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Quarterly Financial Report for the quarter ended June 30, 2025

On this page

- [1.0 Introduction](#)
 - [1.1 Authority, Mandate and Program Activities](#)
 - [1.2 Basis of Presentation](#)
 - [1.3 Canadian Grain Commission Financial Structure](#)
- [2.0 Highlights of Fiscal Year to Date](#)
 - [2.1 Authority Available Analysis](#)
 - [2.2 Authority Used Analysis](#)
- [3.0 Risks and Uncertainties](#)
 - [3.1 Cost Recovery and Revenue Uncertainty](#)
 - [3.2 Surplus and *Canada Grain Act* Review](#)
- [4.0 Significant Changes to Operations, Personnel and Programs](#)
- [Statements of Budgetary Authorities \(Unaudited\)](#)
- [Departmental Budgetary Expenditures By Standard Object \(Unaudited\)](#)

1.0 Introduction

This quarterly financial report should be read in conjunction with the [Main Estimates](#) and [Supplementary Estimates](#). It has been prepared by Canadian Grain Commission (CGC) management as required by section 65.1 of the

Financial Administration Act and is in the form and manner prescribed by the Treasury Board. This quarterly report has not been subject to an external audit or review.

1.1 Authority, Mandate and Program Activities

The CGC was established in 1912 and is the federal government department responsible for administering the provisions of the Canada Grain Act.

The CGC's mandate as set out in the Act is to, "in the interests of the grain 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's vision is "To be a world class, science-based quality assurance provider". The Minister of Agriculture and Agri-Food is responsible for the CGC.

The CGC's Core Responsibility is grain regulation, or, to regulate grain handling in Canada and to establish and maintain science-based standards for Canadian grain. The CGC regulates the handling of 21 grains¹ grown in Canada to protect producer rights and to ensure the integrity of grain transactions.

The CGC's departmental results are that domestic and international markets regard Canadian grain as dependable and safe, and that farmers are fairly compensated for their grain. The CGC has 3 programs: grain quality, grain research and safeguards for grain farmers. Internal Services supports these programs.

Further details on the CGC's authority, mandate, and programs may be found in the Departmental Plan, the Departmental Results Report, and the Main Estimates.

1.2 Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting (modified cash) and a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities. The accompanying Statement of Budgetary Authorities compares the department's spending authorities granted by Parliament to those used by the department. Information in the Statement of Authorities is consistent with that in the Main Estimates and Supplementary Estimates.

The authority of Parliament is required before moneys can be spent by the government. Approvals are given in the form of annually approved limits through appropriations acts or through legislation in the form of statutory spending for specific purposes.

As part of the Parliamentary business of supply, the Main Estimates must be tabled in Parliament on or before March 1 preceding the new fiscal year. However, when Parliament is dissolved for the purposes of a general election, section 30 of the Financial Administration Act authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

The CGC uses the full accrual method of accounting to prepare and present its annual departmental financial statements included in the Departmental Results Report. However, the spending authorities voted by Parliament are

on an expenditure basis (modified cash) of accounting.

1.3 Canadian Grain Commission Financial Structure

Unlike most other government departments, which rely primarily on annual budget appropriations, the CGC operates as a revolving fund. This means its revenues are expected to cover its costs over a normal business cycle. Approximately 90% of CGC's costs are funded through service fees, while the remaining \$7.0 million in annual parliamentary appropriations (\$6.2 M in Vote 1 and \$0.8 M in statutory employee benefit plans) are primarily directed toward the Grain Research Laboratory and internal audit functions.

The CGC's revenue is largely based on fees for Canadian grain volumes handled, which can fluctuate from year-to-year due to external factors (See Section 3.1 Cost Recovery and Revenue Uncertainty). Since fiscal year 2019-20, the CGC has adjusted fees annually on April 1, in accordance with the Canada Grain Regulations. For fiscal year 2025-26, the fee adjustment is based on the April 2024 All-Items Consumer Price Index for Canada, which was 2.7%. The CGC also reviews its fee structure every 5 years to ensure alignment with the cost of service delivery. Current fees are available on the CGC's website under Services and fees.

The CGC's parliamentary appropriations include both voted and statutory authorities.

- The voted authority (Vote 1 – Program Expenditures) includes the annual appropriation authority and any one-time, ad hoc appropriations for the fiscal year.
- Statutory authorities include the employee benefit plan authority, which covers personnel costs funded through appropriations, and the

revolving fund authority, which allows the CGC to re-spend revenues collected through service fees.

