

**Canadian Grain Commission
Report on Plans and Priorities**

2003-2004

The Honourable Lyle Vancief
Minister, Agriculture and Agri-Food

Table of Contents

Section 1	Messages	
	Minister's Message	1
	Chief Commissioner's Message	2
	Management Representation Statement	3
Section 2	Department Overview	
	Mandate, Vision, and Department Description	4
	Accountability	4
	Planning Overview	5
	Department Planned Spending	8
Section 3	Department Plans, Results, Related Activities and Resources	
	A grading and inspection system that addresses the changing needs of grain markets	10
	Fair, open grain transactions	15
	The protection of producers' rights	17
	Sound agency management	18
Section 4	Concluding Remarks	21
Annex 1	CGC Partnerships	22
Annex 2	Organizational Structure	24
Annex 3	Financial Information	
	Summary of Capital Spending by Program and Business Line	25
	Source of Respendable and Non-Respendable Revenue	25
	Net Cost of Program(s) for the Estimates Year	26
	Revolving Fund – Statement of Operations	26
	Revolving Fund – Statement of Cash Flows	27
	Revolving Fund – Projected Use of Authority	28

Section 1: Messages

Minister's Message

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 permitting Canadian exporters to market effectively in competitive international grain markets.

This competitive advantage will be enhanced with the Government of Canada's Agricultural Policy Framework, which was developed in partnership with the provinces, territories, the agri-food industry and Canadians. The Agricultural Policy Framework will brand Canadian agriculture as the best in the world in terms of food safety, food quality and environmental sustainability.

In assessing the challenges and opportunities facing Canadian agriculture, it is clear that the CGC will play a key role in the delivery of the Agriculture Policy Framework. This report will highlight how the CGC fits into Canada's new Agricultural Policy Framework, while maintaining a long-term commitment to building a strong quality assurance system for the Canadian grain industry.

The *Report on Plans and Priorities* (RPP) details how the Canadian Grain Commission (CGC) intends to use its resources to protect the interests of grain producers and ensure the consistent quality of Canadian grain. The report also sets the standards by which the CGC's performance in meeting its objectives can be assessed.

The Honourable Lyle Vanclief
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 2003-04.

The CGC is the federal department 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 are placing an increasing emphasis on consistent quality and grain safety. To build on Canada's reputation as a consistent supplier of safe and quality grain; the CGC is working alongside the provinces, the territories, and the agri-food industry, to fulfill the Government of Canada's Agricultural Policy Framework.

This report outlines the CGC's plans and priorities for the fiscal year 2003-04. I am confident that our strategies will make a significant contribution to the Agricultural Policy Framework, thereby ensuring an improved quality assurance system and maximum value for producers.

Chris Hamblin
Chief Commissioner

Management Representation Statement

I submit, for tabling in Parliament, the 2003-2004 *Report on Plans and Priorities* (RPP) for the Canadian Grain Commission.

This document has been prepared based on the reporting principles and disclosure requirements contained in the *Guide to the preparation of the 2003-2004 Report on Plans and Priorities* and:

- Accurately portrays the organization's plans and priorities.
- Is consistent with the directions provided in the Minister of Finance's Budget and by the Treasury Board Secretariat regarding planned spending information.
- Is comprehensive and accurate.
- Is based on sound underlying departmental information and management systems.

The reporting structure on which this document is based has been approved by Treasury Board Ministers and is the basis for accountability for the results achieved with the resources and authorities provided.

Gordon Miles
Chief Operating Officer

Section 2: Department Overview

Mandate, Vision and Department Description

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. By assuring quality, the CGC enhances the marketability of Canadian grain domestically and abroad.

The CGC is organized into the Executive, Corporate Services, Grain Research Laboratory (GRL), Industry Services, Employee Services and Finance. Its head office is located in Winnipeg, Manitoba. Industry Services comprises five regions: Bayport, Eastern, Pacific, Prairie and Thunder Bay. As of December 31, 2002, the CGC employed approximately 719 people.

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 achieving its vision: A leader in delivering excellence and innovation in grain quality and quantity assurance, research, and producer protection.

Accountability

The Honourable Lyle Vanclief, Minister of Agriculture and Agri-Food is the minister responsible for the CGC (see Annex 2).

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 is responsible for the CGC's business line: a grain quality assurance system that enhances grain marketing in the interests of producers.

