



CAPI

THE CANADIAN AGRI-FOOD
POLICY INSTITUTE



Creating a National Dialogue

2008~09 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 addresses policy issues of significance to the agri-food sector. 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 that promotes 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 alternate 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.

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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 President reports to the Chair of the Board of Directors.

The CAPI Board of Directors is made up of nine members from across the country. Its members have a broad background of expertise and experience within the agriculture and agri-food sector, public policy and government, research and business.

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 future policy issues. The Advisory Committee has 11 members and Agriculture and Agri-Food Canada is an ex-officio member.

CAPI is required to adhere to the terms and conditions established at its founding; the CAPI Charter defines how the Institute will conduct its activities and remain accountable.

In 2008-2009, CAPI's had two voting members: the Ontario Agri-Food Policy Institute and the province of Alberta.

Contacting CAPI

To make any inquiries on this report, or on the work that CAPI is conducting, please contact:

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Chair's Report



In 2008-2009, the Canadian Agri-Food Policy Institute (CAPI) continued work on a series of projects to help advance research and policy dialogue in our priority areas: viability, sustainability, and food and wellness. This work was a continuation of projects identified in CAPI's January 2007 report *Moving Forward on Vision and Action for Canadian Agriculture*.

Specifically, over the last year, CAPI provided a better understanding of farm profitability, and a more accurate view of financial performance indicators. Our view is that good data is a basis for good policy development.

CAPI offered a constructive approach to help achieve regulatory efficiency and effectiveness, a matter of considerable attention across the agri-food value chain and in government. Finally, building on our study, *Finding Common Ground: Food for a Healthy Population and a Healthy Agri-Food Sector*, released in April 2008, CAPI undertook a significant project to advance the concept of developing an integrated health and agri-food strategy for Canada.

In 2008-2009, CAPI reached out to Canadians across the country as part of consultations on these projects. Many experts kindly agreed to offer their perspectives and advice to help shape our research and reports. I would like to thank all those from across the value chain and among academia and government who participated on CAPI projects over the past year. Notably, our Board of Directors and Advisory Committee continued to assist us in fulfilling CAPI's mandate and in providing feedback on our projects and approach.

I would like to especially thank the Board of Directors for their guidance in helping to transition the organization over the course of the year. Last year, I worked closely with the Board to attract a new President to CAPI, Mr. David McInnes, who commenced in February, 2009. I wish to express my appreciation to CAPI staff whose devotion and support enabled CAPI to continue its work over the course of the past year.

With support from the Board of Directors, Mr. McInnes embarked upon an immediate strategic review of the organization. He is establishing a fresh, bold direction for the Institute and I am confident in CAPI's future. Building on its foundation, CAPI is on the path of becoming an ever-more influential catalyst for change.

Sincerely,

A handwritten signature in black ink, reading "Gaëtan Lussier".

Gaëtan Lussier
Chair, Board of Directors

President's Report

The Canadian Agri-Food Policy Institute has an opportunity to shape a national dialogue on the policy models that will enable Canada to thrive in the emerging agri-food world. Building on its previous outreach efforts, CAPI offers a unique platform for dialogue. It provides an independent forum. It can define key issues to engage stakeholders. It can bring people together.

I am pleased to be part of an organization with a mandate to facilitate such discussion on a national scale and across one of Canada's leading sectors. I look forward to working with all stakeholders on the most pertinent policy issues facing this important sector.



Developing a new strategic direction for the Institute will ensure that CAPI can become the preeminent agricultural policy forum in Canada. I would like to express my appreciation to the Board of Directors, the Advisory Committee and members for their support and guidance in advancing this new strategy.

Sincerely,

A handwritten signature in blue ink, appearing to read 'D. McInnes'.

David McInnes
President & Chief Executive Officer



The Year in Review

The policy research activities undertaken by CAPI in 2008-2009 were based on projects identified in CAPI's January 2007 report *Moving Forward on Vision and Action for Canadian Agriculture*; a summary of activities is provided below.

As an independent voice on agri-food policy issues, communication and outreach are a CAPI priority. The CAPI website is an important vehicle to share reports, findings and initiatives with the stakeholder community. Last year, CAPI produced its first Newsletter with a distribution to more than 500 stakeholders. This document, as well as the CAPI's annual report and other publications, are made available on its website.

Direct consultations are also an important means to engage stakeholders and generate dialogue on emerging issues. CAPI met with its Advisory Committee in 2008 to review the status of its research projects and obtain input on the development of the Institute's research plan. CAPI made a number of presentations to academia, industry and the media over the course of 2008-2009. Other activities included outreach to the Farm Foundation, a counterpart organization to CAPI in the United States.

At its October 2008 meeting, the Board of Directors endorsed the need to renew the Institute's long term strategy. While some strategic work was undertaken after this point, CAPI's new President and Chief Executive Officer assumed responsibility for developing a comprehensive strategic review.

CAPI's new President, David McInnes, joined the Institute on February 2, 2009. Over the course of February and March, 2009, the President embarked upon a broad consultative process with stakeholders, including representatives from government, industry and academia, in order to receive feedback on CAPI's performance to date and elicit ideas for CAPI's emerging strategy review.

