



CAPI

THE CANADIAN AGRI-FOOD
POLICY INSTITUTE

2009-10
Annual Report

Mission

The Canadian Agri-Food Policy Institute (CAPI) is an independent, unbiased policy forum that is dedicated to the success of Canada's agriculture and agri-food sector. CAPI is a catalyst. It identifies emerging issues, promotes dialogue and advances alternative solutions to issues with stakeholders across the diverse agriculture and agri-food value chain, and among academia, research institutes, governments and other sectors in Canada.

CAPI fulfills its work, according to its objectives and purpose. Its Charter indicates that CAPI will:

- Provide independent, unbiased and credible input to the Canadian agricultural policy debate and policy development process.
- Function as an agricultural policy forum focused on promoting dialogue by:
 - a. gathering intelligence and sharing results;
 - b. identifying emerging issues in the agricultural sector that should be coordinated and addressed on a national basis;
 - c. bringing together a wide range of expertise and new voices to examine existing and emerging issues in the agricultural sector;
 - d. discussing alternative solutions to issues before they become polarized;
 - e. providing balance when polarization within the agricultural sector is unavoidable; and
 - f. providing advice and a third-party perspective when agricultural policy decisions are made.

Governance

Based in Ottawa, CAPI was established as a non-profit corporation in 2004 by the federal government and is guided by a diverse Board of Directors and an Advisory Committee.

The CAPI Board of Directors has a broad background of expertise and experience from across the agriculture and agri-food sector, in public policy and government, and from research and business. The President reports to the Chair of the Board of Directors.

CAPI's Advisory Committee, representing the diverse agri-food value chain, is completely independent from the Institute and provides expert advice to the Board of Directors and the President on the policy research agenda and emerging policy issues. The Advisory Committee has twelve members, including Agriculture and Agri-Food Canada as an ex-officio member.

In 2009-2010, CAPI had three Voting Members as represented by Alberta Agriculture and Rural Development, the Ontario Ministry of Agriculture, Food and Rural Affairs, and, new in 2009, Farm Credit Canada. CAPI also has one Associate Member, le ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec.

Contacting CAPI

For any inquiry on this report, or on the work that CAPI is conducting, please contact:

David McInnes
President and Chief Executive Officer
Canadian Agri-Food Policy Institute
960 Carling Avenue, CEF
Building 49, Room 318
Ottawa, ON K1A 0C6

Telephone: 613-232-8008

Web: www.capi-icpa.ca

E-mail: info@capi-icpa.ca

Chair's Report

The year 2009-2010 marked a turning point for the Canadian Agri-Food Policy Institute (CAPI). In July 2009, CAPI's Board of Directors confirmed a new three-year strategic plan. As part of this, CAPI created three Leadership Panels to guide its work under the themes: food and wellness connection, sustainability and viability.

Our work is pivotal. While we have a longer-term policy view in mind, we also have the opportunity to help shape the dialogue of the next agricultural framework discussions among governments and stakeholders. From now until 2013, this presents a window of opportunity for CAPI as the next framework agreement is expected to be confirmed by this time.

The future of the agri-food sector will depend on how it responds to consumers' expectations for healthier and sustainably-produced foods. As well, Canada's agri-food strategy depends on setting clear policy objectives that leverage the country's competitive advantages. Our work in the year ahead is expected to present models and options to develop these important ideas. Our work last year has allowed us to set the stage. We are now engaging a broad number of stakeholders and we have commenced a new research program across our three themes.

The CAPI plan is unfolding. I was particularly pleased to be part of a CAPI Leaders Summit in early 2010 to advance the concept of an integrated health and agri-food strategy for Canada. This initiative demonstrated the growing interest in a joint health/agri-food agenda.

Representatives of the Board participate on the three Leadership Panels which also include diverse representation from across the agri-food sector and from adjacent sectors, in health/wellness and in the environment. I would like to express my sincere thanks to those Board members who have devoted their time to the panels over the course of this year. Moreover, for those stakeholders involved in the panels, I would like to express my appreciation for their engagement and ideas. In addition, the CAPI Advisory Committee continued to be a valuable sounding board as we developed and launched our new strategic plan.

I would like to especially thank George Fleischmann and Mario Dumais for their service to the CAPI Board of Directors. Both directors resigned in 2010. Mr. Dumais joined us in 2009 and enabled us to successfully engage the work of the Leadership Panel on Viability. Mr. Fleischmann, who served on the CAPI Board since 2004, continually provided sound advice and perspectives on the pertinent issues facing the sector. On behalf of the Board and CAPI, I wish them both well. Also on behalf of the Board, I would like to thank the CAPI President and CEO and staff for their work and support over the course of a very busy year. CAPI is positioned to make its mark on the policy landscape.

