



Canadian Grain Commission

Performance Report

For the period ending
March 31, 2002

Canada

The Estimates Documents

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament.

The Estimates of the Government of Canada are structured in several parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve.

The *Report on Plans and Priorities* provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The *Departmental Performance Report* provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring *Report on Plans and Priorities*.

The Estimates, along with the Minister of Finance's Budget, reflect the government's annual budget planning and resource allocation priorities. In combination with the subsequent reporting of financial results in the Public Accounts and of accomplishments achieved in Departmental Performance Reports, this material helps Parliament hold the government to account for the allocation and management of funds.

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Foreword

In the spring of 2000, the President of the Treasury Board tabled in Parliament the document “Results for Canadians: A Management Framework for the Government of Canada”. This document sets a clear agenda for improving and modernising management practices in federal departments and agencies.

Four key management commitments form the basis for this vision of how the Government will deliver their services and benefits to Canadians in the new millennium. In this vision, departments and agencies recognise that they exist to serve Canadians and that a “citizen focus” shapes all activities, programs and services. This vision commits the Government of Canada to manage its business by the highest public service values. Responsible spending means spending wisely on the things that matter to Canadians. And finally, this vision sets a clear focus on results – the impact and effects of programs.

Departmental performance reports play a key role in the cycle of planning, monitoring, evaluating, and reporting of results through ministers to Parliament and citizens. Departments and agencies are encouraged to prepare their reports following certain principles. Based on these principles, an effective report provides a coherent and balanced picture of performance that is brief and to the point. It focuses on outcomes - benefits to Canadians and Canadian society - and describes the contribution the organisation has made toward those outcomes. It sets the department’s performance in context and discusses risks and challenges faced by the organisation in delivering its commitments. The report also associates performance with earlier commitments as well as achievements realised in partnership with other governmental and non-governmental organisations. Supporting the need for responsible spending, it links resources to results. Finally, the report is credible because it substantiates the performance information with appropriate methodologies and relevant data.

In performance reports, departments and agencies strive to respond to the ongoing and evolving information needs of parliamentarians and Canadians. The input of parliamentarians and other readers can do much to improve these reports over time. The reader is encouraged to assess the performance of the organisation according to the principles outlined above, and provide comments to the department or agency that will help it in the next cycle of planning and reporting.

This report is accessible electronically from the Treasury Board of Canada Secretariat Internet site:
<http://www.tbs-sct.gc.ca/rma/dpr/dpre.asp>

Comments or questions can be directed to:

Results-based Management Directorate
Treasury Board of Canada Secretariat
L’Esplanade Laurier
Ottawa, Ontario K1A 0R5

OR to this Internet address: rma-mrr@tbs-sct.gc.ca

Canadian Grain Commission
2001–2002 Departmental Performance Report

The Honourable Lyle Vancief
Minister, Agriculture and Agri-Food

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Section 1: Messages

Minister's message

Welcome to the Canadian Grain Commission's (CGC) 2001-02 *Departmental Performance Report*. This report details how the CGC used its resources from April 1, 2001 to March 31, 2002 to regulate the grain industry, protect the interests of grain producers, and deliver consistent quality grain to Canada's domestic and foreign grain customers.

Canada is known around the world for the safety, quality and reliability of its grain exports. This is a key factor in permitting Canadian exporters to market effectively in competitive international grain markets.

This competitive advantage must be preserved and enhanced. This can, and will, be done through the Agricultural Policy Framework that the Government of Canada has developed in cooperation with the provinces, territories, the agri-food industry and Canadians. The Agricultural Policy Framework will brand Canada as the best in the world in terms of food safety, food quality and environmental sustainability.

The CGC will play a critical role in the delivery of the Agricultural Policy Framework and by doing so will ensure that Canadian grain producers receive maximum value for their products. This report outlines the major challenges the CGC faces and shows how they are being addressed.

The Honourable Lyle Vanclief
Minister, Agriculture and Agri-Food

Chief Commissioner's message

I am pleased to present the Canadian Grain Commission's (CGC) *Departmental Performance Report* for April 1, 2001 to March 31, 2002.

Canadian grains, oilseeds and pulse crops are prized around the world. Wholesome, nutritious, and safe, these commodities command a premium price in world markets because they are delivered in lots which meet the quality needs of customers time after time.

In 2001, Canada exported more than \$26.4 billion worth of food products that accounted for 6.6 percent of total Canadian exports. Our exports of grains, oilseeds and related products were valued at \$9.9 billion, which is \$400 million greater than the previous year.

The CGC provides services in grain quality management and quantity assurance to support the marketing of Canadian grain. We also impart regulations that contribute to maintaining the integrity of our industry and as such, we play an important role in Canada's success in world grain markets. This report showcases the CGC's efforts to meet the challenges facing a rapidly changing industry. Some of our achievements include the following:

- We developed strategies and programs to improve the quality assurance system. For example, we developed a grain quality management system that will be used in future years to assure the varietal purity of major wheat classes.
- In partnership with the Canadian Seeds Institute, we worked to develop a program to audit and certify identity preservation systems.
- We increased services in the Prairie Region.
- We established a new pulse crop laboratory and worked with Pulse Canada to develop various methods for determining pulse quality.
- We received ISO 9002 certification for key quality and quantity services in the Industry Services Division.
- We developed and refined new rapid tests to ensure Canadian grain shipments meet international food safety tolerances.
- We restructured the Western Standards Committee to improve producer participation and to better reflect the range of commodities grown in Western Canada.
- In consultation with producers and the industry, we reviewed and updated several policies and regulations.

The mission of the CGC is "to be a leader in providing grain quality management and quality assurance, dedicated to excellent and responsive service supporting producers, all

sectors of the grain industry and their customers.” Based on this report, readers will conclude we have continued to achieve our mission in the past year.

Chris Hamblin
Chief Commissioner
Canadian Grain Commission

Section 2: Strategic context

Mandate, mission and partnerships

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. The CGC works to develop and implement policies that meet the needs of the industry in marketing Canadian grains. The CGC assures end-use quality, thus enhancing the marketability of Canadian grain.

The CGC is organized into the Executive, Corporate Services, Grain Research Laboratory (GRL), Industry Services, and Finance. Its head office is located in Winnipeg, Manitoba. Industry Services comprises five regions: Bayport, Eastern, Pacific, Prairie and Thunder Bay. The CGC employs approximately 708 full-time staff.

The CGC works closely with producers, other members of the Canadian grain industry, and other government departments and agencies to deliver its programs and services (see Annex 1). These partnerships assist the CGC in its mission: To be a leader in providing grain quality management and quality assurance, dedicated to excellent and responsive service supporting producers, all sectors of the grain industry and their customers.

