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Canadian Grain Commission

2007-2008

Report on Plans and Priorities

The Honourable Chuck Strahl
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

Canada

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SECTION I – OVERVIEW

Minister's Message

Welcome to the Canadian Grain Commission's *Report on Plans and Priorities 2007-08*. This report details how the Canadian Grain Commission (CGC) intends to use its resources to carry out its responsibilities to protect grain producers' interests and to ensure a dependable commodity for Canada's international and domestic markets.

As Minister of Agriculture and Agri-Food, I am proud of our efforts to work together with all stakeholders to secure a bright future for Canada's farm families and the sector. In fact, collaboration is the hallmark of this Portfolio. By our concerted action, we are making great strides in helping Canada's farmers overcome immediate pressures, while putting the sector on a solid foundation for the long term.

The Portfolio includes Agriculture and Agri-Food Canada (AAFC), the Canadian Food Inspection Agency, the National Farm Products Council, the Canadian Dairy Commission, the Canadian Grain Commission, and Farm Credit Canada. While the organizations within the Portfolio have different mandates, they share a common purpose: to make our agriculture and agri-food sector stronger, more competitive and sustainable into the future. Through portfolio collaboration, we are working efficiently and effectively in the interests of all Canadians.

Over the next years, the development and implementation of the Next Generation of Agriculture and Agri-Food Policy will be key to the sector's success. Our producers need continuously updated policies and programs from governments to help them thrive in the rapidly-evolving economy and manage the inherent risks of the business. I am counting on the energy and expertise of the Agriculture and Agri-Food Portfolio to translate these new policy directions into a prosperous reality in Canadian agriculture and agri-food.

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 successfully in competitive international grain markets. In addition, an effective quality assurance system is essential for producers in order to realize maximum value from their grain in the face of the current challenging economic environment.

The CGC has a long-term commitment to building and maintaining a strong quality assurance system for the Canadian grain industry from producers to customers. In order to do this, the CGC must not only respond to historical challenges facing the grain quality assurance system, but also must anticipate and respond to significant technological advancements and other changes in the grain industry. Accordingly, CGC operations directly support Canada's efforts to brand Canadian agriculture as a leader in food safety and quality, science and innovation, and business risk management.

On September 18, 2006 an independent and comprehensive review of the CGC and the provisions and operations of the *Canada Grain Act* was tabled in Parliament. This legislative review was commissioned by AAFC and conducted by [COMPAS Inc.](#), a Toronto-based public opinion and customer research consulting firm. The report is available on AAFC's web site at

www.agr.gc.ca/cgcreview. The COMPAS report was referred to the Standing Committee on Agriculture and Agri-Food (SCAAF) for consideration. SCAF held meetings and called witnesses, before tabling its “Report on the Review of the *Canada Grain Act* and the Canadian Grain Commission Conducted by COMPAS Inc.” in Parliament on December 5, 2006. A government response to the Standing Committee report is expected in April, 2007. The review of the CGC is part of an integrated strategic approach to the future of the Canadian grains sector and provides guidance as to how the CGC can effectively add more value to Canadian producers and the grain industry in general.

<http://cmte.parl.gc.ca/Content/HOC/committee/391/agri/reports/rp2564356/agrirp05/01-cov2-e.htm>

This *Report on Plans and Priorities* highlights the CGC’s plans to continue to provide an effective grain quality assurance system that enhances the marketing of Canadian grain in the interests of producers. The report also sets the standards by which the CGC’s performance in meeting its objectives can be assessed.

**The Honourable Chuck Strahl
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board**

Chief Commissioner's Message

Welcome to the Canadian Grain Commission's (CGC) *Report on Plans and Priorities* for the fiscal year 2007-08. The CGC is the federal agency responsible for setting standards of quality and regulating Canada's grain handling system. Our vision is to be a leader in delivering excellence and innovation in grain quality and quantity assurance, research, and producer protection.

The quality assurance program delivered by the CGC assures consistent and reliable grain quality that meets the needs of international and domestic markets. The CGC is continually building on the grain quality assurance system (GQAS) to maintain market competitiveness and Canada's reputation as a consistent supplier of quality grain. The CGC is working alongside the Minister of Agriculture and Agri-Food's (AAF) portfolio partners and the grain industry to add value to Canadian producers and Canada's grain quality assurance system.

While the CGC operates in a climate of constant change stemming from shifting international and domestic markets, technological advancements, and evolving end-user needs, the *Canada Grain Act* has not been significantly changed since 1971. In addition, competitive markets and international standards and legislation are increasing demands for both grain quality and grain safety assurances. The CGC continues to deliver its mandated and regulatory responsibilities while re-allocating resources to new and emerging issues, but has faced significant funding pressures in recent years.

Over the past several years, reviews of the CGC have repeatedly recognized the value of the CGC to the grain sector, but have also identified the need for change. Most recently, on September 18, 2006, a report concerning the future of the CGC and the *Canada Grain Act* was tabled in Parliament (www.agr.gc.ca/cgcreview). The independent report was commissioned by AAFC and conducted by COMPAS Inc. The COMPAS report was subsequently referred to the Standing Committee on Agriculture and Agri-Food (SCAAF) for consideration. SCAF tabled its review of the COMPAS report in Parliament on December 5, 2006.

<http://cmte.parl.gc.ca/Content/HOC/committee/391/agri/reports/rp2564356/agrirp05/01-cov2-e.htm>

The CGC is studying the COMPAS and SCAF report recommendations and working collaboratively with AAFC on the next steps to move forward to ensure the long-term success of Canada's GQAS and add optimal value for Canadian grain producers and the grain sector, ultimately to enhance Canada's competitive advantage in global grain markets.

The CGC supports the goals of the current Agriculture Policy Framework (APF) by ensuring grain and grain products meet appropriate standards while assisting Canadian grain producers in receiving maximum value for their products. The CGC is working in close collaboration with the other organizations in the AAF portfolio, provincial and territorial counterparts, and with a wide range of stakeholders in the development of the Next Generation of Agriculture and Agri-Food Policy, particularly in the areas of Food Safety and Quality; Market Development and Trade; and

Science and Innovation, to ensure that the new policies and programs effectively and efficiently meet the needs of all those working in the agriculture and agri-food sector.

This report outlines the CGC's plans and priorities for the fiscal year 2007-08. I am confident that our strategies will improve Canada's GQAS and help achieve maximum value for producers and Canadians overall.

A handwritten signature in black ink, appearing to read "Chris Hamblin".

Chris Hamblin
Chief Commissioner

Management Representation Statement

I submit for tabling in Parliament, the 2007-08 *Report on Plans and Priorities* (RPP) for the Canadian Grain Commission.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007-2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the department's Strategic Outcomes and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved planned spending numbers from the Treasury Board Secretariat in the RPP.



Gordon Miles
Chief Operating Officer

Summary Information

Reason for existence:
Mandate The CGC administers the provisions of the <i>Canada Grain Act</i> . The CGC's mandate as set out in this 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."
Vision The CGC vision is to be "A leader in delivering excellence and innovation in grain quality and quantity assurance, research, and producer protection."
Department Description and Accountability The Honourable Chuck Strahl, Minister of Agriculture and Agri-Food is the Minister responsible for the CGC. The CGC is headed by a Chief Commissioner, an Assistant Chief Commissioner, and a Commissioner who are all appointed by the Governor in Council. The Commissioner position is currently vacant. The Chief Commissioner reports to the Minister. The Chief Operating Officer reports to the Chief Commissioner and co-ordinates the activities of the CGC's operating divisions. The CGC is organized into the Executive, Corporate Services, Grain Research Laboratory (GRL), Industry Services, and Finance divisions. Its head office is located in Winnipeg, Manitoba. Industry Services comprises five regions: Bayport, Eastern, Pacific, Prairie and Thunder Bay. As of March 31, 2006, the CGC employed 635 full-time equivalents and operated 16 offices across Canada. The CGC may have up to six Governor in Council appointed Assistant Commissioners for the main grain producing areas of Canada. At present, the CGC has three Assistant Commissioners. The Assistant Commissioners deal with producer and grain industry complaints and inquiries, and publicize the activities of the CGC at the farm level. Section III provides further details on the CGC's organizational structure. The CGC enhances grain ¹ marketing through inspection, weighing, research, and producer support programs and services identified in the strategic outcomes in Section II. The provision of these CGC programs and activities results in equitable grain transactions and consistent and reliable grain shipments. Funding for CGC programs and activities is through a combination of revolving fund and appropriation sources.

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, canola, chick peas, corn, fababeans, flaxseed, lentils, mixed grain, mustard seed, oats, peas, rapeseed, rye, safflower seed, solin, soybeans, sunflower seed, triticale and wheat.

Financial Resources (\$ thousands)

2007-2008	2008-2009*	2009-2010*
\$75,997	\$46,272	\$46,272

Human Resources (FTE's)

2007-2008	2008-2009*	2009-2010*
664	403	403

***Note:** These resources are the currently approved funding levels based on the CGC's Annual Reference Level Update (ARLU) report. The CGC has received additional appropriation revenue over the past several years to maintain its resource levels. In 2007-2008 the CGC received \$30 million appropriation in addition to its annual appropriation of \$5 million. Planned spending for 2008-2009 and 2009-2010 includes only the annual appropriation of \$5 million resulting in a reporting variance between years. An additional \$30 million in appropriation has been allocated for 2008-2009 but is not included in these resource levels as it was not approved at the time of the ARLU report.

Departmental Priorities

Priority Name	Type
1. Ongoing delivery of the CGC mandate under the <i>Canada Grain Act</i> in a climate of constantly changing international and domestic markets, technological advancements, and evolving end-user needs and preferences.	Ongoing
2. Positioning the Canadian Grain Quality Assurance System (GQAS) to remain relevant and to support the continued competitiveness of Canadian grains in both domestic and international markets.	Ongoing
3. Regulatory compliance.	Ongoing
4. Sustainable CGC funding mechanism.	Ongoing
5. Certification to meet International Organization for Standardization (ISO) standards.	New

Program Activity by Strategic Outcome

Program Activity	Expected Results	Planned Spending (\$ thousands)			Contributes to the Following Priorities
		2007-2008	2008-2009*	2009-2010*	
Strategic Outcome 1: A grain quality assurance system that addresses the changing requirements of domestic and international grain markets					
Deliver inspection and testing services	Increased buyer satisfaction through delivery of consistent Canadian grain quality and increased marketability of Canadian grain.	\$50,279	\$31,040	\$31,040	Priority #1, #2, #4 and #5
Strategic Outcome 2: A grain quantity assurance system that addresses the changing needs of the grain industry					
Deliver weighing services	Client satisfaction with CGC weighing and dispute resolution programs.	\$14,969	\$9,241	\$9,241	Priority #1, #2, #4 and #5
Strategic Outcome 3: Research and development on grain quality that enhances the marketability of Canadian grain					
Conduct research to understand and measure grain quality	Adaptation of new objective methods for quality assessment and grain safety assurance; adoption and publication of new methods by current standard setting organizations; provision of accurate quality assessment tools for new breeder lines.	\$7,663	\$4,130	\$4,130	Priority #1, #2, #4 and #5
Strategic Outcome 4: Producers' rights are supported to ensure fair treatment within the grain handling industry					
Protect producers' rights	Increased producer satisfaction with the grain handling system.	\$3,086	\$1,861	\$1,861	Priority #1, #3 and #4

*Note: These resources are the currently approved funding levels based on the CGC's Annual Reference Level Update (ARLU) report. The CGC has received additional appropriation revenue over the past several years to maintain its resource levels. In 2007-2008 the CGC received \$30 million appropriation in addition to its annual appropriation of \$5 million. Planned spending for 2008-2009 and 2009-2010 includes only the annual appropriation of \$5 million resulting in a reporting variance between years. An additional \$30 million in appropriation has been allocated for 2008-2009 but is not included in these resource levels as it was not approved at the time of the ARLU report.