Sincerely,



Gaëtan Lussier
Chair

President's Report

The Canadian Agri-Food Policy Institute (CAPI) is on the way to becoming a more relevant, credible and visible catalyst for change. In doing so, we reached out and embraced new ways of operating.

CAPI significantly expanded its core of external advisors through the establishment of three Leadership Panels. This has enabled us to benefit from the input of over 30 passionate and forward-thinking individuals under the themes of food and wellness connection, sustainability and viability. The involvement of Board members on these committees has enabled us to focus our work and engage thoughtful discussion on key issues within each respective theme. The Institute also broadened the representation of its Advisory Committee to include the voice of a young farmer. The Institute created an awards program to seek out fresh ideas from graduate students. CAPI welcomed a new Voting Member, Farm Credit Canada, which also supported the awards program. CAPI implemented a secondment program in order to provide supplemental support to the Panels.

CAPI broadened its work in other ways; it reached out to a counterpart organization in the U.S. and to a broad number of stakeholders on both sides of the Canada-U.S. border in order to start thinking about adaptation to climate change facing both countries. CAPI held a unique summit on food and health which brought leaders together to advance the issue of an integrated health and agri-food agenda. While these initiatives were new, CAPI continued to interact with many stakeholders through a variety of sectoral consultations over the course of the year. The input and ideas we have received are impressive. These new approaches and our broad outreach enabled us to undertake our work over the course of the last fiscal year.

We are now well underway to creating the foundation to shape a national dialogue on the policy models and ideas that will enable Canada to thrive in the emerging agri-food world.

The CAPI team, its dedicated staff and the Board of Directors, have been instrumental to positioning the Institute. As well, the Advisory Committee and the Leadership Panels have played a fundamental role in shaping our broad approach. I thank each person involved in these initiatives. Their collective contributions in the year ahead will also be invaluable.

I look forward to working with our partners and stakeholders to generate the policy ideas and create the dialogue needed to improve the competitive prospects of the agri-food sector. We are embarking upon a movement for change.

Sincerely,



David McInnes

President & Chief Executive Officer

The Year in Review

Activities during Fiscal Year 2009-2010

The policy research activities undertaken by CAPI in 2009-2010 were based on a strategy presented by management and approved by the Board of Directors in July 2009. Input on the draft strategic approach and on the plan's implementation was provided by the Advisory Committee at its two meetings over the fiscal year.

As an independent policy forum, CAPI's work is focused on being relevant to the unfolding policy process leading up to – and beyond – the renewal of Growing Forward in 2013. To do so, the Institute has assembled three Leadership Panels to guide its work and help define novel policy options.

Advisory in nature, the Leadership Panels include a broad representation from the private sector, academia, NGOs and government. (Panel members are listed on CAPI's website.) CAPI has also reached out to many others through its own symposia, through external conferences, individual stakeholder consultations and through reports produced for wider dissemination on its website. As well, CAPI's own Advisory Committee, an umbrella body to provide guidance, provided input to the Institute on its approach.

CAPI's approach fulfills its mandate (as outlined in its Charter). The Institute is focused on stimulating thoughtful dialogue but not necessarily to seek consensus. But in creating a forum for discussion, it aims to provide a "safe place" for the exchange of ideas and debate across the agriculture and agri-food sector, academia, government and others. CAPI is a catalyst for dialogue. It is focused on presenting ideas and models for future policies needed to support a more competitive and profitable agri-food sector.

The Canadian Agri-Food Policy Institute is creating a dialogue on the issues facing the country's agri-food sector and the policy options required to better position the country. Its work is based on three themes: food and wellness connection, sustainability and viability.

In May 2010, CAPI published its first Synthesis Report which sets out significant trends that are influencing the shape of the sector; it provides a snapshot of our work program; and, this report identifies emerging policy themes and linkages across our thematic areas. This Synthesis Report provides a summary of the research program undertaken by CAPI in 2009-2010 and is considered as a supplemental resource to this Annual Report.

Last year, CAPI produced its second Newsletter which profiled the Institute's strategy and research program (available on its website). Our website has been refreshed so that it can remain a relevant source of information on our activities.