The Chief Operating Officer co-ordinates the activities of the CGC's operating divisions: Industry Services, Corporate Services and the Grain Research Laboratory. The Director of Human Resources works in Agriculture and Agri-Food Canada (AAFC), but has a functional reporting relationship with the Chief Operating Officer. The Chief Financial Officer also reports to the Chief Operating Officer.

In addition, there are up to six Assistant Commissioners for the main grain producing areas of Canada, also appointed by the Governor in Council. The Assistant Commissioners are responsible for dealing with producer and grain industry complaints and inquiries, and for publicizing the activities of the CGC at the farm level.

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.

The Grain Appeal Tribunal receives appeals from primary, terminal and transfer elevator operators and producer car shippers who disagree with grades assigned by CGC inspectors. The chair of the tribunal acts on behalf of the CGC, and reports to the Chief Commissioner, but acts independently of the CGC's inspection staff. Other members of the tribunal are selected from the industry.

Planning Overview

The Canadian grain industry operates in a climate of constant change. Canada's quality assurance system must be able to adapt. 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 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 segregate wheat quickly and cost effectively into quality classes based on appearance. Therefore, buyers of Canadian wheat know how it will perform in its intended end-use simply by knowing its class and grade.

While KVD has given Canada a competitive advantage that has served it well over the years, there are pressures to move away from wheat segregation based on KVD. These pressures come from a number of sources

- Plant breeders would prefer a segregation system that allows for greater flexibility in breeding. They believe that KVD requirements restrict their ability to improve agronomic and quality characteristics in new varieties.
- Non-registered, non-visually distinguishable wheat varieties are sometimes grown in Canada when these varieties 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 could 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 types. 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.
- Visually indistinguishable grains developed for pharmaceutical, fuel and industrial uses will require effective segregation from grains intended for feed and food uses.

2. The development of genetically modified grains

Canada must address the marketing challenges presented by genetically modified (GM) grains. With increasing consumer concerns, many countries are establishing GM labeling and traceability requirements. This means that the ability to segregate GM and non-GM varieties is critical to maintaining Canada's international market share.

The ability to segregate GM from non-GM grains will benefit exporters of Canadian food products as well, given that there is a growing requirement to label their products.

Since GM varieties may not be visually distinguishable from non-GM varieties, the pressures on the visual grading system and the need to find an alternative method of segregation are intensified.

3. Structural changes in the Canadian grain industry

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

The number and capacity of primary elevators has changed dramatically. Since the early 1960s, the number of primary elevators in western Canada has dropped from over 5,000 to 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. As well, we have seen an increase in the number of grain buyers. Implications for the CGC include

- A need to change our licensing policies
- A changing pattern of demand for CGC services, e.g., increasing demand for farm-gate quality evaluation

Some structural changes have called into question the need for mandatory CGC grading of grain as it enters terminal elevators. In the days when grain shippers and grain receivers were different entities, a case could be made for CGC inspection of grain as it entered the terminal. However, given that the shipper and the receiver tend to belong to the same grain company there may no longer be a need for a third-party presence. Because the quality of exports is assured by CGC inspection and certification of grain as it is discharged from the elevator into vessels, mandatory inward inspection may be an unnecessary cost to the industry.

4. Increased consumer concerns about food safety

Buyers of Canadian grain increasingly demand more rigorous, timely grain safety testing. This growing demand for special analyses of chemical residues and trace elements on cargoes increases the importance of research aimed at developing new or adapting existing analytical methods. We have also identified the need to introduce a capacity to deal with microbial agents and to expand it for chemical components.

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 (CFIA), Environment Canada (EC) and Health Canada (HC).

5. The need for a more integrated approach to grain handling and related issues

Currently responsibility for responding to grain issues is shared by various federal departments and agencies.

A review of assigned responsibilities is needed to ensure that gaps are filled and clients are satisfied cost efficiently. Where feasible, a “one-stop-shop” approach should be taken.

6. Increased domestic consumption and value-adding

The trend is away from exports of grain as a raw commodity and toward increased domestic consumption and value-added production. It is necessary to maintain our export competitiveness while meeting the anticipated growth for feed, energy, industrial, and pharmaceutical uses of grain. Meeting these needs

will require a corresponding change in the segregation systems that assure the quality of grain and keep the commodity separate from food channels.

