall determine which language is presented first.

12.12 Unless otherwise agreed to by Canada and a Province, the Province's participation in AgriInsurance shall be identified by the provincial wordmark being prominently placed on all communications products, including but not limited to brochures, handbooks, cheques (or cheque stubs), posters, audio-visual materials and web-sites, Internet publications and other material related to this agreement. The size of the wordmark shall in no case be smaller than Canada's wordmark. A provincial ministry's participation shall be shown by the use of the ministry's signature.

12.13 The parties agree to co-operate to discharge the obligations imposed by clauses 12.9 through 12.15 in an efficient manner.

12.14 Where Canada and a Province or Territory agree that translation of public information in relation to this agreement to English or French is necessary, all incremental costs related to this translation shall be borne by Canada.

13 PAYMENTS BY INSURED PRODUCERS

13.1 Insured Producers shall pay their share of the Premiums for an Insurance Plan directly to the Province.

13.2 The Province shall determine the Insured Producer's share of Premiums in a manner consistent with the funding levels set out in clause 11.2 for Catastrophic Production Loss Coverage, Comprehensive Production Coverage, and High-cost Production Coverage.

14 DISPUTE RESOLUTION

14.1 Where there is a disagreement between Canada and the Province concerning Contributions to the Insurance Program, the portion of Contributions in dispute shall be withheld by Canada until the issue is resolved.

14.2 Where, in the opinion of the Federal Minister, there has been a breach of the Act, the Regulations, or this AgriInsurance Agreement by the Province, the Contributions related to the breach shall be withheld or denied until the breach is resolved.

14.3 Any issue arising from this AgriInsurance Agreement that cannot be resolved by Canada and the Province may be referred by either party to a court of competent jurisdiction for a determination.

14.4 Contributions withheld or denied under this clause shall continue to be withheld or denied until the issue is resolved. If Contributions have already been made, Canada shall not recover its share of the Contributions in dispute until the earlier of the date that the issue is resolved or one year from the date that the issue is identified.

15 RECORDS AND INFORMATION

15.1 The Province shall maintain documented standards and procedures for its administration of the Insurance Plans and Wildlife Compensation and shall provide to Canada, where applicable and when requested, information related to these standards and procedures.

15.2 The Province shall maintain and make available to Canada reports and information for the Insurance Plans and Wildlife Compensation requested by Canada for the purpose of evaluating and forecasting Canada's future financial commitments and to ensure adequate linkages between AgriInsurance, the AgriStability program, and other elements of a framework agreement where there is an established linkage, in accordance with provincial privacy legislation. The specific data to be provided shall be set out in the Operational Document.

16 PERFORMANCE MEASURES

16.1 There shall be minimum performance measures in respect of program participation, program design, and program delivery. Progress on performance measures shall be measured by indicators agreed to by the parties. The parties shall report annually on all pertinent measures.

16.2 The parties shall undertake, as part of program performance, an assessment of whether probable yield and unit value determination and limitations on High-cost Production Coverage are preventing the flexibility to cover New Agricultural Products and, where these sections of the AgriInsurance Agreement have prevented the development of Insurance Plans for New Agricultural Products, the parties shall consider modifying such sections, as necessary, to eliminate these impediments.

17 AUDIT MEASURES

Annual audit

17.1 The Province shall be responsible for conducting an annual financial audit of the Insurance Plans and Wildlife Compensation which shall be carried out by the provincial auditor or by a recognized independent accredited auditor. The annual financial audit report and an accompanying management letter shall be forwarded to Canada no later than November 30 following the end of the Fiscal Year.

Reconciliation

17.2 Within 30 days of Canada's request, the Province shall provide Canada with a statement reconciling the Province's audited financial statement figures to the actual Contributions claimed during the Fiscal Year. Where the Province's financial period is not the Fiscal Year as defined in this AgriInsurance Agreement, the Province shall provide Canada with an audited reconciliation statement. This statement will reconcile the Province's audited financial statement figures to its actual Contributions claimed for the Fiscal Year.

Compliance Audit

17.3 Compliance audits of the Insurance Plans and Wildlife Compensation shall be carried out by Canada, at Canada's expense, using a recognized independent accredited auditor selected by Canada. Compliance audits shall be performed every five years or more frequently at the discretion of Canada.

17.4 Where the audit referred to in clause 17.3 reveals an area of non-compliance, a plan of action outlining procedures for corrective action shall be developed by the parties and be set out in the Operational Document.

Availability of Documents

17.5 The Province shall make available to the auditor all relevant documents required for the completion of audits. The auditor shall treat any documents containing personal information in accordance with applicable legislation.

18 ENVIRONMENTAL ASSESSMENT

18.1 As stipulated in the Act, Canada shall conduct, at Canada's expense, an environmental assessment of the Insurance Program no later than January 31, 2012 and every five years thereafter. Canada shall consult with the Province on the manner of conducting the assessment.

18.2 The circumstances and conditions under which insurance may be withheld, restricted, or enhanced for the purpose of protecting the environment and encouraging sound management practices to ensure environmental sustainability shall be set out in the Operational Document.

19 RESPONSIBILITIES OF CANADA

19.1 For the purposes of this AgriInsurance Agreement, Canada agrees to do all things required by the Act, Regulations, and the AgriInsurance Agreement.

19.2 Where the terms and conditions of the Act, Regulations, and AgriInsurance Agreement are met, Canada shall make payments to the Province in accordance with clause 11.

20 GENERAL PROVISIONS

Laying agreement before Parliament

20.1 The Province concurs that the Federal Minister shall cause the AgriInsurance Agreement to be laid before Parliament.

Conflict

20.2 Any conflict between any provisions of this AgriInsurance Agreement and any provisions of the Operational Document shall be resolved in favour of this AgriInsurance Agreement.

Signing operation document

20.3 The Operational Document shall be signed by the officers authorized by Canada and by the Province.

20.4 Any agreed linkages between AgriInsurance, the AgriStability program, and any other elements of a Framework Agreement, shall, where appropriate, apply to this AgriInsurance Agreement

21 AMENDMENTS

Amendments to conform to available funding

21.1 Amendments to this AgriInsurance Agreement or changes to the specific provisions of the Insurance Program as outlined in the Operational Document may be necessary to conform to available funding. These amendments or changes shall be made at the earliest practical date.

Amending Formula

21.2 This agreement may be amended in accordance with the following requirements:

21.2.1 An amendment shall be valid if consented to by Canada and at least two-thirds of the Provinces or Territories who have entered into an AgriInsurance Agreement with Canada, where those Provinces or Territories represent at least 50 per cent of the total insured liability in the most recent year for which data is available.