Programs and services

The day-to-day operations of the CGC involve a number of programs. Of particular importance is the CGC's grain quality and quantity assurance program. This program results in consistent and reliable shipments of grain that meet contract specifications for quality, safety and quantity. The CGC's quality and quantity assurance services include:

- Inspecting grain to certify quality, including all grain received at and shipped from terminal elevators, all grain exported from transfer elevators, and grading submitted samples of grain from producers and the grain trade
- Certifying weights for grain exports, supervising weighing at terminals, conducting audits of terminal and transfer elevator grain stocks and inspecting terminal and transfer elevator scales
- Identifying and explaining the relationships between the physical and biochemical properties of grain and the end-use value of grain
- Developing fast, accurate, economical, and meaningful methods for evaluating grain quality
- Supporting the sale and market development of grain (Grain is defined in the *Canada Grain Regulations* and includes cereals, oilseeds and pulses.) by giving technical advice on quality and end uses, and by evaluating the quality of plant breeders' cultivars to ensure that they have the physical and quality criteria needed for registration

- Screening and monitoring grain shipments to ensure that Canadian grain is not only safe but meets international tolerances for toxic contaminants
- Providing information to marketers and processors of Canadian grain on the quality of commercial grain shipments and of grain from each harvest
- Investigating complaints and inquiries related to the quality and quantity of Canadian grain shipments
- Providing other specialized services requested by the grain industry

The CGC also regulates the grain industry to ensure the fair treatment of producers and the integrity of grain transactions and to maintain quality as grain is moved through marketing channels. Regulation includes:

- Licensing eligible grain dealers and elevator companies
- Conducting audits of licensees' liabilities to producers
- Obtaining security to protect producers in case of default by a licensee
- Monitoring the financial position of licensees
- Developing and setting grain quality standards
- Inspecting grains and grain handling facilities to protect against insect infestations
- Collecting and publishing statistics on grain handling, storage, and movement
- Allocating producer cars
- Mediating and resolving producer complaints concerning grain transactions

The CGC provides other services of value to the grain industry in Canada and abroad, such as:

- Operating the Grain Inventory Accounting System and facilitating information flow on behalf of the grain trade
- Providing grain quality information
- Offering general and custom-designed grain industry training courses
- Conducting contract work, for example, repairing moisture meters and doing chemical analyses of grain

Challenges

The Canadian grain industry operates in a climate of constant change. Canada's quality assurance system must be able to adapt to change while continuing to provide buyers with grain of consistent quality. This is particularly important considering Canada exported more than \$26.4 billion dollars worth of food products in 2001. This accounted for 6.6% of Canada's total exports. About 37.4% of these exports were grains, oilseeds and related products with an estimated value of \$9.9 billion. The following outlines some of the major challenges confronting the CGC.

1. Pressures on Canada's visual grading system.

Canada's kernel visual distinguishability system (KVD) allows grain inspectors and the grain handling industry to quickly and cost effectively segregate grain, especially wheat, into classes based on what it looks like. Each class has specific end-use quality characteristics. This means there is a direct link between what Canadian grain looks like and how it will perform in its end use. Therefore, buyers of Canadian grain know how it will perform in its intended end use simply by knowing its class and grade. This segregation method allows for the relatively low cost, efficient movement of bulk grain through a constrained handling system.

Despite its advantages, there are pressures to move away from grain segregation based on KVD. These pressures come from a number of sources:

- Plant breeders would prefer a segregation system that would allow for greater flexibility in breeding. The kernel type requirements of KVD reportedly restricts the ability of plant breeders to improve agronomic and quality characteristics in new varieties.
- New varieties are being developed with end-use quality characteristics that are different than the existing classes.
- Non-registered, non-visually distinguishable wheat varieties are sometimes grown in Canada when these varieties are perceived to have agronomic advantages such as higher yield. If these varieties are produced in sufficient quantities and have end-use quality characteristics that are very different from the classes they resemble, they have the potential to compromise the effectiveness of the entire quality assurance system.
- Buyers of Canadian grains are becoming more quality conscious and are asking for a wider range of quality specifications along with assurances and certification of grain quality and safety. In order to augment the traditional visual grading system, it is necessary to develop faster, more flexible, and more precise instrumental methods to certify grain quality and safety.

2. The development of genetically modified grains.

Canada must address the marketing challenges presented by the development of genetically modified grain. With increasing consumer concerns about the relative safety of genetically modified grain, some countries are establishing genetically modified labeling requirements. This means that the ability to segregate genetically modified and non-genetically modified varieties could become critical to maintaining Canada's international market share. Since genetically modified varieties are not visually distinguishable from non-genetically modified varieties, this adds to the pressures on the visual grading system and intensifies the need to find an alternative method of segregation.

3. Structural changes in the Canadian grain industry.

Structural changes in the Canadian grain industry have had an impact on the CGC's revenue base. Average grain receipts at port terminals have dropped by about 20 percent since the early 1990s. This has had financial implications for the CGC as most of its revenues come from fees charged for the inspection and weighing of grain as it is loaded into vessels for export.

The grain industry has also witnessed the continuing decline in the number of small primary elevators along with simultaneous construction of new large-scale high throughput elevators. Since the early 1960s, the number of primary elevators in western Canada has dropped from over 5,000 to just under 500. Over the same period, average storage capacity has gone from about 2,000 tonnes to over 10,000 tonnes, with some facilities capable of storing 100,000 tonnes. These changes have a number of implications for the CGC including a drop in licensing revenue; a need to change our licensing policies; a changing pattern of demand for CGC services, i.e., increasing demand for farm-gate quality evaluation; and a potential reduction in the uniformity of grain shipments.

4. Increased consumer concerns about food safety.

Buyers of Canadian grain increasingly demand more rigorous and timely testing to assure themselves that Canadian grain shipments are safe. This demand for special analyses of chemical residues on cargoes increases the importance of research aimed at developing new or adapting existing analytical methods that can quickly provide the necessary precision and accuracy to meet strict market expectations.

5. Agriculture and Agri-Food Canada's new Agricultural Policy Framework

In 2001, the Government of Canada committed itself to an agricultural policy framework for the 21st century. This framework is designed to increase Canada's share of international food markets, assure Canadians about the safety of their food, and provide producers with the skills and knowledge necessary to manage the risks of farming. The ultimate objective is for Canada to be the world leader in food safety, innovation and environmentally responsible production.

The CGC's mandate and related activities address most areas outlined in the policy framework. These are national food safety programs, increased transfers of science, technology and knowledge to industry and producers, and business risk management through the CGC security program. Focusing on these priorities will give Canadian agriculture access to markets requiring traceability documentation, and encourage innovative practices among producers and industry. The CGC's certification of grain quality plays an important role in the marketing of Canadian grain abroad. In 2001-02 we worked to develop a national Identity Preserved (IP) audit and certification program. We are also cooperating with industry to introduce non-visual segregation and traceability within the bulk grain handling system. All of these initiatives and activities demonstrate an ongoing commitment by the CGC to develop plans and priorities that will complement the government's agricultural policy framework.

