



Canadian Grain Commission
Commission canadienne
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Canadian Grain Commission

2005-2006

Report on Plans and Priorities

The Honourable Andy Mitchell
Minister, Agriculture and Agri-Food

Canada

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SECTION I – OVERVIEW

Minister's message

The Canadian Grain Commission's *Report on Plans and Priorities 2005-06* details how the Canadian Grain Commission (CGC) intends to use its resources to meet its responsibilities to protect grain producers' interests and to ensure a dependable commodity for Canada's foreign and domestic markets. The report also sets the standards to assess the CGC's performance in meeting its objectives.

Canada is known around the world for the quality, consistency, reliability and safety of its grain and grain products. This is a key factor in allowing Canadian exporters to market successfully in competitive international grain markets. In addition, an effective quality assurance system is essential for producers in order to realize maximum value from their farms.

The CGC has a long-term commitment to building and maintaining a strong quality assurance system for the Canadian grain industry. In order to do this, the CGC must not only respond to historical challenges to the grain quality assurance system, but also must anticipate and respond to significant technological and other changes in the grain industry. The CGC operations connect directly to the Agricultural Policy Framework pillars of food safety and food quality, science and innovation, renewal, business risk management and the environment.

The *Report on Plans and Priorities* highlights the CGC's plans to continue to provide an effective grain quality assurance system that enhances the marketing of Canadian grain in the interests of producers.

The Honourable Andy Mitchell
Minister, Agriculture and Agri-Food

Chief Commissioner's message

Welcome to the Canadian Grain Commission's (CGC) *Report on Plans and Priorities* (RPP) for the fiscal year 2005-06.

The CGC is the federal agency responsible for setting standards of quality and regulating Canada's grain handling system. Our vision is to be a leader in delivering excellence and innovation in grain quality and quantity assurance, research, and producer protection. The quality assurance program delivered by the CGC assures consistent and reliable grain quality that meets the needs of foreign and domestic markets.

Today, competitive markets and international standards and legislation are increasing demands for grain quality and grain safety assurances. The CGC is continuing to build on the grain quality assurance system to maintain market competitiveness and Canada's reputation as a consistent supplier of quality grain. The CGC is working alongside the Minister of Agriculture and Agri-Food's portfolio and the grain industry to add value to Canadian producers and Canada's grain quality assurance system.

This report outlines the CGC's plans and priorities for the fiscal year 2005-06. I am confident that our strategies will improve the grain quality assurance system and achieve maximum value for producers and Canadians overall.

A handwritten signature in dark ink, reading "Chris Hamblin". The signature is fluid and cursive, with the first name "Chris" and last name "Hamblin" clearly distinguishable.

Chris Hamblin
Chief Commissioner

Summary information

Reason for existence:

Mandate

The Canadian Grain Commission (CGC) derives its authority from the *Canada Grain Act*. The CGC's mandate as set out in this Act is to, in the interests of producers, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets.

Vision

The CGC vision is to be "A leader in delivering excellence and innovation in grain quality and quantity assurance, research, and producer protection."

Department description and accountability

The Honourable Andy Mitchell, Minister of Agriculture and Agri-Food is the Minister responsible for the CGC. The CGC is headed by a Chief Commissioner, an Assistant Chief Commissioner, and a Commissioner who are all appointed by the Governor in Council. The Chief Commissioner reports to the Minister. The Chief Operating Officer reports to the Chief Commissioner and co-ordinates the activities of the CGC's operating divisions.

The CGC is organized into the Executive, Corporate Services, Grain Research Laboratory (GRL), Industry Services, and Finance sections. Its head office is located in Winnipeg, Manitoba. Industry Services comprises five regions: Bayport, Eastern, Pacific, Prairie and Thunder Bay. As of March 31, 2004, the CGC employed 652 full-time equivalents.

The CGC may have up to six Assistant Commissioners for the main grain producing areas of Canada, also appointed by the Governor in Council. At present, the CGC has four Assistant Commissioners. The Assistant Commissioners deal with producer and grain industry complaints and inquiries, and publicize the activities of the CGC at the farm level. Section III provides further detail on the CGC's organizational structure.

The CGC enhances grain marketing in producers' interest through the inspection, weighing, research and producer support programs and services identified in the strategic outcomes in Section II. The uniform provision of these programs results in equitable grain transactions and consistent and reliable grain shipments. Funding for CGC programs and activities is primarily through a combination of revolving fund and appropriation sources.

Financial resources (\$ thousands):

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| \$68 188 | \$47 086 | \$46 866 |

Human resources:

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| 667 | 456 | 456 |

Departmental priorities:

| (\$ thousands) | Type | Planned Spending | | |
|---|----------------|------------------|-----------|-----------|
| | | 2005-2006 | 2006-2007 | 2007-2008 |
| Priority 1 – Enhance Canada's grading system | Ongoing | \$9 971 | \$7 986 | \$7 986 |
| Priority 2 - Strengthen grain safety assurance | Ongoing | \$3 984 | \$3 016 | \$3 016 |
| Priority 3 - Address grain related trade issues | Ongoing | \$724 | \$717 | \$717 |
| Priority 4 – Enhance licensing and security | Ongoing | \$1 388 | \$547 | \$547 |
| Priority 5 - Implement the Management Accountability Framework | Ongoing | \$1 207 | \$1 194 | \$1 194 |

Departmental plans and priorities

The Canadian grain industry operates in a climate of constant change marked by shifting international and domestic markets, technological advancements, and evolving end-user needs and preferences. Canada's quality assurance system must be able to adapt while continuing to keep pace with the evolution of the global grain industry. This is particularly important considering Canada exported more than \$24.4 billion dollars worth of food products in 2003. This accounted for 6.4% of Canada's total exports. About 38% of these exports were grains and related products with an estimated value of \$9.2 billion.

Recognizing that many issues facing the agriculture sector are horizontal in nature and cross organizational responsibilities, the CGC acknowledges that portfolio management can achieve better governance, ensure better policies, legislation and program coordination. While maintaining the necessary arm's length relationship and managerial autonomy required, the CGC will take on a more proactive approach with portfolio partners as it is an essential element in the development and implementation of horizontal policies and programs.

The departmental plans and priorities of the CGC delineate its response to the continual changes in the agricultural arena and are directed at meeting the sector's current needs. The following section outlines the major priorities that the CGC is focusing on during the planning period. It should be noted that while some of the priorities have immense potential to impact the ability of the CGC to carry out its mandate, the corresponding resource commitments are predominantly accomplished with the existing resources of ongoing CGC operations.

These departmental priorities are critical to making significant progress towards the realization of the CGC's strategic outcomes:

1. Enhance Canada's grading system

Adaptation of Canada's kernel visual distinguishability (KVD) system for wheat is a main priority for the CGC. KVD allows quick and cost effective segregation of wheat into quality classes based on appearance. While KVD has given Canada a competitive quality advantage that has served it well over the years, there are pressures to move away from wheat segregation based on KVD.

- There are increasing demands for new varieties with different agronomic, disease resistance and end-use qualities to meet human (food), livestock (feed) and industrial (e.g., ethanol) needs. The visual requirements of KVD are perceived by some stakeholders as holding back the registration of new varieties.
- Canadian crop production of nonregistered, visually indistinguishable wheat varieties, often sourced from U.S. dealers, presents a relatively new but growing problem. Non-registered, visually indistinguishable wheat varieties are sometimes grown in Canada when these varieties have agronomic advantages such as higher yield. This presents a challenge because KVD on its own is not effective in detecting their presence. Non-registered, visually indistinguishable varieties have the potential to compromise the quality of Canadian wheat shipments and the entire assurance system if they are misrepresented as a registered variety. They can also cause significant financial losses for grain handling companies and marketers. This is a particular concern for western Canada's premier milling wheats: Canada Western Red Spring (CWRS) and Canada Western Amber Durum (CWAD).
- Buyers of Canadian grains are becoming more quality conscious and increasingly sophisticated. They are asking for a wider range of quality types. In order to enhance the traditional visual grading system, it is necessary to develop faster, more flexible and more precise instrumental methods to analyze intrinsic quality characteristics and to certify grain quality and safety.
- Visually indistinguishable grains developed for non-milling uses, such as animal feed, pharmaceutical, fuel and industrial purposes, will require effective instrumental tools to analyze quality parameters and certify quality and safety. Effective segregation of these grains from the food supply is essential to maintain the overall value of the quality assurance system.