21.2.2 Once an amendment achieves the required consent under this clause, the amendment shall be binding on all Parties to the agreement, except where a Party gives notice to Canada, within 90 days of the required consent having been achieved, that the Party does not wish to be subject to the amendment. Where such notice is given by a Party, the amendment shall not apply to that Party, and the agreement shall be administered with respect to that Party as it was without the amendment until the end of the next fiscal year, at which time the agreement shall terminate in respect of that Party.

21.2.3 An amendment which changes the amending formula established under this clause shall require unanimous consent.

Province-specific Schedules

21.3 Notwithstanding clause 21.2, a provincial Schedule may be amended, or added, at any time with the agreement of Canada and the applicable Province.

22 WHOLE FARM COVERAGE

22.1 The provinces may continue offering coverage based on a whole-farm approach or a basket of crops.

23 DEFICIT FINANCING

23.1 The terms and conditions of reinsurance between Canada and the Province and any other deficit financing arrangements shall be set out in a Schedule to this Agreement.

24 TERMINATION–GENERAL

Termination

24.1 This AgriInsurance Agreement may be terminated as between Canada and a Province as follows:

24.1.1 by both Parties at any date mutually agreed upon in writing;

24.1.2 by the Province upon providing notice in writing to Canada of its intent to terminate two complete Fiscal Years prior to termination; or

24.1.3 by Canada upon providing notice in writing to the Province of its intent to terminate two complete Fiscal Years prior to termination.

Surpluses and Deficits if no new agreement

24.2 If this AgriInsurance Agreement is terminated and the Parties do not enter into a new agreement, the following applies:

24.2.1 any amount of Canada's Contribution that has been overpaid to the Province and that has not otherwise been recovered shall be payable by the Province to Canada;

24.2.2 all surpluses or deficits in the provincial insurance fund and, where applicable, the balance in each of the federal and provincial crop reinsurance funds shall be the responsibility of the party that holds the account; and

24.2.3 all assets acquired by the Province for which Contributions were made by Canada shall be disposed of at fair market value and the proceeds therefrom shared equally by Canada and the Province unless both parties agree to an alternate arrangement.

Surpluses and deficits if new agreement

24.3 If this AgriInsurance Agreement is terminated and the Parties enter into a new agreement, all surpluses or deficits in the provincial insurance fund outstanding at the time of termination and, where applicable, the balance in each of the federal and provincial crop reinsurance funds shall not be extinguished and provision shall be made for the continuation of the surpluses or deficits under the new agreement.

SCHEDULE 1 TO ANNEX B:
ADMINISTRATIVE EXPENSES AND REQUIREMENTS

1 DEFINITIONS

1.1 For the purpose of this Schedule, the following words shall have the following meanings:

"Charged directly to" means that the Province shall identify all expenses which are specific to each program or programs it administers at the time the expense is incurred and shall record expenses which are clearly identifiable with a specific program or group of programs in separate general ledger expense accounts. Such amounts shall not be included in Common or shared costs.

"Common or shared costs" means those administrative expenses which cannot be specifically identified as relating to the Insurance Program.

"Out-of-pocket cost" means the actual amount incurred by the Province in respect of an employee or supplier of materials and services. This means that, if a material or service is provided to the Province by another department or branch of the provincial government or a provincially-owned agency, the Out-of-pocket cost shall be the actual amount which that department, branch or agency paid to an employee or supplier of material and services. There shall not be any profit margin built into this amount.

"Reasonable allocation" means that portion of expenses consumed by the Insurance Program. The Province may only allocate expenses to the Program for which it can provide verifiable documentation or independent studies which support that the amount allocated reflects the Program's share of the cost.

2 IDENTIFICATION OF EXPENSES

Eligible Administrative Expenses

2.1 No charges shall be made for services or materials provided free of charge to or by the Province. Administrative expenses eligible for contributions by Canada are limited to:

2.1.1 the Out-of-pocket cost to the Province of amounts charged directly to the Program for:

2.1.1.1 payroll and benefits of Provincial personnel working solely on the administration of the Program, including severance payments made in accordance with collective agreements or with employment contracts or which are consistent with the established policy of the Province and where the termination is to further the operational needs of the Province;

2.1.1.2 travel, postage, freight, express and long distance communications;

2.1.1.3 advertising, publishing, printing, audio-visual and public relations;

2.1.1.4 legal services, computer system development, actuarial services, association dues, audit and evaluation;

2.1.1.5 rental of office accommodation and equipment;

2.1.1.6 utilities, materials and supplies;

2.1.1.7 repair and maintenance of equipment; and

2.1.1.8 other expenditures.

2.1.2 A reasonable allocation of the Out-of-pocket cost to the Province of common or shared costs for:

2.1.2.1 payroll and benefits of Provincial personnel working in part on the administration of the Program;

2.1.2.2 payroll and benefits of other provincial personnel working in part on the administration of the Program;

2.1.2.3 travel, postage, freight, express and long distance communications;

2.1.2.4 advertising, publishing, printing, audio-visual and public relations;

2.1.2.5 legal services, computer system development, actuarial services, audit and evaluation;

2.1.2.6 rental of office accommodation and equipment;

2.1.2.7 utilities, materials and supplies;

2.1.2.8 repair and maintenance of equipment; and

2.1.2.9 other expenditures.

2.1.3 charges representing the fair market value of accommodations which are specifically authorized in writing by Canada; and

2.1.4 such other amounts as are specifically authorized in writing by Canada.

Claims should include, for the goods and services listed above, federal GST net of any applicable input tax credits and/or rebates.

Other Programs

2.2 Where the Province is administering other programs in conjunction with the Insurance Plans and Wildlife Compensation, any common or shared expenses shall be split in a proportion equal to the use made by each respective program and Canada shall contribute only to the portion attributable to the Insurance Plans and Wildlife Compensation. The proportion to which Canada shall contribute shall be set out in the Operational Document.

Capital Expenditures

2.3 Canada shall not contribute any amount for capital expenditures on equipment, machinery or vehicles greater than $100,000 total cost per unit without the written approval of Canada. No amount shall be contributed by Canada under this Program for capital expenditures on buildings and road infrastructures. This does not include leasehold improvements.

Employee Costs

2.4 Within 30 days of signing the AgriInsurance Agreement and by March 1 of each subsequent year, the Province shall be responsible for submitting, in writing, for Canada’s approval, costs of services associated with provincial employees other than those directly employed in a program.