Section 3: Performance report

The CGC has one business line and primary objective: *a grain quality assurance system that enhances grain marketing in the interests of producers.*

In pursuit of this objective in 2001-02, the CGC organized its plans and priorities around the following four strategic outcomes:

1. A grading and inspection system that addresses the changing needs of grain markets
2. Fair, open grain transactions
3. The protection of producers' rights
4. Sound agency management

These strategic outcomes demonstrate the benefits drawn from CGC services. For each strategic outcome, the CGC has identified planned results. The outcomes achieved for each planned result during the last fiscal year are reported below.

1. A grading and inspection system that addresses the changing needs of grain markets

Number of full-time employees employed: 558

Planned resources compared to resources used	
	\$ Amount
Planned resources	\$46,763,544
Resources used	\$47,565,399

Planned result: A quality assurance system adapted to deal with non-visually distinguishable varieties and the need to segregate genetically modified grains and oilseeds.

The CGC is committed to providing a grain quality assurance system that meets the needs of the grain industry today and over the long term. Our technical and scientific resources are critical to building a system fit to meet the challenges of demanding, competitive markets and an ever-changing industry.

Short term

In 2001-02, the CGC continued to deal with challenges to the visual grading and quality assurance system. The chronic problem of delivery of non-registered varieties of Canada Western Red Spring (CWRS) wheat into the handling system has not abated. These

varieties look the same as registered varieties of CWRS wheat but perform differently when processed. The presence of these varieties in the handling system, beyond defined tolerances, could compromise the quality of shipments of western Canadian wheat.

To minimize the risk to the quality of export wheat shipments in 2001-02, the CGC continued to monitor rail cars of CWRS wheat unloaded at terminal elevators and loaded at the ports for export. Using biochemical methods for variety identification, the CGC tested to ensure that cargoes were composed of registered varieties as specified in grading schedules. No cargoes were detected over tolerance for non-registered varieties.

Medium term

As illustrated by problems associated with the delivery of non-registered varieties, the effectiveness of Kernel Visual Distinguishability (KVD) as the primary tool for segregating grain is rapidly eroding. Other associated changes impacting on KVD effectiveness include the following: the development and registration of new varieties that do not fit the existing quality types or classes but have the same visual appearance, the splitting of wheat classes into more than one quality type, and the potential introduction of genetically modified (GM) wheat.

In January 2001, the CGC established a grain quality management system committee of stakeholders to develop alternatives to visually based methods for segregating grain into lots with the same end-use qualities. In the spring of 2002, the committee submitted a report of its deliberations to the CGC. This report included two alternative options both based on a variety declaration (affidavit) system. The CGC will be consulting with producers and other grain industry stakeholders in the summer/fall of 2002 in order to obtain input and to ascertain the most acceptable option for a KVD replacement.

In addition, the CGC is working in partnership with the Canadian Seeds Institute (CSI) to develop a program to audit and certify identity-preserved (IP) systems. Third-party verification of IP processes will enhance the marketability of Canadian specialty grain products in niche markets. For example, some customers request specific grain varieties. As these specific varieties are not visually distinguishable from the bulk grain, an IP process must be designed and implemented to ensure the customer gets only the requested varieties. The CGC's certification of the IP process will give the buyer added assurance that the product they receive will be what they expected.

Long term

The long-term solution to the limitations of the visual grading system will be to augment and then replace visual methods with non-visual methods of segregating grain into lots of similar quality. The industry needs fast, highly automated and sensitive tests to identify varieties or measure specific quality components. In 2001-02, the CGC continued its research activities aimed at developing such technology. One result achieved is the implementation of a testing service provided to the Canadian Wheat Board and the handling industry to verify the varietal purity of malt barley shipments. Testing using electrophoresis and a DNA-based testing procedure recently developed by the CGC laboratory is being used to verify that malt barley shipments meet contract specifications.

for varietal purity levels, typically 95% or higher. As a service to malt companies, this technology is also being used to determine the varietal mix in blended malt samples. The successful application of a DNA-based method for identifying barley varieties in support of the handling or malting industries illustrates the practical application of molecular biology research. In addition, advances have been made in the development of laboratory scale DNA tests for GM canola and soybeans.

The ultimate objective of this research will be to develop DNA testing methods that are rapid, automated, portable for use in the field, and cost-effective. Such technologies will be used by the CGC to certify shipments for varietal composition, and as required could be used to test for the presence of genetically modified grain or for transgenic traits.

Planned result: CGC services provided in areas where there is growing demand.

Changes in the grain industry, in regulation and in international markets during the last five years present opportunities for the CGC to offer innovative and much-needed services to its clients.

In recent years, growth of value-added grain processing and an expansion in livestock production has occurred on the Prairies. There have also been more direct exports of grain to the United States. Grain exports to the U.S. have grown from 1.2 million tonnes annually in 1991–92 to 3.09 million tonnes in 2001–02. While CGC inspection services are not mandatory for shipments within Canada or to the continental U.S. by truck or rail, many shippers request our services to ensure they are delivering the quality of grain their buyers want.

At the same time, grain handling companies have built large high throughput elevators on the Prairies in an effort to improve operating efficiencies and lower transportation costs. Operators of high throughput elevators tend to make more requests for on-site CGC services to ensure that large unit train shipments are of the right quality as they leave their facility.

Pulse production has increased significantly on the Prairies over the last five years with more than 100 countries importing Canadian peas, lentils, chick peas and beans. Canada is currently the world leader in pea and lentil exports and a strong competitor in the growing international chick pea and bean markets. Rotational benefits, return per acre, minimal fertilizer requirements and contract prices have all played a role in the attractiveness of pulse crops to producers.

During 2001-02, the CGC initiated several projects and completed others in order to meet the growing demand for quality assurance services for special crops and for services at our prairie service centres and regional offices.

Prairie services

The CGC has nine service centres on the Prairies. They provide a range of inspection, certification and weighing services on site at high throughput primary elevators. During the last couple of years, producers and the industry have told us we should increase our

level of service at the centres. In response, we increased our inspection and weighing staff in the Prairie Region by five in 2001-02. In addition, further training was provided to existing staff in order to enable them to perform weighing functions.

The CGC opened an office in Swift Current, Saskatchewan in 2001-02. It is not a full service centre, but rather a location for inspectors from the Moose Jaw, Saskatchewan office to carry out entomological analysis and have access to internal information systems and grain sample storage.