Department Planned Spending

(\$ thousands)	Forecast Spending 2002-2003	Planned Spending 2003-2004	Planned Spending 2004-2005	Planned Spending 2005-2006
Budgetary Main Estimates	66,835	62,259	47,659	47,659
Non-budgetary Main Estimates	0			
Less: Respendable revenue	41,682	41,706	41,706	41,706
Total Main Estimates	25,153	20,553	5,953	5,953
Adjustments*	8,546	15,000	15,000	
	33,699	35,553	20,953	5,953
Less: Non-respendable revenue	0	0	0	0
Plus: Cost of services received without charge	3,007	3,025	3,655	3,701
Total Planned Spending	36,706	38,578	24,608	9,654
Full Time Equivalents	722	709	713	727

*Adjustments are to accommodate approvals obtained since Main Estimates and are to include Budget initiatives, Supplementary Estimates, etc.

** Note: Fiscal year 2003-2004 is the year that the CGC receives special appropriation.

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

Section 3: Department Plans, Results, Related Activities and Resources

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

In pursuit of this objective, the CGC has 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

The CGC's 2003-2004 plans, results and related activities also reflect the government of Canada's Agricultural Policy Framework (APF). The principal objective of the APF is for Canada to be recognized as the world leader in food safety, innovation and environmentally responsible production.

To meet this objective the APF has been structured around the following five pillars:

1. Food safety and food quality
2. Science and innovation
3. Renewal
4. Business risk management
5. Environment

Branding Canada is the overarching goal of the framework which brings the various key elements together.

This policy objective is supported by the legislation and programs of the CGC. Especially noteworthy are the CGC's activities geared towards assuring and enhancing the quality of Canadian grain; understanding the demands of the domestic and international marketplace; and taking a leading role in technical trade issues.

Working towards the strategic outcomes, and fulfilling the objectives of the APF, will demonstrate the benefits received from the CGC's work. To illustrate the significance of each strategic outcome, the CGC has identified planned results. Many of the activities associated with each planned result represent ongoing

efforts to maintain the infrastructure of the Canadian grain industry. These ongoing activities account for the majority of the CGC's resources.

For the 2003-2004 RPP the CGC has committed to several new activities. These activities are necessary to meet the changing needs of the Canadian grain industry. To fund some of these new initiatives the CGC has reallocated resources from existing programs. Examples of these initiatives include: ISO certification for Corporate Services and the Grain Research Laboratory; and working toward a “one stop shop” for all government grain handling services. Other initiatives will require a commitment of new resources in order to move forward.

The information provided below details the activities and resources need to obtain each strategic outcome. The column labelled “APF” notes which APF pillars are supported by the activity described.¹

Strategic Outcome 1: A grading and inspection system that addresses the changing needs of grain markets

Number of full-time equivalents employed: 515

Planned Resources: \$ 47,420,593

The pressure to register new cereal grain varieties which lack KVD, the production of non-registered, non-visually distinguishable wheat varieties in Canada, the development of genetically modified grains and oilseeds, and other pressures on the visual grading system are critical issues that the CGC must respond to during the planning period. It is also important that the grading system and services are adapted to the end-use needs of buyers of Canadian grain and the structural changes within the grain industry. While the CGC adapts to these and other changes, it must maintain KVD until it can be replaced with some other method to segregate grain.

Much of the work done in this area represents ongoing, day-to-day activities. Some of these day-to-day activities include:

- Identifying and explaining the relationships between the physical and biochemical properties of grain and the end-use value of grain

¹ **Legend:** the APF pillars identified in this plan are numbered as follows

1. Food Safety and food quality
2. Science and innovation
3. Renewal
4. Business risk management
5. Environment

- Developing fast, accurate, economical, and meaningful methods for evaluating grain quality
- Screening and monitoring grain shipments to ensure that Canadian grain is not only safe but meets international tolerances for toxic contaminants
- Providing specialized services requested by the grain industry

In addition to its day-to-day work, the CGC is embarking on a major initiative to examine methods to reduce the Canadian grain industry's reliance on KVD. On January 20, 2003 the CGC announced a consultation process on a proposed Variety Eligibility Declaration system (VED) to accomplish this goal.

To measure its success in meeting the above stated challenges, the CGC will track buyers' satisfaction with the consistency of Canadian grain quality through the regular feedback its scientists and technical experts receive from buyers when on overseas missions, track cargo complaints, and maintain its cargo-monitoring program.