Methodology to apportion administrative expenses and revenues

2.5 Within 30 days of signing this AgriInsurance Agreement and by March 1 of each subsequent year, the Province shall be responsible for submitting, in writing, for Canada’s approval, a description of the methodology to be used to apportion administrative expenses and revenues between the various programs to be administered by the Province during the subsequent Fiscal Year. Verifiable documentation or independent studies should be available to support the methodology.

Billings and cost transfers

2.6 Billings and cost transfers from other provincial departments and/or special operating agencies, which do not detail the nature of the costs incurred or are based upon cost estimates and/or transfers of budgeted amounts, shall not be eligible for reimbursement.

Costs in dispute

2.7 Where there is a disagreement between Canada and a Province concerning contributions towards the Province’s administrative costs, Canada’s contributions towards the portion of the costs in dispute may be withheld or denied until the issues related to their eligibility under a program have been resolved.

Payroll benefits

2.8 Benefits (e.g., severance pay, holiday pay, or living allowances) for provincial staff pertaining to their service prior to the start-up of activities under this AgriInsurance Agreement, unfunded superannuation costs, and unfunded insurance plan costs shall not be eligible for reimbursement.

Access to records

2.9 If access to a Province’s records is denied to Canada’s staff or its appointed external auditors, all submitted amounts so affected by this denial shall not be eligible for reimbursement.

SCHEDULE 2 TO ANNEX B:
PROVINCIAL DEFICIT FUNDING (BRITISH COLUMBIA)

Deficit Funding

1. British Columbia will fund 100 per cent of any deficit related to the Insurance Program and may charge interest on any deficits related to the Insurance Program. The Premium rates shall reflect the cost of deficit repayment including interest costs.

Interest

2. Where British Columbia charges interest on deficits in accordance with section 1, all interest costs included in the Premiums and interest earned on surpluses related to the Insurance Program shall be credited to the provincial insurance fund.

SCHEDULE 3 TO ANNEX B:
FEDERAL-PROVINCIAL REINSURANCE (ALBERTA)

Term

1. The arrangement for reinsurance shall remain in effect as long as the AgriInsurance Agreement is in effect, on the terms set out in this Schedule. The parties agree to periodically review the reinsurance arrangement. If the parties agree that the arrangement will not be extended beyond the termination of the AgriInsurance Agreement, any surplus or deficit in each reinsurance fund shall be the responsibility of the party that holds the fund

Provincial Crop Reinsurance Fund

2. The Province shall establish the crop reinsurance fund of the Province and shall, in each Fiscal Year, deposit or otherwise account for in that Fund the annual reinsurance premium required as determined in section 4 and any amounts as determined in section 7. The amount paid by the Province under section 13 shall be charged to the crop reinsurance fund of the Province.

Federal Crop Reinsurance Fund for the Province

3. The Province shall pay to Canada the annual reinsurance premium required as determined in sections 4 and 7 and the amounts received by Canada shall be credited to the crop reinsurance fund of Canada for the Province. The amounts paid by Canada under section 11 shall be charged to the crop reinsurance fund of Canada for the Province.

Reinsurance Premiums

4. The reinsurance premium payable to the crop reinsurance fund of Canada for the Province and to the crop reinsurance fund of the Province are to be paid out of annual Premiums collected for the Fiscal Year and are determined by the product of total annual Premiums multiplied by the reinsurance rates set out in the following table:

If, on April 1, the cumulative financial balance for the Insurance Program for the Province, expressed as a percentage of the total annual Premiums from the previous Fiscal Year, is:	Crop reinsurance fund of the Province	Crop reinsurance fund of Canada for the Province
less than 10%	8.5%	11.5%
less than 20%	8.5%	11.5%
less than 30%	8.5%	11.5%
less than 40%	7.0%	10.0%
less than 50%	6.0%	8.5%
less than 60%	5.0%	7.0%
less than 70%	4.5%	6.0%
less than 80%	4.0%	5.0%
less than 90%	3.5%	4.5%
less than 100%	3.0%	4.0%
less than 110%	2.5%	3.5%
less than 120%	2.0%	3.0%
less than 130%	2.0%	2.5%
less than 140%	1.5%	2.0%
less than 150%	1.5%	1.5%
less than 160%	1.0%	1.0%
160% or more	0.5%	0.5%

Self-sustaining

5. The reinsurance premium rates in the preceding table together with section 7 are, in the opinion of Canada, sufficient to make the reinsurance program self-sustaining.

Cumulative Financial Balance

6. For the purposes of this Schedule, the cumulative financial balance for the Insurance Program for the Province is the sum of the balances in the crop reinsurance fund of Canada for the Province, the crop reinsurance fund of the Province and the provincial insurance fund at the beginning of any Fiscal Year.

Additional Premium

7. If, as of March 31 of any Fiscal Year, either the crop reinsurance fund of Canada for the Province or the crop reinsurance fund of the Province is in a deficit position, any credit balance in the provincial insurance fund in excess of 50 per cent of the total Premiums received in that Fiscal Year shall be paid as an additional premium to the two crop reinsurance funds on a basis proportional to the deficits in the crop reinsurance fund of Canada for the Province and the crop reinsurance fund of the Province as of March 31 of that Fiscal Year.

8. Any additional premium payments from the provincial insurance fund to the crop reinsurance fund of Canada for the Province or to the crop reinsurance fund of the Province under section 7 shall not exceed the amount of deficits in those funds.

Interest

9. No interest shall be charged on any advances made by the Province to the crop reinsurance fund of the Province or by Canada to the crop reinsurance fund of Canada for the Province. No interest shall be credited to the crop reinsurance fund of the Province or to the crop reinsurance fund of Canada for any surplus held in either fund.

Review by Independent Actuary

10. The reinsurance premium rates, the provisions for additional premiums and all other relevant terms and conditions shall be reviewed by an independent actuary, at Canada's expense, no later than January 31, 2012 and every five years thereafter to ensure that the reinsurance rates are established in such manner as will make the reinsurance program self-sustaining over a maximum of 25 years.