To address the challenges of visually indistinguishable nonregistered wheat varieties and the constraints that KVD imposes on the development and handling of non-milling wheats, the CGC initiated an integrated Wheat Quality Assurance Strategy (WQAS) in December 2003. This strategy was composed of three elements:

1. Development of rapid affordable variety identification technology

The CGC is hosting a conference 'Variety Identification Technology Challenges - International Perspectives' in June 2005 to explore the evolution of grain quality assurance. Global expertise is being brought together by the CGC to focus on the challenge of grain variety identification (ID) and the development of rapid, cost-effective testing and methods to meet changing grain quality assurance needs. The symposium will serve to educate stakeholders on the need for testing technology as well as the worldwide current state of variety ID technology. Additionally, the GRL currently has a five-year project underway to develop the DNA database for wheat and barley variety ID technology.

2. Increased monitoring of railcar and vessel shipments for nonregistered wheat varieties

During the planning period the CGC will continue to monitor wheat railcar unloads and vessel shipments for nonregistered varieties. The CGC is partnering with members of the Western Grain Elevators Association (WGEA) and the Canadian Wheat Board to form an ineligible varieties working group. The intent of the working group is to investigate the CGC monitoring and auditing of an industry Quality Management System of procedures that will ensure grain shipments meet the CGC's grading system requirements for ineligible varieties.

3. The development of a proposal to restructure the western wheat classes to enable the development of non-milling wheats

The CGC is preparing a proposal to restructure some of the minor wheat classes in order to facilitate the registration and handling of high yielding, non-milling wheats which currently cannot be registered because of KVD. This proposal will be presented for discussion in the spring of 2005.

It is a main department priority to press forward with further advancement and implementation of the WQAS elements during the planning period. For further information on this program refer to http://grainscanada.gc.ca/newsroom/news_releases/2003/2003-12-19-e.htm.

2. Strengthen grain safety assurance

To ensure there are no gaps in domestic grain safety, there is a need to examine shared and overlapping responsibilities with such agencies as the Canadian Food Inspection Agency, Agriculture and Agri-Food Canada, Environment Canada and Health Canada. During the planning period the CGC is committed to portfolio collaboration and developing operational and testing efficiencies to address grain safety concerns.

The CGC has been testing grain for toxic substances since 1966 to ensure that contaminated grain is not entering the licensed elevator system and to provide grain safety assurances to help marketers meet international buyers' requirements. The CGC is the only government agency that provides grain safety assurances on pesticides, heavy metals, mycotoxins, fungi and moulds. There is increasing national and international demand for this information from a third party unbiased source. Many international buyers are establishing traceability requirements increasing the importance of research aimed at developing new or adapting existing analytical methods. As such, the CGC has identified the need to review the bacterial and microbial testing of grain and to expand the testing for chemical components as a priority.

The need for work in this area will continue to increase because of the growing complexity and sophistication of regulatory and technological requirements of importing countries. For instance, Japan has introduced a Food Sanitation Law that lists agricultural chemicals and their maximum toxic or harmful levels for all crops. Europe has also established the European Food Safety Authority to regulate food safety in Europe. Members of the European Union have embraced labelling and traceability of GMO (genetically modified organisms) crops and food, and regulations are being enacted in member states. It will be necessary for importers to comply with these new laws and authoritative bodies.

http://grainscanada.gc.ca/Grl/grain_safety/grain_safety-e.htm

3. Address global trade issues

In September 2004 the WTO (World Trade Organization) Dispute Settlement Body adopted the original WTO Panel ruling with respect to Canada's policies on the handling of imported grain. The original WTO Panel found that the need to seek the CGC's approval for the entry of imported grain into licensed elevators is an additional regulatory requirement that is not imposed on domestic grain. It also found that a mixing authorization was an additional requirement for imported grain that was not imposed on eastern grain, both of which were in breach of national treatment obligations.

Officials from the CGC, Agriculture and Agri-Food Canada, Transport Canada and International Trade Canada have developed an integrated approach to bring Canada into compliance with its WTO grain related obligations by August 2005. For the grain handling issues, the proposed changes will repeal both the entry authorization for licensed grain elevators to accept imported grain, as well as the mixing restrictions in the *Canada Grain Act*. Instead, reporting and identification requirements will be enacted to allow the CGC to monitor that Canadian grain grades are not being applied to imported grain or mixes of Canadian and imported grain. These changes will support and ensure that the integrity and policy objectives of the Canadian grain quality assurance system are maintained. These proposed changes will also ensure Canada complies fully with its WTO obligations with respect to the treatment of imported grain.

In addition, to enhance the grain quality assurance system in an evolving global grain market, the CGC is exploring an integrated approach to imported grain during the planning period. The CGC

is committed to working with stakeholders to develop an imported grain protocol, including an examination of the usefulness of a border notification system for grain imports. This process will involve an examination of all current grain import requirements to determine efficiency, possible consolidation of documentation and scope of required regulation.

Identifying GMOs and the presence of adventitious material is critical to segregate GM and non-GM varieties in maintaining Canada's international market share and meeting the requirements of the International Biosafety Protocol. To address this, the CGC plans to carry out research to validate GMO detection methods. The ability to segregate GM from non-GM grains will benefit exporters of Canadian food products given that there is a growing requirement to label products.

To ensure there are no gaps in GMO assessment, there is a need to examine shared and overlapping responsibilities with such agencies as the Canadian Food Inspection Agency, Agriculture and Agri-Food Canada, Environment Canada and Health Canada. During the planning period the CGC is committed to portfolio collaboration and developing operational and testing efficiencies to address GMO concerns.

4. Enhance licensing and security

The CGC is working with the industry to expand the CGC licensing of primary elevators and grain dealers, as defined by the *Canada Grain Act*. A main component of the licensing requirement is for the licensee to provide the CGC with a suitable security instrument to protect producers in the event of default. The initiative aligns the CGC with its legislative obligations and supports two of the CGC's strategic outcomes: producer protection and the grain quality assurance system. In addition, it also supports the farm profitability and the business risk management pillars of the Agricultural Policy Framework (APF).

5. Implement the Management Accountability Framework (MAF)

The Management Accountability Framework provides a structure for dialogue between the Treasury Board Secretariat and government departments on the state of management practices in the public service and on priorities for management improvement. As an overall "umbrella" framework, it brings together the various improvement initiatives such as Human Resource Modernization, Service Improvement, and Integrated Risk Management into a comprehensive program for action.

The CGC has engaged a broad spectrum of staff in planning initiatives and actions to work toward the expectations of the MAF building upon the previous successes achieved in the Modern Management initiative. Improvements are tracked and recorded, and new initiatives are developed on an ongoing basis. Success in implementing the MAF will support the CGC in achieving its strategic outcomes. During the planning period the CGC plans to focus on service standards, and on expanding its risk management, performance management and audit framework.

Based on the above departmental priorities, the CGC is confident that the program activities and related key programs or services listed throughout the 2005-06 *Report on Plans and Priorities* illustrate how the CGC is striving to achieve its strategic outcomes while at the same time contributing to the long-term interests of the Canadian grain industry.

SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

The CGC is organized around four strategic outcomes that reflect the planned direction of the CGC as well as the daily delivery of the CGC's program activities. The four strategic outcomes are:

- 1. A grain quality assurance system that addresses the changing requirements of domestic and international grain markets**
- 2. A grain quantity assurance system that addresses the changing needs of the grain industry**
- 3. Research and development on grain quality that enhances the marketability of Canadian grain**
- 4. Producers' rights are supported to ensure fair treatment within the grain handling system**

To illustrate the significance of each strategic outcome, the CGC has identified corresponding program activities and resources required. Each program activity has associated ongoing and new key programs or services each with their own planned results.

Corporate infrastructure and government wide initiatives are integral to achieving results and are factored into delivering the strategic outcomes using the CGC's costing model. The discussion and activities relevant to the CGC's plans and priorities on government wide initiatives and corporate infrastructure can be found in Section IV.