Departmental Plans and Priorities

The Canadian grain industry operates in a climate of constant change stemming from shifting international and domestic markets, technological advancements, and evolving end-user needs and preferences. Canada's grain quality assurance system (GQAS) must be able to adapt to keep pace with the evolution of the global grain industry. This is particularly important considering Canada exported more than \$26.6 billion worth of agriculture and agri-food products in 2005. Approximately 34% of these exports were grains, oilseeds, and related products with an estimated value of \$9 billion.

Link of CGC Strategic Outcomes to the Government of Canada Outcome Areas

Canada's Performance 2006 is the sixth annual report to Parliament on the federal government's contribution to Canada's performance as a nation, highlighting both strengths and areas for improvement. *Canada's Performance 2006* is structured around four main policy areas. These include: economic affairs, social affairs, international affairs, and government affairs. Within these policy areas are thirteen broad Government of Canada outcomes which form the framework used for the whole of government reporting. The whole of government reporting framework groups departmental strategic outcomes and program activities into the thirteen Government of Canada outcomes.

All four of the CGC's strategic outcomes and program activities align with the key federal policy area of 'economic affairs'. As illustrated below, three of the CGC strategic outcomes and program activities align with and directly contribute to the pursuit of the Government of Canada outcome area *An Innovative and Knowledge-based Economy*. The fourth CGC strategic outcome and program activity aligns with and contributes to the pursuit of the Government of Canada outcome area of *A Fair and Secure Marketplace*.

CGC Strategic Outcome	CGC Program Activity	Link to Government of Canada Outcome Area
1. A grain quality assurance system that addresses the changing requirements of domestic and international grain markets	Deliver inspection and testing services	An innovative and knowledge-based economy
2. A grain quantity assurance system that addresses the changing needs of the grain industry	Deliver weighing services	An innovative and knowledge-based economy
3. Research and development on grain quality that enhances the marketability of Canadian grain	Conduct research to understand and measure grain quality	An innovative and knowledge-based economy
4. Producers' rights are supported to ensure fair treatment within the grain handling system	Protect producers' rights	A fair and secure marketplace

Canada is known worldwide as a supplier of quality grain and our edge in the marketplace has always been quality and consistency. In order to maintain this advantage in a climate of constant domestic and global change, the CGC's strategic outcomes are directly focused on, and committed to, delivering excellence and innovation in grain quality and quantity assurance, innovative research, and producer protection.

The CGC's corporate infrastructure allows the organization to deliver the programs necessary to achieve its strategic outcomes and program activities and results in improved performance, increased employee productivity, and effective communication with industry and producers. Although the CGC is a small department, the organization is committed to fulfilling its responsibility for government wide initiatives such as the Management Accountability Framework, providing services in both official languages, the Government On Line (GOL) initiative, and effective partnering with other government organizations to provide service to Canadians in the most efficient and effective manner possible. The cost of implementing government wide initiatives and CGC corporate infrastructure are accounted for in the overall costs of delivering the CGC strategic outcomes and program activities. Section IV provides further information on the CGC's plans and priorities with respect to government-wide initiatives and corporate infrastructure.

The departmental plans and priorities of the CGC delineate its response to the continual changes in the grain industry and are directed at meeting the sector's current needs. The following section outlines the major priorities of the CGC during the planning period. While some of the priorities have very significant potential to impact the capacity of the CGC to carry out its mandate, the resource commitments are based on the maintenance of ongoing CGC operations.

The following departmental priorities are critical to making significant progress towards the realization of the CGC's strategic outcomes. The relationships between CGC priorities, strategic outcomes, and program activities are further detailed in Section II.

Priority #1 : Ongoing delivery of the CGC mandate under the <i>Canada Grain Act</i> in a climate of constantly changing international and domestic markets, technological advancements, and evolving end-user needs and preferences.

The CGC will continue to fulfil its mandate through the operation of a national GQAS. This entails effective inspection, weighing, monitoring, and grain sanitation programs to ensure grain exports are uniform and consistent with regard to intrinsic quality and grain safety assurance, while at the same time ensuring fair grain transactions. In addition, the CGC's research and development on grain quality will continue in order to enhance the marketability of Canadian grain. <http://grainscanada.gc.ca/>

The first priority of the CGC is to continue consistent daily delivery of programs and services within each of its organizational divisions in support of the CGC mandate. Ongoing delivery of the CGC mandate contributes directly to the achievement of all of the CGC's strategic outcomes

and program activities. The major programs and services performed within each organizational division in support of this priority and the on-going human resources management activities necessary for the successful delivery of this priority are outlined below:

a. Industry Services:

- Inspection services – outward and inward, reinspection and quality control, quality assurance standards, analytical services, dispute resolution services, certification and accreditation
- Weighing services – outward and inward, dispute resolution
- Registration and cancellation processes

b. Grain Research Laboratory (GRL):

- Cereals, oilseeds and pulse research
- Grain safety assurance – monitoring and research
- Developing and evaluating objective grading methods
- Variety identification – monitoring and research
- Quality monitoring and assurance
- Detection of genetically modified (GM) grains

c. Corporate Services:

- Communication services
- Information services
- Administration
- Policy, planning, and producer protection
- Statistical services
- Health and safety services

d. Finance Division:

- Reporting at the national and organizational level
- Accounting operations
- Budgeting and planning
- Costing and cost recovery
- Internal auditing
- Procurement

e. Management of Human Resources:

- Resourcing, retention and performance management
- Labour relations
- Compensation and benefits
- Learning and development

Priority #2 : Positioning the Canadian GQAS to Remain Relevant and to Support the Continued Competitiveness of Canadian Grains in both Domestic and International Markets.

Canada's robust GQAS has permitted Canadian grain to be "branded" internationally for many years, providing Canada with a competitive advantage in the global grain market. However, the sensitivities of international grain buyers are increasing and generating more and more specific end-use and certification requirements. As such, the CGC has recognized the importance of continuing to evolve and refine the Canadian GQAS to remain relevant and competitive in both the domestic and international marketplaces.

The CGC is continually developing and implementing many programs, initiatives, and new research methods and processes aimed at strengthening the Canadian GQAS. Enhancing Canada's GQAS directly supports CGC strategic outcome #1 (a grain quality assurance system that addresses the changing requirements of domestic and international grain markets), strategic outcome #2 (a grain quantity assurance system that addresses the changing needs of the grain industry), and strategic outcome #3 (research and development on grain quality that enhances the marketability of Canadian grain).

Currently, Canada's kernel visual distinguishability (KVD) requirement for wheat allows quick and cost effective segregation of wheat into quality classes based on visual distinguishability. While KVD has provided Canadian wheat growers a competitive quality advantage, there are compelling reasons to move away from wheat segregation based solely on KVD. These include:

- Increasing demands for new varieties with different agronomic, disease resistance and end-use qualities to meet human (food), livestock (feed) and industrial (e.g. ethanol) needs. Presently, KVD is an additional criterion that plant breeders must incorporate into the development of new varieties.
- Nonregistered, visually indistinguishable varieties have the potential to compromise the quality of Canadian wheat shipments and the entire grain quality assurance system if they are misrepresented as a registered variety or accidentally enter the bulk handling system. They can cause significant financial losses for grain handling companies and marketers and pose a particular concern for western Canada's premier milling wheats: Canada Western Red Spring (CWRS) and Canada Western Amber Durum (CWAD).
- Buyers of Canadian grains are becoming more quality conscious and increasingly sophisticated. They are asking for a wider range of quality types. In order to enhance the traditional visual grading system, it is necessary to develop faster, more flexible and more precise instrumental methods to analyze intrinsic quality characteristics and to certify grain quality and safety.
- Visually indistinguishable grains developed for non-milling uses, such as animal feed, fuel and industrial purposes, will require effective instrumental tools to analyze quality parameters and certify quality and safety. Effective segregation of these grains from the food supply is essential to maintain the overall value of the quality assurance system.

There are also pressures to address KVD issues outside of cereal grains. There are industry pressures to develop yellow seeded (high linolenic) flax for the rapidly growing food flax industry even though the yellow seeded characteristic is currently the identifier for low linolenic solin. In addition, the development of canola quality *Brassica juncea* lines has created a serious KVD issue between canola and condiment mustard types as the physical visual appearances are similar while the quality characteristic differences between the two are mutually exclusive.

The CGC will continue to develop and evaluate methods and systems to move away from KVD. The various CGC programs, initiatives, research methods and processes aimed at supporting this priority are described below:

Wheat Quality Assurance Strategy (WQAS)

To address the challenges of visually indistinguishable nonregistered wheat varieties and the constraints that KVD imposes on the development and handling of non-milling wheats, the CGC will continue to develop and implement the integrated WQAS program that was initiated in December 2003. For further information on this program refer to:
http://grainscanada.gc.ca/newsroom/news_releases/2003/2003-12-19-e.htm.

The WQAS strategy is composed of three elements:

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

To address growing sectoral concerns, the CGC has increased its monitoring of grain shipments throughout the licensed handling system. Currently, the CGC coordinates an extensive cargo monitoring program to support its certification processes, which includes the use of electrophoresis, high-performance liquid chromatography (HPLC) and DNA-based fingerprinting technology to monitor for nonregistered varieties and ineligible varieties. This monitoring program provides the industry with information to help them better manage the handling system and requires that elevator operators exercise their own due diligence.

During the planning period, the CGC will continue with its increased monitoring of railcar and vessel shipments for the presence and source of nonregistered wheat varieties to support CGC certification processes and ultimately maintain end-use processing quality and customer perceptions of Canadian grain.

2. Development of rapid affordable variety identification (VID) technology

Variety identification (VID), combined with objective testing, will underpin the future of the Canadian GQAS and sustain Canada's position as an international grain competitor. In order to support grain grading and inspection, to monitor the variety composition of export shipments, and to provide assurances for variety-specific shipments of wheat and barley, the CGC has developed and continues to develop non-visual methods for VID. Knowing the variety composition of a shipment is a practical alternative for classifying grains into end-use classes. Development of this technology will help meet the needs of marketers and producers.

