



Canadian Grain Commission
Commission canadienne
des grains



Canadian Grain Commission

**User Fees: Consultation Document
December 2010**



Canada

Canadian Grain Commission

User Fees: Consultation Document

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About the Canadian Grain Commission

The Canadian Grain Commission is a federal agency. We administer and enforce the *Canada Grain Act* and the *Canada Grain Regulations*.

Under the Act and Regulations, we establish and maintain Canada's grain quality standards. We also regulate the grain industry to protect producer's rights and to ensure the integrity of grain transactions.

Because of our programs, shipments of Canadian grain are of a consistent quality, safety and quantity and they are able to meet the specifications of customers.

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1. Executive summary

The Canadian Grain Commission is proposing changes to our user fees and we want to consult with you, grain producers and industry stakeholders, about our approach to these changes. By updating our user fees, we will be able to support our services for you.

Most of our user fees have not been increased since 1991, but the cost of providing our services has continued to rise. Most of the Canadian Grain Commission's current fees do not cover the cost of the services we provide. Overall, fee revenue now only accounts for about 50% of costs incurred.

We have done a lot to maintain these services in a cost-effective way within our current fee structure, but it is not enough. We will be better able to support our services to you and plan for your evolving service needs by updating our user fees.

A reliable, stable source will maintain:

- Canada's grain reputation as a leader in grain quality
- Our role in:
 - Grain quality, quantity and safety assurance
 - Producer protection
 - Integrity of grain transactions

We are consulting with you, following the guidelines of the *User Fees Act* and other government requirements.

2. Objective of user fees consultations

We are seeking your input about our approach to updating our user fees in order to develop:

- Fair and consistent user fees, service standards and performance measures for Canadian Grain Commission services
- A user fees structure that provides the Canadian Grain Commission with the resources needed to continue offering our services to you

3. Purpose of consultation document

This document:

- Informs you, the stakeholder, that we are beginning the process to change our fees
- Describes how you can participate in the consultation process
- Seeks your input on our approach to changing our fees
- Seeks your input on the establishment of service standards and performance measures
- Gives you the background information necessary for you to submit your comments to the Canadian Grain Commission about our proposed user fees
- Explains our approach for changing our user fees based on the cost of the services we provide
- Outlines how we have determined our potential user fees
- Describes our obligations and your opportunities under the *User Fees Act*

This document does not include details about changes to individual fees. These will be released in March 2011. At that time, you will be given more opportunities to offer your input.

4. Providing your input

We value your input. We want to hear:

- Your views about our approach to changing our user fees as outlined in this document
- Your feedback on our services, service standards and performance measures
- Your feedback on how any changes may impact your operation

See Section 7, “What are you giving feedback on”, for more details.

Please submit your written comments by January 31, 2011, to:

User Fees Comments
Canadian Grain Commission
600-303 Main Street
Winnipeg, MB R3C 3G8
Telephone: 204-983-2770
Toll Free: 1-800-853-6705
Fax: 204-983-2751
Email: consultations@grainscanada.gc.ca

This document is also available on our website at www.grainscanada.gc.ca and the Consulting with Canadians website at www.consultingcanadians.gc.ca. If you have any questions, please contact us.

Ce document est aussi disponible en français.

Thank you in advance for your contribution.

5. Background information

5.1 Canadian Grain Commission fees and funding

Since we began in 1912, we have charged fees to recover at least a portion of the costs of:

- Providing services to the Canadian grain industry
- Regulating grain handling in Canada

The Governor in Council (Cabinet) must approve all fees charged by the Canadian Grain Commission. Please refer to Annex 1 for a graph illustrating our sources of funding.

Our user fees have been reviewed and changed several times in the past. (Refer to Annex 2 for a complete history of our user fees changes.) However, most of our user fees have not been changed since 1991. Since then, the cost of providing our services has continued to rise. In order to maintain our services, and meet the service standards we have committed to, we need to adjust our user fees.

5.2 Authority to change fees

We have the authority to establish or change our user fees. This authority is found in Paragraph 116(1)(r) of the *Canada Grain Act*.

“The commission may, with the approval of the Governor in Council, make regulations, fixing, or prescribing the manner for determining, the fees for any service performed by or on behalf of the Commission and the fees for any licence issued by the Commission and prescribing the time and manner of payment of these fees.”

Before we introduce a new fee, we must meet the requirements, expectations and conditions of the *User Fees Act*.

5.3 Legal and policy requirements

The *Canada Grain Act* gives us the legal framework for developing and implementing user fees. The *User Fees Act* gives us requirements that we must complete before we change our user fees.

To change a user fee, the Canadian Grain Commission must:

- Complete a consultation process. This gives stakeholders the chance to voice their concerns or suggest improvements to our services.
- Complete an impact assessment of the user fee
- Identify the cost to deliver the service
- Identify what costs the user fee will address
- Establish service standards and performance measurements
- Establish an independent advisory panel to address complaints, if complaints arise
- Report annually to Parliament

We used these Treasury Board Secretariat documents to guide us:

- *User Charging in the Federal Government – a Background Document*
- *Guide to Costing*
- *Policy on Service Standards for External Fees*

The *User Fees Act* provides a framework for consultation on the establishment of user fees. Changes to fees only come into effect after they have been set through the government regulatory process. As part of this process, preliminary fee proposals will be announced in the spring of 2011 and, in 2012, the Canadian Grain Commission will publish the following in the *Canada Gazette*:

- Our proposed fee schedule, including changes to individual fees
- Our impact analysis of the fees

After these are published, you will be able to formally provide your comments on the fees for a set period of time.

5.4 Guiding principles

We will use the following principles while we develop our proposed user fees and service standards. These principles are consistent with:

- Treasury Board Secretariat's guidelines
- *User Fees Act*

According to our guiding principles, the Canadian Grain Commission will:

- Consult stakeholders when we change or establish user fees and service standards
- Set user fees to meet the costs of providing the service. As a government department, we do not make a profit from our services.
- Clearly show how service standards and performance measures relate to user fees
- Compare user fees to those in other countries where appropriate
- Assess the impact of user fees on stakeholders
- Minimize transaction costs in setting, collecting and administering user fees
- Consistently apply new or increased user fees across services and regions
- Create user fees that are easily adaptable to changes in the operating environment
- Design user fees that are easy to update
- Design user fees that can evolve with annual changes in costs
- Simplify the user fee structure wherever possible
- Address inconsistencies in the user fee structure

5.5 Principles for setting user fees

We consulted with the industry about fees in 1985 and 1992. During these consultations, we adopted principles for setting user fees.

In 1985, the Industry Fee Committee adopted these 3 principles:

- Costs should be recovered on an equitable basis for both eastern and western Canada
- Charges should be made to users for all services wherever this is practical
- Fees should be related to the costs

In 1992, the industry and the Canadian Grain Commission recommended the following principles for our fees:

- Those who use or benefit from Canadian Grain Commission services should pay appropriate fees
- Fees should be market-driven and competitive
- Judgement should be exercised in applying minor fees. This is to avoid excessive administration costs relative to revenue received.
- Where costs justify different fees, then different fees should be assessed

We will set fees that do not exceed our costs over a 5-year period. The Government's revolving fund¹ policy requires that we balance our revenues and expenses over a 5-year time horizon.

We are basing potential changes to our user fees on the average grain volumes we handle². This could result in revenues that may exceed the cost of providing services in a given year or which are less than the costs of services in other years.

For example: In a year where we handle a high volume of grain, the fees we collect may exceed the costs of the services we provide. However, in a year where we handle a low volume of grain, the costs of our services may exceed the fees we collect.

6. Our approach to consultations

We are taking a multi-phase approach to consultations. This approach addresses:

- The consultation requirement of the *User Fees Act*
- The government's regulatory process

As a stakeholder, you will have several opportunities to give your feedback and voice your concerns about our services and potential changes to our user fees.

6.1 Consultation phases

Our consultation will follow these phases.

Phase 1 – User fees consultation document and information sessions

- December 2010
 - User Fees Consultation Document is released on the Canadian Grain Commission's website, www.grainscanada.gc.ca, and the Consulting with Canadians website, www.consultingcanadians.gc.ca
 - This document sets out our approach to adjusting our user fees
- January 2011 (see Annex 3 for locations and dates)
 - We present our User Fees Consultation Document and our approach to adjusting our fees at information sessions
 - All stakeholders are invited
 - We are looking for your verbal input at the meetings and your written submissions

¹ A Revolving Fund is a fund or account whose income remains available to finance its continuing operations without any fiscal year limitation.