Strategic outcome 1: A grain quality assurance system that addresses the changing requirements of domestic and international grain markets

Number of full-time equivalents employed: 438

Planned resources: \$44.808 million

Program activities:

- 1. Delivery of inspection services that meet the legislative mandate of the Canada Grain Act and the requirements of the grain industry from producers to customers**
- 2. Scientific and technical support of the quality assurance system**
- 3. A grain quality assurance system able to deal with both visually distinguishable and indistinguishable varieties and the capacity to segregate grain by specific characteristics**

An effective grain quality assurance system ensures the enhanced marketing of Canadian grain which benefits producers and the grain industry. Daily provision of grain inspection services supported by a strong scientific and technical base, including testing of grain, milling, baking, cooking, or making various end-use products form a major part of the quality assurance system. The grading system and services are adapted to the end-use needs of international and domestic buyers of Canadian grain.

There are major challenges facing the CGC and the grain quality assurance system due to the evolving needs of the Canadian grain industry. There is a major shift in the type of crops grown and export volumes have dropped significantly since the elimination of the Crow Rate. There is increasing emphasis on end-use functionality and sustainable competitiveness. A grain quality assurance system that can support the expanding number of end-uses of grain in the domestic industry is essential.

The pressure to register new cereal grain varieties which do not meet Kernel Visual Distinguishability (KVD) requirements, the production of nonregistered, visually indistinguishable wheat varieties in Canada, the development of genetically modified grains and oilseeds, and other pressures on the visual based grading system are critical issues that the CGC must continue to respond to during the planning period. While the CGC clearly recognizes the need to adapt and move away from KVD in order to maintain the strength of its quality assurance system, KVD must be retained until it can be replaced with some other method to segregate wheat. To address the challenges facing the KVD system, the CGC initiated its integrated WQAS in December 2003 and is continuing to develop this program. For further information refer to http://grainscanada.gc.ca/pubs/committee_reports/ved/ved_report-e.htm

During the 2005-06 planning period the CGC will continue to implement its Canadian Identity Preserved Recognition System (CIPRS), to oversee and officially recognize industry's ability to deliver products with better quality assurance systems for maximum acceptance in global markets marked by demands for unique product specifications and traceability. CIPRS is a process verification tool the industry can use to provide third party assurance of the processes they are using to deliver the specific quality attributes their domestic and international buyers are demanding. For further information on the status of this program refer to <http://grainscanada.gc.ca/prodser/ciprs/ciprs1-e.asp>. In addition, during the planning period the CGC will address the need to develop further tools and standards for process verification to address contract registration and a system to enable the issuance of certificates.

To measure its success in meeting this strategic outcome, the CGC tracks the consistency and accuracy of grain grading, on a weekly basis, through a comprehensive database of grain unloads. Ongoing monitoring and analysis of customer feedback received through the CGC's 1-800 line and directly from users of the CGC's services, as well as monitoring of requests for re-inspection and grade appeals allows the CGC to identify either training needs or opportunities for improvement of procedure.

A broad spectrum of producers and grain industry representatives meets several times annually, through the Western and Eastern Grain Standards Committees and commodity-specific subcommittees, to study and review grain standards, ensuring relevance and value of those standards in facilitating the movement of grain and transfer of ownership. Timeliness in communicating grain quality information (on grade, infestation or other features of grain quality) to shippers is measured through real-time contact with grain handlers. Finally, the performance of all CGC staff contributing to the fulfilment of Strategic Outcome 1 is subject to a comparison of complaints or appeals upheld with the number of complaints received; conformity with a very high professional standard is required at all times.

1. Delivery of inspection services that meet the legislative mandate of the Canada Grain Act and the requirements of the grain industry from producers to customers

Financial resources (\$ thousands):

| 2005-2006 | 2006-2007 | 2007-2008 |
|-----------|-----------|-----------|
| \$33 680 | \$22 648 | \$22 648 |

Human resources:

| 2005-2006 | 2006-2007 | 2007-2008 |
|-----------|-----------|-----------|
| 329 | 223 | 223 |

| Key programs or services | Planned results and timeframe |
|---|---|
| Deliver a Quality Management System (maintain ISO certification) http://grainscanada.gc.ca/newsroom/news_releases/2004/2004-03-11-e.htm | Effective delivery of inspection services Ongoing |
| Develop, change, and set grain quality standards as well as generate and distribute grain quality data and information in partnership with the grain industry through the Western and Eastern Grain Standards Committee meetings http://grainscanada.gc.ca/regulatory/standards/standards-e.htm | Producer and industry involvement in the setting of grain standards Support the quality assurance system by meeting specific industry and buyer needs Ongoing |
| Manage the three levels of sample re-inspection including the Grain Appeal Tribunal samples http://grainscanada.gc.ca/regulatory/grainappeal/tribunal-e.htm | Neutral CGC and industry review panel of grades of official samples delivered to terminal elevators Mediating and resolving complaints concerning grain transactions Ongoing |
| Administer a national grain sanitation program | Assure that both grain in the licensed elevator system and exported grain is infestation free Ongoing |
| Monitor the grading system and verification processes http://www.grainscanada.gc.ca/Pubs/GGG/ggg-e.htm | Increased consistency of grading Ongoing |

| Key programs or services | Planned results and timeframe |
|--|---|
| Manage a complaint resolution process for quality of grain cargoes and conduct unload investigations upon shipper and producer request | Customer satisfaction with the Canadian grain quality assurance system Ongoing |
| Issue official memoranda to trade on grade quality issues | Effective management of the grain quality assurance system Ongoing |
| Manage and update data in the grain inventory accounting system (GIAS) system http://www.grainscanada.gc.ca/prodser/gias/gias-e.htm | Ensure accuracy of terminal and transfer transactions Ongoing |
| Transfer technology in the form of validated methods to industry and producers | Transfer validated methods to industry in order to support and improve the overall efficiency of grain grading, handling and segregation, and IP systems Ongoing |
| Inspect grain prior to receipt at licensed terminal elevators and prior to export from primary, transfer, or terminal elevators | A grain quality assurance system that enhances marketing in the interest of producers and industry Ongoing |
| Use grain standards to grade grain | Effective grading using regularly updated standards Ongoing |
| Provision of certificates and documentation related to the inspection of grain exports | Assure sellers and buyers of the quality of a shipment of Canadian grain Ongoing |
| Review resources for the evolving domestic industry | Support the domestic industry Ongoing |
| Offer technical training to the industry | An effective Canadian grain quality assurance system Ongoing |

2. Scientific and technical support of the quality assurance system

Financial resources (\$ thousands):

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| \$7 081 | \$4 468 | \$4 248 |

Human resources:

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| 69 | 37 | 37 |

| Key programs or services | Planned results and timeframe |
|---|--|
| Assess new crop quality (harvest survey) specific to each grain type and relevant to the marketing of each crop to provide new and ongoing geographical and quality data http://grainscanada.gc.ca/Quality/harvsur/hs-e.htm | Optimal management of the grain quality assurance system and support for effective marketing of Canadian grain Ongoing |
| Ongoing monitoring of domestic and export cargoes to ensure Canadian grain is meeting tolerances in terms of grain safety and end-use quality, e.g., toxic residues, bacterial contamination, weed seeds, insects, malting quality for specific barley varieties | Provision of quality data and grain safety assurance data for average shipments of Canadian grain over a specified period of time to marketers and buyers. Ensure Canadian grain shipments meet strict international food safety tolerances Ongoing |
| Develop strategy, including liaison with Canadian agencies on trade implications, to meet international standards and legislation on grain safety, e.g., Japanese Food Sanitation Law and the European Union tolerances for pesticides | Continued marketability of Canadian grain to foreign destinations Ongoing |
| Evaluate technology to measure end-use quality | Improved utilization of grain for various end-uses (e.g., animal feeds, brewing) and increased marketability of Canadian grain Ongoing |
| Provide technical advice, information, and complaint resolution on grain quality (including annual impact of disease and weather damage) and end uses to buyers, industry and producers | Increase and maintain marketability of Canadian grain Ongoing |

3. A grain quality assurance system able to deal with both visually distinguishable and indistinguishable varieties and the capacity to segregate grain by specific characteristics

Financial resources (\$ thousands):