Currently, the CGC performs protein electrophoresis and DNA fingerprinting on individual kernels of grain. Many kernels must be analysed to determine the variety composition of a sample. The long-term goal is to develop a DNA-based method that will determine the variety composition of a ground sample of grain rather than multiple individual kernels. The aim is to provide technology that accurately quantifies the variety composition of grain shipments in a timely manner in a commercial environment.

Through its VID work, the CGC will continue to be a leader in the development of VID technology, the establishment of comprehensive variety fingerprint databases for wheat and barley, and the implementation of these tools for the benefit of Canada's grain industry. The CGC is committed to working collaboratively with other organizations in an effort to transfer VID technology to the private sector for use in commercial VID testing.

3. *The development of a proposal to restructure the western wheat classes to enable the development and integration of non-milling wheat varieties.*

The CGC will continue the process regarding the proposal to restructure some western Canadian wheat classes. This proposal is aimed at reducing the constraints KVD imposes on the development and handling of non-milling wheat, such as high-yielding feed and industrial varieties, as well as concerns associated with the slow degradation of KVD between existing wheat classes.

The CGC released a discussion paper titled *The Future of Western Canadian Wheat Quality Assurance* in June 2005. After thorough evaluation of all stakeholder feedback and divergent viewpoints, the CGC intends to proceed with implementation of a wheat class restructuring plan that represents a balanced solution to stakeholder needs. The major wheat classes (CWRS and CWAD) will remain unchanged in terms of variety registration requirements, including KVD. Effective August 1, 2008, a Canada Western General Purpose (CWGP) wheat class will be introduced and KVD requirements for the six minor wheat classes will be removed. However, varieties within these minor classes cannot have KVD conflicts with CWRS or CWAD. For further information refer to:

http://grainscanada.gc.ca/Pubs/discussions/wqas/update06_06_01contents-e.htm.

Implementation of this plan will provide producers, marketers and customers with access to a wider range of wheat varieties than the current system permits, while continuing to protect the integrity of the major milling classes and grades.

Process Verification

In a marketplace with increasing global demands for unique product specifications and traceability requirements, the CGC is developing and implementing process verification programs with the goal of enhancing global acceptance of Canadian grain by delivering specific quality attributes demanded by domestic and international buyers.

Ineligible Varieties Working Group (IVWG)

The CGC is part of a grain industry working group (IVWG) whose objective is to develop protocols for sampling, testing and process controls that will minimize the incidence of visually indistinguishable ineligible varieties being shipped to buyers under incorrect certification. The working group is investigating the potential for an industry Quality Management System that will have the CGC monitor and audit logistical processes within the Canadian grain handling system.

The IVWG is developing protocols that apply to varietal testing and process controls throughout the grain supply chain (originating at licensed primary elevators through to licensed terminal elevators and vessel loading) for all cargo shipments of western Canadian wheat and durum that will receive a Certificate Final.

Canadian Identity Preserved Recognition System (CIPRS)

CIPRS is a voluntary tool for process verification that the industry can use to provide third party assurance of the processes used throughout the supply chain, from producer to shipper, to deliver the specific quality attributes and traceability that some domestic and international buyers require. During the 2007-08 planning period the CGC will continue to implement CIPRS to recognize industry's ability to deliver products with improved quality assurance systems for maximum acceptance in global markets. In addition, the CGC will be addressing the need to develop further tools and standards for process verification to address the need to segregate varieties with unique quality attributes within closed-loop identity preservation programs.

The CGC is also in the process of developing its CIPRS+ program in partnership with Manitoba Agriculture, Food and Rural Initiatives and the Ontario Ministry of Agriculture, Food and Rural Affairs. The infrastructure supporting CIPRS is being adapted to provide verification of HACCP (Hazard Analysis Critical Control Points) based processes in order to provide safety assurances for grain. For further information on the status of the CIPRS and CIPRS+ programs refer to:
<http://grainscanada.gc.ca/prodser/ciprs/ciprs1-e.asp>.

Coherent and Integrated Approach to Handling Imported Grain

The CGC will continue to support Canadian World Trade Organization (WTO) obligations regarding the treatment of imported grain, while at the same time maintaining the integrity and policy objectives of the Canadian GQAS. The CGC will continue to work with appropriate government portfolio organizations and relevant industry stakeholders to explore, examine, and refine an integrated approach to handling imported grain.

Research and Objective Testing

Many international grain buyers are investigating the exporting country of origin's practices and regulations concerning such factors as approved genetically modified (GM) events, pesticide registrations and usage, and recognized grain and food safety programs. International concern is also growing with respect to the adventitious presence (AP) of grain in shipments. AP refers to the unintended, technically unavoidable presence of GM material in an agri-food commodity.

The presence of adventitious materials has potentially significant impacts on the marketability of Canadian grain.

During the planning period, the CGC will continue to augment its GQAS system with objective ways to quantify the impact of degrading factors and to assure grain quality and safety for end-users.

Genetically Modified (GM) Grains

With increasing consumer concerns, many countries are establishing GM labelling and traceability requirements. As a result, the ability to segregate GM grain and non-GM varieties is critical to maintaining Canada's international market share and meeting the requirements of the International Biosafety Protocol. The ability to segregate GM from non-GM grains will benefit exporters of Canadian food products given that there is a growing requirement to label products.

During the planning period, the CGC will continue to validate GM organism detection methods and focus research on the detection and identification of GM grains. The CGC will also continue to collaborate with Agriculture Portfolio partners in the development of operational and testing efficiencies to address GM organism and AP concerns.

Grain Safety

The CGC is currently developing new and improved objective methods for testing chemical residues, natural toxins, and trace elements because of the growing complexity and sophistication of regulatory and technological requirements of importing countries. Research initiatives directed at cargo specific grain safety testing for toxins such as deoxynivalenol (DON) associated with fusarium and ochratoxin A are currently underway.

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

Grading System Factors - Falling Number (FN) and Rapid Viscosity Analysis (RVA)

FN is the internationally accepted measure of alpha-amylase activity – an enzyme found in sprout-damaged (germinated) wheat. Many buyers place strict limits on FN in the wheat they buy because flour damaged by alpha-amylase results in undesirable final product characteristics. Sprout damage in wheat is difficult to assess - a wheat sample containing even a small amount of severely sprouted kernels may have high levels of alpha-amylase activity.

In the Canadian wheat grading system, sprout damage is a visually assessed grading factor. The CGC is currently chairing a grain industry working group to determine how best to implement FN into the grading system should technology prove to be viable.

During the planning period, the CGC is committed to continuing its assessment of new RapidVisco Analyser (RVATM) technology. RVA technology offers an objective assessment of sprout damage by estimating FN values quickly and simply. The technology may provide the Canadian grain industry with the ability to segregate producer deliveries at the primary elevator. RVA technology also may provide a solution to precise, objective results in licensed primary and

terminal elevators where space for specialized laboratory equipment is limited and rapid turnaround is key.

Priority #3 : Regulatory Compliance.

The CGC is committed to a sound regulatory framework that is effective, responsive, cost-efficient and accountable. The CGC's regulatory requirements will add value to the entire grain sector including producers and Canadians in general and will address the risks and challenges present in today's GQAS taking into account producer needs, changing agricultural business environments, and the need to enhance the sector's competitiveness.

The CGC promotes, maintains and enforces compliance with the *Canada Grain Act* through compliance promotion programs, inspection and weighing activities, monitoring, and investigations. The CGC collects grain samples from a variety of sources (primary elevator deliveries, terminal elevator unloads, new crop, and exports) in order to measure the effectiveness of, and compliance to, grain quality assurance standards and the overall GQAS.

In May 2005, the CGC provided notice of its intention to require compliance to the licensing provisions of the *Canada Grain Act* to enhance producer protection and strengthen the grain quality assurance system. To facilitate compliance, the CGC is continuing its efforts to reduce the costs and administrative requirements of licensees. For example, the CGC has implemented measures to streamline the licence renewal process and continues to explore and evaluate alternative security instruments while still providing adequate financial protection to producers. In addition, the CGC will increase resources in the licensing, auditing, and compliance operational units to address the increase in the number of licensees. Enhancing licensing and security directly aligns the CGC with its legislative obligations and supports CGC strategic outcome #4 (producers' rights are supported to ensure fair treatment within the grain handling system).

Priority #4 : Sustainable CGC Funding Mechanism.

The CGC is mandated to perform services as legislated by the *Canada Grain Act*. Over the past 15 years, a combination of increasing costs and a freeze on mandatory fee levels has led to the CGC being chronically under-funded. During this time period, cost recovery levels have dropped from around 90% to between 50 and 60%. This has required the CGC to seek interim government appropriations on an annual basis.

In order to meet evolving grain industry needs, labour contract settlements, and general increases in the costs of goods and services, the CGC has engaged in an ongoing process of cost containment and internal re-allocation of resources to new and emerging priorities. The CGC recognizes the importance of continuing to evolve and refine the Canadian GQAS to remain relevant and competitive in both the domestic and international marketplaces and will continue to work diligently to improve how it adds value to the grain industry and producers. The CGC will continue to seek a sustainable funding mechanism to maintain the CGC's capacity to create

value for producers, the grain industry, and the Canadian public as an integral part of a successful Canadian GQAS. This priority is critical in order for the CGC to continue to fulfill its statutory mandate and in achieving all of its strategic outcomes and program activities.

Priority #5 : Certification to Meet International Organization for Standardization (ISO) Standards.

ISO is a non-governmental organization and is the world's largest developer of standards. ISO itself does not regulate or legislate and its standards are voluntary. Industry Services, the CGC's main operating division, is ISO 9001:2000 certified. The ISO 9000 series of standards are primarily concerned with quality management specifically with respect to quality assurance in production, installation, and servicing. Maintaining ISO certification in Industry Services directly supports CGC strategic outcome #1 (a grain quality assurance system that addresses the changing requirements of domestic and international grain markets) and strategic outcome #2 (a grain quantity assurance system that addresses the changing needs of the grain industry).

While Industry Services is ISO 9001:2000 certified, the CGC's GRL will be assessing the applicability of ISO/IEC 17025 certification to certain methods in its laboratory testing environment. IEC (International Electrotechnical Commission) is the leading global organization that prepares and publishes international standards for all electrical, electronic and related technologies. The ISO/IEC 17025 standard contains most of the aspects of the ISO 9000 series with the additional requirement of proven competencies in the area of certification, and general requirements for the competencies of testing and calibration of laboratories. ISO/IEC certification in the GRL directly supports CGC strategic outcome #3 (research and development on grain quality that enhances the marketability of Canadian grain).

ISO certification throughout the CGC will improve efficiencies and give the customer increased confidences in the processes and testing methods that support Canada's GQAS. There is wide acceptance of ISO standards and an expectation by domestic and international grain customers that organizations such as the CGC conform to them.

SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

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

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

To illustrate the significance of each strategic outcome, the CGC has identified corresponding program activities and resources required. Each program activity has associated ongoing key programs or services with their own expected results. This section provides detailed information on each program activity and illustrates how the program activities and key programs or services contribute to and support the strategic outcomes and departmental plans and priorities.

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

Analysis by Program Activity

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

Program Activity: *Deliver inspection and testing services*

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$50,279	\$31,040	\$31,040

Human Resources (FTE's):

2007-2008	2008-2009	2009-2010
445	271	271

An effective grain quality assurance system ensures the enhanced marketability of Canadian grain which directly benefits producers and the grain industry. Daily provision of grain inspection services supported by a strong scientific and technical base, including testing of grain, milling, baking, cooking, or making various end-use products form a major part of the quality assurance system.

There are major challenges facing the CGC and the GQAS including increased international emphasis on end-use functionality, growing global competition, and shifting domestic crop production and volume fluctuations. It is vital that the grading system and CGC services be continually adapted to the end-use needs of domestic and international buyers of Canadian grain, and to the ongoing structural changes within the grain industry.

The overall expected result of delivering inspection and testing services is increased buyer satisfaction through delivery of consistent Canadian grain quality and increased marketability of Canadian grain.

This program activity supports departmental Priority #1 and Priority #2. Delivering inspection and testing services supports not only the ongoing delivery of the CGC mandate, but also positions Canada with a sustainable competitive advantage in global grain markets. Addressing Priority #4 (a sustainable CGC funding mechanism) is critical for the CGC to continue fulfilling its statutory mandate and maintain service levels to producers and the grain industry. Priority #5 (ISO certification) supports efficient and effective processes and enhances the CGC's international reputation for providing services that assure consistent, uniform grain quality in every shipment.

Key Program or Service:

1. Deliver inspection and testing services for the quality assurance system

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$39,904	\$24,635	\$24,635

Provision of grain inspection and grading services forms a major part of the quality assurance system. The CGC delivers inspection services in accordance with the legislative mandate of the *Canada Grain Act* in order to meet the requirements of the grain industry from producers to customers. Grades allow buyers to identify end-use value without the need for end-use testing or direct examination of individual lots of grain. This improves the efficiency of grain handling and helps to ensure that sellers receive payment that reflects the value of their grain.

The following ongoing inspection activities and testing services are integral components of the overall delivery of the CGC's GQAS:

- Maintaining and delivering an effective Quality Management System as per ISO 9001:2000 standards.
http://grainscanada.gc.ca/newsroom/news_releases/2004/2004-03-11-e.htm
- Inspecting and grading grain using regularly updated and approved standards:

- prior to receipt at licensed terminal elevators, and
 - prior to export from licensed terminal, transfer or primary elevators to enhance marketing in the interests of producers and the industry.
- Providing an unbiased process for appeal of inspections to producer car users, and licensed primary, terminal, and transfer elevator operators who disagree with the grades assigned by CGC inspectors. There are three levels of appeal: the regional inspector, the Chief Grain Inspector, and the Grain Appeal Tribunal.
<http://grainscanada.gc.ca/regulatory/grainappeal/tribunal-e.htm>
- Conducting testing to ensure that grain in the domestic licensed elevator system and grain destined for export is infestation free.
- Providing certificates and documentation related to the inspection of grain exports to assure sellers and buyers of the quality of a shipment of Canadian grain and to facilitate its marketing.
- Inputting data into the grain inventory accounting system (GIAS) to ensure accuracy of terminal and transfer elevator transactions.
<http://www.grainscanada.gc.ca/prodser/gias/gias-e.htm>

The expected result of this key program is ongoing data collection and analysis that supports an effective GQAS to facilitate and maintain the marketability of Canadian grain and customer satisfaction. Daily provision of inspection and testing services for the GQAS is a key mandate supporting program that directly contributes to departmental Priority #1. Maintaining and delivering an effective Quality Management System as per ISO 9001:2000 standards directly supports departmental Priority #5.

To measure its success in delivering this key program and achieving the expected results, the CGC uses the following tools:

- Tracking the number of samples inspected and the number of grade changes on official re-inspections (appeals of official inspection)
- A monitoring and verification process for the inspection of grain (cargo quality monitoring program)
- Ongoing monitoring and analysis of customer feedback received through the CGC's 1-800 line and directly from users of CGC services
- Tracking customer feedback as part of the ISO 9001:2000 Quality Management System
- Tracking buyer complaints on the accuracy of CGC certification (cargo complaints) on a weekly basis, through a comprehensive database of grain unloads

2. Provide scientific and technical support

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$5,401	\$3,334	\$3,334

Canada's GQAS is supported by a strong scientific and technical base including testing of grains, processing into various end-use products, and assessing cooking quality.

The CGC has been testing grain for toxic substances since 1966 to monitor grain entering the licensed elevator system and to provide grain safety assurances to help marketers meet international buyers' requirements. The CGC is the only government agency that provides grain safety assurances on pesticides, trace elements, mycotoxins, fungi and moulds. Buyers of Canadian grain increasingly demand more rigorous, timely testing for chemical residues and trace elements on cargoes. For example, Japan has introduced a Food Sanitation Law that lists agricultural chemicals and their maximum toxic or harmful levels for all grains. Europe has established the European Food Safety Authority to regulate food safety in Europe and members of the European Union have embraced labelling and traceability of crops and food. These demands are increasing the importance of research aimed at developing new or adapting existing analytical methods.

The following scientific and technical support services are integral components of the overall delivery of an effective GQAS:

- Ongoing monitoring of domestic and export cargoes to ensure Canadian grain is meeting both domestic and international grain safety and sanitation tolerances and end-use quality (e.g. toxic residues, bacterial contamination, weed seeds, insects, and malting quality for specific barley varieties). In light of increasingly stringent international food safety regulations, cargo specific grain safety testing is increasing (e.g. DON, ochratoxin A).
- Liaising with both international and other Canadian agencies on trade implications, to meet international standards and legislation on grain safety (e.g. Japanese Food Sanitation Law and the European Union tolerances for pesticides).
- Annual Harvest Survey - Assessing new crop quality specific to each grain type and relevant to the marketing of each crop to provide new and ongoing geographical and quality data. <http://grainscanada.gc.ca/Quality/harvsur/hs-e.htm>
- Monitoring the grading system and verification process to continually maintain and improve grading consistency. <http://www.grainscanada.gc.ca/Pubs/GGG/ggg-e.htm>
- Evaluating new technology to measure end-use quality to improve the utilization and increase the marketability of Canadian grain.
- Providing technical advice and training, information on grain quality assurance issues (e.g. issue official memoranda to the trade), and transfer technology in the form of validated methods to producers and industry stakeholders to support and improve the overall efficiency of grain grading, handling, segregation, and IP systems.
- Managing and updating GIAS to ensure accuracy of terminal and transfer elevator transactions.
- Managing a complaint resolution process for the quality of grain cargoes and conducting unload investigations upon shipper and producer request to ensure customer satisfaction.

The expected result of providing technical and scientific support to the GQAS is to increase and/or maintain current marketability levels for Canadian grains. In addition, provision of this type of information and support will facilitate the optimal management of the GQAS and afford increased opportunities for various end-uses of Canadian grain (e.g. animal feed, ethanol, malting). Based on these expected results, this key program supports departmental Priorities #1 and #2.

To measure its success in delivering this key program and achieving the expected results, the CGC uses the following tools:

- Tracking buyers' satisfaction with the consistency of Canadian grain through regular feedback garnered by CGC personnel from overseas or domestic buyers and processors
- Ongoing monitoring and analysis of customer feedback received through the CGC's 1-800 line and directly from users of CGC services
- A monitoring and verification process for the inspection of grain (cargo quality monitoring program)

3. Modify the system to meet changing requirements

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$4,974	\$3,071	\$3,071

Addressing the challenges facing Canada's GQAS and modifying the system to meet changing domestic and international requirements is vital in making significant progress towards the successful delivery of this program activity, but also contributes to the success of all of the CGC's strategic outcomes.

A broad spectrum of producers and grain industry representatives meet several times annually, through the Western and Eastern Standards Committees and commodity-specific subcommittees, to study and review grain standards, ensuring relevance and value of those standards in facilitating the movement of grain and transfer of ownership.

The following initiatives and programs are underway to address pressures on the GQAS and the visual based grading system:

- Developing, changing, and setting grain quality standards as well as generating and distributing grain quality data and information, in partnership with the grain industry through the Western and Eastern Standards Committee meetings, to meet specific industry and buyer needs. <http://grainscanada.gc.ca/regulatory/standards/standards-e.htm>
- Administering and adapting a national grain sanitation program to ensure that grain in the domestic licensed elevator system and grain destined for export is infestation free.
- Continuing to develop and modify the integrated three element Wheat Quality Assurance System (WQAS) program that was initiated in December 2003 to address the challenges facing the KVD system. <http://grainscanada.gc.ca/pubs/discussions/wqas/wqas02-e.htm>. This includes:
 - Continuing increased monitoring of railcar and vessel shipments for the presence and source of nonregistered wheat varieties to support the CGC certification processes and ultimately maintain end-use processing quality and customer perceptions of Canadian grain.
 - Continuing to develop effective, timely, affordable variety identification technology to identify the variety composition of wheat shipments and enable segregation for variety specific shipments.

- Continuing with the implementation of the wheat class restructuring plan. Effective August 1, 2008, a Canada Western General Purpose (CWGP) wheat class will be introduced and KVD requirements for the six minor wheat classes will be removed. The plan is aimed at offering more flexibility for the development and registration of higher yielding, non-milling varieties of wheat, while continuing to protect the integrity of milling classes and grades.
http://grainscanada.gc.ca/Pubs/discussions/wgas/update06_06_01pg01-e.htm
- Continuing to develop rapid methods and systems that can assist in the identification of varieties of different quality types in grains other than wheat (e.g. flax and canola).
- Ineligible Varieties Working Group (IVWG) – Continuing to participate in the development of protocols for sampling, testing, and process verification standards with the objective of addressing growing concerns with ineligible varieties in grain shipments and ultimately the issuance of incorrect certification.
 - Ineligible Varieties Technical Committee (IVTC) – Continuing to develop a quality plan that applies to varietal testing and process controls throughout the grain supply chain for all cargo shipments of western wheat and durum that will receive a Certificate Final. The CGC is overseeing the design and plans to conduct a pilot study to determine if IVWG protocols are audit able and effective in managing the risks of ineligible varieties.
- Canadian Identity Preserved Recognition System (CIPRS) – Continuing to implement the voluntary CIPRS program to recognize industry's ability to deliver products with better quality assurance systems for maximum acceptance in global markets marked by demands for unique product specifications and traceability.
http://www.grainscanada.gc.ca/pubs/brochures/ip_recognition/ip_recognition04-e.htm
 - CIPRS+ – In partnership with Manitoba Agriculture, Food and Rural Initiatives and the Ontario Ministry of Agriculture, Food and Rural Affairs, further development of the infrastructure supporting CIPRS to provide audits, verification and certification of HACCP-based processes in order to provide safety assurances for grain.
- Contract Registration Technical Committee – Continuing to develop a risk assessment framework to assign non-conforming wheat varieties proposed for contract registration into different risk categories; work in partnership with the Canadian Food Inspection Agency (CFIA) to design a program to ensure the segregation of wheat lines with diverse risk within closed-loop contract registration systems; and establish monitoring requirements and costs according to risk categories.
 - In collaboration with CFIA, assessing the results of the pilot project designed to study the performance of the closed-loop contract registration system for variety 54001IP (formally known as BW295).
- Third-Party Accreditation – Developing protocols for accrediting or designating third party agencies, with CGC oversight, to perform sampling in order to address inconsistencies with container, rail, and bulk handling shipments to enhance the marketability and handling of Canadian grain.
- Coherent and Integrated Approach to Handling Imported Grain – continuing to work with appropriate government portfolio organizations and relevant industry stakeholders to explore, examine, and refine an integrated approach to handling imported grain.