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

Related Activities	Timeframe	APF
Develop plans, in consultation with plant breeders, producers, and the grain handling industry, to make the quality assurance system less dependent on visual grading, including possible introduction of a Variety Eligibility Declaration system (VED).	Target date August 1, 2004	1, 2
Develop testing processes for monitoring cargoes to ensure that the identity of grains shipped under IP systems is preserved, and that non-visually distinguishable varieties have not contaminated bulk shipments.	Ongoing	1, 2
Continue to develop and implement methods for identifying genetically modified grains and oilseeds.	Ongoing	1, 2
Continue to develop and implement methods for protein-based and DNA-based variety identification.	Ongoing	1, 2
Continue to develop and implement near-infrared spectroscopy, digital imaging and other instrumentation methods to assess grading criteria and end-use quality.	Ongoing	1,2, 3

Continue collaborative and jointly funded research to develop and validate methods for automated quality testing. Validated methods will be transferred to industry where they can support and improve the overall efficiency of grain grading, handling and segregation, and IP systems.	Ongoing	1, 2
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Planned Result: Activities which promote biodiversity, increase understanding of relationships between agriculture and the environment and support the development and evaluation of environmentally beneficial agricultural production and management practices.

Related Activities	Timeframe	APF
Continue to advise government and industry on potential impacts of the Cartagena Protocol on Biosafety to the United Nations Convention on Biological Diversity.	Ongoing	5
Provide sampling and testing advice and/or services to Canada's grain industry to meet the requirements of the Biosafety Protocol if requested.	Pending ratification	5
Assist in implementation of the treaty if Canada ratifies it or as required by Canada to meet the needs of countries that abide by the requirements of the Biosafety Protocol if it comes into effect.	To begin upon ratification	5
Conduct ongoing surveys of the weed seed content of harvest survey and export cargo samples.	Ongoing	5
Survey and map the levels of heavy metals and other elements in sensitive crops such as durum wheat and flax.	Ongoing	5

Planned Result: Respond to the evolution of a new, value-added stream in commercial crop production, handling and marketing to meet the demand for specific end-use quality demands.

Related Activities	Timeframe	APF
Continue to offer auditing services against the Canadian Soybeans Exporters' Association IP Standard.	Ongoing	1, 2, 3
Partner with the Canadian Seed Institute to develop the Canadian IP Recognition System.	To be completed June 2003	1, 2, 3

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

Related Activities	Timeframe	APF
Develop internationally recognized methods for evaluation of pulse quality in collaboration with Canadian, Australian, European and United States researchers.	Ongoing	1, 2
Increase quality testing to widen the basis of CGC certification to meet the needs of new and specialized niche markets.	Ongoing	1, 2
Meet growing industry demands for consistent, accurate analytical testing services by making routine analytical tests available in regional offices and service centres.	Ongoing	1, 2

Planned Result: Provide timely, flexible responses to crises as they arise.

Related Activities	Timeframe	APF
Maintain preparedness to respond to unforeseeable threats to the quality and safety of Canadian grain as they arise.	Ongoing	1, 2

Planned Result: Monitor and detect microbes, trace elements, pesticide residues, mycotoxins and fungi to ensure Canadian grain shipments meet strict international food safety tolerances.

Related Activities	Timeframe	APF
Research factors and develop methods relevant to grain safety assurance.	Ongoing	1, 2
Assess the use of rapid tests to increase efficiency, reduce costs and enhance the testing capabilities of the CGC.	Ongoing	1, 2

Planned Result: Measures to support domestic grain safety.

Related Activities	Timeframe	APF
Research factors and develop methods relevant to domestic grain safety assurance.	Ongoing	1, 2
Assess the use of rapid tests to increase efficiency, reduce costs and enhance the testing capabilities of the CGC.	Ongoing	1, 2
Work with CFIA and other departments to ensure there are no gaps in domestic grain safety.	Ongoing	1, 2

Planned Result: A more integrated approach to grain handling and related issues.

Related Activities	Timeframe	APF
Work with the CFIA, HC, and the CCRA to review areas of shared responsibilities to ensure cost-efficiency and comprehensiveness.	By April 2004	1, 2
Work toward a “one-stop-shop” where feasible.	By April 2004	1, 2
Address gaps and overlaps in laboratory programs of the CGC and the Canadian International Grains Institute.		1, 2

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

Related Activity	Timeframe	APF
Obtain ISO 9002 certification for Corporate Services and investigate ISO 17025 certification for laboratory based operations.	By December 2004	1, 2

Planned Result: Establish grain standards that meet changing industry needs.