Deficits

11. Canada shall pay to the Province, subject to post-audit, 75 per cent of the amount by which the total indemnities required to be paid under policies of insurance in force in that Fiscal Year exceed the aggregate of:

    11.1 the amount in the provincial insurance fund at the beginning of the Fiscal Year;

    11.2 the Premiums for that Fiscal Year less the amount of reinsurance premiums paid under section 4 and any private reinsurance premiums paid;

    11.3 the amount of any private reinsurance indemnities for that Fiscal Year;

    11.4 the amount of any investment or other income credited to the provincial insurance fund in that Fiscal Year;

    11.5 subject to paragraph 11.6, 2 ½ per cent of the total liability under the policies of insurance in force in that Fiscal Year; and

    11.6 paragraph 11.5 shall not apply if the Province has, in previous Fiscal Years, paid any sums described in paragraph 11.5, and at the termination of that Fiscal Year the total of such sums not repaid to the Province exceeds 16 2/3 per cent of the total liability of the policies in force in that Fiscal Year and where the payments described in paragraph 11.5 are repaid after all other payments from the crop reinsurance fund of the Province are repaid.

12. Subject to the provisions of the Act, Canada shall advance to the Province 90 per cent of the amount determined in section 11 and the balance shall be determined by and paid following receipt of a report certified by the provincial auditor or any other accredited auditor or firm of auditors that the Province may appoint.

13. The Province shall cover the remaining crop insurance deficit each year after considering the payments due under section 11.

Audited Financial Statements

14. Unless otherwise stated in this Schedule, balances and other financial amounts shall be accrued as reported in the audited financial statements of the Province.

SCHEDULE 4 TO ANNEX B:
FEDERAL-PROVINCIAL REINSURANCE (SASKATCHEWAN)

Term

1. The arrangement for reinsurance shall remain in effect as long as the AgriInsurance Agreement is in effect, on the terms set out in this Schedule. The parties agree to periodically review the reinsurance arrangement. If the parties agree that the arrangement will not be extended beyond the termination of the AgriInsurance Agreement, any surplus or deficit in each reinsurance fund shall be the responsibility of the party that holds the fund

Provincial Crop Reinsurance Fund

2. The Province shall establish the crop reinsurance fund of the Province and shall, in each Fiscal Year, deposit or otherwise account for in that Fund the annual reinsurance premium required as determined in section 4 and any amounts as determined in section 7. The amount paid by the Province under section 13 shall be charged to the crop reinsurance fund of the Province.

Federal Crop Reinsurance Fund for the Province

3. The Province shall pay to Canada the annual reinsurance premium required as determined in sections 4 and 7 and the amounts received by Canada shall be credited to the crop reinsurance fund of Canada for the Province. The amounts paid by Canada under section 11 shall be charged to the crop reinsurance fund of Canada for the Province.

Reinsurance Premiums

4. The reinsurance premium payable to the crop reinsurance fund of Canada for the Province and to the crop reinsurance fund of the Province are to be paid out of annual Premiums collected for the Fiscal Year and are determined by the product of total annual Premiums multiplied by the reinsurance rates set out in the following table:

If, on April 1, the cumulative financial balance for the Insurance Program for the Province, expressed as a percentage of the total annual Premiums from the previous Fiscal Year, is:	Crop reinsurance fund of the Province	Crop reinsurance fund of Canada for the Province
less than 10%	12.0%	18.0%
less than 20%	10.0%	17.0%
less than 30%	10.0%	17.0%
less than 40%	10.0%	17.0%
less than 50%	9.5%	16.5%
less than 60%	9.0%	16.0%
less than 70%	8.5%	15.5%
less than 80%	8.0%	15.0%
less than 90%	7.5%	14.0%
less than 100%	7.0%	13.0%
less than 110%	6.5%	11.0%
less than 120%	6.0%	9.0%
less than 130%	5.5%	7.0%
less than 140%	5.0%	6.0%
less than 150%	4.5%	5.0%
less than 160%	4.0%	4.0%
less than 170%	3.5%	3.5%
less than 180%	3.0%	3.0%
less than 190%	1.5%	2.5%
less than 200%	1.5%	2.0%
200% or more	1.5%	1.5%

Self-sustaining

5. The reinsurance premium rates in the preceding table together with section 7 are, in the opinion of Canada, sufficient to make the reinsurance program self-sustaining.

Cumulative Financial Balance

6. For the purposes of this Schedule, the cumulative financial balance for the Insurance Program for the Province is the sum of the balances in the crop reinsurance fund of Canada for the Province, the crop reinsurance fund of the Province and the provincial insurance fund at the beginning of any Fiscal Year.

Additional Premium

7. If, as of March 31 of any Fiscal Year, either the crop reinsurance fund of Canada for the Province or the crop reinsurance fund of the Province is in a deficit position, any credit balance in the provincial insurance fund in excess of 50 per cent of the total Premiums received in that Fiscal Year shall be paid as an additional premium to the two crop reinsurance funds on a basis proportional to the deficits in the crop reinsurance fund of Canada for the Province and the crop reinsurance fund of the Province as of March 31 of that Fiscal Year.

8. Any additional premium payments from the provincial insurance fund to the crop reinsurance fund of Canada for the Province or to the crop reinsurance fund of the Province under section 7 shall not exceed the amount of deficits in those funds.

Interest

9. No interest shall be charged on any advances made by the Province to the crop reinsurance fund of the Province or by Canada to the crop reinsurance fund of Canada for the Province. No interest shall be credited to the crop reinsurance fund of the Province or to the crop reinsurance fund of Canada for any surplus held in either fund.

Review by Independent Actuary

10. The reinsurance premium rates, the provisions for additional premiums and all other relevant terms and conditions shall be reviewed by an independent actuary, at Canada's expense, no later than January 31, 2012 and every five years thereafter to ensure that the reinsurance rates are established in such manner as will make the reinsurance program self-sustaining over a maximum of 25 years.

Deficits

11. Canada shall pay to the Province, subject to post-audit, 75 per cent of the amount by which the total indemnities required to be paid under policies of insurance in force in that Fiscal Year exceed the aggregate of:

    11.1 the amount in the provincial insurance fund at the beginning of the Fiscal Year;

    11.2 the Premiums for that Fiscal Year less the amount of reinsurance premiums paid under section 4 and any private reinsurance premiums paid;

    11.3 the amount of any private reinsurance indemnities for that Fiscal Year;

    11.4 the amount of any investment or other income credited to the provincial insurance fund in that Fiscal Year;

    11.5 subject to paragraph 11.6, 2 ½ per cent of the total liability under the policies of insurance in force in that Fiscal Year; and

    11.6 paragraph 11.5 shall not apply if the Province has, in previous Fiscal Years, paid any sums described in paragraph 11.5, and at the termination of that Fiscal Year the total of such sums not repaid to the Province exceeds 16 2/3 per cent of the total liability of the policies in force in that Fiscal Year and where the payments described in paragraph 11.5 are repaid after all other payments from the crop reinsurance fund of the Province are repaid.