ACTIVITIES DURING FISCAL YEAR 2008-2009

The following describes CAPI's agricultural policy research activities for this fiscal year.

Measuring Farm Income:

The availability of detailed performance measuring tools is the basis for good business management and public policy decisions. In 2008, CAPI undertook a project to assess the adequacy of current farm sector measures and the need to develop more insightful measures of farm sector performance.

Following a series of five consultations with more than 120 stakeholders across Canada, CAPI published in March 2009 the report *Measuring Farm Profitability and Financial Performance*. Guidance for the project was provided by a steering committee representing academia, the accounting profession, financial institutions, producers, Agriculture and Agri-Food Canada and Statistics Canada.

The report indicated that information on financial performance, by farm size and by segments, such as by grains and oilseeds operations or by poultry operations, would improve decision-making. CAPI's findings have been forwarded to Statistics Canada and Agriculture and Agri-Food Canada.

Implementing Regulatory Change:

In 2008-2009, CAPI undertook a review of the regulatory framework in Canada and abroad. The purpose of the project was to help the federal, provincial, and territorial governments in Canada implement a more flexible regulatory system; that is, one which would protect consumers, enhance competitiveness, foster innovation, and contribute to the sustainability of the Canadian agri-food system.

With input from the Treasury Board of Canada, federal and provincial government departments and other agencies, a discussion paper entitled *Regulatory Reform in Canada's Agri-Food Sector* was published. CAPI was invited to present the results at the Annual General Meeting of the Canadian Horticultural Council in February 2009.

Canada's Rural Economies:

In late 2008, CAPI released a report on the proceedings of a symposium entitled *Growing Canada's Rural Economies*. Based on this work, CAPI concluded that while agriculture played an important role in rural economies, other organizations with mandates to focus on rural economies were better suited to focus on the issues highlighted at the symposium.

Toward an Integrated Health and Agri-Food Strategy in Canada:

CAPI engaged the McGill 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 intended to lay the groundwork for scoping out the policy implications of an integrated strategy. The report was developed with the cooperation and guidance of Agriculture and Food Canada, the Canadian Food Inspection Agency, Health Canada and Public Health Agency of Canada. This paper was due for release in the summer, 2009, and will serve as broad background document for future work on developing a framework for an integrated agri-food and health policy in Canada.

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, 2009.

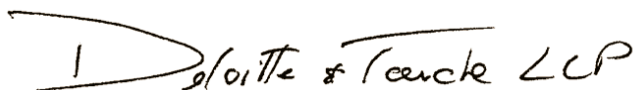
Auditors' Report

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 statement of the Canadian Agri-Food Policy Institute (the "Institute") as of March 31, 2009 and for the year then ended on which we expressed an opinion without reservation in our report dated May 22, 2009. 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 the 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.



Chartered Accountants
Licensed Public Accountants

August 26, 2009

CANADIAN AGRI-FOOD POLICY INSTITUTE

Summarized Statement of Revenue and Expenses and Changes in Net Assets
year ended March 31, 2009

| | 2009 | 2008 |
|---------------------------------|-------------------|------------------|
| Grant contributions | \$ 1,112,642 | \$ 936,853 |
| Project related contributions | | |
| Initial contributions | 90,008 | 55,913 |
| ACAFF (Health and Agri-Food) | - | 264,992 |
| Research | - | 18,000 |
| Membership income | 220,000 | - |
| Interest income | 10,592 | 12,028 |
| Other income | 2,581 | - |
| | 1,435,823 | 1,287,786 |
| Expenses | | |
| Administration | 376,591 | 256,551 |
| Research Activities | | |
| Networking | 201,540 | 207,006 |
| Projects | 620,914 | 485,424 |
| Program activities | | |
| Health and Agri-Food Project | - | 325,705 |
| CAPI projects | 6,186 | 1,072 |
| | 1,205,231 | 1,285,758 |
| EXCESS OF REVENUE OVER EXPENSES | 230,592 | 12,028 |
| NET ASSETS, BEGINNING OF YEAR | 12,028 | - |
| NET ASSETS, END OF YEAR | \$ 242,620 | \$ 12,028 |

CANADIAN AGRI-FOOD POLICY INSTITUTE

Summarized Balance Sheet

as of March 31, 2009

| | 2009 | 2008 |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 915,700 | \$ 709,237 |
| Accounts receivable | 33,070 | 47,699 |
| Prepaid expenses | 830 | - |
| Capital assets | 14,623 | 5,455 |
| Long-term investments | 14,342,861 | 14,734,169 |
| | \$ 15,307,084 | \$ 15,496,560 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 134,868 | \$ 82,788 |
| Deferred contributions | 572,112 | 662,120 |
| Long-term deferred contributions | 14,342,861 | 14,734,169 |
| Deferred contribution – capital assets | 14,623 | 5,455 |
| | 15,064,464 | 15,484,523 |
| NET ASSETS | 242,620 | 12,028 |
| | \$ 15,307,084 | \$ 15,496,560 |