² The average grain volume the Canadian Grain Commission has handled over the last 15 crop years on inward and outward inspection and weighing is 50.6 million metric tonnes.

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- January 31, 2011
 - Deadline for submitting feedback: we welcome your written submissions including your comments on the User Fees Consultation Document and your input about our services

Phase 2 – Pre-proposal notification

- March 2011
 - Pre-proposal Notification is released: this includes details about proposed changes to individual fees and information about individual service standards
 - Pre-proposal Notification is on the Canadian Grain Commission's website, www.grainscanada.gc.ca, and the Consulting with Canadians website, www.consultingcanadians.gc.ca
 - Your written submissions of feedback are accepted for 30 days after release during an official complaint period, as defined in the *User Fees Act*

Complaints and comments during consultations

If you are concerned about any part of the User Fees Consultation Document or any of the individual fees released as part of the Pre-proposal Notification, you can submit, in writing, the following:

- Your concerns
- The reasons you have for your concerns

As required by the *User Fees Act*, we will attempt to resolve any concerns that may come out of the user fees consultations.

The official complaint period for the Pre-proposal Notification, that is to say the proposed changes to individual fees, is scheduled for 30 days in March 2011. If you and the Canadian Grain Commission cannot resolve your concerns during this time, an independent advisory panel³ will be set up as outlined in the *User Fees Act* to resolve any outstanding complaints. This panel will review the complaint and recommend solutions.

For more information about the process outlined by the *User Fees Act*, refer to Annex 4.

³ For more information regarding the independent advisory panel and the requirements of the *User Fees Act*, please refer to Annex 4.

Next steps after consultations

When the consultations are finished, we expect to have enough information to move forward with a formal proposal to change our user fees. We will make this formal proposal taking stakeholders' input into consideration.

The next steps would be:

- In 2012, the Minister of Agriculture and Agri-Food Canada tables the user fees proposal in the House of Commons and the Senate. This is a requirement of the *User Fees Act*.
- We will seek approval of a new fee schedule from the Governor in Council (Cabinet). This is a requirement of the *Canada Grain Act* and the government's regulatory process. Again, stakeholders will be asked to comment on the new fee schedule proposal when it appears in the *Canada Gazette*, Part I.
- In the 2012-2013 fiscal year, after any necessary adjustments, the implementation of the new fees will begin.

7. What you are giving feedback on

For the first phase of consultations, we are seeking your feedback on the following sections of this document:

- Our services
- Revenues required to maintain our services
- How changing user fees would affect you
- How changes to user fees would be implemented
- How we determined costs
- Service standards and performance measures

8. Our services

To illustrate how our fees will be set, we have categorized our services into 9 groups. Under each group, there may be multiple fees that have similar:

- Costs – how much it costs to provide our services
- Fees – how much you pay to receive our services
- Service standards – the level of service you can expect
- Performance measures – how we measure our ability to meet our service standards

Table 1 - Canadian Grain Commission Service Groups

Service group	Description of group
<p>1. Inward inspection</p>	<p>Official inspection of grain unloaded at Canadian Grain Commission licensed terminal and transfer elevators.</p> <p>Includes:</p> <ul style="list-style-type: none"> • Approving and monitoring sampling equipment • Collecting representative samples • Establishing grain grades • Providing the appropriate documentation • Appeal of official inspection, a recourse mechanism
<p>2. Outward inspection</p>	<p>Official inspection of most grain exported from Canada⁴. Certification of grade in a Certificate Final⁵.</p> <p>Includes:</p> <ul style="list-style-type: none"> • Approving and monitoring sampling equipment • Ongoing incremental analysis of the grain being loaded • Establishing grain grades • Investigating complaints from customers after export
<p>3. Inward weighing</p>	<p>Official weighing of grain unloaded at licensed terminal and transfer elevators.</p> <p>Includes:</p> <ul style="list-style-type: none"> • Approval and monitoring of weighing devices • Establishing grain weight • Investigation process for railcar weights to identify problematic railcars and to apportion weights

⁴ Does not include grain destined for the United States. In 2009, the Canadian Grain Commission eliminated all requirements for official inspection and weighing on grain destined to the United States, regardless of conveyance type (truck, rail, vessel), or facility type (licensed primary, terminal, transfer elevators).

⁵ The Canadian Grain Commission issues a Certificate Final for each cargo of export grain. The Certificate Final stipulates the grade and weight of the grain loaded on a vessel.

<p>4. Outward weighing</p>	<p>Official weighing of most grain exported from Canada⁶.</p> <p>Includes:</p> <ul style="list-style-type: none"> • Approval and monitoring of weighing device • Establishing grain weight • Investigation process for cargo weight complaints from customers after export
<p>5. Registration and cancellation of elevator receipts</p>	<p>Registration of elevator receipts issued for grain received by Canadian Grain Commission licensed terminal and transfer elevators.</p> <p>Cancellation of registration when grain is discharged from licensed terminal or transfer elevators.</p> <p>For terminal elevators, input is provided by:</p> <ul style="list-style-type: none"> • Inward inspection and weighing • Outward inspection and weighing <p>For transfer elevators, input is provided by the elevators themselves.</p>
<p>6. Licensing</p>	<p>Licensing involves ensuring that applicants satisfy licensing requirements.</p> <p>Main purposes are:</p> <ul style="list-style-type: none"> • Ensuring producer protection • Facilitating operation of quality and quantity assurance system • Regulating grain handling system <p>Generally, the following grain companies must be licensed:</p> <ul style="list-style-type: none"> • Those that deal in or handle grain grown in Western Canada • Those that are located along the St. Lawrence Seaway • Those that are located along the Great Lakes
<p>7. Producer cars</p>	<p>Producers apply for railcars to directly load and ship their grain. Producer cars are an alternative to the licensed elevator handling system.</p> <p>Producer car services include:</p> <ul style="list-style-type: none"> • Receiving and processing producer car applications • Allocating producer cars

⁶ Does not include grain destined for the United States. In 2009, the Canadian Grain Commission eliminated all requirements for official inspection and weighing on grain destined for the United States, regardless of conveyance type (truck, rail, vessel), or facility type (licensed primary, terminal, transfer elevators).

<p>8. Other inspection services</p>	<ul style="list-style-type: none"> • Submitted samples <ul style="list-style-type: none"> ○ Producers or grain companies submit grain samples for grading and receive a certificate that shows grading information. ○ One form of submitted sample is “Subject to inspector’s grade and dockage”. • Sampling services <ul style="list-style-type: none"> ○ Grain companies or other stakeholders may request that the Canadian Grain Commission take a sample of their grain. • Analytical testing <ul style="list-style-type: none"> ○ Marketers or buyers may ask us for quality information in addition to grade. ○ We conduct analyses based on testing capability and capacity. ○ We provide letters of analysis when buyers and marketers ask for them.
<p>9. Market support documentation</p>	<p>Supplemental documentation asked for by marketers or buyers:</p> <ul style="list-style-type: none"> • Certification • Letters of analysis • Statements of assurance <p>Based on the Canadian Grain Commission’s:</p> <ul style="list-style-type: none"> • Monitoring programs • Testing capability and capacity

9. Revenues required to maintain our services

At the Canadian Grain Commission, we are looking for ways to maintain services. By adjusting our user fees, we can support our services to you and better plan for your evolving service needs.

Grain companies pay directly for most of the Canadian Grain Commission’s inspection, weighing, sampling and licensing services. Grain producers pay directly for some of our services such as submitted samples and analytical testing. They may also pay indirectly for our services through handling fees collected by grain companies.

To illustrate how our current fees do not cover the costs of the services we provide, Table 2 shows:

- Current revenue based on current fees
- Revenue required to fully recover costs
- Current fees for each service group. These are not individual fees. These fees are only illustrative and represent current fees for each service group.
- Potential changes to fees for each service group. These are not individual fees. These fees are only illustrative and represent potential changes to fees for each service group.

Current revenue, required revenue and potential changes to fees are based on a normal year of providing service. In recent years, the Canadian Grain Commission has handled an average grain volume of 50.6 million tonnes⁷. This is assumed to be a normal year for fee setting purposes.