The overall expected result of modifying the system to meet changing requirements is to improve technology and objective methods for determining quality in order to facilitate grain movement

and enhance the marketability of Canadian grains. Given these expected results, this key program supports departmental Priority #2.

To measure its success in delivering this key program and achieving the expected results, the CGC uses the following tools:

- Feedback from the annual meetings of the Eastern and Western Standards Committees with producers and the industry
- Ongoing monitoring and analysis of customer feedback received through the CGC's 1-800 line and directly from users of CGC services
- Tracking buyers' satisfaction with the consistency of Canadian grain through feedback garnered by CGC personnel from overseas or domestic buyers and processors

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

Program Activity: *Deliver weighing services*

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$14,969	\$9,241	\$9,241

Human Resources (FTE's):

2007-2008	2008-2009	2009-2010
133	80	80

The Canadian grain quantity assurance system assures the weight of grain loaded into or discharged from conveyances and in storage in the licensed terminal and transfer elevator system. Daily provision of CGC grain weighing services benefits both producers and the grain industry and forms a major part of the quantity assurance system. Weighing services are supported by a strong technical base.

The challenges for the grain quantity assurance system include increased requirements for quantity information to manage grain stocks and keeping up-to-date with increasingly sophisticated weighing and transfer technology in grain elevators.

The overall expected result of delivering weighing services is to implement an improved strategy to monitor client satisfaction with the CGC weighing and dispute resolution programs.

This program activity directly supports departmental Priority #1. Delivery of weighing services and programs is an integral component of the ongoing provision of the CGC mandate. In addition, the ongoing review and development of weighing programs, procedures, and equipment contributes to enhancing the Canadian GQAS and departmental Priority #2. Addressing Priority #4 (sustainable funding) is critical in order for the CGC to fulfill its statutory mandate and maintain weighing service levels to the grain industry. ISO certification (Priority #5) of CGC quantity assurance services supports efficient and effective processes and enhances the CGC's international reputation for consistent and reliable grain shipments.

Key Program or Service:

1. Deliver weighing services for the quantity assurance system

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$13,546	\$8,363	\$8,363

The CGC delivers weighing services to meet the legislative mandate of the *Canada Grain Act* and the requirements of the grain industry from producers to customers. Essential weighing procedures are defined within the CGC's Quality Management System (QMS) Procedure Manual, or outlined in a QMS Work Instruction Format, and are accessed by weigh staff to ensure consistent application of procedures. CGC weighing policies and procedures are monitored and evaluated through a series of reporting policies and national discussion and review forums.

The following ongoing weighing services and programs are integral components of the overall delivery of an effective grain quantity assurance system:

- Delivery of weighing services to maintain an effective Quality Management System as per ISO 9001:2000 standards.
http://grainscanada.gc.ca/newsroom/news_releases/2004/2004-03-11-e.htm
- Providing weighing services:
 - upon request, at licensed primary elevators for the quantity assurance of grain shipments;
 - prior to receipt at licensed terminal elevators and prior to export from licensed terminal or transfer elevators to enhance grain marketing in the interests of producers and industry.
- Collecting railcar data and information and inputting into the Grain Inventory Accounting System (GIAS) for the industry to provide accurate licensed terminal and transfer grain inventory data. <http://grainscanada.gc.ca/prodser/gias/gias-e.htm>
- Preparing official unload reports at licensed terminal and transfer elevators to authenticate received weights. These reports are used by the Dispute Resolution Service (DRS).
- Conducting official weigh-overs of all stocks in store at licensed terminal and transfer elevators at prescribed intervals.

- Monitoring to ensure that the quantity and/or identity of grains shipped under IP systems is preserved.

The expected result of delivering weighing services for the quantity assurance system is to maintain and increase the accuracy in reporting of official weights in grain transactions in order to enhance customer satisfaction and the marketability of Canadian grain. Given this expected result, the daily provision of weighing services supports not only the ongoing delivery of the CGC mandate (Priority #1) but also supports the continued competitiveness of Canadian grains in both domestic and international markets (Priority #2). Delivering weighing services to maintain an effective Quality Management System as per ISO 9001:2000 standards directly supports departmental Priority #5.

To measure its success in delivering this key program and achieving the expected results, the CGC uses the following tools:

- Consistently monitoring the use, by all interested parties, of CGC-generated data such as track lists and railcar exception reports, certified weighing systems reports, and official weight statements
- On-site monitoring of railcar unloads and provision of critical unload data to interested parties
- Monitoring producer and industry usage of, and satisfaction with, the DRS
- Tracking the number of licensed terminal and transfer elevator weigh-overs performed within mandated timeframes and resolution of any discrepancies between physical stocks and officially registered grain stocks
- Tracking the continued used of the GIAS and the number of adjustments to grain inventories

2. Provide technical support of the quantity assurance system

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$1,423	\$878	\$878

In order to maintain relevancy and to address constantly changing industry demands, the CGC provides ongoing technical support for the quantity assurance system. Regular review of quantity assurance processes allows the CGC to adjust the service procedures as necessary through Improvement Requests (IR), and identify or adjust training requirements as needed.

The following services are integral components to this key program:

- Delivery of the weighing system inspection program and grain inventory accounting services (GIAS) to maintain an effective Quality Management System as per ISO 9001:2000 standards. http://grainscanada.gc.ca/newsroom/news_releases/2004/2004-03-11-e.htm

- Maintaining a regular weighing system inspection program to verify the accuracy and reliability of licensed terminal and transfer elevator weighing equipment.
- Generating, collecting, interpreting and distributing railcar data and information and generating reliable grain quantity data on an ongoing basis to meet specific industry and buyer needs to support the quantity assurance system.
<http://grainscanada.gc.ca/Information/stats-e.htm>
- Establishing and maintaining grain quantity assurance standards to continuously evolve with industry grain weighing procedures and equipment standards.
- Developing monitoring systems for both weighing and grain flow verification processes to increase the effectiveness of the quantity assurance system.
- Managing the Grain Inventory Accounting System (GIAS) for the industry to provide accurate information of licensed terminal and transfer grain inventory data.
<http://grainscanada.gc.ca/prodser/gias/gias-e.htm>
- Managing the complaint resolution processes for quantity of export grain cargoes to maintain ongoing customer satisfaction.
- Managing the DRS to assist grain producers and the grain industry in recovering for grain lost during transport by railcar or during the discharge process. Although the CGC does not provide binding arbitration for weight shortages, a CGC railcar investigation provides key information to support shippers' entitlement to adjustment for excessive grain shortages at unload and transport charges. An extensive historical railcar deficiency database is maintained to further substantiate shippers' reported weight loss claims. This database provides information on railcar derailments, railcars missing at destination and commingling of contents at unload, and allows tracing of railcar location and placements.
- Verifying the overage or shortage of grain, grain products, or screenings in licensed terminal and transfer elevators pursuant to the tolerances stipulated in the *Canada Grain Regulations*.
- Providing ongoing technical advice to meet specific industry and buyer needs.

The expected result of this key program is to assist clients in accurate reporting of quantity information, through technological advancements, in order to maintain and increase the marketability of Canadian grain. Providing technical support of the quantity assurance system supports departmental Priority #1 and contributes to Priority #2.

To measure its success in delivering this key program and achieving the expected results, the CGC uses the following tools:

- Tracking the use of the GIAS and the number of adjustments to grain inventories
- Tracking scale complaints attributed to CGC approved weighing systems and industry adherence to CGC proposed weighing system improvements
- Consistently monitoring the use, by all interested parties, of CGC-generated data such as track lists and railcar exception reports, certified weighing systems reports, and official weight statements

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

Program Activity: *Conduct research to understand and measure grain quality*

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$7,663	\$4,130	\$4,130

Human Resources (FTE's):

2007-2008	2008-2009	2009-2010
59	36	36

The *Canada Grain Act* requires the CGC to undertake, sponsor and promote research related to grains. The CGC conducts research directly related to supporting the GQAS that permits the effective marketing of Canadian grain in the interests of producers. The GRL researches new methods for quality, new measurement factors to determine quality, end-use applications of Canadian grain, quality of new breeders' varieties, and carries out the annual Harvest Survey. The GRL, through its research, supports the continual improvement of the GQAS.

There are major challenges confronting the CGC's research activities and the GQAS due to the changing needs of the Canadian grain industry. There is a major shift in the type of crops grown and their end-uses, increased demand for variety identification by objective non-visual methods, and concerns with GM crops. Research focus has shifted to address these issues in pulses, new types of oilseeds, variety identification, and GM crops. Research related to traditional crops, such as wheat, barley, canola and flax, is still essential, as these crops make up a significant proportion of the domestic and export markets. There is increasing emphasis on end-use functionality, especially new end-uses in the domestic industry. Grain is increasingly being sold based on specifications requiring objective non-visual testing of quality or safety factors and the provision of grain quality and safety assurances.

The expected results of conducting research to understand and measure grain quality are: adaptation of new objective methods for quality assessment and grain safety assurance; adoption and publication of new methods by current standard setting organizations; and provision of accurate quality assessment tools for new breeder lines.

This program activity directly supports departmental Priority #1 as undertaking, sponsoring and promoting grain related research upholds the mandate of the CGC and facilitates effective marketing of Canadian grain. In addition, ongoing research of new methods and measurement factors to determine quality, end-use applications of Canadian grain, and quality of new breeders' varieties supports improvement of the Canadian GQAS and departmental Priority #2. Addressing Priority #4 (sustainable funding mechanism) is critical in order for the CGC to fulfil its statutory mandate and continue ongoing research focused on understanding and measuring grain quality. During the planning period, the GRL will be assessing the applicability of ISO/IEC

17025 certification to certain processes in its laboratory testing environment in support of departmental Priority #5.

Key Program or Service:

1. Research methods to measure grain quality

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$3,448	\$1,859	\$1,859

Non-visual methods for the assessment of grain quality are required in order to maximize the return on investment to each segment of the Canadian grain handling system. New internationally accepted methods are necessary to capture and maintain the inherent value through all phases of the marketing system from producer to end-user.