Related Activity	Timeframe	APF
Develop, change and set grain quality standards in partnership with the grain industry through the Western and Eastern Grain Standards Committee meetings.	Annually	1, 2
Expand awareness of end-use traits to assist diversification of grain end-use (e.g., ethanol).	Ongoing	1, 2

Planned Result: Additional support for domestic value-added production.

Related Activity	Timeframe	APF
Develop resources and optional services for the domestic feed industry.	Ongoing	1, 2
Develop tools to segregate grain in ways needed by domestic processors.	Ongoing	1, 2

Planned Result: Creation of a Canadian Field Crop Partnership.

Related Activity	Timeframe	APF
Contribute to the establishment of a Canadian Field Crop Partnership.	By November 2003	1, 2

Planned Result: Enhanced technology transfer for producers.

Related Activity	Timeframe	APF
Increase the quantity and the quality of information provided to farmers in areas such as: <ul style="list-style-type: none">• Information on the end-use quality characteristics demanded in traditional and new markets• Post harvest quality management information for producers• Increased promotion of grading and analytical services that will assist farmers to maximize their returns	Ongoing	1, 2, 3

Planned Result: Assist developing countries to build their capacity to participate in and benefit from the global agriculture and agri-food market.

Related Activity	Timeframe	APF
Undertake projects in Ukraine, Paraguay and other countries to assist in the development of grain quality assurance systems in these countries.	Ongoing	1, 2

Strategic Outcome 2: Fair, open grain transactions

Number of full-time equivalents employed: 43

Planned Resources: \$4,437,708

Grades allow buyers to identify end-use value without the need for end-use tests or direct examination of individual lots of grain. This helps to ensure that sellers receive payment that reflects the value of their grain. The CGC is an impartial third party to grain transactions. Its inspection, weighing and arbitration services are essential to the efficient and fair operation of grain markets. Specific services that the CGC conducts to ensure fair open grain transactions include:

- Inspecting grain to certify quality, including all grain received at and shipped from terminal elevators, and all grain exported from transfer elevators
- 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
- Developing and setting grain quality standards
- Mediating and resolving complaints concerning grain transactions

To measure its success in this area, the CGC plans to track buyer complaints on the accuracy of CGC certification and the number of grade changes on official re-inspections.

Planned Result: A grain quality arbitration system and third party dispute mechanism adapted to changing industry needs.

Related Activities	Timeframe	APF
Develop, change and set grain quality standards in partnership with the grain industry through the Western and Eastern Grain Standards Committee meetings.	Annually	1, 2
Continuously improve the dissemination of information of the grain quality and safety of each year's crop through, for example, the posting of information on the CGC's web site.	Ongoing	1, 2, 3
Arbitrate tariff disputes between marketers and members of the grain handling industry on request.	Available as needed	

Planned Result: Fair, enforceable and uniformly applied regulations.

Related Activity	Timeframe	APF
Revise the <i>Canada Grain Act</i> to be consistent with proposed business plan recommendations. A review of the Act will provide the CGC with an appropriate framework to fulfill its responsibilities to producers, industry, and Canadians generally in light of the dramatic changes in the grains sector.	Subject to legislative priorities	1, 2, 3, 4
Review regulations under pressure as a result of changes in the grain handling industry. Change or eliminate regulations that are no longer relevant, enforceable, or contributing to the effective operation of a quality assurance system.	Ongoing	1, 2, 3, 4

Strategic Outcome 3: The protection of producers' rights

Number of full-time equivalents employed: 17

Planned Resources: \$ 1,152,000

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. In addition, quality arbitration is available for producer deliveries to primary elevators.

Our efforts to protect the rights of producers are reflective in the following routine activities:

- Grading submitted samples of grain from producers
- 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
- Allocating producer cars
- Mediating and resolving producer complaints concerning grain transactions

The CGC plans to measure its success in protecting producers' rights by conducting periodic surveys of producers, and by tracking producer complaints about unfair treatment by grain companies and producers' use of the quality arbitration system.

Planned Result: Protection of producers from grain company defaults.

Related Activity	Timeframe	APF
Streamline licensing processes to encourage more grain companies to become licensed.	By August 2004	4
Conduct information campaigns that promote the benefits of dealing with CGC licensed grain companies.	Ongoing	4
Improve producer payment protection, including replacing producer security coverage with a compensation fund, supported by volume-based contributions based on the commodity delivered.	By February 2004	4

Review crops covered by security to see if others should be included.	By July 2003	4
Allocate additional resources to the Licensing Unit.	By March 2004	4

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

Related Activities	Timeframe	APF
Mediate and/or arbitrate producer complaints concerning transactions with grain companies.	Ongoing	4
To improve the ability of farmers to manage their business risks, improve the program that offers producers grain quality arbitration by the CGC if they do not agree with the grade assessed by the primary elevator manager.	By July 2004; Conditional on statutory change	4
Review primary elevator scale regulation to determine if changes are needed.	By March 2004	4

Planned Result: Maintenance of producer delivery options.

