



**INTERIM REPORT ON THE  
*MAIN ESTIMATES, 2011–12***

**Standing Senate Committee on  
National Finance**

**ELEVENTH REPORT**

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## **INTERIM REPORT ON THE *MAIN ESTIMATES, 2011–12***

The *Main Estimates, 2011–12* were tabled in Parliament on 1 March 2011 and were referred to the Standing Senate Committee on National Finance. To date, the committee has held three meetings to review these Main Estimates.

On 2 March 2011, officials from the Treasury Board of Canada Secretariat appeared, namely David Enns, Deputy Assistant Secretary, Expenditure Management Sector, Sally Thornton, Executive Director, Expenditure Operations and Estimates Division, and Ken Wheat, Senior Director, Expenditure Operations and Estimates Division.

On 8 March 2011, the committee met with officials from the Department of Finance, notably Sherry Harrison, Chief Financial Officer and Executive Director, Corporate Services Branch, Chris Forbes, Assistant Deputy Minister, Federal-Provincial Relations and Social Policy Branch, and Jim Haley, General Director, Economic and Fiscal Policy Branch. Furthermore, the committee discussed the role played by PPP Canada Inc. in the Canadian public-private partnership procurement market with Greg Smith, its Chief Financial Officer.

Finally, on 9 March 2011, officials from Agriculture and Agri-Food Canada and from the Department of Canadian Heritage appeared before the committee to discuss their voted appropriations requests and expected statutory appropriations level in the *Main Estimates, 2011–12*. Agriculture and Agri-Food Canada was represented by Greg Meredith, Assistant Deputy Minister, Strategic Policy Branch, Rita Moritz, Assistant Deputy Minister, Farm Financial Programs Branch, and Bev Levere, Director General, Finance and Resource Management Services, Corporate Management Branch, while the Department of Canadian Heritage was represented by Daniel Jean, Deputy Minister, Pablo Sobrino, Assistant Deputy Minister, Strategic Policy, Planning and Corporate Affairs, and René Bouchard, Executive Director, Portfolio Affairs.

## Overview of the *Main Estimates, 2011–12*

### Planned Spending

In the Estimates documents, planned budgetary expenditures appear as voted and statutory appropriations.<sup>1</sup> As shown in Table 1, the *Main Estimates, 2011–12* have net voted appropriations requests of \$91.8 billion and an expected net statutory appropriations level of \$159.0 billion, for net federal planned budgetary expenditures of \$250.8 billion. When compared with these planned expenditures in the *Main Estimates, 2010–11*, the amount in the *Main Estimates, 2011–12* represents a \$10.4 billion reduction in planned expenditures, comprised of \$6 billion less in the expected net statutory appropriations level and of \$4.4 billion less in net voted appropriations requests.

**Table 1 – *Main Estimates, 2011–12***  
**(\$ billions)**

	<b>2011-2012</b>	<b>2010-2011</b>	<b>Change (%)</b>
Net Voted Appropriations	91.8	96.2	-4.6
Net Statutory Appropriations	159.0	165.0	-3.6
<b>Total</b>	<b>250.8</b>	<b>261.2</b>	<b>-4.0</b>

Source: *Main Estimates, 2011–12*, p. 7.

These Main Estimates are below the forecasted federal expenditures for the 2011-2012 fiscal year of \$276.1 billion and \$276.7 billion indicated in the federal government's October 2010 *Update of Economic and Fiscal Projections*<sup>2</sup> and in the 2010 federal budget respectively.<sup>3</sup>

### Examination of the *Main Estimates, 2011–12*

To date, during their examinations of the *Main Estimates, 2011–12*, senators have evaluated the voted appropriations requests and the expected statutory appropriations level for selected federal

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<sup>1</sup> **Budgetary expenditures** include the cost of servicing the federal public debt, operating and capital expenditures, payments to federal Crown corporations, and transfer payments and subsidies to other levels of government, organizations and/or individuals. **Non-budgetary expenditures** (loans, investments and advances) are outlays that represent changes in the composition of federal financial assets. **Voted** appropriations are those for which parliamentary authority is sought through appropriations bills. **Statutory** appropriations are those authorized by Parliament through enabling legislation; they are included in the Estimates documents for information purposes only.