We will release a detailed fee schedule proposal that will include changes to individual fees. This will be released in March 2011. The fees in the proposal will vary from what is presented in this document as the proposed fees will be individual ones for individual services.

⁷ The average grain volume the Canadian Grain Commission has handled over the last 15 crop years on inward and outward inspection and weighing is 50.6 million metric tonnes.

Table 2 - Current and required revenues and current and potential changes to fees for service groups

Service group	Current revenue collected from fees ⁸	Required revenue ⁹	Current fee	Potential changes to fees ¹⁰ required to cover costs
1. Inward inspection	\$7,594,495	\$28,967,697	\$25.68/car ¹¹	\$97.25/car
2. Outward inspection	\$14,327,230	\$28,549,677	\$0.51/tonne ¹²	\$1.02/tonne
3. Inward weighing	\$1,734,407	\$7,640,750	\$5.90/car ¹³	\$25.99/car
4. Outward weighing	\$7,573,086	\$11,794,532	\$0.27/tonne ¹⁴	\$0.42/tonne
5. Registration and cancellation	\$3,778,570	\$411,699	\$0.08/tonne for registration \$0.08/tonne for cancellation ¹⁵	\$0.01/tonne for registration \$0.01/tonne for cancellation
6. Licensing	\$281,490	\$3,036,715	\$60/primary elevator \$1200/licence for all other classes	\$6,075/licence ¹⁶
7. Producer cars	\$248,880	\$285,808	\$20/application	\$23/application
8. Other inspection services: <ul style="list-style-type: none"> ○ Submitted samples ○ Sampling services ○ Analytical testing 	\$2,035,350	\$9,759,473	\$20.72/submitted sample ¹⁷ \$25.46/sampling service ¹⁸ \$41.85/analytical test ¹⁹	\$105.49/submitted sample \$66.54/sampling service \$136.46/analytical test
9. Market support documentation	\$176,341	\$1,484,547	\$17.77 ²⁰ /document	\$149.60/document
TOTAL	\$37,749,849	\$91,930,897	Not applicable	Not applicable

⁸ Current revenue is based on a normal year of providing services.

⁹ Required revenue to be 100% cost recovered is based on a normal year of providing services.

¹⁰ This column is only a preliminary estimate of average fee changes and is for illustrative purposes only. These fees are subject to change when the individual fee schedule is published.

¹¹ Weighted average inward inspection fee for cars/trucks/containers for wheat, corn, canola and other grains.

¹² Outward inspection fee for ships (not previously inspected). This fee represents the majority of outward inspection fees.

¹³ Inward weighing fee for cars/trucks/containers (not previously weighed). This fee represents the majority of inward weighing fees.

¹⁴ Outward weighing fee for ships or sacking bins (not previously weighed). This fee represents the majority of outward weighing fees.

¹⁵ Registration and cancellation fee for licensed terminal elevators, which represents the majority of registration and cancellation fees collected.

¹⁶ For this potential fee, the Canadian Grain Commission is proposing a universal price for all classes of licences.

¹⁷ Weighted average fee for submitted samples. Individual submitted sample fees may vary significantly.

¹⁸ Weighted average fee for sampling services. Individual sampling service fees may vary significantly.

¹⁹ Weighted average fee for analytical testing. Individual analytical test fees may vary significantly.

²⁰ Weighted average cost per document based on three most requested documents.

10. How changing user fees would affect you

If fully implemented, the potential changes to our fees would provide for full cost recovery and would increase our revenue, in a normal grain volume year, to approximately \$91 million per year. The higher revenue would amount to approximately 0.8% of sales of Canadian grain for export²¹.

To understand how you would be affected by potential changes to our user fees, we analyzed current fees and costs in the grain industry.

10.1 Analysis of maximum elevator tariffs

We analyzed average maximum elevator tariffs for the 2010-2011 crop year. These tariffs are for the services that elevators commonly provide for 9 major grains and other grains. Table 3 shows the average maximum elevator tariffs for the most common services for the 2010-2011 crop year. Elevators set their own tariffs and can charge producers up to the maximum tariff they have listed.

Upon analysis, the potential changes to our fees appear to be equal to or lower than maximum elevator tariffs. Because our fees seem to be equal to or lower than these elevator tariffs, we believe our fees will have the same or lower impact on producers as the fees for other services producers use.

These examples illustrate how our analysis works.

Example 1: Wheat

Our potential changed user fees for outward weighing and inspection would be \$1.44/tonne total.

Average maximum elevator tariffs for elevation and dockage removal for wheat are \$17.96/tonne.

Our potential changed user fees would be \$16.46/tonne less than maximum elevator tariffs for elevation and dockage removal in this example.

Example 2: Canola

Our potential changed user fees for registration and cancellation would be \$0.02/tonne total.

Average maximum elevator tariffs for storage are \$0.09/tonne for canola.

Our potential changed user fees would be \$0.07/tonne less than maximum elevator tariffs for storage in this example.

²¹ Canada exported approximately \$10.97 billion US dollars in grain during 2009. (Source: Global Trade Atlas Navigator, May 27, 2010)

Example 3: Soybeans

Based on an average carload of 90 tonnes and average fees, our potential changed user fees for inward inspection and weighing would be: \$123.24/car for 90 tonnes of soybeans.

Average maximum elevator tariffs for elevation and dockage removal for soybeans are \$20.79/tonne or \$1871.10 for 90 tonnes of soybeans.

Our potential changed user fees would be \$1747.86/carload less than maximum elevator tariffs for elevation and dockage in this example.

Table 3 - 2010-2011 Crop year average maximum elevator tariffs

	Wheat	Oats	Barley	Rye	Flax	Canola	Corn	Sunflower	Soybeans	Other grains
	\$/tonne									
Elevation	11.53	14.27	13.37	11.31	14.45	14.40	11.41	26.44	13.86	19.61
Cleaning*	5.02	6.72	7.19	5.00	8.26	7.00	5.62	14.39	7.05	8.01
Dockage Removal	6.43	6.84	8.73	5.61	8.93	7.69	5.83	13.38	6.93	7.49
Storage	0.09	0.12	0.10	0.09	0.10	0.11	0.09	0.15	0.09	0.11
Drying**	13.99	19.60	14.69	14.96	17.26	19.20	21.06	29.24	25.26	18.56

*cleaned grain not returned to owner

**drying tough grain, not returned to owner

10.2 Analysis of input costs

As part of our analysis, we examined 2010 input costs (see Table 4). We found that the per tonne cost for these inputs were higher than our potential changes to our user fees. Therefore, we believe our potential changes to user fees have a smaller impact on producers relative to input costs.

These examples illustrate how our analysis works.

Example 1: Wheat

Our potential changed user fees for outward weighing and inspection would be \$1.44/tonne total.

Average crop input costs for wheat, using the most common inputs, are \$77.97/tonne.

Our potential changed user fees would be \$76.47/tonne less in this example than average crop input costs for wheat.

Example 2: Canola

Our potential changed user fees for outward weighing and inspection would be \$1.44/tonne total.

Average crop input costs for canola, using the most common inputs, are \$199.01/tonne.

Our potential changed user fees would be \$197.51/tonne less in this example than average crop input costs for canola.

Example 3: Soybeans

Our potential changed user fees for outward weighing and inspection would be \$1.44/tonne total.

Average crop input costs for soybeans, using the most common inputs, are \$133.86/tonne.

Our potential changed user fees would be \$132.36/tonne less in this example than average crop input costs for soybeans.

Table 4 - 2010 Input costs*

	Wheat	Oats	Barley	Rye	Flax	Canola	Corn	Sunflowers	Soybeans
	\$/tonne								
Seed & Treatment	14.94	10.60	7.02	8.60	19.74	53.37	27.20	70.42	81.35
Fertilizer	29.20	28.60	24.82	24.44	64.17	72.47	26.77	89.49	13.53
Herbicide	18.89	5.13	16.92	3.01	22.30	32.30	6.75	59.19	38.98
Fungicide	14.94	12.34	10.70	0.00	0.00	40.87	0.00	0.00	0.00

*Costs of production based on Manitoba agriculture cost of production costs and breakeven yields.

11. Comparison to user fees in other countries

We compared our potential changes to our user fees to user fees in the United States and Australia. We concluded that our potential changes to user fees are consistent with user fees in these countries. The United States and Australia have approaches to user fees and service standards that are similar to our own, here in Canada.