The following ongoing research activities are integral components of this key program:

- Developing new and improved methods for evaluating and measuring end-use quality factors for all grains, (e.g. Near Infra Red (NIR), digital imaging, rapid viscosity analysis (RVA), variety identification technology, and pulse cooking quality) to meet international and domestic marketing requirements.
- Providing third party unbiased evaluation of quality characteristics of breeders' new varieties as part of the registration process.
- Researching the suitability of Canadian grain varieties for various domestic and international end-uses to increase the marketability of Canadian grain in the interests of producers.
- Developing internationally accepted methods for evaluation of grains, oilseeds and pulse quality.
- Expanding research on computer-assisted image enhancement and measurement to assess grain quality and develop rapid accurate tests to measure visual quality factors.
- Assessing the use of objective tests to increase efficiency, reduce costs and enhance the testing capabilities of the CGC.

The expected result of this key program is the development of internationally recognized methods for quality evaluation of all grains in collaboration with other national and international laboratories. Based on this expected result, researching methods to measure grain quality supports departmental Priority #2.

To measure its success in developing research methods that support the grain quality assurance system, the CGC tracks:

- The number of objective testing methods adapted into the CGC's grading and inspection system
- Industry integration of objective testing methods into segmentation and/or marketing systems

- The quality and number of research papers published
- Grain industry response (domestic and international) to the research, scientific and technical support provided by the CGC
- Customer satisfaction with end-use quality as measured by client feedback during foreign missions or by client visits
- End-user response to the quality assessment of new varieties and harvest survey information
- Technology transfer to private sector users, other government agencies, universities and international organizations

2. Research new quality factors

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$3,448	\$1,859	\$1,859

In order to remain competitive in the international marketplace, it is imperative that future grain quality attributes be anticipated and captured. As such, research that supports emerging issues in the grain quality assurance system is crucial to all segments of the Canadian grain industry.

The following ongoing research activities are integral components of this key program:

- Continuing collaborative and jointly funded research efforts (nationally and internationally) to develop measures for assessing grain quality.
- Ongoing research of relevant factors and development of methods to provide grain safety assurances on new quality factors for domestic and international markets.
- Validating research to address current major grain quality issues in order to improve quality evaluation of grains (e.g. sprout damage in wheat, chlorophyll in canola, dehulling characteristics in lentils, germination energy in barley, food use of flax, and noodle quality).
- Ongoing research of wheat and barley DNA and protein fingerprinting methods to develop tests for identifying and quantifying varieties of grains in shipments in order to develop the capacity for identifying multiple variety composition and enable segregation of variety specific shipments.
- Development of methods for identifying and quantifying GM grains to enable determination of GM status of grain shipments.
- Identifying specific areas of interest (as part of the strategic plan of scientific research within the portfolio) by establishing working groups on science infrastructure, human resources, longer-term science vision, GM issues, and disposal for animal and plant health emergencies.

The expected result of this key program is to develop new methodologies for identifying variety composition and to enable variety specific marketing in order to meet changing producer, industry, and customer demands for specific end-use quality. Based on this expected result and the contributing programs and initiatives, researching new quality factors supports departmental Priority #2.

To measure its success in researching emerging quality factors to support the grain quality assurance system, the CGC tracks:

- The application of newly developed objective measures of quality into the CGC's grading and inspection system
- Industry integration of objective testing methods into segregation and/or marketing systems
- Technology transfer to private sector users, other government agencies, universities and international organizations
- Grain industry response (domestic and international) to the research, scientific and technical support provided by the CGC
- The quality and number of research papers published

3. Research new grain standards

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$767	\$412	\$412

Continually evolving uses of grain require that the CGC have the ability to anticipate, identify, and measure new grain specifications in order to meet changing industry needs.

The following ongoing research activities are integral components of this key program:

- Developing specifications and measurement protocols to support new standards to assist in diversification of end-uses of Canadian grains.
- Increasing the amount of objective testing (e.g. digital image analysis, NIR, oil composition) in order to replace subjective quality assessment factors with numerical tolerances.
- Developing testing protocols to support the segregation of grains with new end-use traits for non-food uses.

The expected result of this key program is to develop objective testing protocols and specifications to support the Canadian grading system and facilitate the marketing and end-use diversification of Canadian grains. Given this expected result, researching new grain standards supports departmental Priorities #1 and #2.

To measure its success in ensuring that this key program is on track the CGC monitors:

- The application of newly developed objective measures of quality into the CGC's grading and inspection system
- Customer satisfaction with end-use quality as measured by client feedback during foreign missions or by client visits
- End-user response to the quality assessment of new varieties and harvest survey information
- The quality and number of research papers published

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

Program Activity: *Protect producers' rights*

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$3,086	\$1,861	\$1,861

Human Resources (FTE's):

2007-2008	2008-2009	2009-2010
27	16	16

The CGC is mandated to serve producer interests by upholding the *Canada Grain Act* and as a result, has implemented a number of programs and safeguards. These include the licensing and security program, producer liaison measures, producer car procedures, and a grain grade appeal system. In addition, the CGC collects and updates grain quality data and grain handling information to facilitate producer sales and marketing decisions.

The expected result of this program activity is increased producer satisfaction with the grain handling system.

Protecting producer rights directly supports departmental Priorities #1 (ongoing delivery of the CGC mandate) and Priority #3 (regulatory compliance), as the CGC is mandated to ensure the fair treatment of producers within the grain handling system. Addressing Priority #4 (sustainable CGC funding mechanism) is necessary to maintain producer satisfaction with the delivery of various procedures and systems related to their protection.

Key Program or Service:

1. Administer the licensing and financial security system

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$1,263	\$762	\$762

The CGC licenses and regulates primary, process, transfer, and terminal elevators as well as grain dealers. Licensed elevators and grain dealers are required to post security to cover their

liabilities to producers in the event of a company default. This regulatory activity contributes to the fair treatment of western Canadian producers.

The following ongoing activities are integral components of an effective licensing and financial security program:

- Licensing eligible elevators and grain dealers.
<http://grainscanada.gc.ca/information/licensing-e.htm>
<http://grainscanada.gc.ca/Regulatory/licensees/licensees-e.htm>
- Obtaining security to protect producers in case of default by a licensee in order that producers receive compensation.
- Conducting audits of licensees' liabilities to producers to monitor compliance with the *Canada Grain Act*.
- Ongoing development of strategies to facilitate a licensing and reporting process that increases the efficiency of administrative/reporting mechanisms.

The expected result of this key program is to decrease the level of CGC licensing non-compliance, increase the number of new grain dealers or operators that are licensed, and mitigate financial risk to producers. This key program directly supports departmental Priorities #1 and #3.

While the number of unlicensed facilities has decreased as a result of the recent licensing compliance initiative, unlicensed facilities still present an ongoing challenge to the CGC, as producers delivering to these facilities are not protected in the case of a default. During the reporting period, the CGC will continue to broaden the licensee base at the producer delivery level and will increase licensing, audit and compliance operational unit resources to address the increase in the number of licensees. To facilitate compliance, the CGC will continue to work toward improving the efficiency of administrative requirements of licensees.

In order to measure the success of its efforts in administering the licensing and financial security system, the CGC will utilize the following methods and processes:

- Evaluation of producer claims under the licensing and security program. In the event of financial failure of a licensed elevator or grain dealer, the CGC tracks producer reimbursement from posted security.

2. Manage the allocation of railcars for individual producer requests

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$122	\$74	\$74

The CGC allocates producer cars for producers and producer groups that wish to ship their own grain. <http://grainscanada.gc.ca/prodser/producercars/information/prodcars-e.htm>

The CGC will continue to work with the Canadian Wheat Board and the railways to develop and implement strategies to address producer car issues, including the increasing demand from producers for railcar allocations.

The expected results of this key program are, pursuant to the *Canada Grain Act* and *Canada Grain Regulations*, to provide and make available an alternate grain delivery mechanism and respond to producer car allocation challenges. Managing the allocation of railcars for individual requests contributes to departmental Priority #1.

In order to measure the success of its efforts in managing the allocation of railcars for individual producer requests, the CGC will utilize the following methods and processes:

- Monitoring producer concerns with accessing producer cars by tracking cars allocated versus the demand by station.

3. Fair treatment of producers by grain companies and dealers

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$1,590	\$958	\$958

To safeguard fair and equitable grain transactions for producers, the CGC has set up an information and compliance network. Inspection, weighing, and arbitration services are essential to the efficient and fair operation of grain markets for producers and the grain industry. Grades allow buyers to identify end-use characteristics without the need for end-use tests or direct examination of individual grain lots. This helps to ensure that producers are properly compensated for the quality and quantity of grain delivered and shipped.

The following ongoing activities are integral components of this key service:

- Mediating and/or arbitrating producer complaints concerning transactions with licensed grain companies to facilitate negotiated settlements acceptable to both parties.
http://grainscanada.gc.ca/Regulatory/Licensees/for_producers-e.htm
- Re-inspection of samples on producer request and investigation of quality and dockage complaints in order to mediate and resolve issues with grain transactions. This may include provision of “subject to inspector’s grade and dockage” for deliveries to licensed primary elevators, or re-inspection for producer car deliveries to licensed terminal elevators pursuant to the *Canada Grain Act*.
http://grainscanada.gc.ca/newsroom/news_releases/2004/2004-10-07b-e.htm
- Ongoing review of the *Canada Grain Act* and the *Canada Grain Regulations* to amend or eliminate regulations that are no longer relevant, enforceable, or contributing to the effective operation of the Canadian grain industry.
- Analysis of licensed primary elevator weigh-over/audit data and conducting investigations when appropriate. http://grainscanada.gc.ca/forms/licencerep/info_wei-e.htm

The expected result of this key service is to successfully resolve complaints and facilitate settlements acceptable to those parties involved, while improving the ability of producers to manage their business risks. Based on this expected result, fair treatment of producers by grain companies and dealers directly supports both departmental Priority #1 and #3.

In order to measure the success of its efforts in facilitating fair treatment of producers by grain companies and dealers, the CGC will utilize the following methods and processes:

- Tracking producer inquiries and complaints on unfair treatment by grain companies. Feedback, complaints and requests for information are received through: direct contact with Assistant Commissioners and CGC staff at Prairie service centres or Head Office; or the CGC 1-800 line.
- Consulting with producers and producer groups to gain a producer perspective on the CGC, CGC services, or industry trends. This provides the CGC with an understanding of producer requirements and expectations, benchmarks for setting service standards, and the impact of CGC services at the producer level.
- Tracking the number of producer requests for grain sample analysis (e.g. “subject to inspector’s grade and dockage”). Satisfaction by producers in CGC-facilitated resolution of disputes involving grain transactions is measured by direct confirmation (part of the process) and by absence of recurrence.

4. Provision of grain quality information to producers

Financial Resources (\$ thousands):

2007-2008	2008-2009	2009-2010
\$111	\$67	\$67

The CGC continually collects and updates grain quality data and grain handling information and makes it available to producers and other interested parties. This information and technical support facilitates producer sales and marketing decisions.