<sup>2</sup> Department of Finance, *Update of Economic and Fiscal Projections*, October 2010, p. 30, <http://www.fin.gc.ca/ec2010/pdf/efp-pef-eng.pdf>.

<sup>3</sup> Department of Finance, *Budget 2010*, 4 March 2010, p. 175, <http://www.budget.gc.ca/2010/pdf/budget-planbudgetaire-eng.pdf>.

departments and a federal Crown corporation. These examinations are preliminary and will continue with presentations by other departments, agencies and Crown corporations.

## **1. Treasury Board of Canada Secretariat**

The Treasury Board of Canada Secretariat (hereafter, the Secretariat) provided the committee with an overview of federal voted appropriations requests and the expected statutory appropriations level for the 2011-2012 fiscal year. The Secretariat indicated that about 60 per cent of expected net federal expenditures would consist of transfers to individuals, organizations and other levels of government. Another 28 per cent of forecasted expenditures would be allocated to the operating and capital expenditures of federal departments, agencies and Crown corporations. Lastly, 12 per cent of these expenditures would be directed towards interest charges on the federal public debt.

As mentioned earlier, federal voted appropriations requests and the expected statutory appropriations level are forecasted to decline by about \$10.4 billion from the 2010-2011 fiscal year to the 2011-2012 fiscal year. In large part, this expected decrease is attributable to completion of the federal Economic Action Plan. From the 2010-2011 fiscal year to the 2011-2012 fiscal year, federal expenditures are forecasted to decline by \$5.2 billion for industrial, regional and scientific support, by \$1 billion for social programs, to increase by \$458 million for immigration and defence spending, and to decline by \$419 million for government services, in addition to other voted and statutory appropriations reductions.

### **a) Federal Budget Freeze**

Some senators raised questions about the expected decline in voted appropriations requests for federal departments, agencies and Crown corporations in the Main Estimates from the 2010-2011 fiscal year to the 2011-2012 fiscal year. In response to these questions, Secretariat officials noted that federal cost-containment measures, such as the freezing of federal operating budgets that was introduced in Budget 2010, were not reflected in the *Main Estimates, 2010–11*, which were tabled prior to the release of the budget. In Supplementary Estimates for the 2010-2011 fiscal year, the appropriations previously allocated in the *Main Estimates, 2010–11* were frozen and/or “clawed back.”

Currently, the federal government is set to meet its targeted fiscal savings of \$300 million for the 2010-2011 fiscal year, as identified in Budget 2010; the 2010-2011 fiscal year spending serves as the baseline fiscal year for cost-containment measures that will be implemented in the 2011-2012 and the 2012-2013 fiscal years. To achieve the targeted fiscal savings, federal departments, agencies and Crown corporations were required to absorb any compensation increases associated with collective agreements for their unionized employees. Deputy ministers in departments, agencies and Crown corporations received their operating budgets and determined the best approach to take in achieving their cost-containment target.

**b) Capital Expenditure Carryforward Provision**

Senators had questions about the contemplated 20 per cent capital expenditure carryforward provision, noted in the *Main Estimates, 2011–12* as Treasury Board Vote 33, for appropriated funds not utilized in the 2010-2011 fiscal year. This proposed provision would allow federal departments, agencies and Crown corporations to carry forward capital project appropriations into a subsequent fiscal year, thereby providing them with more flexibility in the timing of this spending and limiting the extent to which they utilize vote requests to reprofile funds not spent on capital projects in the expected fiscal year. Consequently, Secretariat officials expected that there would be fewer requests for appropriations reprofiling in the future.