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| \$4 047 | \$2 783 | \$2 783 |

Human resources:

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| 40 | 27 | 27 |

| Key programs or services | Planned result and timeframe |
|--|---|
| Wheat Quality Assurance Strategy Element 1. Increase monitoring of railcar and vessel shipments for nonregistered wheat varieties | Increased monitoring for the presence and source of nonregistered wheat varieties Ongoing |
| Wheat Quality Assurance Strategy Element 2. Develop effective, timely, affordable variety identification technology | Improved capacity to identify the variety composition of wheat shipments and enable segregation for variety specific shipments Previously Committed 2007 |
| Wheat Quality Assurance Strategy Element 3. Develop a proposal to restructure the western wheat classes | Enable development of non-milling wheats, such as high-yielding feed wheats, while continuing to protect the integrity of milling classes and grades Previously Committed 2005 |
| Develop process verification standards to allow for handling of ineligible or visually indistinguishable varieties | Facilitate the handling of visually indistinguishable grain varieties in the Canadian bulk handling system Ongoing |
| Continue to develop, implement and evaluate DNA, strip test, and ELIZA test methods for variety identification, e.g., adventitious presence in grain shipments, GMO detection | Capacity to certify all grain shipments as to variety specifications or GMO status. Meet the needs of the Biosafety Protocol Previously Committed 2006 |
| Provide grain inspection services on behalf of the US Federal Grain Inspection Service in eastern Canada as per the Memorandum of Service | Facilitate movement of grain Ongoing |
| Operate the Canadian IP Recognition System http://www.grainscanada.gc.ca/pubs/brochures/ip_recognition/ip_recognition04-e.htm | Enhance marketing of Canadian identity preserved grains Ongoing |
| Implement a strategy to address WTO Panel ruling with respect to Canada's policies on imported grain | Implementation of a notification and identification system to address the panel ruling 2005 |
| The CGC will work with stakeholders to develop an imported grain protocol | Improved protocol for imported grains (border notification system) Previously Committed 2005 |

Strategic outcome 2: A grain quantity assurance system that addresses the changing needs of the grain industry

Number of full-time equivalents employed: 127

Planned Resources: \$13.003 million

Program activities:

- 1. Delivery of weighing services that meet the legislative mandate of the Canada Grain Act and the requirements of the grain industry from producers to customers**
- 2. Technical support of the quantity assurance system**

The Canadian grain quantity assurance system assures the weight of grain loaded into or discharged from conveyances and in storage in the licensed elevator system, which benefits producers and the grain industry. Daily provision of grain weighing services which are supported by a strong technical base forms a major part of the quantity assurance system as well as supporting the quality assurance system.

The challenges for the grain quantity assurance system include increased demand for services at primary elevators; increased requirements for quantity information to manage grain stocks, increasingly sophisticated technology in grain elevators, and the ongoing monitoring of an aging railcar fleet.

The CGC measures its success in meeting this strategic outcome by consistently and prudently monitoring the use, by all interested parties, of CGC-generated data such as track lists and railcar exception reports, certified weighing systems reports, and official weight statements. An extremely small percentage of justified weight or weighing device related complaints indicate a high degree of acceptance by the industry, as does industry adherence to CGC proposed weighing system improvements. Other performance measures include the number of weigh-overs, performed within mandated time frames, and the resolve of any discrepancies between physical stocks and officially registered grain stocks in an elevator. The success of the CGC's dispute resolution service is measured not by the number of disputes it handles, but by the percentage that it resolves. The continued use of the Grain Inventory Accounting System (GIAS) and the number of adjustments to grain inventories based on CGC requirements is a further indicator of the success of the system.

- 1. Delivery of weighing services that meet the legislative mandate of the Canada Grain Act and the requirements of the grain industry from producers to customers**

Financial resources (\$ thousands):

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| \$12 285 | \$8 327 | \$8 327 |

Human resources:

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| 120 | 82 | 82 |

| Key programs or services | Planned results and timeframe |
|--|--|
| Deliver a Quantity Management System (maintain ISO certification) http://grainscanada.gc.ca/newsroom/news_releases/2004/2004-03-11-e.htm | Effective delivery of weighing services Ongoing |
| Manage a complaint resolution process for quantity of export grain cargoes | Customer satisfaction with the quantity assurance of Canadian grain shipments Ongoing |
| Manage an unload investigation program to support a dispute resolution process for domestic producers and shippers | Provide concise information to resolve grain quantity losses Ongoing |
| Collect and distribute railcar data and information, and generate grain quantity data for use by the industry | Support the quantity assurance system by providing reliable data Ongoing |
| Conduct official weigh-overs of all stocks in store at licensed terminal and transfer elevators at prescribed intervals | Verify the overage or shortage of grain, grain products or screenings in the elevator pursuant to the tolerances stipulated in the Canada Grain Regulations Ongoing |
| Management of the grain inventory accounting system for the industry (GIAS) http://grainscanada.gc.ca/prodser/gias/gias-e.htm | Ensure accurate information of terminal and transfer grain inventory information Ongoing |
| Develop monitoring systems for weighing processes | Increased effectiveness of the quantity assurance system Ongoing |
| Continue to develop processes for grain flow verification | Ensure that the identity of grains shipped under IP systems is preserved Ongoing |
| Establish and maintain grain quantity assurance standards | Continuously evolve grain weighing procedures and weighing equipment standards Ongoing |
| Weigh grain prior to shipment from primary elevator | Increased grain quantity information and management of grain stocks in the primary elevator system Ongoing |
| Weigh grain prior to receipt at licensed terminal elevators and prior to export from terminal or transfer elevators http://grainscanada.gc.ca/prodser/inspect_weigh/weigh_tblmd-e.htm | A grain quantity assurance system that enhances grain marketing in the interest of producers and industry Ongoing |

2. Technical support of the quantity assurance system

Financial resources (\$ thousands):

| 2005-2006 | 2006-2007 | 2007-2008 |
|-----------|-----------|-----------|
| \$718 | \$712 | \$712 |

Human resources:

| 2005-2006 | 2006-2007 | 2007-2008 |
|-----------|-----------|-----------|
| 7 | 7 | 7 |

| Key programs or services | Planned results and timeframe |
|---|---|
| Deliver a Quality Management System (maintain ISO certification) http://grainscanada.gc.ca/newsroom/news_release/s/2004/2004-03-11-e.htm | Effective delivery of scale inspection and grain accounting services Ongoing |
| Maintain a regular weighing systems inspection program | Accurate and reliable terminal and transfer elevator weighing equipment Ongoing |
| Provide technical advice and complaint resolution on grain quantity | Increase marketability of Canadian grain Ongoing |
| Generate, collect and distribute grain quantity data and information http://grainscanada.gc.ca/Information/stats-e.htm | Support the quantity assurance system by meeting specific industry and buyer needs Ongoing |

Strategic outcome 3: Research and development on grain quality that enhances the marketability of Canadian grain

Number of full-time equivalents employed: 71

Planned Resources: \$7.210 million

Program activities:

1. Research that supports the grain quality assurance system
2. Research that supports emerging issues in the grain quality assurance system
3. Evolution of grain standards that meet changing industry needs

The *Canada Grain Act* requires the CGC to undertake, sponsor and promote research related to grains. The CGC conducts research directly related to supporting the quality assurance system that permits the effective marketing of Canadian grain in the interests of producers. The Grain Research Laboratory (GRL) researches new methods for quality, new measurement factors to determine quality, end-use applications of Canadian grain, quality of new breeder's varieties, and

carries out the annual Harvest Survey. The GRL through its research supports the continual improvement of the grain quality assurance system.

There are major challenges confronting the CGC's research activities and the grain quality assurance system due to the changing needs of the Canadian grain industry. There is a major shift in the type of crops grown and their end-uses, increased demand for variety identification by objective non-visual methods, and concerns with genetically modified (GM) grains and oilseeds. Research focus has shifted increasingly into pulses, new types of oilseeds, variety identification and GM grains and oilseeds. There has been no increase in resources. Research related to traditional crops, such as wheat, barley, canola and flax, is still essential, as these crops make up a significant amount of the domestic and export markets. There is increasing emphasis on end-use functionality especially new end-uses in the domestic industry. Grain is increasingly being sold based on specifications requiring objective non-visual testing of quality or safety factors and the provision of grain quality and safety assurances.