However, these comparisons are limited because these countries have different fee structures due to factors such as:

- Resource and service levels
- User profiles
- Regulatory objectives
- Sources of revenue

This comparison is a requirement under the *User Fees Act*. Refer to Annex 5 for a complete analysis of the user fees in the United States and Australia.

12. How we propose to implement changes to our user fees

Implementation of the new fees will begin in the 2012-2013 fiscal year after:

- the Minister of Agriculture and Agri-Food Canada has tabled the user fees proposal in the House of Commons and the Senate;
- the Canadian Grain Commission has sought approval of a new fee schedule from the Governor in Council (Cabinet); and
- any necessary changes are made.

12.1 Annual increases

We anticipate a need to continue to increase our fees by just under 2% annually to ensure that we can sustain our service standards needed for:

- Grain quality, quantity and safety assurance system
- Producer protection
- Integrity of grain transactions

The 2% annual increase factor is based on:

- Estimated future capital and operating costs
- Increases to capital and operating costs experienced over the last 20 years

We will review annual increase factors as part of our review cycle to ensure that an annual 2% increase remains appropriate.

12.2 Review cycle

Each year, the Minister of Agriculture and Agri-Food Canada is required to table a report on user fees in Parliament. This is required under the *User Fees Act*.

The user fees report includes an explanation of:

- The service to which the user fee applies
- The related service standards and actual performance levels
- The costs related to individual services to which a fee applies

We will also establish a review cycle that will repeat every 5 years. We may address issues outside of the 5-year review cycle as warranted. For example, if the *Canada Grain Act* were significantly revised, a review may be necessary to assess the situation.

Our reviews will:

- Build on the annual report to Parliament
- Include a review of services offered
- Be used to identify and address fee inconsistencies
- Be used to identify and address opportunities to simplify the fee structure
- Examine services that are no longer cost-recovered

We will examine these services that are no longer cost-recovered to make sure that the information we use to support decisions not to charge user fees is up-to-date and continues to support that decision.

13. How we determined costs

The method we used to determine costs is consistent with the principles found in the Treasury Board Secretariat's *Guide to Costing*.

To find the full cost of our services, we:

1. Determined the activity or service for which we charge fees
2. Identified all of the costs for each activity or service
3. Classified each cost as direct or indirect
4. Allocated direct and indirect costs for each activity or service
5. Reviewed and confirmed results

A direct cost is directly related to providing the service. For example, a piece of equipment required for a specific analytical test is a direct cost of providing that test.

An indirect cost is indirectly related to providing the service. For example, information technology is an indirect cost because this is not part of providing a specific service, but is necessary to our overall operations.

To determine the full cost of all our services, we took into account all the direct and indirect costs we use to perform each service. This includes costs such as:

- Laboratory services
- Equipment and capital
- Facilities
- Employee salaries
- Management
- Administrative support

We identified the direct costs of each service and distributed the proportion of indirect costs related to each service on the basis of objective criteria about the relevant cost driver, such as salary costs. A cost driver is the main component of a cost.

Our cost calculations are based on:

- Information about how much we expect to spend on services in a normal year
- A capital asset replacement factor
- Average grain volumes handled by the Canadian Grain Commission²²
- Service standards the Canadian Grain Commission has committed to providing our stakeholders

We will use the full cost information:

- For reporting purposes
- As a starting point for determining the amount of an individual user fee

See Annex 6 for an example of how we determined our costs.

14. Service standards and performance measures

The Canadian Grain Commission developed service standards and performance measures for each of our 9 service groups. (Refer to page 12 for detailed descriptions of these service groups.)

To develop these standards, we observed the principles of:

- Objectivity – based on facts
- Feasibility – based on what is realistically possible
- Measurability – based on what is quantifiable

Service standards tell you:

- How quickly you will receive service
- What quality of service you will receive

Performance measures:

- Tell you how well we are meeting our service standards
- Support our annual reporting to Parliament

These are not individual service standards for individual services. Individual service standards will be released in March 2011. We grouped services together by fee group to give you an idea of the types of service standards and performance measures you can expect.

These standards are based on our existing service standards.

Table 5 shows the following for each fee group:

- Service standards
- Performance measures

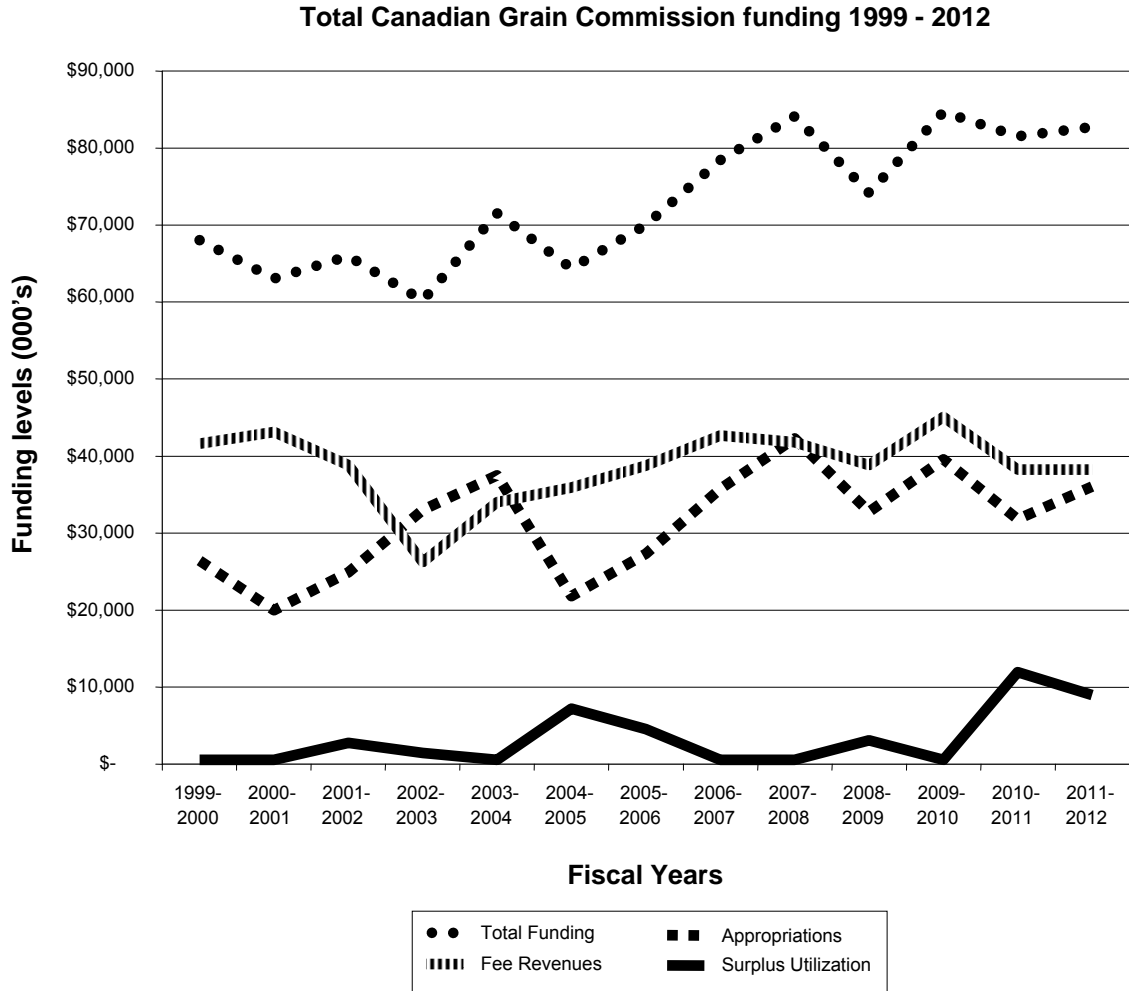
²² The average grain volume the Canadian Grain Commission has handled over the last 15 crop years on inward and outward inspection and weighing is 50.6 million metric tonnes.