This proposed capital expenditure carryforward provision would not apply to the Department of National Defence; nor would it apply to federal Crown corporations or agencies with two-year appropriations, namely the Canada Border Services Agency, the Canada Revenue Agency and Parks Canada. These three institutions have special appropriations arrangements that exclude them from the proposed capital expenditure carryforward provision in the 2011-2012 fiscal year.

**c) Economic Action Plan**

Senators asked witnesses about the decrease in appropriations requests by a number of federal departments, agencies and Crown corporations in the *Main Estimates, 2011–12*, in particular with respect to regional economic development agencies. Secretariat officials indicated that these decreased appropriations requests were associated with completion of the Economic Action Plan initiated with Budget 2009. For example, from the *Main Estimates, 2010–11* to the *Main Estimates, 2011–12*, forecasted expenditures declined by 17 per cent for the Atlantic Canada Opportunities

Agency, by 31 per cent for the Economic Development Agency of Canada for the Regions of Quebec, by 57 per cent for the Federal Economic Development Agency for Southern Ontario and by 54 per cent for Western Economic Diversification. Secretariat officials discussed the forecasted reduction in expenditures by the Economic Development Agency of Canada for the Regions of Quebec in the 2011-2012 fiscal year. For two programs, namely Infrastructure and Special intervention measures, there was a reduction in the Main Estimates from the 2010-2011 fiscal year to the 2011-2012 fiscal year of about \$158 million; the reduction is entirely attributable to completion of the Economic Action Plan.

Senators also questioned the approximately \$80 million forecasted expenditure reduction by Parks Canada in relation to improvements and upgrades to national historic sites and visitors' facilities that is indicated in the *Main Estimates, 2011–12*. According to Secretariat officials, this expected reduction is principally attributable to expiration of the Economic Action Plan.

## **2. Correctional Service of Canada**

In the *Main Estimates, 2011–12*, the Correctional Service of Canada has forecasted net voted appropriations requests and an expected statutory appropriations level totalling \$2,982 million. This amount is about \$522 million more than the \$2,460 million requested in the previous fiscal year's Main Estimates.

Senators had questions about the proposed 21 per cent increase in combined net voted appropriations requests and the expected statutory appropriations level from the *Main Estimates, 2010–11* to the *Main Estimates, 2011–12*. Secretariat officials told the committee that \$458 million, or about 88 per cent, of the increase in forecasted expenditures is attributable to the costs associated with implementation of the *Truth in Sentencing Act*, which received Royal Assent on 22 October 2009. This Act is expected to increase the number of people who are incarcerated at any given time by lengthening the sentences that are served. Of the amount allocated to Correctional Services of Canada associated with this Act, about \$235 million would be allocated to operating expenditures to hire more corrections employees and \$223 million would be allocated for capital investment to increase the number of spaces available for the forecasted higher number of inmates. This forecasted increase in the costs associated with the *Truth in Sentencing Act* in the 2011-2012 fiscal year does not account for costs that may be incurred by provincial/territorial governments.

### **3. Department of Finance**

In the *Main Estimates, 2011–12*, the Department of Finance has net voted appropriations requests of about \$282 million and a net expected statutory appropriations level of about \$85.3 billion. Combined, these amounts represent a decrease of about \$2.9 billion or 3 per cent from the \$88.5 billion in the previous fiscal year's Main Estimates. Major changes to the Department of Finance's Main Estimates in the 2011-2012 fiscal year include an increase of approximately \$2 billion in transfers to the provinces, a decrease of about \$3.4 billion in gross federal public debt charges in relation to a lower-than-expected take-up rate associated with the Insured Mortgage Purchase Program, and a decrease of \$1.1 billion in transitional assistance associated with implementation of the Harmonized Sales Tax (HST) in accordance with the terms in the comprehensive integrated tax coordination agreements between the federal government and the Government of Ontario and of British Columbia.