The following ongoing activities are integral components of this key service:

- Maintaining and disseminating grain quality assessment and technical information (e.g. harvest survey, drying, sampling).
<http://www.grainscanada.gc.ca/Quality/harvsur/hs-e.htm>
http://www.grainscanada.gc.ca/Information/gg_tools-e.htm.
- Publishing statistical reports on grain stocks and handling within the licensed elevator system. http://grainscanada.gc.ca/pubs/pubmenu-e.htm#Statistical_Publications
- Providing extension support for producers on statistics-related topics (e.g. Metric conversions, calculations, test/bushel weight determinations).
- Developing unofficial Test Weight conversion charts that currently do not exist.

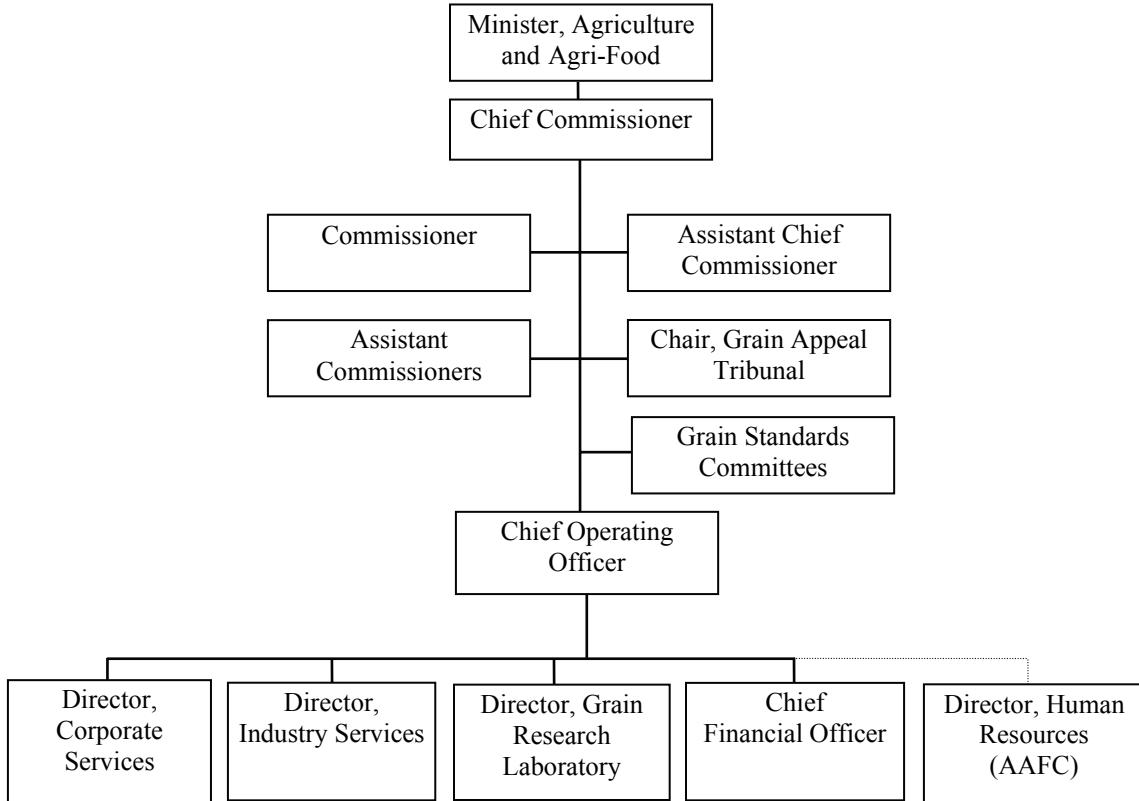
The expected result of this key service is the provision of accurate and relevant technical and statistical information to support producer sales and marketing decisions. As such, this key service supports departmental Priority #1.

In order to measure the success of its efforts in providing grain quality information to producers, the CGC will utilize the following methods and processes:

- Tracking user-access to CGC on-line statistical publications.
- Conducting periodic surveys of producers and producer groups to gain a producer perspective on the CGC, industry trends, producer requirements and expectations, benchmarks for setting service standards, and the impact of CGC services at the producer level.

SECTION III – SUPPLEMENTARY INFORMATION

Organizational Information



CGC Partnerships

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

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

Key Partners	Areas of Co-operation
Foreign <p>U.S. Department of Agriculture (Grain Inspection, Packers and Stockyards Administration)</p> <p>Ministry of Agriculture, Forestry and Fisheries (Japan)</p> <p>Ministry of Commerce, Economic Control and Fraud Prevention Branch (Algeria)</p> <p>Commonwealth Scientific and Industrial Research Organisation (Australia)</p> <p>State Administration of Grain (China)</p>	Shared knowledge and expert opinion Shared quality assurance program delivery Facilitating international trade Research Technology training

Department Links to the Government of Canada Outcome Areas

		2007-2008				
\$ thousands)		Budgetary			Non-Budgetary	
Program Activity	Operating	Capital	Grants	Contributions and Other Transfer Payments	Less: Respendable Revenue	Loans, Investments and Advances Net
Strategic Outcome #1: A grain quality assurance system that addresses the changing requirements of domestic and international grain markets						
Deliver Inspection and Testing Services ¹	47,098	3,181	0	0	50,279	31,135
						19,144
					0	0
						19,144
Strategic Outcome #2: A grain quantity assurance system that addresses the changing needs of the grain industry						
Deliver Weighing Services ¹	14,023	946	0	0	14,969	9,270
						5,699
					0	0
						5,699
Strategic Outcome #3: Research and development on grain quality that enhances the marketability of Canadian grain						
Conduct Research to Understand and Measure Grain Quality	7,054	609	0	0	7,663	0
						7,663
					0	0
						7,663

2007-2008							
\$ thousands)		Budgetary			Non-Budgetary		
Program Activity	Operating	Capital Grants	Contributions and Other Transfer Payments	Gross	Less: Respendable Revenue	Net	Loans, Investments and Advances
Total	71,052	4,945	0	0	75,997	41,265	34,732

Strategic Outcome #4: Producers' rights are supported to ensure fair treatment within the grain handling industry

Protect Producers' Rights ¹	2,877	209	0	0	3,086	860	2,226	0	2,226	0	2,226
Total	71,052	4,945	0	0	75,997	41,265	34,732	0	34,732	0	34,732

¹ Includes Canadian Grain Commission (CGC) revolving fund activities.

Program Activity #1, #2, and #3 contribute to the achievement of the Government of Canada's *An Innovative and Knowledge-based Economy* outcome area.

Program Activity #4 contributes to the achievement of the Government of Canada's *A Fair and Secure Marketplace* outcome area.

This table depicts the projected revenue and costs for each program activity.

Table 1: Departmental Planned Spending and Full Time Equivalents

(\$ thousands)	Forecast Spending 2006-2007	Planned Spending 2007-2008	Planned Spending 2008-2009*	Planned Spending 2009-2010*
Deliver inspection and testing services ¹	49,363	50,279	31,040	31,040
Deliver weighing services ¹	15,996	14,969	9,241	9,241
Conduct research to understand and measure grain quality	9,171	7,663	4,130	4,130
Protect producers' rights ¹	2,208	3,086	1,861	1,861
Budgetary main estimates (gross)	76,738	75,997	46,272	46,272
Non-budgetary main estimates (gross)	0	0	0	0
Less: respondable revenue	41,516	41,265	41,265	41,265
Total Main Estimates	35,222	34,732	5,007	5,007
<i>Adjustments:</i> ²				
Additional Funding ³	0	155	30,000	0
ERC Procurement Savings ⁴	(20)	0	0	0
Governor General Warrants	(4,488)	0	0	0
Carry forward	272	0	0	0
<i>Total Adjustments</i>	<i>(4,236)</i>	<i>155</i>	<i>30,000</i>	<i>0</i>
Total Planned Spending	30,986	34,887	35,007	5,007
Total Planned Spending	30,986	34,887	35,007	5,007
Less: Non-Respondable revenue	0	0	0	0
Plus: Cost of services received without charge	1,733	1,678	390	381
Net Cost of Program	32,719	36,565	35,397	5,388
Full Time Equivalents	664	664	664	403

*Note: These resources are the currently approved funding levels based on the CGC's Annual Reference Level Update (ARLU) report. The CGC has received additional appropriation revenue over the past several years to maintain its resource levels. In 2007-2008 the CGC received \$30 million appropriation in addition to its annual appropriation of \$5 million. Planned spending for 2008-2009 and 2009-2010 includes only the annual appropriation of \$5 million resulting in a reporting variance between years.

¹ Includes Canadian Grain Commission (CGC) revolving fund activities.

² Adjustments accommodate approvals obtained since Main Estimates and include items such as Budget Initiatives, Supplementary Estimates and Governor General Warrants.

³ Additional funding includes \$155K and \$30 million in appropriation that has been allocated for 2007-2008 and 2008-2009 respectively. These appropriations are not included in the total main estimates line as they were not approved at the time of the CGC's ARLU report.

⁴ ERC planned savings (-\$20K) for 2006-2007. ERC planned savings for 2007-2008 are included in the total planned spending.

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

Table 2: Voted and Statutory Items Listed in Main Estimates

Vote or Statutory Item	Canadian Grain Commission	2007-2008 Main Estimates (\$ 000's)	2006-2007 Main Estimates (\$ 000's)
40	Program Expenditures	30,940	24,666
(S)	Canadian Grain Commission Revolving Fund	(127)	(127)
(S)	Contributions to Employee Benefit Plans	3,919	10,683
	Total Department	34,732	35,222

The Voted and Statutory items reflect the Canadian Grain Commission (CGC) comparison of approved funding from year to year. The 2006-2007 Main Estimates include an allocation error between Vote 40 Program Expenditures and statutory (S) Contributions to Employee Benefit Plans with a nil effect on the total department dollars.

Table 3: Services Received Without Charge

(\$ thousands)	2007-2008
Contributions covering employers' share of employees' insurance premiums and expenditures paid by Treasury Board of Canada Secretariat (excluding revolving funds)	1,483
Worker's compensation coverage provided by Social Development Canada	195
Total 2007-2008 services received without charge	1,678

This table represents all services provided and paid by other government departments on behalf of the Canadian Grain Commission (CGC).

Table 4: Summary of Capital Spending by Program Activity

(\$ thousands)	Forecast Spending 2006-2007	Planned Spending 2007-2008	Planned Spending 2008-2009	Planned Spending 2009-2010
Deliver inspection and testing services ¹	2,660	3,181	1920	1,920
Deliver weighing services ¹	863	946	572	572
Conduct research to understand and measure grain quality	661	609	379	379
Protect producers' rights ¹	131	209	129	129
Total	4,315	4,945	3,000	3,000

¹ Includes Canadian Grain Commission (CGC) Revolving Fund activities.