12. Subject to the provisions of the Act, Canada shall advance to the Province 90 per cent of the amount determined in section 11 and the balance shall be determined by and paid following receipt of a report certified by the provincial auditor or any other accredited auditor or firm of auditors that the Province may appoint.

13. The Province shall cover the remaining crop insurance deficit each year after considering the payments due under section 11.

Audited Financial Statements

14. Unless otherwise stated in this Schedule, balances and other financial amounts shall be accrued as reported in the audited financial statements of the Province.

SCHEDULE 5 TO ANNEX B: FEDERAL-PROVINCIAL REINSURANCE (MANITOBA)

Term

1. The arrangement for reinsurance shall remain in effect as long as the AgriInsurance Agreement is in effect, on the terms set out in this Schedule. The parties agree to periodically review the reinsurance arrangement. If the parties agree that the arrangement will not be extended beyond the termination of the AgriInsurance Agreement, any surplus or deficit in each reinsurance fund shall be the responsibility of the party that holds the fund

Provincial Crop Reinsurance Fund

2. The Province shall establish the crop reinsurance fund of the Province and shall, in each Fiscal Year, deposit or otherwise account for in that Fund the annual reinsurance premium required as determined in section 4 and any amounts as determined in section 7. The amount paid by the Province under section 13 shall be charged to the crop reinsurance fund of the Province.

Federal Crop Reinsurance Fund for the Province

3. The Province shall pay to Canada the annual reinsurance premium required as determined in sections 4 and 7 and the amounts received by Canada shall be credited to the crop reinsurance fund of Canada for the Province. The amounts paid by Canada under section 11 shall be charged to the crop reinsurance fund of Canada for the Province.

Reinsurance Premiums

4. The reinsurance premium payable to the crop reinsurance fund of Canada for the Province and to the crop reinsurance fund of the Province are to be paid out of annual Premiums collected for the Fiscal Year and are determined by the product of total annual Premiums multiplied by the reinsurance rates set out in the following table:

If, on April 1, the cumulative financial balance for the Insurance Program for the Province, expressed as a percentage of the total annual Premiums from the previous Fiscal Year, is:	Crop reinsurance fund of the Province	Crop reinsurance fund of Canada for the Province
less than 10%	14.0%	10.0%
less than 20%	12.0%	9.0%
less than 30%	10.0%	9.0%
less than 40%	8.0%	8.0%
less than 50%	7.0%	7.0%
less than 60%	6.0%	6.0%
less than 70%	5.0%	5.0%
less than 80%	4.5%	4.5%
less than 90%	4.0%	4.0%
less than 100%	3.5%	3.5%
less than 110%	3.0%	3.0%
less than 120%	2.5%	2.5%
less than 130%	2.0%	2.0%
less than 140%	1.5%	1.5%
less than 150%	1.0%	1.0%
150% or more	0.5%	0.5%

Self-sustaining

5. The reinsurance premium rates in the preceding table together with section 7 are, in the opinion of Canada, sufficient to make the reinsurance program self-sustaining.

Cumulative Financial Balance

6. For the purposes of this Schedule, the cumulative financial balance for the Insurance Program for the Province is the sum of the balances in the crop reinsurance fund of Canada for the Province, the crop reinsurance fund of the Province and the provincial insurance fund at the beginning of any Fiscal Year.

Additional Premium

7. If, as of March 31 of any Fiscal Year, either the crop reinsurance fund of Canada for the Province or the crop reinsurance fund of the Province is in a deficit position, any credit balance in the provincial insurance fund in excess of 50 per cent of the total Premiums received in that Fiscal Year shall be paid as an additional premium to the two crop reinsurance funds on a basis proportional to the deficits in the crop reinsurance fund of Canada for the Province and the crop reinsurance fund of the Province as of March 31 of that Fiscal Year.

8. Any additional premium payments from the provincial insurance fund to the crop reinsurance fund of Canada for the Province or to the crop reinsurance fund of the Province under section 7 shall not exceed the amount of deficits in those funds.

Interest

9. No interest shall be charged on any advances made by the Province to the crop reinsurance fund of the Province or by Canada to the crop reinsurance fund of Canada for the Province. No interest shall be credited to the crop reinsurance fund of the Province or to the crop reinsurance fund of Canada for any surplus held in either fund.

Review by Independent Actuary

10. The reinsurance premium rates, the provisions for additional premiums and all other relevant terms and conditions shall be reviewed by an independent actuary, at Canada's expense, no later than January 31, 2012 and every five years thereafter to ensure that the reinsurance rates are established in such manner as will make the reinsurance program self-sustaining over a maximum of 25 years.

Deficits

11. Canada shall pay to the Province, subject to post-audit, 75 per cent of the amount by which the total indemnities required to be paid under policies of insurance in force in that Fiscal Year exceed the aggregate of:

    11.1 the amount in the provincial insurance fund at the beginning of the Fiscal Year;

    11.2 the Premiums for that Fiscal Year less the amount of reinsurance premiums paid under section 4 and any private reinsurance premiums paid;

    11.3 the amount of any private reinsurance indemnities for that Fiscal Year;

    11.4 the amount of any investment or other income credited to the provincial insurance fund in that Fiscal Year;

    11.5 subject to paragraph 11.6, 2 ½ per cent of the total liability under the policies of insurance in force in that Fiscal Year; and

    11.6 paragraph 11.5 shall not apply if the Province has, in previous Fiscal Years, paid any sums described in paragraph 11.5, and at the termination of that Fiscal Year the total of such sums not repaid to the Province exceeds 16 2/3 per cent of the total liability of the policies in force in that Fiscal Year and where the payments described in paragraph 11.5 are repaid after all other payments from the crop reinsurance fund of the Province are repaid.

12. Subject to the provisions of the Act, Canada shall advance to the Province 90 per cent of the amount determined in section 11 and the balance shall be determined by and paid following receipt of a report certified by the provincial auditor or any other accredited auditor or firm of auditors that the Province may appoint.

13. The Province shall cover the remaining crop insurance deficit each year after considering the payments due under section 11.

Audited Financial Statements

14. Unless otherwise stated in this Schedule, balances and other financial amounts shall be accrued as reported in the audited financial statements of the Province.