To measure its success in meeting this strategic outcome, the CGC plans to track the incorporation of objective testing methods into the CGC's grading and inspection system; the integration of objective testing methods by industry into segmentation and/or marketing systems; the application of new objective measures of quality that are developed; the quality and number of research papers published; the response from the grain industry (domestic and international) to the research, scientific and technical support provided by the CGC; the satisfaction of customers with the end-use quality as measured by client feedback during foreign missions or by client visits; the response by end users to the quality assessment of new varieties and harvest survey information; and, technology transfer to private sector users, other government agencies, universities and international organizations.

1. Research that supports the grain quality assurance system

Financial resources (\$ thousands):

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| \$3 244 | \$2 838 | \$2 838 |

Human resources:

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| 32 | 28 | 28 |

| Key programs or services | Planned results and timeframe |
|---|--|
| Develop new and improved methods for evaluating and measuring end-use quality factors for all grains and oilseeds, e.g., Near Infra Red (NIR), digital imaging, viscosity, and pulse cooking quality http://www.grainscanada.gc.ca/quality/tests/tests-e.htm | Support of the current grain quality assurance system to meet international and domestic marketing requirements Ongoing |
| Research new methods for assessing intrinsic grain quality | Improved objective measurement of grain quality for diverse end users Ongoing |
| Evaluate quality characteristics of breeders' new varieties | Third party unbiased evaluation of quality of new varieties before registration Ongoing |
| Research which varieties of Canadian grain function most effectively to make various domestic and international end products | Increase marketability of Canadian grain in the interests of producers Ongoing |
| Develop internationally accepted methods for evaluation of grains, oilseeds and pulse quality | Increase the marketability of Canadian grains, oilseeds and pulses Ongoing |
| Expand research on computer-assisted image enhancement and measurement to assess grain quality | Develop rapid accurate tests to measure visual quality factors Ongoing |
| Assess the use of objective tests to increase efficiency, reduce costs and enhance the testing capabilities of the CGC | Fast, accurate, economical, and meaningful objective methods for evaluating grain quality Ongoing |

2. Research that supports emerging issues in the grain quality assurance system

Financial resources (\$ thousands):

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| \$3 245 | \$2 838 | \$2 838 |

Human resources:

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| 32 | 28 | 28 |

| Key programs or services | Planned results and timeframe |
|--|---|
| Research new measures for assessing grain quality; continue collaborative and jointly funded research nationally and internationally | Respond to the evolution of new, value-added streams in commercial crop production, handling and marketing to meet the demand for specific end-use quality Ongoing |
| Research factors and develop methods relevant to grain safety assurance | Provision of grain safety assurances on new factors for domestic and international markets Ongoing |

| Key programs or services | Planned results and timeframe |
|--|--|
| Validate research to address current major grain quality issues | Improved quality evaluation of grains, e.g., sprout damage in wheat, chlorophyll in canola, dehulling characteristics in lentils, germination energy in barley, food use of flax, and noodle quality <i>Previously Committed 2007</i> |
| Research wheat and barley DNA fingerprinting methods to develop tests for identifying and quantifying varieties of grains in shipments | Capacity to identify multiple variety composition of shipments and to enable segregation of variety specific shipments <i>Ongoing</i> |
| Research on the detection and quantification of GMO events | Capacity to quantify GMO status of grain <i>Ongoing</i> |
| Identify specific areas of interest as part of the strategic plan of scientific research within the portfolio | Establish working groups on science infrastructure, human resources, longer-term science vision, GMO issues, and disposal for animal and plant health emergencies <i>New 2007</i> |

3. Evolution of grain standards that meet changing industry needs

Financial resources (\$ thousands):

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| \$721 | \$631 | \$631 |

Human resources:

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| 7 | 6 | 6 |

| Key programs or services | Planned results and timeframe |
|---|---|
| Develop specifications and measurement protocols to support new standards | Assist diversification of end-uses of Canadian grains <i>Ongoing</i> |
| Increase amount of objective testing, e.g., digital image analysis, NIR, oil composition | Replace subjective factors by numerical tolerances <i>Ongoing</i> |
| Develop testing protocols to support grading and segregation of grains with new end-use traits for non-food uses, e.g., ethanol | Assist in the diversification of end-uses of grain <i>Ongoing</i> |

Strategic outcome 4: Producers' rights are supported to ensure fair treatment within the grain handling system

Number of full-time equivalents employed: 31

Planned Resources: \$3.166 million

Program activities:

- 1. Administer a licensing and security system**
- 2. Fair treatment of producers by grain companies and dealers**
- 3. Fair administration of producer car delivery options**
- 4. Provision of grain quality information to producers**

The CGC is an impartial third party that provides grain quality and quantity assurance systems that enhances grain marketing in the interests of producers. The CGC is mandated to serve producer interests by upholding the *Canada Grain Act*.

Grades that have strict standards allow buyers to identify end-use characteristics without the need for end-use tests or direct examination of individual lots of grain. This helps to ensure that producers receive payment that reflects the value of their grain to the marketplace. The CGC's inspection, weighing and arbitration services are essential to the efficient and fair operation of grain markets for producers and the grain industry to be properly compensated for the quality and quantity of grain delivered and shipped.

The CGC licenses and regulates the prairie primary elevators, grain dealers and process elevators. This regulatory activity contributes to the fair treatment of western Canadian producers. The number of unlicensed facilities presents a challenge, as producers delivering to unlicensed facilities are not protected in case of failure or refusal to pay. The CGC will develop and implement strategies to increase the number of licensees.

The CGC allocates producer cars for producers and producer groups that wish to ship their own grain. The CGC will continue to develop and implement strategies to address producer car issues, including the increasing demand from producers for railcar allocations.

Success in achieving strategic outcome 4 is measured by feedback from producers received through direct contact at Prairie service centres, the level of producer involvement in setting standards, the number of requests for information or assistance generated either through the CGC 1-800 line or directly to licensing and compliance staff, comments and information gathered by

the Assistant Commissioners, the number of producer requests for analysis of grain samples, and responses to periodic surveys (the latest, conducted by the polling firm Ipsos Reid in 2003, surveyed the satisfaction of 375 producers randomly-chosen but geographically representative across the Prairies with CGC services). Satisfaction by producers in CGC-facilitated resolution of disputes involving grain transactions is measured by direct confirmation (part of the process) and by absence of recurrence. Producer reimbursement from posted security in the result of financial failure on the part of a licensed elevator or grain dealer is another measure of success in producer protection.

1. Administer a licensing and security system

Financial resources (\$ thousands):

| 2005-2006 | 2006-2007 | 2007-2008 |
|-----------|-----------|-----------|
| \$1 387 | \$547 | \$547 |

Human resources:

| 2005-2006 | 2006-2007 | 2007-2008 |
|-----------|-----------|-----------|
| 14 | 5 | 5 |

| Key programs or services | Planned results and timeframe |
|---|--|
| Improve the CGC's licensing compliance mechanisms http://grainscanada.gc.ca/information/licensing-e.htm | Decrease the level of non-compliances. Ongoing |
| License eligible grain dealers and elevators http://grainscanada.gc.ca/Regulatory/licensees/licensees-e.htm | Effective licensing program Ongoing |
| Obtain security to protect producers in case of default by a licensee | Ensure producers receive compensation Ongoing |
| Conduct audits of licensees' liabilities to producers http://grainscanada.gc.ca/information/licensing-e.htm | Ensure compliance with the Canada Grain Act Ongoing |
| Conduct information campaigns that promote the benefits of dealing with CGC licensed grain companies http://grainscanada.gc.ca/Pubs/brochures/grain_grain-e.htm | Increased awareness of producers on benefits of dealing with licensed companies Ongoing |
| Develop strategies to facilitate a licensing and reporting process | Increase the efficiency of administrative and reporting mechanisms Ongoing |

2. Fair treatment of producers by grain companies and dealers

Financial resources (\$ thousands):

| 2005-2006 | 2006-2007 | 2007-2008 |
|-----------|-----------|-----------|
| \$1 142 | \$834 | \$834 |