Prairie service centres provided a number of analytical services such as protein and moisture tests, test weight measurements, evaluations of specific grading factors, and entomological services to producers and the industry. Our facilities in Winnipeg handle requests from our clients in the Prairie Region for more complex analytical tests. The CGC considered providing these analytical services at our Prairie offices, but the equipment and associated costs were too high to justify an expansion in service.

Pulse crops

The CGC's GRL began and completed several initiatives in 2001-02. These initiatives include:

- The completion of the new pulse laboratory in April 2001.
- Active participation with Pulse Canada in the development of a research strategy for Canadian pulses.
- Commencement of research on the composition of food grade soybeans in collaboration with the Ontario soybean industry.
- Continued development of harvest surveys for pulse crops including peas, chick peas, lentils and white beans. Quality data derived from these surveys will be of assistance to marketers of Canadian pulses.

In addition, in June 2001, members of the GRL participated in the second annual meeting of the international group made up of representatives from the world's leading pulse exporting countries. Plans for key projects were finalized and the GRL, in partnership with Pulse Canada, is playing a leading role on projects for the development of methods for moisture content, protein content, water absorption, and cooking quality. The GRL is also actively participating in projects on dehulling, color measurement and nomenclature. Initial results for protein and moisture research will be presented at the October 2002 meeting of the American Association of Cereal Chemists. The GRL will be providing leadership on this organization's pulse technical committee.

In 2001-02, with the assistance of Pulse Canada, an additional technical person was added to the CGC's pulse research group with a commitment by the CGC to maintain the position on an ongoing basis. This will enable timely completion of a project to develop a compositional database for Canadian pulse crops. Determining details on the effects of variety and environment on the composition of pulse crops will assist with efforts to penetrate into the food and feed markets.

Planned result: Enhanced ability to monitor and detect pesticide residues, mycotoxins, heavy metals and fungi to continue to ensure Canadian grain shipments meet international food safety tolerances.

The safety of food for human consumption and feed for animals is a major issue for primary producers, processors, retailers and consumers. Grain safety is a priority issue with grain buyers and an increasingly important specification in grain sales contracts.

Grain safety is an emerging priority at the CGC. The CGC's grain safety program has five components — prevention and control, monitoring, research and market support. This ensures that the marketability of Canadian grain is not jeopardized by a rapidly expanding number of food safety issues. CGC grain safety services provide marketers and buyers with the means to assure and certify the safety of Canadian grain shipments.

The international marketplace has increasingly stringent and complex standards for toxic substances and grain safety. The CGC develops and assesses analytical methods to maintain its detection capabilities. This work includes assessing rapid tests to increase efficiency and reduce costs. We look at the availability of these tests, their efficiency and their impact on material and labour costs.

Most rapid tests are specific for one chemical, and results are given within wider tolerances than are available from laboratory tests. Their cost-effectiveness may be limited, compared to laboratory tests, which can often test for several chemicals simultaneously. The choice of method, however, depends on the client and how the results are used. In 2001–02, we assessed two new enzyme-linked immuno-sorbant assay (ELISA) methods for deoxynivalenol (DON), an ELISA method for ochratoxin A and an immunoaffinity column-fluorometry method for DON.

One of the aims of the CGC is to continue to strengthen our research and services by ensuring that the grain safety unit has sufficient space and resources. For example, in 2001–02, a third sample preparation laboratory was added for trace organic analytical testing and a new automated microwave digestion apparatus was purchased for trace element testing.

Planned result: Improved international reputation and recognition as a world-class and impartial quality assurance agency.

The Industry Services Division of the CGC has obtained ISO certification for key quality and quantity assurance services. This involved a close examination and documentation of services and procedures.

In 2001–02, Head Office and the Thunder Bay region passed the audit process and as a result, along with the Bayport, Pacific and Eastern regions and certain service centres in the Prairie region, Industry Services Division received a 'Multi-Site Certificate of Registration' to ISO 9002:1994. The emphasis is now to maintain our registration by conducting both internal and external audits on our processes. Work is scheduled to begin in 2002-03 to move to the new ISO standard ISO 9001:2000.

As of September 2002, a formal process is being initiated to move the Corporate Services Division of the CGC towards ISO certification. In addition, the CGC's GRL plans to move toward ISO certification.

Meeting ISO standards is an important part of doing business in a global economy. The CGC applied for ISO certification to enhance Canada's international reputation for grain quality and quantity assurance. Industry Services Division implemented a quality management system to improve work processes, control documentation, and support better management practices.

Planned result: Ongoing and effective quality and quantity assurance services while adapting to end-use needs of buyers and to grain industry changes.

Market support missions

CGC researchers and inspectors play an important role in the sale and marketing of Canadian grain. In market support missions, researchers and inspectors exchange information on quality characteristics of importance to buyers and processors. They also ensure that the Canadian quality assurance system is meeting the needs of customers. Customer feedback is used to improve the quality assurance system. Market support missions take place each year.

In June 2001, technical visits and meetings were held with importers, millers, couscous and pasta factories, and bakeries in Casablanca and Meknes, Morocco. Following these missions, a visit was paid to the wheat quality control laboratory of the Algerian government agency responsible for wheat procurement in Algiers, Algeria. While in Algiers, we also visited mills and couscous factories nearby.

In November 2001, new crop seminars on wheat were presented and technical information was exchanged with users of Canadian wheat during visits to Japan, the United Kingdom, Spain, Italy, and the Netherlands. Similar information was shared with wheat users from Venezuela, Ecuador and Peru in February 2002.

In 2001-02, the CGC continued to make progress in developing technology and methods to assist in grading and inspection.

Hard vitreous kernel determination

Hard vitreous kernel (HVK) content is an important quality determinant of durum wheat with CGC durum wheat grade standards including minimum HVK requirements. However, measuring the HVK content of a durum sample involves a manual visual separation that is subjective and tedious which leads to bottlenecks at high throughput grain elevators when the primary grade determinant is HVK. As a result, the development of a rapid, objective and consistent procedure for HVK determination as part of grading is a high priority of the CGC. To this end, the potential of near-infrared reflectance spectroscopy (NIRS) to predict durum wheat HVK was assessed. Results indicate that NIRS has considerable potential for rapid objective determination of durum wheat HVK and further studies using field grades are continuing.

Oil content determination

Capability for rapid, non-destructive determination by pulsed nuclear magnetic resonance (NMR) of oil content in canola was established at the CGC's Vancouver Industry Services office. The application of this technology now allows export shipments of canola to be tested by internationally recognized methods for oil content without shipping samples to the GRL in Winnipeg for laboratory analysis. We now have on-site capability to certify export cargoes for oil content and monitor all canola loadings as part of the CGC quality assurance program. Other oilseed commodities will be added in the 2002-03 crop year, i.e., flax/solin and mustards.

