



Canadian Grain Commission

2002-2003
Estimates

Part III – Report on Plans and Priorities

Canada

The Estimates Documents

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament. The Estimates, which are tabled in the House of Commons by the President of the Treasury Board, consist of three parts:

Part I – The Government Expenditure Plan provides an overview of federal spending and summarizes both the relationship of the key elements of the Main Estimates to the Expenditure Plan (as set out in the Budget).

Part II – The Main Estimates directly support the *Appropriation Act*. The Main Estimates identify the spending authorities (votes) and amounts to be included in subsequent appropriation bills. Parliament will be asked to approve these votes to enable the government to proceed with its spending plans. Parts I and II of the Estimates are tabled concurrently on or before 1 March.

Part III – Departmental Expenditure Plans which is divided into two components:

- (1) **Reports on Plans and Priorities (RPPs)** are individual expenditure plans for each department and agency (excluding Crown corporations). These reports provide increased levels of detail on a business line basis and contain information on objectives, initiatives and planned results, including links to related resource requirements over a three-year period. The RPPs also provide details on human resource requirements, major capital projects, grants and contributions, and net program costs. They are tabled in Parliament by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*. These documents are tabled in the spring and referred to committees, which then report back to the House of Commons pursuant to Standing Order 81(4).
- (2) **Departmental Performance Reports (DPRs)** are individual department and agency accounts of accomplishments achieved against planned performance expectations as set out in respective RPPs. These Performance Reports, which cover the most recently completed fiscal year, are tabled in Parliament in the fall by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*.

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

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

2002-03

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Section 1: Messages

Minister's message

Welcome to the Canadian Grain Commission's *Report on Plans and Priorities*. The Report details how the Canadian Grain Commission (CGC) intends to use the resources at its disposal to discharge its responsibilities to protect grain producers' interests and to ensure consistent grain quality to Canada's domestic and foreign grain customers. It also sets out standards by which the CGC's performance in meeting its objectives can be assessed.

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

This competitive advantage must be supported to ensure that Canadian grain producers receive maximum value for their products. To do this, the CGC must deal with an unprecedented pace of change in the grain industry. This report outlines the major challenges the CGC faces and shows how they will be addressed.

These continue to be challenging economic times for many Canadian farmers, especially for grain producers. The extra resources the federal government has committed to the CGC through to the end of fiscal year 2003–04 illustrates our commitment to building a strong quality assurance system for the grain industry.

Lyle Vanclief

Chief Commissioner's message

I am pleased to present the Canadian Grain Commission's Report on Plans and Priorities (RPP) for the fiscal year 2002/03.

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

In today's climate of constant change, where competitive markets are placing an increasing emphasis on consistent quality and grain safety, Canada is well positioned to increase its share of the world market. This will require that the CGC build on its partnerships with industry and producers in a way that enhances the quality assurance program and produces innovative results.

This report outlines the CGC's plans and priorities for the fiscal year 2002/03. I am confident that our strategies will improve the quality assurance system and achieve key results for Canadians.

Barry Senft
Chief Commissioner
Canadian Grain Commission

Management Representation Statement

I submit, for tabling in Parliament, the 2002-2003 *Report on Plans and Priorities* (RPP) for the Canadian Grain Commission.

To the best of my knowledge the information in this document:

- Accurately portrays the organization's plans and priorities.
- Is consistent with the reporting principles contained in the *Guide to the preparation of the 2002-2003 Report on Plans and Priorities*.
- Is comprehensive and accurate.
- Is based on sound underlying departmental information and management systems.

I am satisfied as to the quality assurance processes and procedures used for the RPP production.

The Planning, Reporting, and Accountability Structure (PRAS) on which this document is based has been approved by Treasury Board Ministers and is the basis for accountability for the results achieved with the resources and authorities provided.

Gordon Miles
Chief Operating Officer

Section 2: Department Overview

Mandate, Vision and Department Description

The Canadian Grain Commission (CGC) derives its authority from the *Canada Grain Act*. The CGC's mandate as set out in this Act is to, in the interests of producers, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets. The CGC works to develop and implement policies that meet the needs of the industry in marketing Canadian grains. By assuring quality, the CGC enhances the marketability of Canadian grain domestically and abroad.

The CGC is organized into the Executive, Corporate Services, Grain Research Laboratory (GRL), Industry Services, Employee Services and Finance. Its head office is located in Winnipeg, Manitoba. Industry Services comprises five regions: Bayport, Eastern, Pacific, Prairie and Thunder Bay. As of September 2001, the CGC employed approximately 760 full-time equivalents.

The CGC works closely with producers, other members of the Canadian grain industry, and other government departments and agencies to deliver its programs and services (see Annex 1). These partnerships assist the CGC in achieving its vision: A leader in delivering excellence and innovation in grain quality and quantity assurance, research, and producer protection.

Accountability

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

The CGC is headed by a Chief Commissioner, an Assistant Chief Commissioner, and a Commissioner who are all appointed by the Governor in Council. The Chief Commissioner reports to the Minister.