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

Table 5: Sources of Respondable Revenue

(\$ thousands)	Forecast Revenue 2006-2007	Planned Revenue 2007-2008	Planned Revenue 2008-2009	Planned Revenue 2009-2010
Deliver inspection and testing services (RF) ¹	31,324	31,135	31,135	31,135
Deliver weighing services (RF) ¹	9,326	9,270	9,270	9,270
Protect producers' rights (RF) ¹	866	860	860	860
Total Respondable Revenue	41,516	41,265	41,265	41,265

¹ (RF) represents Revolving Fund activities.

This table identifies all sources of respondable revenue generated.

Table 6: Revolving Fund – Statement of Operations

(\$ thousands)	Forecast 2006-2007	Planned 2007-2008	Planned 2008-2009	Planned 2009-2010
Respendable Revenue	41,516	41,265	41,265	41,265
Expenses				
Operating:				
Salaries and employee benefits	31,900	31,649	31,649	31,649
Depreciation	1,411	1,701	1,701	1,701
Repairs and maintenance	465	318	318	318
Administrative and support services	4,691	5,784	5,784	5,784
Utilities, materials and supplies	1,971	1,084	1,084	1,084
Marketing	135	76	76	76
Total Expenses	40,573	40,612	40,612	40,612
Surplus (Deficit)	943	653	653	653

This table portrays and allocates the costs associated with the Respendable Revenue generated through fees and contracts.

Statement of Cash Flows

(\$ thousands)	Forecast 2006-2007	Planned 2007-2008	Planned 2008-2009	Planned 2009-2010
Surplus (Deficit)	943	653	653	653
Add non-cash items:				
Depreciation/amortization	1,411	1,701	1,701	1,701
Investing activities:				
Acquisition of depreciable assets	(2,227)	(2,227)	(2,227)	(2,227)
Cash surplus (requirement)	127	127	127	127

This table converts the financial statement information from book value to a cash basis.

Projected Use of Authority

(\$ thousands)	Forecast 2006-2007	Planned 2007-2008	Planned 2008-2009	Planned 2009-2010
Authority	2,508	2,508	2,508	2,508
Drawdown:				
Balance as at April 1	8,296	127	254	381
Operating (deficit)/surplus	(8,296)	0	0	0
Projected surplus (Drawdown)	127	127	127	127
	127	254	381	508
Projected Balance at March 31	2,635	2,762	2,889	3,016

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

Table 7: Internal Audits and Evaluations

Name of Internal Audit or Evaluation	Audit Type / Evaluation Type	Status	Expected Completion Date	Electronic Link to Report
Harvest Survey Review	Program Delivery / Risk Assessment	Complete		http://grainscanada.gc.ca/Pubs/pubm_enu-e.htm#audits
CIPRS Program Review	Program Delivery / Risk Assessment	Complete		http://grainscanada.gc.ca/Pubs/pubm_enu-e.htm#audits
Review of testing at the Grain Research Laboratory	Program Delivery / Risk Assessment	Complete		http://grainscanada.gc.ca/Pubs/pubm_enu-e.htm#audits
User Fees – Review progress of the User Fee Committee	Program Delivery / Risk Assessment	Planned	March 31, 2008	
Section 34 Authorities (HR and other)	Program Delivery / Risk Assessment	Planned	March 31, 2008	
Use of service standards in Performance Management (IS)	Program Delivery / Risk Assessment	Planned	March 31, 2008	
Project Management Process (PMP)	Program Delivery / Risk Assessment	Planned	March 31, 2008	
Succession planning efforts	Program Delivery / Risk Assessment	Planned	March 31, 2008	
Petty cash and cash float processes	Program Delivery / Risk Assessment	Planned	March 31, 2009	
Licensing Security levels	Program Delivery / Risk Assessment	Planned	March 31, 2009	
Employee performance appraisal processes and linkages to CGC strategic outcomes	Program Delivery / Risk Assessment	Planned	March 31, 2009	
Use of service standards in Performance Management (GRL)	Program Delivery / Risk Assessment	Planned	March 31, 2009	
Management of Return to Work	Program Delivery / Risk Assessment	Planned	March 31, 2009	
Overall use of performance measures in Performance Management	Program Delivery / Risk Assessment	Planned	March 31, 2009	

Name of Internal Audit or Evaluation	Audit Type / Evaluation Type	Status	Expected Completion Date	Electronic Link to Report
Health and Safety Management system	Program Delivery / Risk Assessment	Planned	March 31, 2010	
Contracting – work performed on behalf of other government departments	Program Delivery / Risk Assessment	Planned	March 31, 2010	
Contracting – work performed by other government departments CGC's behalf	Program Delivery / Risk Assessment	Planned	March 31, 2010	
Use of service standards in Performance Management (Enabling Groups)	Program Delivery / Risk Assessment	Planned	March 31, 2010	
Processes governing the selection, approval, and management of external contractors	Program Delivery / Risk Assessment	Planned	March 31, 2010	
Adoption of the HR Modernization Framework at the CGC	Program Delivery / Risk Assessment	Planned	March 31, 2010	

SECTION IV – OTHER ITEMS OF INTEREST

Corporate Infrastructure and Government-Wide Initiatives

CGC corporate infrastructure includes support functions such as management of human resources, information technology, statistical services, legal counsel, communications, finance, policy and planning, administration, health and safety, and project management. These functions enable the CGC to deliver the activities necessary to achieve its strategic outcomes and result in improved performance, increased employee productivity and effective communication with industry and producers. Success will be measured by evaluating the effectiveness of specific activities and using measurement tools for specific programs such as competent staff, number of accidents, meeting legislative requirements, and efficiency gains due to well-developed information technology.

Although the CGC is a small department with limited resources, it prides itself on the ability to implement government-wide initiatives. Sound agency management denotes not only cost efficiency, but signifies the CGC's commitment to government-wide initiatives such as the Management Accountability Framework, providing services in both official languages, the Government On Line (GOL) initiative, and effective partnering with other government organizations to provide effective, efficient service to Canadians. Success in this area will be measured by tracking specific activities undertaken to achieve the goals of various government-wide initiatives and measuring program, unit, and individual performance against performance targets.

The CGC is committed to fulfilling its mandate in the most efficient and cost effective manner possible. The costs of both corporate infrastructure and implementation of government-wide initiatives are accounted for in the costs of delivering the CGC strategic outcomes and program activities. The following provides a description of internal and government-wide CGC initiatives and activities.

Management of Human Resources

A skilled and motivated workforce is critical to the CGC in delivering its services to Canadians. The CGC is committed to providing an inclusive and diverse workplace that is representative of the citizens and communities served. The following activities and initiatives are integral components to the management of human resources in the planning period:

- Effectively communicating and integrating human resource goals, priorities, and business planning.
- Continuing to implement competency-based initiatives (performance management, training, and resourcing) to develop and sustain a capable workforce and fulfill departmental objectives.
- Continuing to integrate changes from the *Public Service Modernization Act* into CGC human resource policies and processes.
- Developing a succession strategy/process for CGC leadership.
- Implementing an informal conflict management system.
- Continuing to implement electronic or web-based tools.

- Implementing the CGC's Employment Equity Plan.
- Developing a performance management tool to be piloted in the organization.

The expected results of these planned activities include:

- Collaborative relationships between management, employees, and employee representatives.
- Competent staff able to move/progress within the department and the public service.
- Continuous improvement of HR management skills by managers and supervisors.
- A workplace culture that encourages diversity and enables employees to learn and to progress within the department.
- A skilled workforce more representative of Canada's population and in compliance with the *Employment Equity Act*.

Information Technology

- Developing and managing an information technology infrastructure that is responsive, secure, and provides support to enhance all aspects of CGC business.
- Developing, acquiring, and implementing advanced software applications and providing IT operational support.
- Storing, handling, and providing operational data in a secure and timely manner to improve decision-making and reduce costs.

Statistical Services

- Providing concise and timely statistical support to all work groups.
- Providing extension support to industry and other government organizations on statistical related topics.

Communications

- Providing effective internal communications (e.g. Staff Net, bulletins, Chief Operating Officer communications, planning session information).
- Developing and implementing effective external communication tools (e.g. CGC Web-site, news releases and conferences, and industry meetings and conferences).
- Continuing to develop communication skills within the organization.
- Promoting and implementing the requirements of the *Official Languages Act* to provide improved services and information in both official languages.

Library Services

- Providing a holding library for all CGC publications and maintaining a collection in a variety of formats (books, reports, images, electronic resources) that specializes in grain research and all aspects of the grain trade for CGC staff, industry stakeholders, other government organizations, and the public.
- Providing reference and technical services that support the research needs of clients.

Finance

- Contributing to the success of the Federal Accountability Action Plan.
- Continuing the delivery of transactional and financial reporting requirements, as well as provision of guidance to the organization.
- Conducting planned internal audit activities to accomplish risk assessment of key risk areas.
- Responding to the requirements of the *User Fees Act* by continuing to manage and report on key characteristics of identified CGC user fees.

Policy and Planning

- Providing policy support to all work groups to aid in corporate decision making.

Legal Counsel

- Providing legal advice and support to all work groups, to aid in corporate decision making and management of CGC activities.

Administration Services

- Managing national and regional administrative programs and policies in order to provide efficient and effective administrative support to all CGC divisions.
- Managing of CGC facilities and telecommunications to secure rent and telecom savings and provide an efficient, safe and healthy work environment.
- Addressing service accommodation needs by: renewing leases as they come due where facilities satisfy requirements; reconfiguring accommodations when necessary; relocating where required; and refining and analyzing recapitalization options for CGC Head Quarters, 303 Main Street, Winnipeg, Manitoba.
- Testing of business resumption plan and training of staff to ensure the delivery of services are more reliable and secure in case of a hazardous occurrence.

Health and Safety

- Managing the ongoing development of an effective health and safety program aimed at achieving a decreased accident rate and a healthy, productive workforce.

Corporate Development

- Continuing to record and support the expanding list of activities to fulfil the mandate of the Management Accountability Framework.
- Continuing to improve performance measures by which unit and individual employee effort is evaluated for all fee-for-service CGC activities.
- Completing service standards for all fee-for-service CGC activities.

Partnering with Other Government Organizations

- Ongoing provision of phytosanitary inspection of grain elevators on behalf of the Canadian Food Inspection Agency to eliminate the duplication of services.
- Ongoing provision of grain inspection on behalf of the U.S. Federal Grain Inspection Service in eastern Canada as per the Memorandum of Service to facilitate the movement of grain.

Project Management

- Reviewing and editing project concept documents (PCDs) in consultation with project leads for all new CGC initiatives and forwarding finalized PCDs to the CGC's Executive Management Committee (EMC) for review and discussion. If a project is to proceed the EMC will recommend that a project approval document (PAD) be developed.
- Reviewing and editing all project approval documents (PADs) in consultation with project leads and forwarding finalized PADs to the EMC for review and final decision to proceed or not to proceed with project.
- Following up regularly on all EMC approved projects to track attainment of goals, use of resources, and to ensure EMC is fully informed on the progress of all projects.