SCHEDULE 6 TO ANNEX B: PROVINCIAL DEFICIT FUNDING (ONTARIO)

Deficit Funding

1. Ontario will fund 100 per cent of any deficit related to the Insurance Program and may charge interest on any deficits related to the Insurance Program. The Premium rates shall reflect the cost of deficit repayment including interest costs.

Interest

2. Where Ontario charges interest on deficits in accordance with section 1, all interest costs included in the Premiums and interest earned on surpluses related to the Insurance Program shall be credited to the provincial insurance fund.

SCHEDULE 7 TO ANNEX B: PROVINCIAL DEFICIT FUNDING (QUEBEC)

Deficit Funding

1. Quebec will fund 100 per cent of any deficit related to the Insurance Program and may charge interest on any deficits related to the Insurance Program. The Premium rates shall reflect the cost of deficit repayment including interest costs.

Interest

2. Where Quebec charges interest on deficits in accordance with clause 1, all interest costs included in the Premiums and interest earned on surpluses related to the Insurance Program shall be credited to the Quebec insurance fund.

SCHEDULE 8 TO ANNEX B: FEDERAL-PROVINCIAL REINSURANCE (NEW BRUNSWICK)

Term

1. The arrangement for reinsurance shall remain in effect as long as the AgriInsurance Agreement is in effect, on the terms set out in this Schedule. The parties agree to periodically review the reinsurance arrangement. If the parties agree that the arrangement will not be extended beyond the termination of the AgriInsurance Agreement, any surplus or deficit in each reinsurance fund shall be the responsibility of the party that holds the fund

Provincial Crop Reinsurance Fund

2. The Province shall establish the crop reinsurance fund of the Province and shall, in each Fiscal Year, deposit or otherwise account for in that Fund the annual reinsurance premium required as determined in section 4 and any amounts as determined in section 7. The amount paid by the Province under section 13 shall be charged to the crop reinsurance fund of the Province.

Federal Crop Reinsurance Fund for the Province

3. The Province shall pay to Canada the annual reinsurance premium required as determined in sections 4 and 7 and the amounts received by Canada shall be credited to the crop reinsurance fund of Canada for the Province. The amounts paid by Canada under section 11 shall be charged to the crop reinsurance fund of Canada for the Province.

Reinsurance Premiums

4. The reinsurance premium payable to the crop reinsurance fund of Canada for the Province and to the crop reinsurance fund of the Province are to be paid out of annual Premiums collected for the Fiscal Year and are determined by the product of total annual Premiums multiplied by the reinsurance rates set out in the following table:

If, on April 1, the cumulative financial balance for the Insurance Program for the Province, expressed as a percentage of the total annual Premiums from the previous Fiscal Year, is:	Crop reinsurance fund of the Province	Crop reinsurance fund of Canada for the Province
less than 10%	7.0%	10.0%
less than 20%	7.0%	10.0%
less than 30%	6.5%	9.0%
less than 40%	6.0%	8.0%
less than 50%	5.5%	7.0%
less than 60%	5.0%	6.0%
less than 70%	4.5%	5.0%
less than 80%	4.0%	4.0%
less than 90%	3.5%	3.5%
less than 100%	3.0%	3.0%
less than 110%	2.5%	2.5%
less than 120%	2.0%	2.0%
less than 130%	1.5%	1.5%
less than 140%	1.0%	1.0%
140% or more	0.5%	0.5%

Self-sustaining

5. The reinsurance premium rates in the preceding table together with section 7 are, in the opinion of Canada, sufficient to make the reinsurance program self-sustaining.

Cumulative Financial Balance

6. For the purposes of this Schedule, the cumulative financial balance for the Insurance Program for the Province is the sum of the balances in the crop reinsurance fund of Canada for the Province, the crop reinsurance fund of the Province and the provincial insurance fund at the beginning of any Fiscal Year.

Additional Premium

7. If, as of March 31 of any Fiscal Year, either the crop reinsurance fund of Canada for the Province or the crop reinsurance fund of the Province is in a deficit position, any credit balance in the provincial insurance fund in excess of 50 per cent of the total Premiums received in that Fiscal Year shall be paid as an additional premium to the two crop reinsurance funds on a basis proportional to the deficits in the crop reinsurance fund of Canada for the Province and the crop reinsurance fund of the Province as of March 31 of that Fiscal Year.

8. Any additional premium payments from the provincial insurance fund to the crop reinsurance fund of Canada for the Province or to the crop reinsurance fund of the Province under section 7 shall not exceed the amount of deficits in those funds.

Interest

9. No interest shall be charged on any advances made by the Province to the crop reinsurance fund of the Province or by Canada to the crop reinsurance fund of Canada for the Province. No interest shall be credited to the crop reinsurance fund of the Province or to the crop reinsurance fund of Canada for any surplus held in either fund.

Review by Independent Actuary

10. The reinsurance premium rates, the provisions for additional premiums and all other relevant terms and conditions shall be reviewed by an independent actuary, at Canada's expense, no later than January 31, 2012 and every five years thereafter to ensure that the reinsurance rates are established in such manner as will make the reinsurance program self-sustaining over a maximum of 25 years.

Deficits

11. Canada shall pay to the Province, subject to post-audit, 75 per cent of the amount by which the total indemnities required to be paid under policies of insurance in force in that Fiscal Year exceed the aggregate of:

    11.1 the amount in the provincial insurance fund at the beginning of the Fiscal Year;

    11.2 the Premiums for that Fiscal Year less the amount of reinsurance premiums paid under section 4 and any private reinsurance premiums paid;

    11.3 the amount of any private reinsurance indemnities for that Fiscal Year;

    11.4 the amount of any investment or other income credited to the provincial insurance fund in that Fiscal Year;

    11.5 subject to paragraph 11.6, 2 ½ per cent of the total liability under the policies of insurance in force in that Fiscal Year; and

    11.6 paragraph 11.5 shall not apply if the Province has, in previous Fiscal Years, paid any sums described in paragraph 11.5, and at the termination of that Fiscal Year the total of such sums not repaid to the Province exceeds 16 2/3 per cent of the total liability of the policies in force in that Fiscal Year and where the payments described in paragraph 11.5 are repaid after all other payments from the crop reinsurance fund of the Province are repaid.

12. Subject to the provisions of the Act, Canada shall advance to the Province 90 per cent of the amount determined in section 11 and the balance shall be determined by and paid following receipt of a report certified by the provincial auditor or any other accredited auditor or firm of auditors that the Province may appoint.

13. The Province shall cover the remaining crop insurance deficit each year after considering the payments due under section 11.