#### **a) Federal Public Debt Charges**

Senators had questions about the reduction in forecasted federal public debt charges associated with lower-than-expected rates in relation to both interest costs and use of the Insured Mortgage Purchase Program (IMPP). Department of Finance officials recognized that short-term interest rates had increased during 2010, but noted that the yield on both short- and long-term federal securities was lower than previously forecasted.

Secretariat officials told the committee that one of the factors leading to the decrease in public debt charges was the lower-than-expected take-up rate associated with the IMPP, whereby the Canada Mortgage and Housing Corporation (CMHC) purchased CMHC-insured mortgage-backed securities from interested financial institutions. This program was non-budgetary in nature, because it was essentially an exchange of federal debt securities for mortgage-backed securities. The IMPP was expected to generate a financial return for the CMHC, with the return based on the value of the mortgage-backed securities acquired and on the differential between the interest rate on the mortgage-backed securities purchased and the interest rate on the debt securities issued by the federal government. Therefore, a lower-than-expected take-up rate associated with the IMPP represented a decrease in *gross* public debt charges from the issuance of fewer federal debt securities. However, it represented an increase in *net* public debt charges, because the federal



government acquired fewer mortgage-backed securities than anticipated. Consequently, the federal government generated less revenue from its investments in those securities than previously expected.

**b) Provincial Transfers and Equalization**

Senators had questions about transfer payments and equalization. Officials from the Department of Finance noted that the Equalization program is designed to bring a province's fiscal capability to a level that permits it to afford public services similar to those provided by other provinces and at comparable taxation levels. The officials also said that it is important to recognize that the "vast majority" of provincial revenue is generated from provincial taxation sources.

Officials from the Department of Finance informed the committee that the current legislation for the Canada Health Transfer, the Canada Social Transfer and the Equalization program expires on 31 March 2014. Senators asked questions about other transfer programs that will expire at that time; it was determined that the Wait Times Reduction Transfer, which is currently valued at \$250 million per year, will also expire on 31 March 2014.

**c) Harmonized Sales Tax**

In the 2010-2011 fiscal year, the Government of British Columbia and of Ontario jointly received \$3 billion from the federal government in transitional assistance for their implementation of the HST. In the *Main Estimates, 2011-12*, about \$1.9 billion in expected statutory appropriations will be allocated for the implementation of the HST in accordance with the comprehensive integrated tax coordination agreements between the federal government and each of these two provinces. Senators were concerned about the potential impact on the transfer should British Columbia decide to eliminate the HST. Department of Finance officials stated that the transitional assistance would be repayable to the federal government should British Columbia eliminate the HST, since such an action would be considered to be a "material breach" of the comprehensive integrated tax coordination agreement between the federal government and the Government of British Columbia. Officials from the Department of Finance also confirmed that elimination of the HST in British Columbia would have no significant impact on the federal government's valued-added tax revenue in that province.

**d) Other Subjects**

Some senators had questions about the fiscal cost of, and the fees paid by private-sector representatives associated with, the Task Force for the Payment System Review; as well, questions arose about the fiscal cost of the Task Force on Financial Literacy. Officials from the Department of Finance noted that the Task Force for the Payment System Review was initiated in June 2010 and will report in December 2011. For the 2011-2012 fiscal year, about \$2.2 million more than the amount spent in the 2010-2011 fiscal year was requested for that Task Force. Department of Finance officials said that they would provide a detailed account of that Task Force's spending in the 2010-2011 fiscal year after 31 March 2011, and of its total spending after the Task Force has concluded its work. Additionally, the officials indicated that the Task Force on Financial Literacy would conclude its operations on 31 March 2011; information on its spending should be available in April or May 2011.

Questions also arose about the Department of Finance's advertising budget. Officials from the Department of Finance told the committee that \$10 million had been requested in the *Supplementary Estimates (A), 2010–11* for the 2010-2011 fiscal year and that \$4 million was being requested in the *Main Estimates, 2011–12* for the 2011-2012 fiscal year.