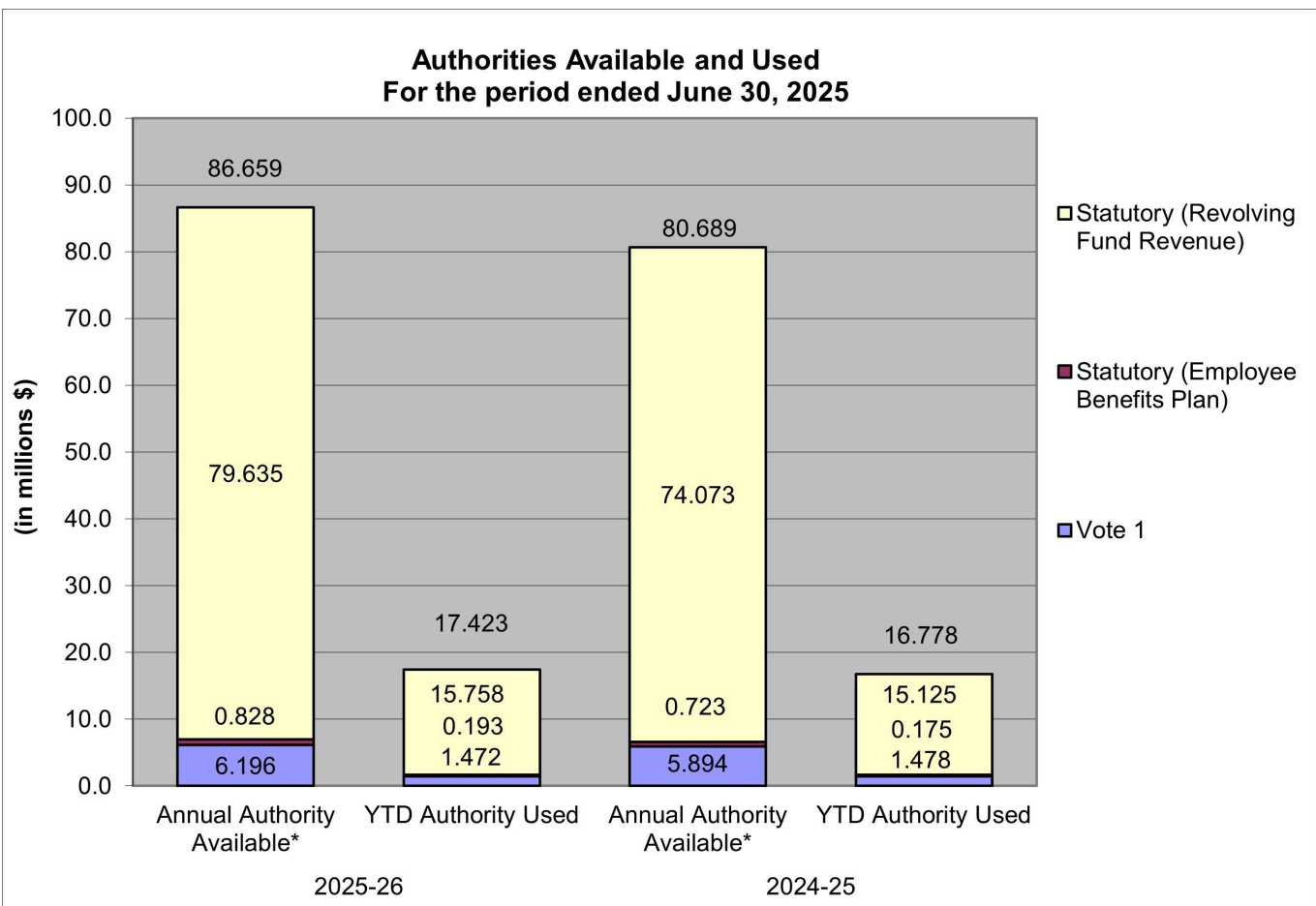
As of March 31, 2024, the CGC's accumulated revolving fund surplus balance was \$111.9 million. The CGC is currently drawing down on this surplus to support operations during periods of cost recovery shortfall. Future surplus spending plans are outlined in Section 3.2 Surplus and Canada Grain Act Review.

Planned revenue projections, expenditures, and full-time equivalents (FTEs) for fiscal year 2025-26 and beyond are detailed in the CGC's 2025-26 Departmental Plan.

2.0 Highlights of Fiscal Year to Date

This section highlights any significant items that affected the year-to-date results and/or contributed to the net change in resources available for the year and actual expenditures. It should be read in conjunction with the Statement of Budgetary Authorities and the Departmental Budgetary Expenditures by Standard Object, which can be found at the end of this report.

Authorities available and used for the period ended June 30, 2025



► Details

2.1 Authority Available Analysis

As reflected in the Statement of Budgetary Authorities, the department's total budgetary authority available for use (net of revolving fund revenue) in the fiscal year as at June 30, 2025, is \$28.3 million, as compared to \$12.2 million as at June 30, 2024. The \$16.1 million increase in total budgetary authority is primarily due to plans to utilize the accumulated surplus to address anticipated grain volume shortfalls, support commitments to organizational sustainability, and make strategic investments rather than raising fees.