Related Activities	Timeframe	APF
Respond to the growing demand for producer cars.	Ongoing	4
Develop a long-term strategy for dealing with producer car loading facilities.	By March 2004	3

Strategic Outcome 4: Sound Agency Management

Number of full-time equivalents employed: 134

Planned Resources: \$12,329,648

The CGC is committed to fulfilling its mandate in the most efficient and cost effective manner possible. Success in this area will be measured by tracking the costs of operations.

However, sound agency management involves much more than cost efficiency. It means ensuring that we have a skilled, and motivated workforce that is equipped to provide the regulations and services that are essential for a successful grain industry. It means fostering an inclusive, diverse workplace that is representative of the citizens we serve. And it means reaffirming our commitment to other such

government-wide initiatives as Modern Comptrollership, providing services in both official languages, the fostering of a culture of learning within the organization, and implementing the Government On Line (GOL) initiative.

Planned Result: Efficient, secure, cost effective service

Related Activity	Timeframe	APF
Achieve sustainable funding arrangements	2003	3
Consult with clients to establish levels for fees in accordance with Treasury Board cost-recovery guidelines.	Ongoing	3
Amend the CGA to allow for operational efficiencies which will not compromise the Grain Quality Assurance System.	Subject to the legislative priorities	
Seek service efficiencies in the delivery of routine quality assurance services.	By April 2005	
Continue to refine the CGC's costing model to improve management of user charges and enhance public confidence in the administration of user charges.	Ongoing	3
Develop a Business Plan that will address legislative and financial needs.	2003	
Develop and implement plans to improve client satisfaction by 10% through the expanded use of service standards and reliable measures of client satisfaction with key services.	By 2005	3
Rationalize the storage and handling of operational data to improve decision making, reduce the duplication of activities and reduce costs.	By December 2004	3
Develop business resumption plans to make the delivery of CGC services more reliable and secure.	By 2003	1, 2,3, 4

Planned Result: Management and Coordination of Government Wide Initiatives.

Related Activities	Timeframe	APF
Develop and implement modern comptrollership at the CGC by shifting from a solely financial perspective to a broader, more integrated management approach.	By 2004	3
Continue to work to meet GOL targets.	By December 2004	3

Respond to the Canadian Human Rights Commission audit and achieve compliance with the Employment Equity Act.	By July 2003	3
Implement the CGC's Employment Equity Plan.	Ongoing	3
Review and develop an action plan around the results of the 2002 Public Service Wide Employee Survey.	By May 2003	3
Ensure that the tools and framework for employee performance measurement are in place and monitor usage.	By July 2003	3
Ensure that employee goals are linked to business objectives and identified development needs.	By July 2003	3
Ensure that a succession-planning framework is in place.	By 2004	3
Review the CGC Recognition Policy and its implementation.	By July 2003	3
Implement the CGC's new employee training and development policy and make improvements to our training program and training database.	By April 2004	3
Develop learning plans for each employee.	By April 2004	3
Develop a curriculum for managers and employees based on core competencies and corporate priorities.	By June 2003	3
Continue to develop process improvement and facilitation skills within the organization.	Ongoing	3
Continue to provide training, as needed, for employees in bilingual positions.	Ongoing	3
Continue to offer services and information in both official languages.	Ongoing	3

Section 4: Concluding Remarks

Our strategies to meet the changing needs of grain markets, ensure fair, open grain transactions, protect producers' rights, and develop sound agency management are listed throughout. In some cases, our 2003-04 plans and priorities represent a continuation from previous plans. For example, many of the activities associated with Canada's grain quality assurance system, or protecting the rights of producers are ongoing efforts. Ongoing initiatives in areas such as these are needed to fulfill the CGC's mandate.