Rapid testing of canola seed for multiple quality factors

Research carried out at the GRL in cooperation with canola breeding companies has resulted in these companies adopting NIR technology to rapidly estimate quality parameters such as moisture, oil content, protein content, glucosinolate content, and chlorophyll. The grain handling system, which uses NIR technology for protein segregation, has not been able to adopt these tests because of the special instrumental and additional modeling requirements. A portable, internet-linked FT-NIR instrument was evaluated under contract with Cognis AgroSolutions. Results from this study suggest that the NIR approach could be used for future specification, segregation and classification of Canadian canola seed both within the CGC and by inland and export terminal elevators for quality monitoring of stocks, rail cars or vessel loadings.

Tele-imaging

The CGC is continuing to develop 'tele-imaging' as a supporting technology for grain inspectors operating in remote locations. To date, we have photographed and electronically stored various grain grading factors in order that they are accessible to grain inspectors for reference purposes. Several cameras have been purchased for the CGC's regional offices and will be dispersed for fall operation.

2. Fair, open grain transactions

Number of full-time employees employed: 29

Planned resources compared to resources used	
	\$ Amount
Planned resources	\$3,907,309
Resources used	\$3,546,069

Planned result: A grade arbitration system adapted to changing industry needs.

The CGC's grade arbitration system is based on the *Canada Grain Act* provision called *Subject to inspector's grade and dockage*

(www.grainscanada.gc.ca/prodser/grainquality/grade-moist-dock-e.htm). If a producer and a primary elevator operator disagree on grade or dockage, both parties have the right

to a binding decision from the CGC. The elevator must then pay the producer according to this decision. *Subject to inspector's grade and dockage* is a long-standing right of producers.

In order to meet the needs of industry as a whole, the CGC continued its protein arbitration process (www.grainscanada.gc.ca/faq/protein-e.htm) and implemented new grading schedules in 2001-02.

Protein arbitration

Wheat with a higher protein content commands a market premium because of its superior milling performance. Elevator managers test producers' deliveries of wheat to determine protein content and set the price paid to each producer according to grade and protein level. Accurate protein test results are important to ensure that producers are paid fairly for the quality of the wheat they deliver. Over the years, many producers have raised concerns about the accuracy of protein testing after finding significant discrepancies between the test results obtained at different primary elevators.

The CGC's protein arbitration service provides a practical means for primary elevator managers and producers to get an independent decision on protein level when there is a disagreement over protein content. When an elevator manager and a producer disagree on the protein level of a delivery, they can submit a sample to the CGC for a binding decision. For the fiscal year April 2001-02 the CGC received 46 samples for protein testing. This relatively low level of demand is not indicative of the value of this service. Instead, its value lies in its availability. The fact that producers have the right to a binding protein assessment by the CGC helps to ensure that they are given a fair protein assessment at the primary elevator.

Grade schedules

The CGC's grading system is based on the grades, and specifications for those grades, as established in the *Canada Grain Regulations* (www.grainscanada.gc.ca/pubs/ggg/ggg-e.htm). The Western and Eastern Grain Standards Committees, made up of producer and industry representatives, as well as the CGC's technical experts, are responsible for reviewing and recommending grade standards. Grade schedules are revised annually to keep up with the technical and market changes in the grain industry.

During 2001-02, foreign material was removed as a grading factor in feed peas. This decision was highly supported by all sectors of the feed pea industry, as this has been a very sensitive issue for a number of years. The Eastern Grain Standards Committee also recommended lowering the No.1 Canada Yellow standard for green tinge on the surface of soybeans. Through discussions with soybean end users, it was determined that the CGC's standard was too high and that soybeans of acceptable quality were being unnecessarily downgraded.

Planned result: Fair, enforceable and uniformly applied regulations.

To ensure that CGC regulations are fair, enforceable and uniformly applied, proposed policy and regulation changes undergo rigorous scrutiny. CGC policy and regulatory reviews consist of the following steps:

- The preparation of a discussion document outlining various options for the elements of a proposed change
- Stakeholder consultations
- Internal evaluation of feed back and decision
- Advising relevant stakeholders of change
- Propose regulatory changes, if needed

The CGC responded to stakeholder concerns and reviewed many of its policies. The following examples represent work in this area.

Direct Hits

Direct hit shipments are those shipments where Canadian grain is transferred from railcars and/or trucks directly to a vessel, without storage or with limited, identity preserved, unregistered storage. Direct hits provide an opportunity to lower costs by requiring only one official inspection and weighing. Due to the fact that the direct hit process has changed over time the CGC carried out a review of the 1993 policy. The complexity of the direct hit situation was creating inefficiencies and could ultimately have led to inaccurate certification of Canadian grain.

In response, the CGC studied the issue, consulted stakeholders, and subsequently decided to make several policy changes (www.grainscanada.gc.ca/pubs/policy/2002/direct_hit-e.htm). The required regulatory changes are effective August 1, 2002. The CGC opted for changes to the elements of weighing, inspection and storage in order to simplify the current situation and recreate the original intent of the direct hit process. This decision is a positive step as it will provide for more equitable provision of CGC services, and will generate increased revenues while keeping the CGC's liability risks to a minimum.

Review of maximum shrinkage allowances at primary elevators

Shrinkage is defined in the *Canada Grain Act* as 'the loss in weight of grain that occurs in the handling or treating of grain' (www.grainscanada.gc.ca/pubs/factsheets/shrinkage-e.htm). In response to requests and recommendations from producers and the industry, the CGC carried out this review with the objective of ensuring fair and consistent shrinkage deduction practices across Canada.

The shrinkage review was a long process involving many stakeholders with divergent views. Based on the consultation results, the CGC decided to propose that the maximum shrinkage allowances at primary elevators be set to zero effective August 1, 2003. We were convinced by the views of producer organizations that argued that elevator companies should be responsible for the weight losses of grain they have purchased from farmers. This view was further bolstered by our analysis of CGC data that was inconclusive in respect of the actual shrinkage losses in the grain handling system.

Machine separations

When a grain, such as wheat, is delivered to elevators, it may contain other grain, such as flaxseed, in addition to the principal grain, which would normally be cleaned out of the principal grain. The machine separation regulation requires terminal elevators to separate and provide a separate return to a shipper for certain grain contained in dockage where that grain is at least 6% of the gross weight of the shipment.

Based on extensive consultation, the CGC proposal to repeal the machine separation regulation was accepted and became effective August 1, 2002. Repealing the machine separation regulation will promote delivery of cleaner grain because inward shippers will not automatically receive returns for other grain in a shipment. Machine separations represent an additional cost and create minor inefficiencies in terminals. Furthermore, the CGC believes that the mixing of grains should be discouraged. However, we will be offering machine separations as an optional analysis available to shippers.