Some senators also had questions about the expected saving of \$10 million associated with the purchase of domestic coinage. Officials from the Department of Finance stated that this saving is linked to changes to the manner in which Canadian coins are plated.

**4. PPP Canada Inc.**

Because PPP Canada Inc. was created in September 2009, senators were relatively unfamiliar with its mandate and activities. Incorporated under the *Canada Business Corporations Act*, PPP Canada Inc. manages a \$1.2 billion investment fund designed to develop the public-private partnership (P3) market in Canada and to support P3 infrastructure projects for public benefit. To this end, PPP Canada Inc. is developing knowledge and leveraging federal funds for provincial/territorial, First Nations and municipal infrastructure projects. P3s provide another method by which public infrastructure can be procured.

The PPP Canada Inc. representative indicated to the committee that PPP Canada Inc. currently has about 40 employees and that, in the 2011-2012 fiscal year, it anticipates an operating budget of \$12.7 million. PPP Canada Inc.'s \$1.2 billion investment fund is part of its five-year fiscal framework; this fund received \$165.4 million and \$242.5 million in the 2009-2010 and the 2010-2011 fiscal years respectively. In the 2011-2012 fiscal year, the fund anticipates that it will receive another \$275 million for P3 infrastructure projects.

According to the PPP Canada Inc. representative, in the first round of its P3 investments, PPP Canada Inc. concluded agreements for three, non-repayable contributions to P3 infrastructure projects; those contributions are valued at \$100 million. In the first agreement, PPP Canada Inc. will disburse \$50 million to the Maritime Radio and Communications Initiative, which addresses broadband connectivity for the emergency services provided by Prince Edward Island, New Brunswick and Nova Scotia. In the second agreement, PPP Canada Inc. will contribute \$25 million to the Chief Peguis Trail extension in Winnipeg, Manitoba. In the third agreement, PPP Canada Inc. will contribute \$25 million to the Agence métropolitaine de transport, or AMT, a new commuter train maintenance centre. More disbursements will be made in subsequent rounds of P3 investments; officials indicated that P3 agreements take a considerable period of time to conclude. The unallocated amount of the P3 investment fund appropriated to PPP Canada Inc. has been withdrawn and invested by PPP Canada Inc. in accordance with its policies and subject to Secretariat approval. PPP Canada Inc. anticipates that it will use all of its funds on P3 infrastructure projects.

For any given infrastructure project supported by a P3, the maximum federal contribution is 25 per cent, with the rest of the funds coming from the private sector and/or other levels of government. Although PPP Canada Inc.'s current P3 investments are all non-repayable contributions, it may also make repayable contributions, loans or loan guarantees. The PPP Canada Inc. representative told the committee that the majority of PPP Canada Inc.'s work involves determining if P3 procurement is appropriate for a particular infrastructure project; PPP Canada Inc. determines appropriateness by analyzing the risks that would be transferred to the private sector if a P3 agreement is concluded

In summary, senators were surprised to learn that PPP Canada Inc. had: nearly 40 employees and that additional employees may be hired at a later date; announced that it would provide non-

repayable contributions to three infrastructure projects; and about \$400 million not yet allocated to P3 investments. Senators had a number of concerns in relation to PPP Canada Inc., and indicated that the corporation will be invited to appear before the committee prior to the end of the year.

## **5. Department of Canadian Heritage**

In the *Main Estimates, 2011–12*, the Department of Canadian Heritage has net voted appropriations requests of about \$1.1 billion and a net expected statutory appropriations level of about \$22.9 million. Combined, this amount is nearly identical to the previous year's Main Estimates.