2.2 Authority Used Analysis

As reflected in the Departmental Budgetary Expenditures by Standard Object, the department's total net budgetary expenditures used during the quarter ended June 30, 2025, is \$1.8 million, as compared to \$5.0 million used during the quarter ended June 30, 2024. The change of \$3.2 million in total net budgetary expenditures used can be attributed to the following:

- The increase of \$3.8 million in revolving fund revenues received is primarily due to strong market demand at export position resulting in grain volumes exceeding prior year by 2.4 million metric tonnes, or 22.9%, most notably, for canola, amber durum, and corn.
- The overall increase of \$0.6 million in gross budgetary expenditures is primarily a result of the following variances:
 - The net increase of \$1.0 million in expenditures for personnel due to known collective agreement bargaining increases and higher estimated employee benefit plans.
 - The net decrease of \$0.2 million in expenditures for utilities, materials and supplies due to the timing differences of bulk stock orders for chemical products as compared to the prior year.

3.0 Risks and Uncertainties

Risk management is an essential part of strategic planning and decision making at the CGC. The CGC has an established process to identify, monitor, mitigate and manage corporate level risk. As identified in the 2025-26 Departmental Plan, the key corporate risks that could affect achieving planned results under the CGC's Core Responsibility are:

- the capacity to deliver on the core mandate and to respond to grain sector needs due to resource constraints

- maintaining efficient and relevant program and service delivery to stay current with evolving grain sector needs for grain quality assurance
- the impact to organization and public trust if a major cybersecurity incident or information breach occurs

To mitigate program risk and ensure long-term success in delivering the departmental results, the CGC will work to deliver on its 3 key priorities to ensure domestic and international markets regard Canadian grain as dependable and safe, and that Canadian farmers are fairly compensated for their grain. These priorities are described in the CGC's 2025-26 Departmental Plan at a glance.

3.1 Cost Recovery and Revenue Uncertainty

A significant risk to the CGC's financial plan is revenue uncertainty due to grain volumes which can fluctuate from year-to-year due to external factors. Variances can arise between projected and actual revenues since grain handling volumes are estimated based on historical averages while operational costs are relatively fixed.

Climate change and extreme weather events, such as droughts, floods, or forest fires, can significantly impact grain production and consequently increase the CGC's revenue risk. The Canadian grain sector can also face export volume uncertainty regarding access to international markets due to market sensitivity to actual or perceived grain quality and food-safety issues.

The Outlook for Principal Crops published by Statistics Canada on June 20, 2025, forecasts a slight decline in production from 94.62 million metric tonnes ² for 2024-25 crop year ³ to 93.86 million metric tonnes for the 2025-26 crop year.

In fiscal year 2024-25, the CGC completed a comprehensive review of its revenues, costs, grain volume forecasting model and service standards, and determined that its fees do not reflect the costs of providing the organization's services and licences. This is due to a combination of lower-than-expected grain volume exports, changed assumptions regarding licencing costs, outdated fee alignment, and growing costs for labour and digital service delivery. In fall of fiscal year 2024-25, the CGC informed the Minister of Agriculture and Agri-Food and stakeholders that it intends to access its accumulated surplus to fund expected revenue shortfalls, commitments to organization sustainability, and investments to deliver on its strategic priorities in fiscal years 2024-25 through 2026-27.

The CGC will reassess its plans to propose fee and grain volume forecast updates in fiscal year 2026-27 to ensure a sustainably funded organization into the future. The CGC will consult with stakeholders before implementing any fee amendments.

The CGC's annual budget is reviewed throughout the year to accommodate shifting needs and priorities, including risk mitigation strategies that enable the CGC to accommodate up to a 20% variance in forecasted grain volumes. The CGC will continue to monitor and assess impacts and uncertainties associated with grain volumes and the potential impact on fiscal year 2025-26 revenues.

3.2 Surplus and *Canada Grain Act* Review

From fiscal years 2013-14 through 2017-18, unprecedented increases in Canadian grain production and relatively stable operating costs led to an accumulated revolving fund surplus of approximately \$130.7 million by March 31, 2018.

In 2018, the CGC established a \$40.7 million contingency operating reserve to mitigate risks associated with declines in revenues and focused on strategic investments in 3 key areas:

- strengthening safeguards for producers;
- investing in grain quality assurance, and
- enhancing grain quality science and innovation.

Between 2018-19 and 2024-25, the CGC invested an additional \$11.2 million of accumulated surplus funds into strategic investments. This includes:

- Harvest Sample Program enhancements - \$3.6 million
- Grain Research Laboratory investment plan - \$3.4 million
- MyCGC portal - \$1.8 million
- Investment in science capacity - \$1.6 million
- Mineral oil project - \$0.4 million
- Pulse Canada research project - \$0.2 million

In fiscal year 2025-26, the CGC intends to spend \$3.6 million to continue investment in infrastructure, including the MyCGC portal and Grain Research Laboratory investment plan.