Audited Financial Statements

14. Unless otherwise stated in this Schedule, balances and other financial amounts shall be accrued as reported in the audited financial statements of the Province.

SCHEDULE 9 TO ANNEX B:
SINGLE-FUND REINSURANCE (NOVA SCOTIA)

Term

1. The arrangement for reinsurance shall remain in effect as long as the AgriInsurance Agreement is in effect, on the terms set out in this Schedule. The parties agree to periodically review the reinsurance arrangement. If the parties agree that the arrangement will not be extended beyond the termination of the AgriInsurance Agreement, any surplus or deficit in each reinsurance fund shall be the responsibility of the party that holds the fund

Crop Reinsurance Fund of Canada for the Province

2. The Province shall pay to Canada the annual reinsurance premium required as determined in sections 3 and 6 and the amounts received by Canada shall be credited to the crop reinsurance fund of Canada for the Province. The amounts paid by Canada under section 11 shall be charged to the crop reinsurance fund of Canada for the Province.

Reinsurance Premiums

3. The reinsurance premium payable to the crop reinsurance fund of Canada for the Province are to be paid out of total annual Premiums collected for the Fiscal Year and are determined by the product of total annual Premiums net of any additional premium for deficit repayment as required by section 7 multiplied by the reinsurance rates set out in the following table:

If, on April 1, the cumulative financial balance for the Insurance Program for the Province, expressed as a percentage of the total annual Premiums from the previous Fiscal Year, is:	Crop Reinsurance Fund of Canada for the Province
less than 0%	5.0%
less than 10%	5.0%
less than 20%	4.5%
less than 30%	4.0%
less than 40%	3.0%
less than 50%	2.0%
less than 60%	1.0%
less than 70%	0%
less than 80%	0%
less than 90%	0%
less than 100%	0%
100% or more	0%

Self-sustaining

4. The reinsurance premium rates in the preceding table together with sections 6 and 7 are, in the opinion of Canada, sufficient to make the reinsurance program self-sustaining.

Cumulative Financial Balance

5. For the purposes of this Schedule, the cumulative financial balance for the Insurance Program for the Province is the sum of the balances in the crop reinsurance fund of Canada for the Province, any outstanding amounts owed to the Province related to deficit repayment, and the provincial insurance fund at the beginning of any Fiscal Year.

Additional Premium

6. If, as of March 31 of any Fiscal Year, there is an outstanding amount owed to the Province for deficit repayment from the Insurance Program and if there are sufficient funds in the provincial insurance fund to pay an additional premium, an amount of up to one-fifteenth of the outstanding amount shall be paid to the Province.

7. If, as of March 31 of any Fiscal Year, the crop reinsurance fund of Canada for the Province is in a deficit position or there are outstanding amounts owed to the Province for deficit repayment from

the Insurance Program, any credit balance in the provincial insurance fund in excess of 50 per cent of the total Premiums received in that year shall be paid on a basis proportional to the deficit to the crop reinsurance fund of Canada for the Province as of March 31 of that Fiscal Year and any outstanding amount owed to the Province.

8. Any additional premium payments from the provincial insurance fund to the crop reinsurance fund of Canada for the Province or the provincial government under section 7 shall not exceed the amount of deficits in the crop reinsurance fund of Canada for the Province and any outstanding amount owed to the provincial government for deficit repayment from the Insurance Program.

Interest

9. No interest shall be charged on any advances made by the Province to the provincial insurance fund or by Canada to the crop reinsurance fund of Canada for the Province. No interest shall be credited for any surplus held in either fund.

Review by Independent Actuary

10. The reinsurance premium rates, the provisions for additional premiums and all other relevant terms and conditions shall be reviewed by an independent actuary, at Canada's expense, no later than November 30, 2012 and every five years thereafter to ensure that the reinsurance rates are established in such manner as will make the reinsurance program self-sustaining over a maximum of 25 years.

Deficits

11. Canada shall pay to the Province, subject to post-audit, 75 per cent of the amount by which the total indemnities required to be paid under policies of insurance in force in that Fiscal Year exceed the aggregate of:

    11.1 the amount in the provincial insurance fund at the beginning of that Fiscal Year;

    11.2 the Premiums for that Fiscal Year less the amount of reinsurance premiums paid under section 3 and any private reinsurance premiums paid;

    11.3 the amount of any private reinsurance indemnities for that Fiscal Year;

    11.4 the amount of any investment or other income credited to the provincial insurance fund in that Fiscal Year;

    11.5 subject to paragraph 11.6, 2 ½ per cent of the total liability under the policies of insurance in force in that Fiscal Year; and

    11.6 paragraph 11.5 shall not apply if the Province has, in previous Fiscal Years, paid any sums described in paragraph 10.5, and at the termination of that Fiscal Year the total of such sums not repaid to the Province exceeds 16 $^{2}/_{3}$ per cent of the total liability of the policies in force in that Fiscal Year, and where the payments described in paragraph 11.5 are repaid after all other payments from the Province are repaid.

12. Subject to the provisions of the Act, Canada shall advance to the Province 90 per cent of the amount determined in section 11 and the balance shall be determined by and paid following receipt of the annual financial statements certified by the provincial auditor or any other accredited auditor or firm of auditors that the Province may appoint. The Province shall cover the remaining crop insurance deficit each year after considering the payments due under section 11.

Audited Financial Statements

13. Unless otherwise stated in this Schedule, balances and other financial amounts shall be accrued as reported in the audited financial statements of the Province or the agent of the Province.

SCHEDULE 10 TO ANNEX B: PROVINCIAL DEFICIT FUNDING (PRINCE EDWARD ISLAND)

Deficit Funding

1. Prince Edward Island will fund 100 per cent of any deficit related to the Insurance Program and may charge interest on any deficits related to the Insurance Program. The Premium rates shall reflect the cost of deficit repayment including interest costs.

Interest

2. Where Prince Edward Island charges interest on deficits in accordance with section 1, all interest costs included in the Premiums and interest earned on surpluses related to the Insurance Program shall be credited to the provincial insurance fund.

SCHEDULE 11 TO ANNEX B:
PROVINCIAL DEFICIT FUNDING (NEWFOUNDLAND AND LABRADOR)

Deficit Funding

1. Newfoundland and Labrador will fund 100 per cent of any deficit related to the Insurance Program and may charge interest on any deficits related to the Insurance Program. The Premium rates shall reflect the cost of deficit repayment including interest costs.

Interest

2. Where Newfoundland and Labrador charges interest on deficits in accordance with section 1, all interest costs included in the Premiums and interest earned on surpluses related to the Insurance Program shall be credited to the provincial insurance fund.