Table 5 – Service standards and performance measures for fee groups

Fee group	Service standard	Performance measure
1. Inward inspection	Documentation is distributed to all interested parties by the end of the next business day from the date of unload.	Consistency and accuracy of grading, as indicated by percentage of appeals, and percentage of appeals upheld.
2. Outward inspection	<ul style="list-style-type: none"> • Canadian Grain Commission staff are available as requested to officially inspect grain. • When grain being loaded is other than grade ordered, the Canadian Grain Commission will inform the elevator staff in writing. • The Canadian Grain Commission will issue the Certificate Final after receiving: a) the finalized documentation request from the shipper/exporter, and b) analytical testing results. 	<ul style="list-style-type: none"> • Consistency and accuracy of sampling, as indicated by percentage of cargo complaints upheld. • The number of non-conformances identified through the Canadian Grain Commission's Quality Management System.
3. Inward weighing	Official unload weights are available by 11:00 a.m. Central Standard Time/Central Daylight Time the following working day.	The percentage of complaints resulting in a readjustment of official weights against the number of official weights assigned annually (<.01%).
4. Outward weighing	Documentation for final outward weights will be available by the end of the business day following completion of loading.	The percentage of complaints resulting in a readjustment of official weights against the number of official weights assigned annually (<.01%).
5. Registration and cancellation	Registration of grain is accurate to within one business day. Cancellation of grain is accurate to within three business days.	Licensed terminal/transfer elevators are confident of grain stocks in store.
6. Licensing	<ul style="list-style-type: none"> • Upon receipt of all required documentation, files are processed and approved within 10 working days. • The day a licence is issued, the licensee is notified and the licence is mailed to the licensee within 5 working days from the effective date of the licence. • Licensees are advised of licensing requirements 3 months prior to 	<ul style="list-style-type: none"> • All licensees have received their licence by the required date. • Inquiries have been answered in a timely fashion.

Fee group	Service standard	Performance measure
	<p>licence renewal date.</p> <ul style="list-style-type: none"> • Customers of licensees are notified within 3 working days of the effective date of a change in the status of a licensee. In lieu of this notice, a notification of change will be placed in a newspaper or other media publication. • Licensee inquiries receive a response within 24 hours. 	
7. Producer cars	Written acknowledgement of the receipt and processing of a producer car application is mailed by the end of the next business day.	The percentage of times that the service standard is met.
8. Other inspection services:	Documents detailing the results of all inspection support services will be forwarded upon the completion of those services.	Consistency, accuracy and timeliness of the documentation.
<ul style="list-style-type: none"> ○ Submitted samples ○ Sampling services ○ Analytical testing 		
9. Market support documentation	Will be provided upon receipt of all required information from the inspector/weigher in charge.	Consistency and accuracy of documentation as indicated by the number of non-conformances identified through the Canadian Grain Commission's Quality Management System.

Annex 1: Sources of Canadian Grain Commission funding



Annex 2: History of Canadian Grain Commission user fee changes

User fees have been reviewed and changed several times in the past. However, they have not been increased since 1991.

Year	What happened
1965 and 1974	<ul style="list-style-type: none"> • Canadian Grain Commission increases fees for inspection and weighing. • Increase is based in part on the Auditor General reports. • Reports showed that fees did not recover full costs.
1985	<ul style="list-style-type: none"> • Federal government budget calls for Canadian Grain Commission to recover total costs from fees. • Canadian Grain Commission holds consultation with grain industry. • After consultation, Canadian Grain Commission: <ul style="list-style-type: none"> ○ Increases some fees ○ Reduces other fees ○ Moves to recover the full cost of its services over a 3-year period
1991	<ul style="list-style-type: none"> • Canadian Grain Commission adjusts fees by 3% to 7%.
1995	<ul style="list-style-type: none"> • Canadian Grain Commission introduces fee for submitted samples.
1998	<ul style="list-style-type: none"> • Canadian Grain Commission changes official inward weighing service. • Results in fee decrease of 60%.
2010-11	<ul style="list-style-type: none"> • Canadian Grain Commission begins review of user fees.

Annex 3: Information session locations, dates and times

The Canadian Grain Commission will be holding user fees consultation sessions to provide you with the opportunity to learn more about the proposed changes to Canadian Grain Commission user fees and ask questions of and provide comments to Canadian Grain Commission representatives. These sessions will take place on the dates and at the times listed below.

Location	Date	Time
Moncton (if requested)	January 2011	To be determined
Montreal Delta Montreal 475 President Kennedy Avenue	January 12, 2011	9:00 AM to 12:00 PM
Guelph Delta Guelph 50 Stone Road West	January 13, 2011	9:00 AM to 12:00 PM
Winnipeg Hotel Fort Garry 222 Broadway	January 17, 2011	9:00 AM to 12:00 PM
		1:00 PM to 4:00 PM
Regina Delta Regina 1919 Saskatchewan Drive	January 19, 2011	9:00 AM to 12:00 PM
		1:00 PM to 4:00 PM
Saskatoon Delta Bessborough Hotel 601 Spadina Crescent East	January 24, 2011	9:00 AM to 12:00 PM
		1:00 PM to 4:00 PM
Edmonton Delta Edmonton Centre 10222 102 Street	January 25, 2011	9:00 AM to 12:00 PM
Calgary Delta Calgary Airport 2001 Airport Road NE	January 26, 2011	9:00 AM to 12:00 PM
Peace River (if requested)	January 2011	To be determined
Vancouver (if requested)	January 2011	To be determined

We are offering 2 separate sessions in Saskatoon, Regina and Winnipeg.

- A session for companies licensed by the Canadian Grain Commission and industry associations
- A session for producer groups and producers

You can sign up for one of the information sessions, **at least 3 business days** before the session you wish to attend is held, by:

- Emailing us at consultations@grainscanada.gc.ca
- Calling us at 204-983-2770 or 1-800-853-6705

Annex 4: Requirements of the *User Fees Act*

The *User Fees Act* (2004) outlines the process federal departments and agencies must follow when they:

- Introduce new user fees
- Increase existing user fees
- Change the services user fees apply to

The *User Fees Act* process has 4 phases:

1. Consultation
2. Pre-proposal notification
3. Parliamentary tabling
4. Implementation

Our implementation phase will involve making user fees regulations with the approval of the Governor in Council (Cabinet).

Phases of the User Fees Act

Phase 1: Consultation

The *User Fees Act* requires we:

- Consult with stakeholders
- Give stakeholders a reasonable opportunity to suggest ways to improve the services for which the user fees will be charged

The consultation must include:

- An explanation of how the user fee is determined
- A description of the standard of service that can be expected
- A business impact assessment
- A comparison of the proposed user fee and service standards with those of other countries

Phase 2: Pre-proposal notification

In this phase, we:

- Give official notice that we are proposing a new or revised user fee
- Consult with stakeholders to consider any issues

If, during this phase, a stakeholder brings forward an issue that cannot be resolved and makes an official complaint in writing, the stakeholder may request that the issue be referred to an independent advisory panel. This panel will review and make recommendations to resolve complaints.

The independent advisory panel has 3 members:

- A member selected by the Canadian Grain Commission
- A member selected by the complainant
- A member selected by the other 2 members

Before the proposal is tabled in Parliament, we may change it based on the consultations and independent advisory panel recommendations.

Phase 3: Tabling user fees proposal in Parliament

The Minister of Agriculture and Agri-Food Canada tables our user fees proposal in the House of Commons and the Senate.

The proposal contains:

- A description of each service
- The reason why each user fee is being charged
- The associated service standards
- An estimate of total fee revenue projections for the first 3 years
- A rationale for any differences between a proposed fee and a comparable fee in another country
- A description of how any complaints from Phase 2 were dealt with

When the user fee proposal is tabled, it is also referred to a committee of the House of Commons and a committee of the Senate. These committees may submit a report containing recommendations about appropriate user fees.

Both the House of Commons and the Senate have 20 sitting days to pass a resolution to approve, reject or amend the committees' recommendations. After 20 sitting days, even if the committees have not made a report, this step is completed.

Phase 4: Implementation of the new user fees

Once the user fee proposal has been tabled in Parliament, the Canadian Grain Commission, with the approval of the Governor in Council (Cabinet), has the authority under the *Canada Grain Act* to set new fees.

New fees are set in accordance with legislative authority. The Minister reports annually on all user fees that have been set. This is done following the *User Fees Act*. The Minister's report will include an assessment of how we meet our service standards.

For more information about the user fee approval process, visit the Treasury Board Secretariat's website, www.tbs-sct.gc.ca.