In addition, we have also outlined a number of new activities to deal with CGC operations and their relation to the Canadian grain industry. Some of these activities will be funded through the reallocation of funds, while others will require additional funding. Some of these activities include:

- Partnering with the Canadian Seeds Institute to develop a Canadian IP recognition system
- Assessing the use of rapid tests to increase efficiency, reduce costs and enhance the testing capabilities of the CGC
- Working with other federal departments to ensure a more integrated approach to grain handling
- Exploring options for improving producer payment protection
- A review of the crops covered by security to see if other crops should be included
- A review of primary elevator scale operations

The Canadian grain industry is in a period of dynamic change. The plans and priorities of the CGC must be responsive to this change and reflect the current needs of the industry. We are confident that the activities listed throughout will allow the CGC to continue working in the long-term interests of the Canadian grain industry.

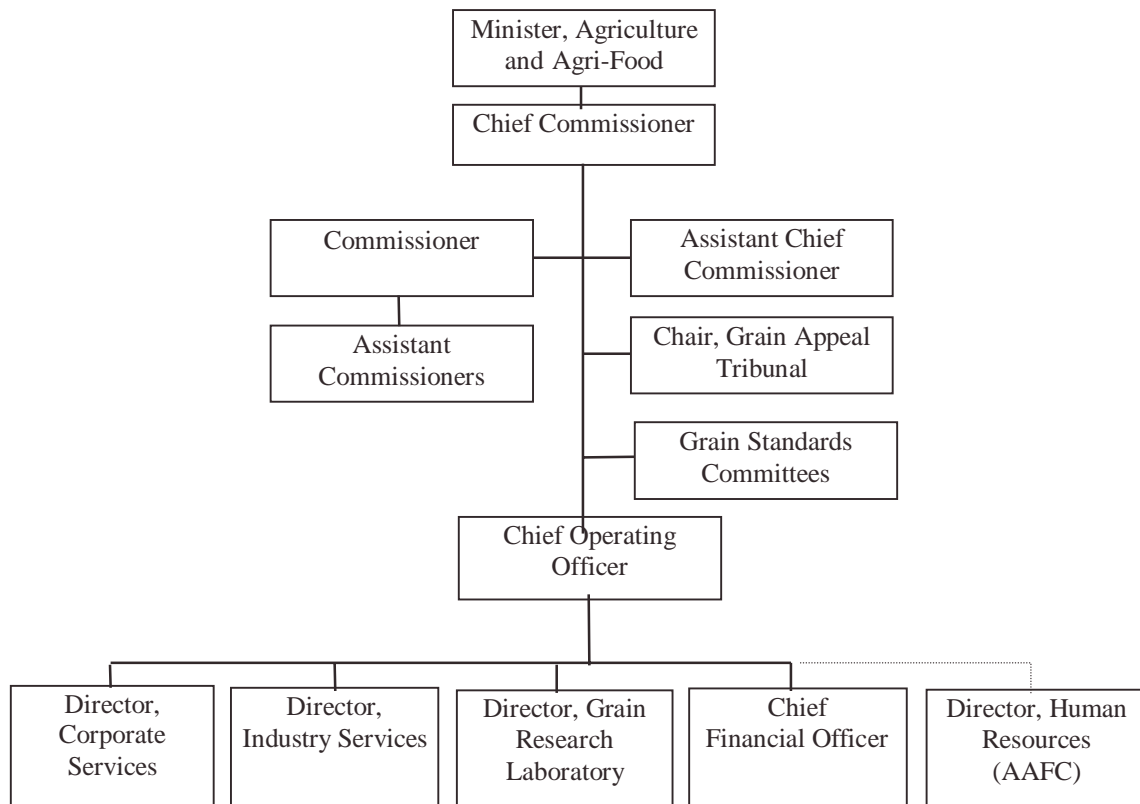
Annex 1: CGC partnerships

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 cooperation
Industry	
<ul style="list-style-type: none"> • Producers and producers' organizations • Grain Companies • Processors • Universities' Laboratories • Plant Breeders • Instrument Manufacturing Companies • Canadian Wheat Board • Canadian International Grains Institute • Canadian Seed Institute • Grain Exporters • Ontario Wheat Producers' Marketing Board • Winnipeg Commodity Exchange 	<ul style="list-style-type: none"> 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 and certifying industry IP systems
Portfolio departments and agencies	
<ul style="list-style-type: none"> • Agriculture and Agri-Food Canada • Canadian Food Inspection Agency • Canadian Dairy Commission • Farm Credit Corporation • National Farm Products Council 	<ul style="list-style-type: none"> Coordination Sharing knowledge Research Strategic planning Meeting international tolerances for toxic contaminants in grain Shared quality assurance program delivery
Other government departments	
<ul style="list-style-type: none"> • Foreign Affairs and International Trade • Statistics Canada • Canadian International Development Agency • Industry Canada • Health Canada • Canada Customs and Revenue Agency 	<ul style="list-style-type: none"> Sharing knowledge Facilitating international trade Publication of grain statistics Market development and support Inspection and certification of terminal and transfer elevator scales Regulation of grain imports