Human resources:

| 2005-2006 | 2006-2007 | 2007-2008 |
|-----------|-----------|-----------|
| 11 | 8 | 8 |

| Key programs or services | Planned results and timeframe |
|--|--|
| Mediate and/or arbitrate producer complaints concerning transactions with grain companies http://grainscanada.gc.ca/main-e.htm | Facilitate negotiated settlements acceptable to both parties <i>Ongoing</i> |
| Expand the provision of subject to inspector's grade and dockage to include all elevators http://grainscanada.gc.ca/newsroom/news_releases/2004/2004-10-07b-e.htm | Improve the ability of farmers to manage their business risks <i>Ongoing</i> |
| Review regulations under pressure as a result of changes in the grain handling industry, e.g., designation of canary seed as a grain, subject to inspector's grade and dockage, moisture regulations, setting shrinkage to zero at grain dealers | Amend or eliminate regulations that are no longer relevant, enforceable, or contributing to the effective operation of a quality assurance system <i>Ongoing</i> |
| Analyse weigh-over/audit data reported by licensees http://grainscanada.gc.ca/pubs/tariffs/tariffsfse.htm | Investigate licensees when appropriate <i>Ongoing</i> |
| Re-inspect samples on producer request and investigate quality complaints | Mediating and resolving complaints concerning grain transactions <i>Ongoing</i> |

3. Fair administration of producer car delivery options

Financial resources (\$ thousands):

| 2005-2006 | 2006-2007 | 2007-2008 |
|-----------|-----------|-----------|
| \$289 | \$180 | \$180 |

Human resources:

| 2005-2006 | 2006-2007 | 2007-2008 |
|-----------|-----------|-----------|
| 3 | 2 | 2 |

| Key programs or services | Planned results and timeframe |
|---|---|
| Allocate producer cars http://grainscanada.gc.ca/prodser/producercars/information/prodcars-e.htm | Alternate grain delivery mechanism available on demand <i>Ongoing</i> |
| Address producer car issues | Respond to the allocation challenge for producer cars <i>Ongoing</i> |

4. Provision of grain quality information to producers

Financial resources (\$ thousands):

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| \$348 | \$281 | \$281 |

Human resources:

| 2005-2006 | 2006-2007 | 2007-2008 |
|------------------|------------------|------------------|
| 3 | 3 | 3 |

| Key programs or services | Planned results and timeframe |
|--|--|
| Maintain and disseminate grain quality assessment and technical information, i.e.: drying, sampling, harvest survey, etc. http://www.grainscanada.gc.ca/Information/gg_tools-e.htm | Technical and statistical information to support producer marketing and sales decisions <i>Ongoing</i> |
| Publish statistical reports on grain stocks and handling with the licensed elevator system http://grainscanada.gc.ca/main-e.htm | Provide information to support producer decision making <i>Ongoing</i> |

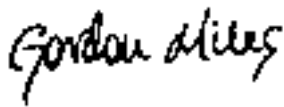
SECTION III – SUPPLEMENTARY INFORMATION

Management representation statement

I submit, for tabling in Parliament, the 2005-06 *Report on Plans and Priorities* (RPP) for the Canadian Grain Commission.

This document has been prepared based on the reporting principles contained in the *Guide to the preparation of Part III of the Estimates: Reports on Plans and Priorities*.

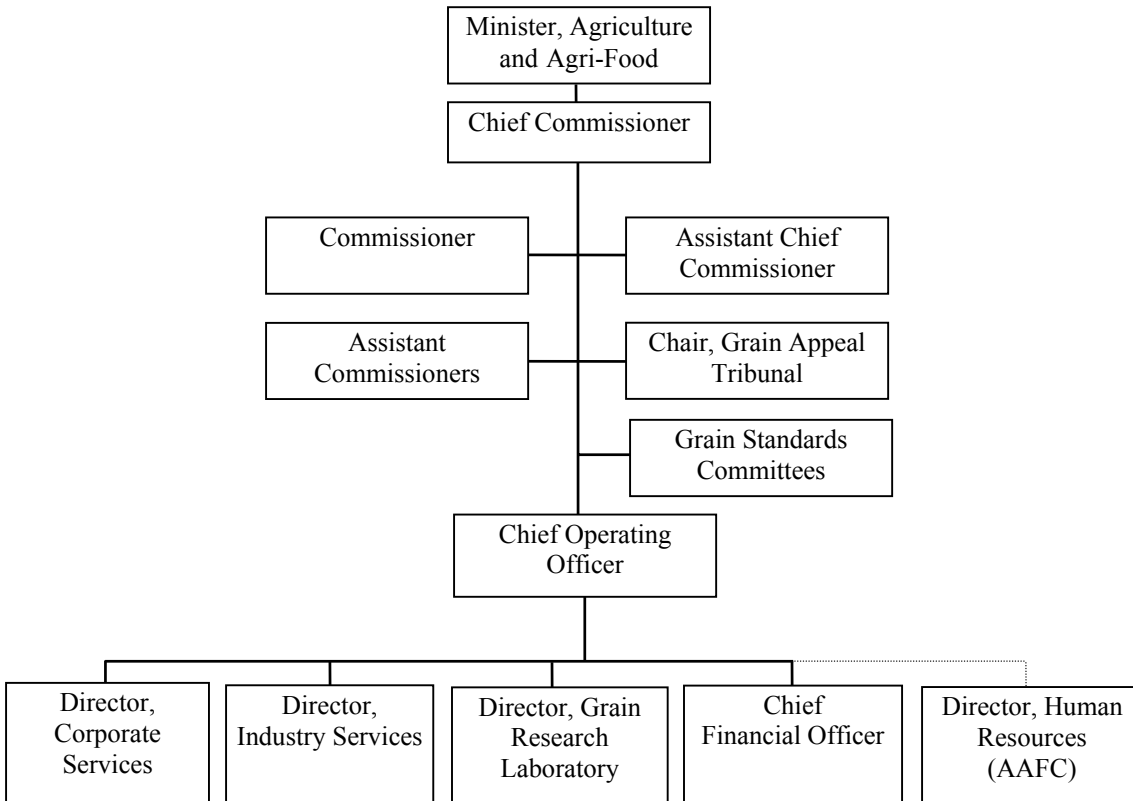
- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat (TBS) guidelines;
- It uses an approved program activity architecture structure;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved planned spending numbers from the Treasury Board Secretariat.



Gordon Miles

Chief Operating Officer

Organizational information



CGC partnerships

The CGC is integral to the functioning of Canada's grain industry. In our role as a neutral, third party regulator and arbiter, the CGC works in partnership with virtually every participant in the industry.

| Key partners | Areas of co-operation |
|---|--|
| Industry | |
| Producers and producers' organizations Grain Companies Railways Processors Universities' Laboratories Plant Breeders Instrument Manufacturing Companies Canadian Wheat Board Canadian International Grains Institute Canadian Seed Institute Canadian Soybean Exporters Association Grain Exporters Ontario Wheat Producers' Marketing Board Winnipeg Commodity Exchange | Setting grain quality standards Operation of the grain quality and quantity assurance system Provide grain shipment and unload data interchange Dispute resolution for quality and quantity issues Development and implementation of policies and regulations Sharing market information Market development and support Research and technology transfer Auditing and certifying industry IP systems |
| Portfolio Departments and Agencies | |
| Agriculture and Agri-Food Canada Canadian Food Inspection Agency Canadian Dairy Commission Farm Credit Canada National Farm Products Council | Grain data co-ordination Sharing knowledge Research Strategic planning Meeting international tolerances for toxic contaminants in grain Shared quality and quantity assurance program delivery |
| Other Government Departments | |
| International Trade Canada Statistics Canada Canadian International Development Agency Industry Canada Health Canada Canada Border Services Agency Transport Canada Justice Canada | Sharing knowledge Facilitating international trade Publication of grain statistics and funding of international consulting projects Market development and support Grain shipment and unload data interchange Inspection and certification of terminal and transfer elevator scales Regulation of grain imports |

| Foreign | |
|--|--|
| U.S. Department of Agriculture (Grain Inspection, Packers and Stockyards Administration) Japanese Food Agency Commonwealth Scientific and Industrial Research Organisation (Australia) State Administration of Grain (China) Jilin Grain Bureau (China) Nanjing University of Economics (China) China Grain Training Centre Ministerio de Agricultura y Ganaderia (Paraguay) Camara Paraguaya de Exportadores de Cereales y Oleaginosas (Paraguay) Federación de Cooperativas de Producción (Paraguay) Instituto Nacional de Investigación Agropecuaria (Uruguay) Central Cooperativa de Granos (Uruguay) Laboratorio Tecnológico del Uruguay Ministry of Agrarian Policy (Ukraine) Ukrainian Futures Exchange | Shared quality assurance program delivery Facilitating international trade Research Technology training |