Annex 5: Comparison to user fees in the United States and Australia

We decided to use the United States and Australia for jurisdictional comparisons. We chose these countries because:

- They are among Canada's major competitors for international grain exports
- Their services and functions as regulators are comparable to those of the Canadian Grain Commission

However, it should be noted that comparisons are not perfect. While each country offers similar services to those offered by the Canadian Grain Commission, there are also differences in these services. These countries have different resources and service levels, user profiles, sources of revenue and regulatory objectives.

There are similarities and differences between organizational roles in the grain industry, how user fees are amended and when user fees can be increased. This is summarized briefly below. More detailed information is available in this Annex.

Organizational role in grain industry

- **Canada**
 - The Canadian Grain Commission is a federal government department. It regulates Canada's grain handling system and it provides services to the grain industry.
- **United States**
 - The Grain Inspection, Packers and Stockyards Administration (GIPSA), is an agency of the United States Department of Agriculture.
 - It delegates state agencies to inspect and weigh grain at some export locations.
 - It delegates a mix of state and private agencies to inspect and weigh grain at interior locations.
 - It conducts official inspection and weighing of grain.
- **Australia**
 - The Australian Quarantine and Inspection Service is a part of the Australian Government Department of Agriculture Fisheries and Forestry.
 - It provides inspection and certification of import and export products.
 - Its role is not limited to grain. It is comparable to the Canadian Food Inspection Agency.

How user fees are amended

- **Canada**
 - The Canadian Grain Commission must have government approval before amending our user fees.
 - There are many steps involved in this process.
 - Fees are only amended if a clear need to amend them has been demonstrated through a review and consultation process.
- **United States**
 - Federal Grain Inspection Service establishes procedures for setting or amending user fees.
 - Agencies and states set their own user fee schedules.
 - Agencies and states must show that any new or amended fees are reasonable.
 - Federal Grain Inspection Service approves applications for new or amended user fees.
- **Australia**
 - The Australian Quarantine and Inspection Service follows a process similar to that in Canada for amending user fees.
 - Recently, the Australian Quarantine and Inspection Service conducted a review of some of its fees.
 - These amended fees are currently being implemented.

User fee increases

- **Canada**
 - The Canadian Grain Commission has not increased its user fees since 1991.
- **United States**
 - Official agencies and states can increase their user fees as necessary.
 - Since 1993, user fees in the United States have on average increased 26%²³.
- **Australia**
 - The Australian Quarantine and Inspection Service is currently implementing amended user fees following a review.
 - The Australian Quarantine and Inspection Service aims for 100% cost recovery with its fees.

²³ Source: Summary of Official Agency Fees, Grain Inspection, Packers and Stockyard Administration.

The United States

In the United States, the official grain inspection and weighing system is a partnership made up of federal, state and private partners. This is different from Canada, where the Canadian Grain Commission, a federal authority, provides official inspection and weighing services.

The Grain Inspection, Packers and Stockyards Administration

- Authorizes state and private partners to provide official inspection and weighing services to the domestic and export grain trade on its behalf
- Delegates state agencies to inspect and weigh grain at some export locations
- Delegates a mix of state and private agencies to inspect and weigh grain at interior locations

The Grain Inspection, Packers and Stockyards Administration's Federal Grain Inspection Service

- Establishes quality standards for grains, oilseeds, pulses and legumes
- Provides impartial inspection and weighing services
- Monitors marketing practices to enforce compliance with:
 - *United States Grain Standards Act*
 - *Agricultural Marketing Act*
- Licenses the network of federal, state and private laboratories that provide impartial, user fee-funded official inspection and weighing services

Each organization licensed by the Federal Grain Inspection Service sets its own fee schedule. The Federal Grain Inspection Service reviews and approves these fee schedules.

How fees are set

The Federal Grain Inspection Service sets the procedures that official agencies and states follow when they prepare and submit proposed user fees for their services. The Compliance Division of the Federal Grain Inspection Service reviews fee proposals for approval.

Fees for official services must not be discriminatory or unreasonable. In order to be non-discriminatory:

- Official agencies must charge each customer the same fee for a particular service
- Each customer must have an opportunity to qualify for any discounts offered by an official agency

Under the *United States Grain Standards Act*, fees are considered reasonable if:

- Fees cover the estimated total cost to the official agency of providing:
 - Official inspection
 - Official commercial inspection
 - Official and non-official weighing
 - Inspection equipment testing services
 - Related supervision and monitoring activities
- Fees are assessed based on the average cost of providing the same or similar services at all locations served by the official agency
- Fees are reasonably consistent with fees for similar services charged by adjacent official agencies
- The official agency submits enough information to show how it came up with the fees

Each request for a fee increase or a new fee for a new service must include enough justification for evaluation and approval. Justification must include documentation that shows fixed and variable expenses and other appropriate information.

Official agencies must notify their customers of proposed fee increases. They include a copy of this notification with each request for a fee increase.

Official agencies can decrease fees at any time. They do not need approval from the Federal Grain Inspection Service before they decrease their fees. However, they must:

- Immediately notify the Federal Grain Inspection Service of all reductions
- Submit a revised fee schedule for approval

Official services

Under the *United States Grain Standards Act*, these services are mandatory:

- Official inspection of most grain exported from the United States
- Official weighing of most grain exported from the United States
- Official weighing of inter-company barge grain received at export port locations
- Testing of all corn meant for export for aflatoxin prior to shipment, unless the contract stipulates testing is not required

Mandatory inspection requirements do not apply to:

- Grain that is not sold or described by grade
- Grain sold in domestic commerce

Service	Description
Inspection	<ul style="list-style-type: none"> • 2 basic types <ul style="list-style-type: none"> ○ Inspection for grade ○ Factor for analysis without grade • Inspection for grade involves <ul style="list-style-type: none"> ○ Analyzing sample ○ Certifying, grade, quality factors • Fee varies by state and service provider • Fee based on factors including: hourly rate, tonnage rate, or lot inspection • Includes reinspection service, appeal inspection services, Board Appeal inspection services
Sampling	<ul style="list-style-type: none"> • Required for inspection • Taken by official personnel • Taken according to defined procedures
Weighing	<ul style="list-style-type: none"> • All exported grain must be officially Class X weighed • Domestic shipments may be Class X or Class Y • Class X weighing <ul style="list-style-type: none"> ○ Supervised by licensed official personnel ○ Result: Official “White” certificate • Class Y weighing <ul style="list-style-type: none"> ○ Performed by elevator personnel ○ Result: “Yellow” certificate • Official weighing <ul style="list-style-type: none"> ○ Done by official personnel ○ Determines and certifies quantity of lot of grain ○ Monitors movement of grain through elevator onto carrier
Certificates	<ul style="list-style-type: none"> • Are a result of official inspection or weighing • Report grain grades • Document <ul style="list-style-type: none"> ○ Official procedures followed ○ Date, location of inspection or weighing ○ Specific service results, factor-by-factor or by service requested
Licensing	<ul style="list-style-type: none"> • Grain warehouses and grain dealers licensed by individual state • Each state has own producer protection mechanism: <ul style="list-style-type: none"> ○ A bond or negotiable form of surety ○ An indemnity or insurance fund ○ A combination of these

Fees for services

Table 6 gives a summary of official agency and state fees for official sampling inspection fees²⁴. This is a summary of fees charged by the 47 private agencies and 13 state agencies in 2007. Oftentimes, this is a blended rate based on a combination of factors including hourly rate, tonnage rate, or lot inspection.

Table 6 – Summary of Federal Grain Inspection Service official sampling inspection fees as of January 1, 2007

			Railcar	Barge per	Barge total	Hourly
	Truck ¹	Railcar unit ⁴	Total Rate ^{1, 4}	1000 bushels ⁴	Rate ^{2, 4}	Rate ⁴
Average	\$11.66	\$17.56	\$19.46	\$3.56	\$206.11	\$16.01
Minimum	\$5.00	\$9.95	\$9.95	\$2.60	\$130.00	\$8.00
Maximum	\$30.30	\$35.00	\$35.00	\$6.00	\$310.00	\$47.00
Weighted Average³	\$11.80	\$16.02	\$18.08	\$3.26	\$201.89	

(1) Truck and Rail Total Rate based on 1/4 hour sampling time

(2) Barge Diverter Type Mechanical Sampler based on a 50,000 bushel barge + 4 hours sampling

(3) Weighted average based on Fiscal Year 2006 volume

(4) Based on the diverter type mechanical sampler

For each state, annual licensing fees range from \$0 to more than \$3,375 US dollars per facility. Fees depend on the state²⁵.