Producer car loading facilities (PCLFs)

In the past three years there has been an increase in both the level of interest in commercial operation of PCLFs and in the use of producer cars. As a result, it was necessary for the CGC to consider if the regulations governing this area were still relevant and that they addressed the interests of producers and the effectiveness of Canada's quality assurance system.

The CGC launched a public consultation to determine how PCLFs should be regulated. The consultation feedback indicated overwhelming support amongst producers and producer groups for an exemption from licensing. It also indicated that producer car shippers are aware of the risk of doing business with PCLFs and are willing to shoulder all of the risk responsibility. In April 2002, based on this feedback and upon the CGC's internal analysis, we decided that PCLFs should be exempted, with conditions, from being licensed as primary elevators under the *Canada Grain Act*. In the longer term, the creation of a new class of licence called '*Producer Car Loading Facilities*' will be considered. This decision supports producers' innovative approaches to marketing their grain, and at the same time, ensures that the risks to the grain quality system are manageable. A list of currently exempted PCLFs can be found at www.grainscanada.gc.ca/regulatory/licensees/exemptpc-e.htm.

3. The protection of producers' rights

Number of full-time employees employed: 10

Planned resources compared to resources used	
	\$ Amount
Planned resources	\$952,337
Resources used	\$956,090

Planned result: The protection of producers from grain company defaults.

The CGC operates an ongoing program to license grain companies and grain dealers. All grain company licensees must post security to cover their liabilities to producers. This requirement ensures that producers are financially protected in the event of a grain company bankruptcy or a failure to pay. In order to confirm companies have sufficient liability coverage in place, the CGC monitors licensees' monthly liabilities and requests additional security funds when warranted. In 2001–02, no compensation was issued to producers in respect to grain company defaults. A review of the audit process of licensees was completed in 2001-02, but to date the CGC is still deliberating on the review recommendations.

Producers selling grain to unlicensed companies are not protected from grain company defaults. Currently, it is estimated that 125 – 200 companies buy grain without a CGC licence. To ensure producers were aware of this situation, the CGC completed a mail out campaign to over 80,000 producers to explain their rights and responsibilities with respect to licensing and security (www.grainscanada.gc.ca/Pubs/brochures/grain_gain-e.htm). The campaign also highlighted the risks involved when dealing with unlicensed companies.

In addition to direct mail efforts, the CGC communicates its message through agricultural newspapers, producer meetings, farm shows, and the CGC web site. For example, whenever a grain company licence lapses, the CGC advertises in the farm press to ensure that producers are aware of the situation. We also post and continually update a list of licensees on our web site at www.grainscanada.gc.ca/information/licensing-e.htm. In addition, a list of grains eligible for security can be found at www.grainscanada.gc.ca/Regulatory/licensees/crops-e.htm.

It is difficult to gauge the success of information campaigns. CGC research suggests that 90 percent of western Canadian grain producers prefer to deal with CGC licensees rather than non-licensed grain companies. While this finding cannot be solely attributed to CGC advertising, it does suggest that the CGC is playing an important role in protecting Canadian grain producers.

In 2001-02, resources for licensing activities were increased with the addition of a Compliance Officer and extra clerical staff.

Planned result: Fair treatment of producers by grain companies and grain dealers.

Making sure producers receive fair treatment is an important part of the CGC's regulatory function. The CGC has a number of safeguards in place to ensure that producers are treated fairly in their grain transactions. These safeguards include assistant commissioners acting as liaisons between grain producers and the local industry, a 1-800 producer information line and complaint mechanism, and a grade arbitration system. In 2001-02 the CGC also reviewed producer representation on the Western Grain Standards Committee.

Assistant commissioners

During the 2001-02 fiscal year, the CGC had five assistant commissioners representing the provinces of Alberta, Saskatchewan, Manitoba, Ontario and Quebec.

The assistant commissioners in eastern Canada serve as a liaison between the CGC and the eastern grain industry to promote the CGC's role and services to the industry. Assistant commissioners in western Canada are responsible for dealing with producer complaints and inquiries and for publicizing the activities of the CGC at the farm level. In total, the assistant commissioners in western Canada responded to 1094 producer complaints concerning failure to pay or late payment, grade and dockage disputes, producer cars, shrinkage deductions, and fee charges.

1-800 Producer information line

Producers have an additional opportunity to voice concerns through the CGC's toll-free Producer Information Line. This telephone service operates with the following service standard:

All complainants are to be notified that their complaints have been received and are being looked at, by the end of the next working day after the call is received.

The following table shows the total number of grain related complaints and information requests that the Producer Information Line handled during the last four fiscal years.

Number of calls to Producer Information Line, by category, from fiscal years 1998-99 to 2001-02		
	Total number of complaints	Total number of information requests
Fiscal year		
1998-1999	41	476
1999-2000	30	622
2000-2001	25	483
2001-2002	73	568

Grade arbitration system

As mentioned above, producers who disagree with a primary elevator operator on a grade, dockage or protein assessment have the right to a binding decision from the CGC. The elevator operator must pay the producer according to this decision. The table below illustrates the number of requests for grading arbitration that the CGC processed during the last four fiscal years.

Number of requests for arbitration services from fiscal years 1998–99 to 2001–02	
	Number of requests processed
Fiscal year	
1998–1999	221
1999–2000	536
2000–2001	481
2001–2002	402

While there are several mechanisms to ensure producers are treated fairly, CGC research suggests that a significant number of producers are unaware of the protective services offered by the CGC. As a result, the CGC is continuing to devise new strategies to inform producers about the protective services that the CGC offers. During 2001-02, this was accomplished through a mail campaign where producers were contacted directly.

Producer representation on the Western Grain Standards Committee (WGSC)

The structure and effectiveness of the WGSC (www.grainscanada.gc.ca/newsroom/news_releases/2001/2001-15-e.htm) have been matters of concern for some time. Many producers have expressed the perception that producer members nominated by line companies and/or industry organizations could not properly represent producers. Further, producer and industry alike have said the committee needed to be restructured to reflect the changes in western Canada's grain industry. In light of this situation, a committee was struck with the mandate to provide the CGC with recommendations regarding the producer composition of the WGSC.

Based on recommendations and feedback from industry groups, the twelve producer seats on the WGSC were assigned to various farm groups and industry stakeholders. In June 2002 letters were issued to relevant stakeholders requesting names of candidates to fill the seats. Results of these requests are to be analyzed in July 2002 in order that the renewed WGSC be operational for October 2002.

Planned result: Maintenance of producer delivery options.