Foreign	
<ul style="list-style-type: none"> • U.S. Department of Agriculture (Grain Inspection, Packers and Stockyards Administration) • Japanese Food Agency • Commonwealth Scientific and Industrial Research Organisation (Australia) • Russian State Grain Inspectorate • State Administration of Grain (China) • Jilin Grain Bureau (China) • Nanjing University of Economics (China) • Yunnan Grains and Oilseeds Institute (China) • The Hungarian Ministry of Agriculture • 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 • Department of Coordination of Agrarian Policy Implementation of the Secretariat of the Cabinet of Ministers (Ukraine) • Post Harvest Technology Institute (Vietnam) 	<p>Shared quality assurance program delivery</p> <p>Facilitating international trade</p> <p>Research</p> <p>Technology Training</p>

Annex 2: Organizational Structure



Annex 3: Financial Information

Summary of Capital Spending by Program and Business Line

	Forecast Spending 2002-2003	Planned Spending 2003-2004	Planned Spending 2004-2005	Planned Spending 2005-2006
(\$ thousands)				
A grain quality assurance system that enhances grain marketing in the interest of producers	1,773	4,000	7,377	6,869

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

Source of Respendable and Non-Respendable Revenue

	Forecast Revenue 2002-2003	Planned Revenue 2003-2004	Planned Revenue 2004-2005	Planned Revenue 2005-2006
(\$ thousands)				
A grain quality assurance system that enhances grain marketing in the interest of producers				
Inspection, Weighing, Registration, Cancellation	21,369	29,020	30,748	30,615
Liscences and Other Revenue	1,705	552	552	552
Appropriation	25,153	20,553	5,953	5,953
	<u>48,227</u>	<u>50,125</u>	<u>37,253</u>	<u>37,120</u>

The table above identifies all sources of revenue generated, including funds acquired through appropriation.

Net Cost of Program(s) for the Estimates Year

Planned Spending (Budgetary and Non-budgetary Main Estimates plus adjustments (\$ thousands))	
<i>Plus Services Received without Charge</i>	
Contributions covering employees' share of employees' insurance premiums & expenditures paid by TBS	2846
Workmans compensation coverage provided by Human Resources Canada	179
	<u>3025</u>

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

Revolving Fund – Statement of Operations

(\$ thousands)	Forecast 2002-2003	Planned 2003-2004	Planned 2004-2005	Planned 2005-2006
Responsible Revenue	41,682	41,706	41,706	41,706
Expenses				
Operating:				
Salaries and employee benefits	31,348	31,772	32,207	31,744
Depreciation	1,423	2,370	2,318	2,761
Repairs and maintenance	233	207	196	178
Administrative and support services	7,415	5,858	5,938	5,845
Utilities, materials and supplies	1,303	1,075	1,017	925
Marketing	153	122	115	105
	<u>41,875</u>	41,404	41,791	41,558
Surplus (Deficit)	(193)	302	(85)	148

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

Revolving Fund – Statement of Cash Flows

(\$ thousands)	Forecast 2002-2003	Planned 2003-2004	Planned 2004-2005	Planned 2005-2006
Surplus (Deficit)	(193)	302	(85)	148
Add non-cash items				
Depreciation/amortization	1,423	2,370	2,318	2,761
Investing activities:				
Acquisition of depreciable assets	(1,103)	(2,545)	(2,106)	(2,782)
Cash surplus (requirement)	127	127	127	127

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

Revolving Fund – Projected Use of Authority

(\$ thousands)	Forecast 2002-2003	Planned 2003-2004	Planned 2004-2005	Planned 2005-2006
Authority	2,000	2,000	2,000	2,000
Drawdown:				
Balance as at April 1	9,155	127	254	381
Operating (deficit) / surplus	(9,155)	0	0	0
Projected surplus (Drawdown)	127	127	127	127
	127	254	381	508
Projected Balance at March 31	2,127	2,254	2,381	2,508

This table represents the projected surplus (drawdown), which is made up of the ANCAFA (cash basis) plus a \$2 million