One notable difference from the Canadian Grain Commission's licensing fees is that some states add a charge for on-site audits (sometimes called annual inspection fee or examination fee) which ranges from \$83 to \$1,555 US dollars.

A complete summary of annual licence fees for each state is available upon request from the Canadian Grain Commission.

²⁴ Source: Summary of Official Agency Fees, Grain Inspection, Packers and Stockyards Administration.

²⁵ Source: Each Department/Agency licensing website.

Program data

Table 7 shows the most recent program data from the Federal Grain Inspection Service 2009 annual report.

Table 7 — Federal Grain Inspection Service inspection program data, fiscal years 2007-2009

Item	Fiscal years		
	2007	2008	2009
Quantity of grain produced (Mmt)	477.5	474.7	478.4
Quantity of standardized grain officially inspected (Mmt) ²⁶			
Domestic	178.2	181.3	168.3
Export by Federal Grain Inspection Service	76.9	81.4	71.4
by delegated states	26.6	32.2	24.9
by designated agencies	<u>12.5</u>	<u>14.8</u>	<u>10.0</u>
Total	294.2	309.7	274.6
Quantity of non-standardized grain officially inspected (Mmt)			
Domestic	0.0	0.0	0.0
Export by Federal Grain Inspection service	1.0	0.1	0.0
by delegated states	0.0	0.0	0.0
by designated agencies	<u>1.5</u>	<u>0.1</u>	<u>0.0</u>
Total	2.5	0.2	0.0

²⁶ Includes grains for which Federal Grain Inspection Service maintains official standards: barley, canola, corn, flaxseed, oats, rye, sorghum, soybeans, sunflower seed, triticale, wheat and mixed grain.

Service standards

The Federal Grain Inspection Service develops and reviews its service standards using customer service surveys from the Grain Inspection, Packers and Stockyards Administration.

According to the Grain Inspection, Packers and Stockyards Administration's service standards²⁷, its customers can expect:

- **Courtesy and respect.** Customers can expect professional treatment, objectivity and confidentiality. They will be assisted by polite, responsive and knowledgeable staff.
- **Fairness.** Customers will receive objective service despite their role in the industry (producer, handler or end user) and their race, color, national origin, sex, religion, age, disability, political beliefs, and marital or familial status.
- **Clarity.** Grain Inspection, Packers and Stockyards Administration employees will clearly explain to customers what they do, how programs work and who to contact for further assistance.
- **Accessibility.** Grain Inspection, Packers and Stockyards Administration is available to serve and talk to individuals and organizations about their programs.
- **Timeliness.** Grain Inspection, Packers and Stockyards Administration will provide an official grain inspection and weighing certificate within one full business day after completing an inspection. In its regulatory role, Grain Inspection, Packers and Stockyards Administration will respond to concerns and work to ensure fairness and equity in the marketplace.
- **Responsiveness.** Grain Inspection, Packers and Stockyards Administration will continue to see customer views, listen to customer needs and take action based on these.

²⁷ Source: Grain Inspection, Packers and Stockyards Administration website – Customer Service Standards.

Australia

Since the Australian Wheat Board's wheat export monopoly ended on June 30, 2009, Australia has not had an organization equivalent to the Canadian Grain Commission.

The Australian Wheat Board sold its grain quality testing business, Agrifood Technology, to the Australian Wool Testing Authority, a private company. The Australian Wool Testing Authority does not publish its fees. These fees are commercially confidential. Therefore, it is not possible to compare its fees to those of the Canadian Grain Commission.

Two Australian organizations offer services similar to those of the Canadian Grain Commission and charge fees for these services:

- Grain Trade Australia – an industry group, not part of government
- The Australian Quarantine and Inspection Service – part of Australia's department of Agriculture, Fisheries, and Forestry

Grain Trade Australia:

- Develops grain standards and contract and trade rules for its members
- Collects revenue from membership fees and fees charged for its services to the grain industry
- Has close to 250 members as of 2010. Some members are also licensed by the Canadian Grain Commission.
- Charges fees that vary depending on the member's category²⁸. See Table 8.

²⁸ Source: graintrade.org.au/membership

Table 8 – Grain Trade Australia membership fees*

Trading	Organizations that trade and/or store and/or handle grain	
Level A	(>1,500,000 tonnes)	\$36,000
Level B1	(>1,000,000-1,500,000 tonnes)	\$16,500
Level B2	(500,000-1,000,000 tonnes)	\$9,000
Level B3	(250,000-500,000 tonnes)	\$2,200
Level C	(<250,000 tonnes)	\$750
Financial institution	Organizations that offer finance via operations/inventory financing or similar; or offer price risk management products containing derivative products such as swaps or futures contracts and insurance products.	
Flat fee		\$12,500
Transport operator	Non trading transport operator.	
Flat fee		\$750
International	Affiliate organizations without a trading entity based in Australia.	
Flat fee		\$750
Broker		
Large	(>10 employees)	\$5,000
Medium	(2-10 employees)	\$1,350
Small	(1 employee)	\$750
Corporate	Organizations that do not take a principal position in grain marketing however they do have a vested commercial interest in the efficiency of the commercial processes across the grain supply chain.	
Large	(>=40 employees)	\$5,000
Medium	(10-39 employees)	\$1,350
Small	(<10 employees)	\$750
Industry associations	Organizations that represent participants in the grain supply chain.	
Flat fee		\$5,000
Merchant associations	QAM (Queensland Agricultural Merchants) Inc., RMSA (Rural Marketing & Supply Association), GISA (Grain Industry Association of Victoria) & GIASA (Grain Industry Association of South Australia) only.	
Flat fee		\$500

*Dollar amounts in Australian dollars.

Australian Quarantine and Inspection Service user fees review

Because the Australian Quarantine and Inspection Service conducted a review of some of its user fees in 2009, we felt that it would be interesting to compare its user fees to the Canadian Grain Commission's user fees.

The Australian Quarantine and Inspection Service provides import and export inspection and certification. This quality assurance for agricultural products maintains Australia's access to overseas export markets.

This review involved changing the fees for audit and inspection services offered under the Grain and Plant Products Exports Program. These fees were amended in order to recover 100% of the costs of delivering these services. At the time of the review, the program was only recovering 60% of its costs from industry fees. The Australian federal government provided the other 40% of costs as a fee subsidy.

The fees proposed by this review are outlined in Table 9. The fees are shown in Australian dollars²⁹. The fee structure applies to all export commodities covered by the Grain and Seed Exports Program.

Table 9 – Australian Quarantine and Inspection Service Grain and Seed Exports Program fees

Charge description	Unit of charge	Fee	% increase
Inspection fees	1/4 hour per person	\$27.00	35%
Booking fee	per booking	\$18.00	New Fee
Tonnage charge	tonne	\$0.20	160%
Registered establishments	per application	\$420.00	New Fee
Approved arrangements - full	per application	\$1,620.00	New Fee
Approved arrangements - sampling	per application	\$1,350.00	New Fee
Approved arrangements - dry box	per application	\$480.00	New Fee
Phytosanitary certificate - electronic	per document	\$65.00	550%
Phytosanitary certificate - manual	per document	\$85.00	750%
Replacement certificate	per document	\$190.00	1800%
Other government certificates	per document	\$70.00	21%
Time and a half - continuous	1/4 hour	\$12.00	71%
Time and a half - non-continuous	minimum	\$209.00	71%
Double time - continuous	1/4 hour	\$16.00	70%
Double time - non-continuous	minimum	\$258.00	72%
Double time and a half - continuous	1/4 hour	\$20.00	69%
Two and a half time-non-continuous	minimum	\$323.00	72%

²⁹ Source: Cost Recovery Impact Statement: Amendment of Fees for the Grain and Plant Products Exports Program, Australian Quarantine and Inspection Service.