Financial information

Table 1: Departmental planned spending and full time equivalents

| (\$ thousands) | Forecast spending 2004-2005 | Planned spending 2005-2006 | Planned spending 2006-2007 | Planned spending 2007-2008 |
|--|-----------------------------------|---|----------------------------------|----------------------------------|
| Deliver inspection and testing services ¹ | 41 991 | 31 980 | 31 980 | 31 980 |
| Deliver weighing services ¹ | 12 005 | 8 731 | 8 731 | 8 731 |
| Research - measure and understand grain quality | 7 030 | 5 030 | 5 030 | 5 030 |
| Protect producer's rights ¹ | 2 446 | 2 048 | 2 048 | 2 048 |
| Budgetary main estimates (gross) | 63 473 | 47 789 | 47 789 | 47 789 |
| Non-budgetary main estimates (gross) | 0 | 0 | 0 | 0 |
| Less: spendable revenue | 42 180 | 41 895 | 41 895 | 41 895 |
| Total Main Estimates | 21 293 | 5 894 | 5 894 | 5 894 |
| <i>Adjustments*:</i> | | | | |
| Carry forward | 892 | 0 | 0 | 0 |
| Advertising Reserve | (12) | 0 | 0 | 0 |
| Budget Announcement ² | 0 | 21 000 | 0 | 0 |
| Procurement Savings ³ | | (50) | | |
| Budget Announcement ⁴ | 0 | (551) | (703) | (924) |
| <i>Total adjustments</i> | 880 | 20 399 | (703) | (924) |
| Total planned spending | 22 173 | 26 293 | 5 191 | 4 970 |

| | | | | |
|--|--------|---------------|-------|-------|
| Total planned spending | | | | |
| Less: non-spendable revenue | 0 | 0 | 0 | 0 |
| Plus: cost of services received without charge | 2 319 | 753 | 744 | 736 |
| Net cost of program | 24 492 | 27 046 | 5 935 | 5 706 |

| | | | | |
|------------------------------|-----|------------|-----|-----|
| Full time equivalents | 675 | 667 | 456 | 456 |
|------------------------------|-----|------------|-----|-----|

¹ Includes Canadian Grain Commission (CGC) Revolving Fund Activities

² This reflects changes in planned program spending for the upcoming planning period as a result of 2005 Budget announcements.

³ This reflects planned procurement savings announced in the 2005 Budget.

⁴ This reflects the reductions to the department's planned spending as a result of the ERC exercise which was announced in the 2005 Budget.

* Adjustments are to accommodate approvals obtained since Main Estimates and are to include items such as Budget initiatives and Supplementary Estimates.

This table illustrates the relationship of the Revolving Fund Respendable Revenue to the total amount of Appropriation Revenue available for spending.

Note that fiscal Year 2004-2005 is the last year CGC receives Program Integrity Funding.

Table 2: Program by activity

| 2005-2006 | | | | | | | | | | |
|--|---------------|--------------|-----------------------------|---------------|---------------|--------------|---------------------------------------|----------------------------|--|------------------------------|
| Program activity (\$ thousands) | Budgetary | | | | | | Non- budgetary | Total main estimates | Adjustments (planned spending not in main estimates) | Total planned spending |
| | Operating | Capital | Grants and contributions | Gross | Revenue | Net | Loans, investments and advances | | | |
| Deliver inspection and testing services ¹ | 30 031 | 1 949 | 0 | 31 980 | 32 077 | (97) | 0 | (97) | 0 | (97) |
| Deliver weighing services ¹ | 8 199 | 532 | 0 | 8 731 | 8 757 | (26) | 0 | (26) | 0 | (26) |
| Research - measure and understand grain quality | 4 650 | 380 | 0 | 5 030 | 0 | 5 030 | 0 | 5 030 | 0 | 5 030 |
| Protect producer's rights ¹ | 1 909 | 139 | 0 | 2 048 | 1 061 | 987 | 0 | 987 | 0 | 987 |
| Total | 44 789 | 3 000 | 0 | 47 789 | 41 895 | 5 894 | 0 | 5 894 | 0 | 5 894 |

¹ includes Canadian Grain Commission (CGC) Revolving Fund Activities

This table depicts the projected costs and revenue for each Program Activity.

Table 3: Voted and statutory items listed in Main Estimates

| 2005-2006 | | | |
|--|--|-------------------------------|-------------------------|
| Vote or statutory item (\$ thousands) | Canadian Grain Commission | Current Main Estimates | Previous Main Estimates |
| 40 | Program expenditures | 5 434 | 19 245 |
| (S) | Canadian Grain Commission Revolving Fund | (127) | (127) |
| (S) | Contributions to employee benefit plans | 587 | 2 175 |
| | Total department | 5 894 | 21 293 |

The Voted and Statutory Items reflects the Canadian Grain Commission (CGC) comparison of approved funding from year to year

The previous Main Estimates reflects the last year the Program Integrity Funding (\$15 million) received by the CGC

Table 4: Net cost of department for the estimates year

| | |
|---|------------|
| (\$ thousands) | Total |
| Total planned spending | |
| <i>Plus: Services received without charge</i> | |
| Contributions covering employers' share of employees' insurance premiums and expenditures paid by TBS (excluding revolving funds) | 587 |
| Worker's compensation coverage provided by Social Development Canada | 166 |
| <i>Less: Non-responsible Revenue</i> | 0 |
| 2005-2006 Net cost of department | 753 |

This table represents all services provided and paid by other government departments on behalf of the CGC

Table 5: Summary of capital spending by program activity

| (\$ thousands) | Forecast spending 2004-2005 | Planned spending 2005-2006 | Planned spending 2006-2007 | Planned spending 2007-2008 |
|--|-----------------------------------|---|----------------------------------|----------------------------------|
| Deliver inspection and testing services ¹ | 2 200 | 1 949 | 1 949 | 1 949 |
| Deliver weighing services ¹ | 600 | 532 | 532 | 532 |
| Research - measure and understand grain quality | 429 | 380 | 380 | 380 |
| Protect producer's rights ¹ | 157 | 139 | 139 | 139 |
| Total | 3 386 | 3 000 | 3 000 | 3 000 |

This table represents the CGC's planned capital spending over the next three years

¹ includes Canadian Grain Commission (CGC) Revolving Fund Activities

Table 7: Sources of spendable and non-spendable revenue

| (\$ thousands) | Forecast revenue 2004-2005 | Planned revenue 2005-2006 | Planned revenue 2006-2007 | Planned revenue 2007-2008 |
|--|----------------------------------|--|---------------------------------|---------------------------------|
| Deliver inspection & testing service (RF) ¹ | 24 090 | 32 077 | 32 077 | 32 077 |
| Deliver weighing services (RF) ¹ | 9 458 | 8 757 | 8 757 | 8 757 |
| Protect producers rights (RF) ¹ | 452 | 1 061 | 1 061 | 1 061 |
| Total spendable revenue | 34 000 | 41 895 | 41 895 | 41 895 |

(RF) ¹ represents Revolving Fund Activities

This table identifies all sources of Revenue generated, excluding Appropriation

Table 8: Revolving fund – Statement of operations

| (\$ thousands) | Forecast 2004-2005 | Planned 2005-2006 | Planned 2006-2007 | Planned 2007-2008 |
|-------------------------------------|-----------------------|------------------------------|----------------------|----------------------|
| Responsible revenue | 42 180 | 41 895 | 41 895 | 41 895 |
| Expenses | | | | |
| Operating: | | | | |
| Salaries and employee benefits | 31 751 | 31 961 | 31 961 | 31 961 |
| Depreciation | 1 700 | 2 199 | 2 199 | 2 199 |
| Repairs and maintenance | 287 | 243 | 243 | 243 |
| Administrative and support services | 6 682 | 5 754 | 5 754 | 5 754 |
| Utilities, materials and supplies | 1 324 | 1 179 | 1 179 | 1 179 |
| Marketing | 117 | 86 | 86 | 86 |
| Interest | 0 | 0 | 0 | 0 |
| | 41 861 | 41 422 | 41 422 | 41 422 |
| Surplus (Deficit) | 319 | 473 | 473 | 473 |