In fiscal years 2018-19 through 2020-21, the accumulated surplus continued to grow reaching approximately \$156.0 million by March 31, 2021. On August 1, 2021, to limit further accumulation of surplus, the CGC adjusted its grain volume forecast upwards from 34.4 to 48.1 million metric tonnes and reduced major fees by 29%, as published in the *Canada Gazette, Part II* in July 2021.

Since fiscal year 2021-22, the CGC faced challenging financial conditions primarily related to a combination of unfavourable weather conditions, lower-than-forecasted grain volumes and growing costs for labour, technology and materials. This, in addition to planned strategic investment

spending, resulted in a drawdown of accumulated surplus for fiscal years 2021-22 through 2023-24. As of March 31, 2024, the CGC's accumulated revolving fund surplus balance was \$111.9 million.

In fall 2024, following the completion of its comprehensive service fees review, the CGC announced a plan to use the accumulated surplus to avoid new fee increases in fiscal years 2024-25 through 2026-27. This is expected to draw an additional \$40.0 million from the surplus.

Timeline and potential impacts of the *Canada Grain Act* review, led by Agriculture and Agri-Food Canada, on the CGC's funding model and accumulated surplus are unknown at this time. Going forward, the CGC will consider investment initiatives within the broader context of the CGC's strategic plan, modernization initiatives, the *Canada Grain Act* review outcomes and any impacts of grain volumes on fee revenue.

4.0 Significant Changes to Operations, Personnel, and Programs

In October 2024, the CGC updated its strategic plan for fiscal year 2025-26 through 2027-28. While most CGC resources continue to be dedicated to day-to-day delivery of programs and services, the remainder are dedicated to modernizing the CGC through the following 3 areas of focus:

1. Sustainable funding and operations
2. Technology and scientific innovation to advance program delivery
3. Fair grain transactions and a competitive sector

Additional details are available in the CGC's [2025-26 Departmental Plan](#).

There were no significant changes to operations, personnel, or programs in the first quarter of 2025-26.

Approval by Senior Official

Approved by:

David Hunt

Deputy Head

Winnipeg, Manitoba

September 2, 2025

Andrea Furness

Acting Chief Financial Officer

Winnipeg, Manitoba

August 20, 2025

Statements of Budgetary Authorities (Unaudited)

For the quarter ended June 30, 2025

	Fiscal Year 2025-26			Fiscal Year 2024-25		
	Total available for use for the year ending March 31, 2026 *	Used during the quarter ended June 30, 2025	Year-to date used at quarter end	Total available for use for the year ending March 31, 2025 *	Used during the quarter ended June 30, 2024	Year-to date used at quarter end
(in thousands of dollars)						
Vote 1						
Appropriation including ad hoc	6,196	1,472	1,472	5,894	1,478	1,478
Statutory Authorities:						
Revolving Fund Gross Expenditures	79,635	15,758	15,758	74,073	15,125	15,125
Revolving Fund Gross Revenues	(58,369)	(15,615)	(15,615)	(68,519)	(11,797)	(11,797)
Revolving Fund Net Expenditures	21,266	143	143	5,554	3,328	3,328
* Due to rounding, totals may not add to totals shown.						

Personnel	60,036	14,212	14,212	51,336
Transportation and communications	4,732	522	522	4,406
Information	215	11	11	232
Professional and special services	4,782	236	236	5,616
Rentals	8,263	1,525	1,525	8,492
Repair and Maintenance	2,796	258	258	3,015
Utilities, materials and supplies	1,506	316	316	2,087
Acquisition of machinery and equipment	4,330	358	358	5,505
Other Subsidies and payments	-	(15)	(15)	-
Total Gross Budgetary Expenditures	86,659	17,423	17,423	80,689

*

Due to rounding, totals may not add to totals shown.

Revolving Fund Revenue (To be credited to Vote)	(58,369)	(15,615)	(15,615)	(68,519)
Total Net Budgetary Expenditures	28,290	1,808	1,808	12,170

* Due to rounding, totals may not add to totals shown.

Footnote

- 1 Grain refers to any seed designated by regulation as a grain for the purposes of the *Canada Grain Act*. This includes barley, beans, buckwheat, canary seed, canola, chickpeas, corn, faba beans, flaxseed, lentils, mixed grain, mustard seed, oats, peas, rapeseed, rye, safflower seed, soybeans, sunflower seed, triticale, and wheat.
 - 2 Outlook for Principal Field Crops, June 20, 2025.
 - 3 Crop year is August to July.
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