In response to producer demand, the CGC is continuing to ensure the availability of producer delivery options. Delivery options, such as producer cars, provide an opportunity for producers to safeguard their interests. The main saving for producers is

through avoiding primary elevator tariffs—a consideration when grain prices are low (www.grainscanada.gc.ca/pubs/factsfarm/factsfarmers15-e.htm).

During the 2001–02 fiscal year, grain deliveries by producer cars were up 59.8 percent from the previous year.

Number of producer car applications processed, from fiscal years 1998–99 to 2001–02	
	Number of cars processed
Fiscal year	
1998–1999	3,500
1999–2000	3,370
2000–2001	4,145
2001–2002	6,635

As noted above, the CGC completed an extensive consultation process regarding the regulation of PCLFs.

4. Sound agency management

Number of full-time employees employed: 98

Planned resources compared to resources used	
	\$ Amount
Planned resources	\$12,185,466
Resources used	\$14,101,736

Planned result: Efficient, responsive, and cost effective services.

During the past fiscal year, the CGC implemented a number of reforms to its programs and services in order to deal with the deficit resulting from reduced volumes of grain being exported coupled with rising costs. Examples of these reforms are as follows:

- Streamlining terminal elevator operations and cross-training of staff
- Reducing the number of positions in Thunder Bay and the Pacific region
- Restricting hiring except where this would seriously impede critical CGC operations

The CGC also commenced its implementation of the government wide initiative - Modern Comptrollership. The purpose of this initiative is to shift CGC operations from a financial perspective to a broader and more integrated management approach in the following elements:

- Leadership
- Control Systems
- Performance Information
- Integrated Risk Management
- Human Resource Capacity
- Values and Ethics

In pursuit of this goal the CGC obtained a Management Capacity Assessment from external consultants. The recommendations made by the consultants have led the CGC to work on, and achieve results in many areas. Examples of these achievements are:

- Revenue Model – To improve the CGC’s budgeting process, a revenue model was developed to recast the grain handling volumes throughout the various regions and the impact on resources. This allows the CGC to alter its financial forecasts and budget accordingly in light of more up to date information.
- Costing Model – A costing model was developed at the CGC in 2001 that matches the expenses to specific revenues. This model is used in tandem with the existing revenue model and provides information for the budgeting process (i.e., for program evaluation purposes). The CGC is currently using this costing model.
- Financial Information Strategy – The CGC became fully compliant with Treasury Board’s Financial Information Strategy in the 2001-2002 fiscal year.
- Service Standards – The CGC has developed internal service standards for its Corporate and Industry Services Divisions. The purpose of these standards is to improve objective measures of employee job performances and facilitate internal accountability. The GRL and Industry Services are currently updating additional service standards.

The CGC also began work on meeting the Treasury Board’s new cost recovery guidelines. As the CGC’s service fees are frozen until March 31, 2004, we have been unable to implement full cost recovery initiatives where services benefit a private group. However, work on this matter has allowed us to review our current cost recovery levels and establish appropriate funding levels for CGC services. This work places us in a position to quickly implement a cost recovery policy as soon as our external environment allows.

During the last three years, our expenditures have increased. Many of these new expenditures can be attributed to additional client services, e.g., continuous 24-hour operations on the West Coast, monitoring for non-registered varieties and providing increased services on the Prairies. The expansion of CGC services has been necessary in light of the changing nature of the grain industry (see Section 2). The CGC is committed to keeping pace with this change in the most efficient and cost effective manner.

Planned result: Financial stability for the CGC.

In March 2002, the CGC initiated a Business Plan process in order to address the issue of the CGC's longer-term financial stability and confirm whether our services continue to meet the needs of industry. We appointed a full time Business Plan Coordinator and created a working group for support. In addition, a steering committee made up of CGC Commissioners and senior managers was established. The Business Plan exercise will benefit from the work done during the 1998-99 Program Review. The CGC is working to have the plan ready, in draft form, by October 2002.

Planned result: A CGC workforce that is representative of the Canadian population.

Over the last year, the CGC has made progress in meeting its employment equity objectives with respect to representation of the four designated groups (Aboriginal peoples, visible minorities, persons with disabilities, and women). Workforce analysis indicated that representation of Aboriginal peoples and people with disabilities meets expected levels. In addition, through improved recruiting and retention, the gap for women in scientific and professional positions has been decreased and the representation of women grain inspectors has slightly improved. The representation of visible minorities is not adequate, and the CGC has placed a priority on bridging this gap.

Group representation in the CGC, as of February 14, 2002				
	All employees	Designated group employees	Expected representation	Difference (Actual – expected)
Occupational group				
Women	783	261	225	36
Aboriginal peoples	783	32	20	12
Persons With disabilities	783	42	36	6
Visible minorities	783	60	94	-34

To determine whether there are systemic barriers which may inhibit achievement of our goals, a thorough Employment Systems Review was completed in May 2001. This evaluation examined the internal factors that contribute to representation problems and provided suggestions on how to deal with them. The results were then used as the basis for the CGC Employment Equity Plan (EEP) that was completed in 2002. CGC employment equity and steering committees and senior management, in consultation with bargaining units representing CGC employees, developed this plan. With the formation and formalization of the EEP, the CGC is confident that we will reach our employment equity goals and continue to improve our workforce representation.

CGC support for employment equity is evident in other areas. Over the last fiscal year the CGC provided time, resources and logistical support for staff involved with the National Council of Visible Minorities (www.hc.gc.ca/ncvm). The CGC also continues to be a partner in the Embracing Change Initiative for all federal departments in Manitoba. This initiative currently serves as a model for other provinces working in this area.

Planned Result: Workplace Improvements.

The 1999 Public Service Employee Survey continues to serve as the basis for improvements in the workplace. Training on harassment has taken place in many work sites. Courses have been delivered to managers to achieve more consistency and transparency in the staffing process. Human resource (HR) policies are being reviewed, re-published, and posted on the CGC intranet in an effort to ensure that all employees are aware of and have access to policies when required.

HR delegation has been revised to ensure that managers have the correct authorities. Both the Treasury Board 'Prevention of Harassment in the Workplace' policy and the 'Disclosure of Wrongdoing in the Workplace' policy have been implemented.

The CGC is also participating in the survey for 2002 and has enjoyed a marginally increased level of participation over the 1999 survey. This will serve as a milestone to track improvements in this area.