This table portrays and allocates the costs associated with the Responsible revenue generated through fees and contracts

Statement of cash flows

| (\$ thousands) | Forecast 2004-2005 | Planned 2005-2006 | Planned 2006-2007 | Planned 2007-2008 |
|-----------------------------------|-----------------------|------------------------------|----------------------|----------------------|
| Surplus (Deficit) | 319 | 473 | 473 | 473 |
| Add non-cash items: | | | | |
| Depreciation/amortisation | 1 700 | 2 199 | 2 199 | 2 199 |
| Investing activities: | | | | |
| Acquisition of depreciable assets | (1 892) | (2 545) | (2 545) | (2 545) |
| Cash surplus (requirement) | 127 | 127 | 127 | 127 |

The table above converts the financial statement information from book value to a cash basis

Projected use of authority

| (\$ thousands) | Forecast 2004-2005 | Planned 2005-2006 | Planned 2006-2007 | Planned 2007-2008 |
|--------------------------------------|-----------------------|------------------------------|----------------------|----------------------|
| Authority | 2 254 | 2 254 | 2 254 | 2 254 |
| Drawdown: | | | | |
| Balance as at April 1 | 16 780 | 127 | 254 | 381 |
| Operating (deficit) / surplus | (16 780) | 0 | 0 | 0 |
| Projected surplus (Drawdown) | 127 | 127 | 127 | 127 |
| | 127 | 254 | 381 | 508 |
| Projected Balance at March 31 | 2 381 | 2 508 | 2 635 | 2 762 |

This table represents the projected surplus (drawdown), which is made up of the ANCAFA (cash basis) plus a \$2 million line of credit for Revolving Fund activities only.

SECTION IV – OTHER ITEMS OF INTEREST

Budget announcement

The CGC's quality and quantity assurance system is a key element of success in Canadian grain exports. In order to aid the CGC in continuing to deliver its important services, the Government announced that additional funding of \$21 million will be provided for the next fiscal year.

Government-wide initiatives

The CGC is committed to accomplishing its mandate in the most efficient and cost effective manner possible. The cost of the government wide initiatives is accounted for in the costs of delivering the strategic outcomes. However, sound agency management involves much more than cost efficiency. Sound agency management means the CGC's commitment to government-wide initiatives as the Management Accountability Framework, providing services in both official languages, the Government On Line (GOL) initiative and effective partnering with other government organizations to provide effective, efficient service to Canadians. The CGC is a small department with limited resources that prides itself on its focus in implementing government-wide initiatives.

Success in this area will be measured by tracking specific activities undertaken to achieve the goals of various government-wide initiatives and measuring program, unit and individual performance against performance targets.

| Related activities | Planned results and timeframes |
|--|--|
| Plan and implement activities to fulfil the mandate of the Management Accountability Framework (MAF) | A complete record of activities undertaken to fulfil the purposes of the MAF mandate <i>New - ongoing</i> |
| Enhance the risk management framework | An effective risk management framework for all projects, new initiatives and ongoing work <i>Ongoing</i> |
| Conduct planned internal audits | Risk assessment of all key risk areas <i>Previously committed 2007</i> |
| Develop the framework for performance measurement | Effective framework for performance measurement <i>Previously Committed 2005</i> |
| Ensure that employee goals are linked to business objectives and identified employee development needs | Effective management of organizational performance <i>Ongoing</i> |
| Respond to the requirements of User Fees Act | Manage and report on key characteristics of CGC user fees identified in the User Fee Act <i>Ongoing</i> |
| Achieve the next phase of GOL targets, e.g., transferring services to online environment | Delivery of identified services online <i>Previously Committed 2005</i> |
| Expand use of service standards and reliable measures for key services | Improve client satisfaction <i>Previously Committed 2005</i> |

| Related activities | Planned results and timeframes |
|--|---|
| Develop a strategy to implement the Public Service Modernization Act | A modern staffing system to attract and hire the right people to deliver CGC programs; constructive and harmonious labour relations and a corporate approach to learning and development Ongoing |
| Implement the CGC's Employment Equity Plan | Representative workforce and supportive workplace in compliance with the Employment Equity Act Ongoing |
| Develop strategies to address the results of the 2002 Public Service Wide Employee Survey | Improved workplace for employees as reflected in the next survey Ongoing |
| Actively promote and implement the requirements of the Official Languages Act | Compliance with the OLA and provision of services and information in both official languages Ongoing |
| Review areas of shared responsibility with the Canadian Food Inspection Agency, Health Canada, Agriculture and Agri-Food Canada and other agencies to ensure there are no gaps in domestic grain safety assurance, GM grain, identity preservation, and non-Canadian grain | Ensure cost-efficiency and comprehensiveness Ongoing |
| Phytosanitary inspection of grain elevators on behalf of Canadian Food Inspection Agency | Cost effective provisions of government mandate and elimination of duplications Ongoing |

Corporate infrastructure

The CGC is committed to fulfilling its mandate in the most efficient and cost effective manner possible. The cost of the corporate infrastructure is accounted for under the costs of delivering the strategic outcomes.

A skilled and motivated workforce is critical to the CGC in delivering its services to Canadians. The CGC is committed to provide an inclusive and diverse workplace that is representative of the citizens and communities served.

The corporate infrastructure, including corporate support functions such as health and safety, information technology, communications, human resources, finance, policy and administration enable the organization to deliver the activities to achieve the strategic outcomes.

Success in this area will be measured by evaluating the effectiveness of specific activities and measurement tools for specific programs such as the number of accidents, meeting legislative requirements or working quickly and efficiently because of well-developed information technology.

| Related activities | Planned results and timeframes |
|--|---|
| Management and ongoing development of an effective health and safety program | Decreased accident rate and a healthy productive workforce Ongoing |
| Effective internal communications including information from management planning sessions e.g., staff net, bulletins, Chief Operating Officer communications | Enhanced communication and productivity Ongoing |
| Development and management of an information technology infrastructure | Responsive, secure and available technical infrastructure and support to enhance all aspects of CGC business Ongoing |
| Develop or acquire and implement advanced software applications and provide IT support | Robust modern business software applications and operational support Ongoing |
| Storage, handling and provision of operational data | Secure and timely access to information to improve decision-making and reduce costs Ongoing |
| Policy support to all work groups | Effective policy network that supports the evolution of the grain industry Ongoing |
| Statistical support to all work groups | Concise and timely statistical project support Ongoing |
| Manage national and regional administrative programs and policies | Efficient and effective administrative support to all CGC work Ongoing |
| Manage CGC facilities and telecommunications | Rent and telecom savings. Efficient, safe and healthy work environments Ongoing |
| Evaluate existing CGC premises for future capacity and requirements | Identify recapitalization options for 303 Main St. Winnipeg Previously Committed 2008 |
| Develop business resumption plans | Make the delivery of CGC services more reliable and secure Ongoing |
| Management and ongoing development of an effective human resources program | Skilled, sustainable, representative workforce Ongoing |
| Develop a succession planning framework | Effective succession planning Previously Committed 2005 |
| Implement new employee training database | Effective training management and records Previously Committed 2005 |
| Develop learning plans for each employee | Effective personal learning program for each employee Previously Committed 2005 |
| Implement a curriculum for managers and employees based on core competencies and corporate priorities | Enhanced training program Previously Committed 2005 |
| Continue to develop communication and facilitation skills within the organization | Improved performance and effective communication Ongoing |
| Amend the Canada Grain Act and Regulations | Allow for operational efficiencies that will not compromise the Grain Quality Assurance System Ongoing |
| Centrally administer the CGC's advertising expenditures | Compliance with the federal government's advertising policy Ongoing |