To support the research work of CAPI, two part-time secondments were undertaken. One supported by the Ontario Ministry of Food and Rural Affairs supported the early work of the Leadership Panel on Viability and was concluded in the fourth quarter; the other, supported by Manitoba Agriculture, Food and Rural Initiatives, was designed to assist the work of the Leadership Panel on Sustainability and commenced late in the fourth quarter and will extend into the following fiscal year.

The following describes CAPI's agricultural policy research activities for this fiscal year; they are organized under the domains of each of the three Leadership Panels.

LEADERSHIP PANELS

A significant initiative undertaken by CAPI in this fiscal year was to engage three broad-based Leadership Panels to guide its research work. The work undertaken over the course of the year is placed under the respective headings:

Leadership Panel on Food and Wellness Connection

Building Convergence:

Toward an Integrated Health and Agri-Food Strategy for Canada

Prior to this fiscal year, CAPI engaged the McGill World Platform for Health and Economic Convergence to develop a comprehensive discussion paper, entitled *Building Convergence: Toward an Integrated Health and Agri-Food Strategy for Canada*. This work was published in August 2009. A number of stakeholders provided input on this paper, including Agriculture and Agri-Food Canada, the Canadian Food Inspection Agency, Health Canada and the Public Health Agency of Canada.

Leaders Summit on Food for a Healthy and Prosperous Future

While this McGill report was commenced prior to the Leadership Panel being formed, this research did provide a backdrop for a related event. In February 2010, the Leaders Summit on Food for a Healthy and Prosperous Future was held to consider and promote an integrated health and agri-food policy agenda. This event included over 60 leaders representing the agri-food and health sectors, the research community and government. The Summit was undertaken with the support of AFMNet, Agriculture and Agri-Food Canada, Nova Scotia Department of Agriculture, RBC Dominion Securities, Pulse Canada and the Société de gestion du Fonds pour la promotion des saines habitudes de vie. CAPI also partnered with the University of Guelph who provided two students to prepare follow-up articles based on the content delivered at the Summit.

Advancing Canada's Food and Health Agenda: Case Studies in Healthy Foods

CAPI partnered with the Advanced Foods and Materials Network (AFMNet), a national centre of excellence, in a research collaboration to create a case study analysis of three commodities (wild blueberries, DHA-milk and pulses), in conjunction with the Richard Ivey School of Business, entitled: *Advancing Canada's Food and Health Agenda: Case Studies in Healthy Foods*. A summary of work was completed and presented at the Leaders Summit in February 2010, with the final report completed in April 2010. This work was supported by AFMNet, Agriculture and Agri-Food Canada, Nova Scotia Department of Agriculture and Pulse Canada.

Leadership Panel on Sustainability

Climate Change Symposia

Recognizing the importance of understanding how a changing climate impacts agriculture and policy, CAPI participated in and took a leadership position in a variety of symposia in 2009-2010 to consult with stakeholders. CAPI took a leading role in a Winnipeg-based event in March 2010, entitled *Adapting Agriculture to a Changing Prairie Climate*. Similarly, a companion event took place in Kansas City as a means to reach out to U.S. stakeholders.

Ecological Goods & Services

CAPI engaged researchers to undertake an Analysis of the Policy Options Fostering Adaptation of Canadian Farmers to Climate Change. Manitoba Agriculture, Food and Rural Initiatives supported this project as well as Agriculture and Agri-Food Canada. This project commenced at the end of the fiscal year for reporting in the summer, 2010.

Farm Foundation

In mid-2009, CAPI entered a collaborative relationship with the U.S.-based Farm Foundation, a counterpart organization, to support a symposium in June 2010 in Winnipeg based on the theme of sustainability and agriculture.

Leadership Panel on Viability

Farm Economic Performance Research

A broad research program was commenced late in 2009 and will continue into the following fiscal year. In the current fiscal year, an initial piece of work was commenced by the George Morris Centre to conduct a series of short research papers on the financial structure and economic performance of Canadian farms. The intent of this project was to provide a baseline understanding of economic issues confronting the agricultural sector. This material was being finalized by fiscal year-end.

Policy Objectives Research & Comparative Models Research

The second and third tranches of work are to be conducted in fiscal year 2010-2011.

OTHER INITIATIVES

Awards Program

A novel undertaking was initiated and launched in the fall of 2009, an awards program entitled Advancing a National Dialogue. Aimed at graduate students at agricultural institutions, it invited students to submit views on policies or models that will help Canada thrive in the emerging agri-food world under its three identified themes (of each of the three Leadership Panels). The awards will be made in mid-2010. This initiative was supported by Farm Credit Canada and administered by the Association of Colleges and Universities of Canada.