Description of user fees

Type of fee	Description
Inspection	<ul style="list-style-type: none"> • Applies to these activities <ul style="list-style-type: none"> ○ Sampling activities (non-bulk) ○ In-office inspections ○ Dry box inspections ○ Ship inspections ○ Verifying importing country requirements ○ Other activities related to approved arrangements and registered establishments ○ Supervision of treatments • ½ hour minimum for each inspection • Travel and overnight stays included in inspection fee
Booking	<ul style="list-style-type: none"> • Charged by booking event <ul style="list-style-type: none"> ○ Example: Client makes 3 bookings for 3 separate inspections at one time. Charged for only 1 booking event. • Applied for each change made to an existing booking
Tonnage charge	<ul style="list-style-type: none"> • Applies to terminals that load at a rate equal to or greater than 400 metric tonnes/hour • Quarter-hourly inspection fee charged for flow rates of 399 metric tonnes/hour or less
Registered establishments	<ul style="list-style-type: none"> • Fee applies for <ul style="list-style-type: none"> ○ New registrations ○ Changes to registrations ○ Renewal of registration • Registration renewed annually • Regional offices charge this fee, track associated activities • Includes cost of: <ul style="list-style-type: none"> ○ Assessing application ○ Conducting site inspection ○ Auditing ○ Industry liaison ○ Travel
Approved arrangements	<ul style="list-style-type: none"> • Recognizes types of approved arrangements • Recognizes associated costs: <ul style="list-style-type: none"> ○ Establishing approved arrangement ○ Changing approved arrangement ○ Renewing approved arrangement • Arrangement renewed annually • Fees include cost of: <ul style="list-style-type: none"> ○ Assessing an application ○ Conducting site inspections ○ Auditing ○ Industry liaison ○ Training ○ Travel at regional level

Type of fee	Description
Documentation fees	<ul style="list-style-type: none"> • Regional office charges for manual documentation • National office charges for electronic documentation • Fees include cost of: <ul style="list-style-type: none"> ○ Verifying import country's requirements ○ Liaising with governments, laboratories, exporters or agents ○ Verifying exporter's or agent's documentation ○ Maintaining internal systems ○ Auditing phytosanitary statements ○ Issuing documentation
Export permits	<ul style="list-style-type: none"> • Required for all prescribed grain • \$70 fee applies when no phytosanitary certificate is required • If phytosanitary certificate is required, fee includes export permit fee
Overtime	<ul style="list-style-type: none"> • Applies for time worked outside of standard hours of operation • Standard hours: 6:30 am to 6:30 pm, Monday to Friday • Applies if an inspector works more than 8 hours at 1 client's premises • Some exceptions by special arrangement

Table 10 – Australian Quarantine Inspection Service scenarios related to documentation charging

Certificate	Fee
Phytosanitary certificate (electronic)	\$65
Phytosanitary certificate (manual)	\$85
Export permit	\$70
Export permit + Phytosanitary certificate (electronic)	\$65
Export permit + Phytosanitary certificate (manual)	\$85
Export permit + Export permit	\$140
Certificate as to condition	\$70
Export permit + Certificate as to condition + Phytosanitary certificate (manual)	\$155
Certificate as to condition + Export permit	\$140

The Australian Quarantine and Inspection Service does not publish handling figures for its Grain and Seeds Exports Program. The Australian Bureau of Agricultural Resource Economics publishes grain export figures which can be used as a close approximation. Refer to Table 11 for the supply and disposal of Australian grain.

Table 11 - Supply and disposal of Australian wheat, oilseeds, pulses, and coarse grains 2005 – 2011

Year	2005-06	2006-07	2007-08	2008-09	2009-10 a	2010-11 b
	kilotonnes	kilotonnes	kilotonnes	kilotonnes	kilotonnes	kilotonnes
Wheat						
Production	25 150	10 822	13 569	21 420	21 656	22 138
Domestic use	6 623	7 416	6 511	7 294	6 720	6 817
Exports	15 969	8 685	7 444	14 707	14 774	14 521
Change in stocks	2 558	-5 279	- 386	- 581	162	800
Canola						
Production	1 419	573	1 214	1 844	1 910	1 960
Domestic use	525	592	692	660	701	690
Exports	831	228	472	1 067	1 184	1 294
Pulses (major crops)						
Production	2 019	839	1 242	1 388	1 414	1 510
Domestic use	775	571	875	778	729	719
Exports	907	472	440	946	860	876
Total coarse grains						
Production	14 291	6 726	13 289	12 587	11 442	10 925
Domestic use	7 287	5 467	7 361	5 920	5 160	5 624
Export	6 202	2 719	5 284	5 384	4 792	4 535

a Australian Bureau of
Agricultural and Resource
Economics (ABARE)
estimate

b ABARE forecast

Service standards

The Australian Quarantine and Inspection Service has broad service standards³⁰ for all of its programs and functions.

Activity	Service standard
Customer phones office	<ul style="list-style-type: none"> • Answer or return call during office hours. • Give customer the name of the person or department that answers call. • If the customer's question cannot be answered directly, find the right person to assist customer within 2 business days or sooner.
Customer writes or emails	<ul style="list-style-type: none"> • Respond within 10 business days. • If full response is not possible, advise customer when to expect a complete response.
Customer goes to an office to clear imported or exported goods	<ul style="list-style-type: none"> • Attend to customer within 30 minutes of arrival • Peak periods may cause delay. • Customer can expect to spend 15 minutes with Australian Quarantine and Inspection Service officer for each transaction that is accompanied by valid documentation.
Customer submits electronic documentation for clearing imported or exported goods	<ul style="list-style-type: none"> • Process within 1 business day.
Customer presents goods for treatment	<ul style="list-style-type: none"> • Within 2 business days, provide customer with: <ul style="list-style-type: none"> ○ Treatment direction ○ Indicated clearance time • Time required to process goods depends on: <ul style="list-style-type: none"> ○ Nature of treatment ○ Duration of quarantine
Customer arrives via international flight and has fully declared items subject to quarantine	<ul style="list-style-type: none"> • Within 30 minutes of being directed to Australian Quarantine and Inspection Service officer, customer can expect to be through quarantine formalities in 30 minutes.
Customer requires inspection of goods at approved premises	<ul style="list-style-type: none"> • Provide service within 2 business days of confirmation of customer's appointment. • Short-term increase in trade activity could cause delays. • In case of delay, Australian Quarantine and Inspection Service and customer will set up a mutually agreeable appointment time.

³⁰ Source – Australian Quality and Inspection Service Charter

Annex 6: Example illustrating how the Canadian Grain Commission determined costs

January 1, 2013 – December 31, 2013

	Inward Inspection	Outward Inspection	Inward Weighing	Outward Weighing	Registration and Cancellation	Licensing	Producer Cars	Other Inspection Services	Market Support Documentation	Total
Dollars (\$)										
A. Direct Costs										
Salaries	9,361,655	9,226,561	3,001,134	4,632,656	175,940	1,456,609	140,539	3,205,039	604,978	31,805,111
Overtime	1,035,491	1,020,548	392,293	605,557	0	0	0	345,195	0	3,399,085
Allowances	306,800	302,373	113,563	175,299	7,038	0	0	105,644	23,043	1,033,760
Employee Benefits / Severance	2,937,194	2,894,808	958,643	1,479,795	49,703	411,492	39,702	1,002,941	170,906	9,945,185
Operational Travel	483,706	476,726	170,895	263,800	8,548	30,184	1,905	161,250	38,669	1,635,683
Rent	830,617	818,631	209,804	323,861	10,793	86,775	11,071	276,898	47,760	2,616,210
Other Operating Costs	1,504,007	1,482,303	364,174	562,152	14,634	345,506	19,370	501,381	78,971	4,872,500
Capital / Amortization	1,246,360	1,228,374	227,048	350,479	15,053	173,195	12,311	415,491	13,368	3,681,677
Total Direct Costs	17,705,830	17,450,325	5,437,553	8,393,600	281,708	2,503,762	224,899	6,013,840	977,695	58,989,211
B. Program Support Costs										
Divisional / Regional Management	1,414,378	1,393,968	535,833	827,131	35,524			471,502	121,428	4,799,765
Grain Appeal Tribunal	51,613									51,613
GRL Research	4,008,588	3,950,742						1,336,318		9,295,648
Total Program Support	5,474,579	5,344,710	535,833	827,131	35,524	0	0	1,807,820	121,428	14,147,026
C. Internal Services - Allocation	5,812,907	5,729,024	1,667,363	2,573,801	94,468	532,953	60,909	1,937,813	385,424	18,794,660
Total Costs	28,993,316	28,524,058	7,640,750	11,794,532	411,699	3,036,715	285,808	9,759,473	1,484,547	\$91,930,897