ANNEX C: AGRIRECOVERY

Description

1. AgriRecovery provides a process to enable governments to respond quickly when a natural disaster hits and addresses gaps not provided by existing programming. AgriRecovery is designed to: provide a rapid financial response to assist with immediate recovery from a disaster situation; help producers quickly resume business operations after a disaster; and enable short-term actions to minimize/contain the impacts of the disaster on producers. AgriRecovery is not intended to replace the need for multi-year strategies required to assist industries to adjust to the long term realities of a disaster.

Scope

2. AgriRecovery is a disaster relief framework which is designed to provide rapid response for producers affected by events such as the following:

   2.1 Disease or Pest-Related Viruses (e.g., Avian Influenza), Infestations (e.g., grasshoppers), Fungus (e.g. Ring Rot), Diseases (e.g., Bovine Spongiform Encephalopathy), etc.

   2.2 Natural or Weather-related Drought, Flooding, Hailstorms, Ice Storms, Earthquakes, Wildfires, Tornadoes, etc.

   2.3 Contamination of the Natural Environment, Threats to Food Security, Chemical Spills (e.g., Oil), etc.

3. Criteria for determining disasters include events that:

   3.1 Are a collective experience with significant negative impacts;

   3.2 Are individual events with potential for significant impact on a sector;

   3.3 Are associated with a disease, pest, natural event, contamination of the natural environment and/or threats to food security;

   3.4 Are not cyclical or long-term trends; and,

   3.5 Are beyond existing programs and the capacity of individual producers.

4. Events that will not meet the definition of a “Disaster” under AgriRecovery include:

   4.1 Destruction of an individual’s property where there is no impact on the sector;

   4.2 Long-term market trends;

   4.3 Income declines due to cyclical nature of markets;

   4.4 Cancellation of a contract or market loss not related to a natural event;

   4.5 Market loss due to changing consumer preferences;

   4.6 Trade actions that are not directly related to a disease event.

   4.7 Situations that are market-driven (e.g., the closing of a processing plant in an area); and

   4.8 Events that can be managed by existing programming (e.g., damage to crops due to hail).

Principles and Guidelines

5. The response developed under AgriRecovery is based on principles and coverage guidelines. The following principles guide each specific event/response in achieving the overall objectives of AgriRecovery:

   5.1 Assess each disaster response individually;

   5.2 Provide a timely response to disaster situations.

   5.3 Establish authorized disaster responses in collaboration with industry;

   5.4 Encourage mitigating actions;

5.5 Ensure general availability of programming in designated area;

5.6 Complement, but not substitute, existing suite of programming or private sector tools;

5.7 Ensure that producers share in the cost/loss and are not indemnified twice for the same cost/loss;

5.8 Not mask long-term market and industry signals; and

5.9 Minimize trade implications while recognizing the need for a rapid and effective response.

Coverage Guidelines

6. The coverage guidelines would be applied to address gaps in existing business risk management and disaster relief programming. The coverage will be limited to payments that will assist producers to re-establish their income stream and contain the long-term impacts after a natural disaster. AgriRecovery is intended to assist with the immediate implications of the disaster and will not serve as a long-term recovery strategy for an industry where one is required. Coverage will focus on:

6.1 Extraordinary costs associated with recovery from the disaster and returning producers to operation (e.g. clean-up, disinfection);

6.2 Costs associated with actions taken by producers to mitigate the impacts of the disaster (e.g. moving stock, vaccinating);

6.3 Damage to assets not covered under the Disaster Financial Assistance Arrangement;

6.4 Repackaging for consumption or disposing of unmarketable supplies;

6.5 Payments to assist with cashflow for producers who continue to have operating expenses while their sales are limited due to a quarantine or border closure situation and where timely assistance under other programs is not available;

6.6 Measures to assist an industry or producers manage the transition to new production where long-term restrictions are placed on a property due to a disease situation; and/or

6.7 Measures to encourage or discourage marketing of product during a market disruption caused by a disaster (e.g., set-aside programs to encourage producers to hold product from market while the industry re-establishes marketing infrastructure).

Implementation

7. Upon being made aware of a disastrous event, the Federal Minister of Agriculture and the Provincial/Territorial Ministers in the implicated area will convene a FPT task team. This team would be tasked with:

7.1 Evaluating the consistency of the event with the disaster definition;

7.2 Determining assistance available under ongoing disaster and related programming (e.g. AgriStability, AgriInsurance, targeted advances, Cover Crop Protection Program, etc) and any programming gaps;

7.3 Consulting with industry representatives and disaster agency representatives (such as the Canadian Food Inspection Agency (CFIA) and Disaster Financial Assistance Arrangement (DFA)) on whether further government response is needed; and

7.4 Recommending coverage options to ministers based on gaps, AgriRecovery principles and guidelines.

8. Task Team members will bring developed options and recommendations to their respective Ministers and these federal / provincial / territorial Ministers will work together to decide on the appropriate course of action.

8.1 In an effort to preserve the availability of funding under AgriRecovery, Task Teams will consider all available funding, funding sources and funding limits in developing options and recommendations for governments under the framework. Task Teams will seek to ensure that funding allocated for a specific AgriRecovery initiative is the least amount possible to efficiently and effectively meet the objectives of the disaster response.

8.2 Where federal / provincial / territorial Ministers determine, based on Task Team recommendations and options, that the event fits the criteria for a “Disaster” under AgriRecovery and agree on an event-specific disaster program, Ministers will then seek appropriate authorities to secure funding for the agreed upon AgriRecovery disaster response initiative.

Funding

9. Funding arrangements for AgriRecovery shall be handled on the following basis.

   9.1 Small natural disasters will be cost-shared on a 60:40 basis (federal : provincial/territorial). Small natural disasters are those that are regional in scope, have a relatively small impact on the Canadian industry, can be easily contained, and/or have few trade implications. The participation of provinces and territories is voluntary.

   9.2 A province or territory may contribute its 40 percent share for disaster responses under AgriRecovery by either paying for eligible expenditures, including administrative costs, for an initiative or, where agreed to by participating governments, by assuming responsibility for costs associated with provincial or territorial programming related to the specific Disaster.

   9.3 In the case of large natural disasters, governments will assess the cost-sharing arrangement on a case-by-case basis. Large natural disasters result in relatively large costs to governments, are national in scope, significantly affect the competitiveness of the Canadian agriculture sector, result in potential health risks to Canadians and/or have significant trade implications.