Research and Partnerships

To facilitate its work, CAPI supported a variety of initiatives as a way to support research and build partnerships.

CAPI provided letters of support for the following initiatives:

- To two networks involved in ERCA, the Enabling Research for Competitive Agriculture program sponsored by Agriculture and Agri-Food Canada: the Canadian Agricultural Innovation Research Network (CAIRN), May 2009; and, the Network of Structure and Performance of Agriculture and Agri-Products Industry, June 2009.
- To the McGill World Platform for Health and Economic Convergence in its initiative to develop a Coalition Linking Action and Science for Prevention (CLASP), July 2009. It focuses on cancer and other chronic disease prevention initiatives.

GOVERNANCE

CAPI adheres to the terms and conditions established at its founding. The CAPI Charter defines how the Institute will conduct its activities and remain accountable. As a matter of good governance, CAPI has created a number of policies to ensure transparency, integrity and clarity of good operating practices. In the last year it established a Partnership & Sponsorship Policy.

FINANCIAL REVIEW

The Funding Agreement between Her Majesty the Queen in Right of Canada represented by the Minister of Agriculture and Agri-Food (Minister) and the Canadian Agri-Food Policy Institute (CAPI) represents the major source of contribution to CAPI's activities.

In fiscal 2007, CAPI entered into a long-term financing agreement with the Government of Canada, for which CAPI received an amount of \$15 million. As defined in the agreement, the total maximum financial support that may be drawn down for the eligible administrative costs and the eligible policy research costs of CAPI in any fiscal year shall not exceed \$1 million of the original \$15 million paid to CAPI by the Government plus any accumulated interest or income from the investment of the grant that may be available for draw down at any time. The financing agreement represents the major source of contribution to CAPI's activities. Following are the summarized financial statements of CAPI as at March 31, 2010.

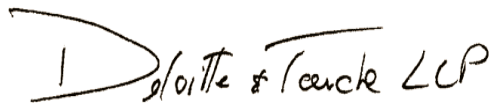
Auditors' Report

To the Directors of the
Canadian Agri-Food Policy Institute

The accompanying summarized statement of revenue and expenses and changes in net assets and summarized balance sheet are derived from the complete financial statements of the Canadian Agri-Food Policy Institute (the "Institute") as at March 31, 2010 and for the year then ended on which we expressed an opinion without reservation in our report dated May 14, 2010. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of the Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the Institute's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive style with a large, stylized 'D' at the beginning.

Deloitte and Touche
Chartered Accountants
Licensed Public Accountants

May 14, 2010

Finances

BALANCE SHEET at March 31, 2010

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 821,564	\$ 915,700
Accounts receivable	138,700	33,000
Prepaid expenses	18,102	830
Capital assets	68,943	14,623
Long-term investments	13,851,653	14,342,861
	\$ 14,898,944	\$ 15,307,084
LIABILITIES		
Accounts payable and accrued liabilities	\$ 167,059	\$ 134,686
Deferred contributions	567,997	572,112
Long-term deferred contributions	13,851,635	14,342,861
Deferred contributions - capital assets	68,943	14,623
	14,655,634	15,064,464
NET ASSETS	243,310	242,620
	\$ 14,898,944	\$ 15,307,084

STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN NET ASSETS

year ended March 31, 2010

	2010	2009
REVENUE		
Contributions		
Grant contributions	\$ 1,175,517	\$ 1,112,642
Initial contributions	4,115	90,008
Other contributions	115,197	-
Membership income	-	220,000
Interest income	690	10,592
Amortization of deferred contributions - capital assets	22,690	2,581
	1,318,209	1,435,823
EXPENSES		
Administration	266,077	376,591
Research Activities		
Communication and Outreach	176,810	201,540
Projects	860,435	620,914
Program activities		
CAPI projects	14,197	6,186
	1,317,519	1,205,231
EXCESS OF REVENUE OVER EXPENSES	690	230,592
NET ASSETS, BEGINNING OF YEAR	242,620	12,028
NET ASSETS, END OF YEAR	\$ 243,310	\$ 242,620



Canadian Agri-Food Policy Institute (CAPI)

960 Carling Avenue, CEF

Building 49, Room 318

Ottawa, ON K1A 0C6

T: 613-232-8008 F: 613-232-3838

info@capi-icpa.ca

www.capi-icpa.ca

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