Section 4: Concluding remarks

Our efforts to meet the changing needs of grain markets, ensure fair, open grain transactions, protect producers' rights, and develop sound agency management are evident in the following key results:

- Strategies to update and improve the quality assurance system
- A partnership with the CSI to develop a program to audit and certify identity preserved systems
- Increased services in the Prairie Region
- The completion of a new pulse laboratory
- The development and refinement of new rapid tests to ensure Canadian grain shipments meet international food safety tolerances
- ISO 9002 certification for key quality and quantity services in the Industry Services Division
- Continuing program of protein arbitration and new grading schedules
- Policy redrafting to ensure efficient operation of the CGC
- Reform of producer representation on the WGSC
- Commencement of implementation of the Modern Comptrollership initiative
- Achieving overall representation targets for women, Aboriginals, and persons with disabilities

The success of the CGC also depends on the flexibility of its operations. The Canadian grain industry is a dynamic and challenging environment. For the CGC to remain effective it must respond to the immediate concerns of the industry. During the 2001–02 fiscal year, the CGC responded to the demands of producers and industry regarding the regulation of PCLFs. The CGC moved quickly to ensure that producers remained entitled to all delivery options while still maintaining the integrity of the quality assurance system.

In summary, this section has outlined the results achieved by the CGC and the areas it needs to improve. The CGC will continue to work towards its strategic outcomes in a manner that will benefit the long-term interests of Canadian grain producers and the grain industry.

Annex 1: CGC partnerships

CGC partnerships

Key partners

Industry Partners
Producers
Grain companies
Processors
Canadian Wheat Board
Universities
Laboratories
Plant Breeders
Canadian International Grains Institute
Canadian Seeds Institute

Portfolio Departments and Agencies

Agriculture and Agri-Food Canada
Canadian Food Inspection Agency
Canadian Dairy Commission
Farm Credit Corporation
National Farm Products Council

Other government departments

Department of Foreign Affairs and International Trade
Statistics Canada
Canadian International Development Agency
Industry Canada
Health Canada
Canada Customs and Revenue Agency
National Research Council
Provincial Departments of Agriculture

Foreign

U.S. Department of Agriculture (Grain Inspection, Packers and Stockyards Administration)
Food Science Australia
Bread Research Institute, Australia
Japanese Food Agency
Russian State Grain Inspectorate
State Administration of Grain (China)

Areas of cooperation

Setting grain quality standards
Operation of the grain quality assurance system
Development and implementation of policies and regulations
Sharing market information
Market development and support
Research and technology transfer
Auditing industry IP systems

Sharing knowledge
Research
Strategic planning
Meeting international tolerances for toxic contaminants in grain
Shared quality assurance program delivery

Sharing knowledge
Facilitating international trade
Publication of grain statistics
Market development and support
Inspection and certification of terminal and transfer elevator scales

Shared quality assurance program delivery
Facilitating international trade
Research
Technology
Training and Technology

Annex 2: Financial performance

Summary of voted appropriations (\$ in thousands)				
Vote	Canadian Grain Commission	2001–02		
		Planned spending	Total authorities	Actual
35	Program expenditures	18,495	18,495	18,495
(S) ¹	Contributions to employee benefit plans	2,618	2,618	2,618
(S)	Revolving Fund	(252)	(252)	(252)
10	Modern management			148
15	Collective agreements			3,166
5	Termination benefits			318
5	Maternity & termination benefits			521
	SCIP revenue			175
	Y2K loan repayment			(100)
	Transfer to Winnipeg Commodity Exchange			(200)
	Total department	20,861	20,861	24,889

¹ Statutory

The summary of voted Appropriations represents the amount of funding received by the CGC through the approved votes. It compares the planned amount, the funding approved, i.e., total authorities, and what the CGC actually spent after all adjustments, i.e., actual.

Comparison of total planned spending to actual spending (\$ in thousands)			
	2001–02		
	Planned spending	Total authorities	Actual
Canadian Grain Commission			
Full-time equivalents, i.e., number of employees	805	805	708
Operating	62,550	62,550	65,194
Total gross expenditures	62,550	62,550	65,194
Less: Respendable revenues	41,689	41,689	38,820
Total net expenditures	20,861	20,861	26,374
Other revenues and expenditures			
Cost of services provided by other departments	2,793	2,793	2,793
Net cost of the program	23,654	23,654	29,167

This table represents the total Revolving Fund and Appropriations and planned revenue and expenses compared to the total dollars actually spent by the CGC.

Historical comparison of total planned spending to actual spending (\$ in thousands)

			2001-02		
			Planned spending	Total authorities	Actual
Canadian Grain Commission	Actual 1999-00	Actual 2000-01			
	56,324	58,744	62,063	62,550	65,194
Total	56,324	58,744	62,063	62,550	65,194

This historical comparison of planned departmental spending versus actual spending is a reflection of the total Revolving Fund and Appropriations compared to the total actually spent by the CGC. It provides some comparative information for the two previous years. Gross expenditures have increased at a rate of 4-5 percent annually over the last two years.

Responsible revenues (\$ in thousands)

			2001-02		
			Planned revenues	Total authorities	Actual
Canadian Grain Commission	Actual 1999-00	Actual 2000-01			
Inspection, weighing, registration and cancellation	40,432	41,776	37,700	37,700	36,943
Licences and other revenue	1,181	1,346	3,989	3,989	1,877
Total responsible revenues	41,613	43,122	41,689	41,689	38,820

Responsible revenues represent funds generated through fees and contracts for services rendered by the CGC. These revenues are spent to cover a portion of the cost of providing these services. In addition, the table provides some comparative information for the two previous years. The data indicates that while revenue increased by 4 percent from 1999-00 to 2000-01, there was a 10 percent decrease in the 2001-02 fiscal year.

Capital spending (\$ in thousands)					
			2001-02		
			Planned spending	Total authorities	Actual
Canadian Grain Commission	Actual 1999-00	Actual 2000-01			
Capital spending	1,583	2,827	3,000	3,000	2,643
Total capital spending	1,583	2,827	3,000	3,000	2,643

This table provides some comparative information for total capital spending over the two previous years.

Revolving Fund financial summaries (\$ in thousands)					
			2001-02		
			Planned spending	Total authorities	Actual
Canadian Grain Commission	Actual 1999-00	Actual 2000-01			
Revenues	68,032	63,083	62,550	62,550	63,709
Expenses	56,324	58,744	62,063	62,550	65,194
Profit (or Loss)	11,708	4,339	487	0	(1,485)
Add items not requiring use of funds:					
Depreciation/ Amortization	1,095	1,234	1,334	1,334	1,900
Other	570	754	0	0	654
Change in working capital	(11,406)	4,280	401	1,918	769
Investing activities:					
Acquisition of depreciable assets	(1,513)	(2,818)	(1,970)	(3,000)	(2,643)
Cash surplus (requirement)	454	7,789	252	252	(805)
Authority:					
cumulative surplus (drawdown)	14,171	21,960	14,675	12,504	11,960

This table represents the conversion of financial statement information from book value to a cash basis. The cumulative surplus (drawdown) is made up of the cumulative net surplus (drawdown) plus a \$2-million line of credit. This line of credit is set aside for expected cashflow shortfalls during the business cycle.