Senators questioned the \$34 million reduction in operating expenditures for the Department of Canadian Heritage that are proposed in the *Main Estimates, 2011–12*. Department of Canadian Heritage officials told the committee that these reductions, which are associated with Budget 2010 cost-containment measures and have totalled \$31 million so far, are expected to have no impact on the services provided to clients or on the amount of grants and contributions that would be made. Efforts have been concentrated on the most essential operations and on reducing expenditures in areas where there would be no impact on clients. They also indicated that it is the Department's intention is to ensure that there are no service impacts for clients, and that – to date – no complaints or concerns regarding service have been made or raised by stakeholders.

### **a) Canadian Museum for Human Rights**

Senators had questions about the Canadian Museum for Human Rights in Winnipeg, to which the Department of Canadian Heritage will have contributed \$100 million for construction. In the *Main Estimates, 2011–12*, \$10 million has been requested for this purpose. The Museum has also received contributions from the private sector. In response to concerns voiced by some senators regarding complaints that have been made by certain groups about the Museum's content, officials from the Department of Canadian Heritage indicated that they are not involved in the direction or management of the Museum.

Questions were raised by some senators about the \$21.7 million in requested appropriations for the operating expenditures of the not-yet-opened Canadian Museum for Human Rights. Department of Canadian Heritage officials told the committee that this proposed amount reflects the

Museum's anticipated operating expenditures, which could be revised in the future depending on the Museum's requirements.

**b) Independent, Quasi-Judicial Bodies**

Some senators had questions about the manner in which appropriations are requested for independent, quasi-judicial bodies, such as the Public Service Commission, the Public Service Labour Relations Board and the Public Service Staffing Tribunal. The *Main Estimates, 2011–12* contain requests of about \$111.3 million, \$13.7 million and \$5.5 million respectively for the operating budgets of these three bodies. Department of Canadian Heritage officials indicated that independent, quasi-judicial bodies generally submit their appropriations requests directly to the Minister of Canadian Heritage, who signs their Treasury Board submissions. According to officials, the Minister may request advice from the Department's deputy minister with regard to those appropriations requests, but otherwise the Department is not involved with them.

Particular questions were raised by some senators in relation to the \$1.8 million requested for the Public Servants Disclosure Protection Tribunal's operating budget for the 2010-2011 fiscal year, since that body had not received any cases to date. Officials from the Department of Canadian Heritage stated their view that not all of those funds had been spent.

**c) Sports**

Some senators questioned the requested increase in expenditures related to sports. Officials from the Department of Canadian Heritage indicated that this proposed increase reflects the success of the federal "Own the Podium" campaign and the federal government's desire to replicate its success in future Olympics.

**6. Agriculture and Agri-Food Canada**

In the *Main Estimates, 2011–12*, Agriculture and Agri-Food Canada has voted appropriations requests of \$1.15 billion and an expected statutory appropriations level of \$1.42 billion. With expected reductions of \$192 million and \$226 million respectively, collectively these amounts are 14 per cent lower than those in the previous year's Main Estimates.

Major changes to Agriculture and Agri-Food Canada's Main Estimates in the 2011-2012 fiscal year include an anticipated statutory reduction of \$121.7 million in relation to the AgriRecovery

program. Officials from Agriculture and Agri-Food Canada assured the committee that, despite the expected decrease, this program will be available for producers who face an agricultural disaster in the coming year. Funding for the AgriRecovery program is not listed in the *Main Estimates, 2011–12* due to the timing of renewal of funding for this program, but an appropriations request may be made in Supplementary Estimates in the 2011-12 fiscal year. As well, there is an expected reduction of \$78 million associated with amendments to the *Agricultural Marketing Programs Act*, which assisted swine and cattle farmers in the 2010-2011 fiscal year.

As well, Agriculture and Agri-Food Canada officials informed the committee that several five-year programs announced in Budget 2006 will end in the 2010-2011 fiscal year and are not listed in the *Main Estimates, 2011–12*; these programs are the New Opportunities for Agriculture Initiatives, the Agricultural Bioproducts Innovation Program, the Plum Pox Eradication Program and the Orchards & Vineyards Transition Program. According to officials, these programs could be reintroduced at a later date. Moreover, officials noted that the seeming reduction in voted appropriations of \$47.4 million in relation to the Eco-Agriculture Biofuels Capital (ABC) initiative is not, in fact, a reduction but rather a reprofiling of the initiative and an extension for two years.

Senators had questions about agricultural programs in the context of the Economic Action Plan and Budget 2009. Officials from Agriculture and Agri-Food Canada explained to the committee that some programs, such as the Agricultural Flexibility Fund which includes the AgriProcessing Initiative, will continue until 31 March 2014; since they did not exist prior to Budget 2009, time was needed to establish them and, in some cases, industry stakeholders and/or producers were unable to utilize them by 31 March 2011, the date on which the Economic Action Plan ends.

Some senators expressed concerns about transfers to the provinces/territories in relation to agricultural programs that are jointly funded by the federal and provincial/territorial governments. Officials from Agriculture and Agri-Food Canada assured the committee that, under the federal-provincial-territorial *Growing Forward* agreement, federal appropriations for these cost-shared programs will not be decreased; this agreement ends in two years.

The anticipated reduction in voted and expected statutory appropriations levels of about \$372 million or 18 per cent in relation to total transfer payments to other levels of government and producers was also questioned by some senators. According to Agriculture and Agri-Food Canada

officials, the 31 March 2011 sunset of the Agricultural Bioproducts Innovation Program, the New Opportunities for Agriculture Initiatives and payments for the control of diseases in the hog industry will contribute to a reduction in net federal spending by about \$33.3 million, \$34.5 million and \$38.2 million respectively. Additionally, the aforementioned reduction related to the AgriRecovery program would be valued at about \$104.8 million respectively.

**a) Access to Capital and Risks for Producers**

In response to concerns expressed by some senators about access to capital for, and the impact of potential natural disasters faced by, agricultural producers, Agriculture and Agri-Food Canada officials discussed a number of federal financial and other programs or services that are available to assist in these situations, including the AgriInvest program, loans made by Farm Credit Canada to the agricultural sector, the Advance Payments program and loan guarantees under the *Canadian Agricultural Loans Act*. In the *Main Estimates, 2011–12*, the expected statutory appropriations level in relation to loan guarantees under the *Canadian Agricultural Loans Act* increased to \$13.1 million from the \$4 million requested in the previous year's Main Estimates. Officials from Agriculture and Agri-Food Canada told the committee that this expected increase is attributable to statutory changes that make it easier for those young farmers who have acquired agricultural lands to access credit. Furthermore, the loan ceiling was also raised from \$250,000 to \$500,000 for agriculture-related capital purchases.

Senators expressed concerns about the federal response to anticipated flooding in southeastern Saskatchewan and southwestern Manitoba. Agriculture and Agri-Food officials assured the committee that existing programs would help to mitigate the negative impacts resulting from the anticipated flooding. Moreover, the committee was informed that Agriculture and Agri-Food Canada is conducting geomatic examinations of water and moisture levels in an effort to forecast the anticipated flooding with greater accuracy. Officials also informed the committee that provinces and municipalities are responsible for water management in their jurisdiction.

**b) Research and Innovation**

Some senators had concerns about federal spending on agricultural research and innovation. Officials from Agriculture and Agri-Food Canada informed the committee that, in the 2009-2010 fiscal year, approximately \$266 million was spent on agricultural research and innovation.

Information about agricultural research and innovation expenditures in the 2010-2011 fiscal year will not be available until the next fiscal year, at which point the committee intends to review the expenditures.

**c) Future Examination of Agricultural Issues**

Senators expressed their interest in a number of topics related to agriculture, particularly the bio-fuels industry and food safety. Agriculture and Agri-Food Canada officials told senators that questions on these topics are better directed to other federal departments or agencies, such as the Canadian Food Inspection Agency. The committee may pursue these and other topics in forthcoming meetings in relation to the *Main Estimates, 2011–12*.