The Chief Operating Officer reports to the Chief Commissioner and is responsible for the CGC's business line: a grain quality assurance system that enhances grain marketing in the interests of producers.

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

In addition, there are up to six Assistant Commissioners for the main grain producing areas of Canada, also appointed by the Governor in Council. The Assistant

Commissioners are responsible for dealing with producer and grain industry complaints and inquiries, and for publicizing the activities of the CGC at the farm level.

The Western and Eastern Grain Standards Committees, made up of producer and industry representatives as well as the CGC's technical experts, are responsible for reviewing and recommending grade standards.

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

Planning Context

The Canadian grain industry operates in a climate of constant change. Canada's quality assurance system must be able to adapt to change while continuing to provide buyers with grains, oilseeds and pulses of consistent quality. This is particularly important considering Canada exported more than \$23.0 billion dollars worth of food products in 2000. This accounted for 5.5% of Canada's total exports. Nearly one half of these exports were grains, oilseeds and related products with an estimated value of \$9.5 billion. The following outlines some of the major challenges confronting the CGC.

1. Pressures on Canada's visual grading system.

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

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

- Plant breeders would prefer a segregation system that would allow for greater flexibility in breeding. The kernel type requirements of KVD reportedly restricts the ability of plant breeders to improve agronomic and quality characteristics in new varieties.
- New varieties are being developed with end-use quality characteristics that are different than the existing classes.
- Non-registered, non-visually distinguishable wheat varieties are sometimes grown in Canada when these varieties are perceived to have agronomic advantages such as higher yield. If these varieties are produced in sufficient quantities and have end-use

quality characteristics that are very different from the classes they resemble, they have the potential to compromise the effectiveness of the entire quality assurance system.

2. The development of genetically modified grains and oilseeds.

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

3. Structural changes in the Canadian grain industry.

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

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

4. Increased consumer concerns about food safety.

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

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

In 2001, the Government of Canada committed itself to an agriculture policy framework for the 21st century. This framework is designed to increase Canada's share of

international food markets, assure Canadians about the safety of their food, and provide producers with the skills and knowledge necessary to manage the risks of farming.

At least two areas outlined in the policy framework relate to the CGC's mandate. These are national food safety programs, and increased transfers of science and technology to industry and producers. Focusing on these priorities will give Canadian agriculture access to markets requiring traceability documentation, and encourage innovative practices amongst producers and industry. The CGC's certification of grain quality plays an important role in the marketing of Canadian grain abroad. Presently we are working to develop a national Identity Preserved (IP) audit and certification program. We are also cooperating with industry to introduce non-visual segregation and traceability within the bulk grain handling system. Together these initiatives demonstrate a commitment by the CGC to develop plans and priorities that will complement the government's agriculture policy framework.

Department Planned Spending

(\$ thousands)	Forecast Spending 2001- 2002	Planned Spending 2002- 2003	Planned Spending 2003- 2004	Planned Spending 2004- 2005
Budgetary Main Estimates	62,550	66,835	62,235	47,635
Non-budgetary Main Estimates	0			
Less: Respendable revenue	41,689	41,682	41,682	41,682
Total Main Estimates	20,861	25,153	20,553	5,953
Adjustments **	522			
	21,383	25,153	20,553	5,953
Less: Non-respendable revenue	0	0	0	0
Plus: Cost of services received without charge	2,793	3,007	3,093	3,090
Total Planned Spending	24,176	28,160	23,646	9,043
Full Time Equivalents	760	790	790	790

** Adjustments are to accommodate approvals obtained since the Main Estimates and include Supplementary Estimates

This table represents the global planned spending for the CGC. This total planned spending includes the Revolving Fund, Appropriation, and Services received without charges.

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

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

In pursuit of this objective, the CGC has organized its plans and priorities around the following four strategic outcomes:

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

Working towards these strategic outcomes will demonstrate the benefits drawn from CGC services. To illustrate the significance of each strategic outcome, the CGC has identified planned results. The information provided below details the activities and resources needed to obtain each strategic outcome.

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

Number of full-time equivalents employed: 604

Planned Resources: \$48,777,700

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

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

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

Related Activities	Timeframe
Develop plans, in consultation with plant breeders, producers, and the grain handling industry, to make the quality assurance system less dependent on visual grading.	Began in 1999/2000; ongoing throughout the next 4 years as required.
Develop testing process for monitoring cargoes to ensure that the identity of grains shipped under identity preserved (IP) systems is preserved, and that non-visually distinguishable varieties have not contaminated bulk shipments	Ongoing
Develop and recommend a variety declaration system in partnership with industry. An affidavit system would identify non-visually distinguishable varieties making the quality assurance system less dependent on visual grading	August 2003
Continue to develop and implement methods for identifying genetically modified grains and oilseeds.	Ongoing
Continue to develop and implement methods for protein-based and DNA-based variety identification.	Ongoing
Continue to develop and implement near-infrared spectroscopy and digital imaging technology as methods to assess grading criteria and end-use quality.	Ongoing
Partnering with the Canadian Seed Institute on the Market Delivery Value Assurance Program. This program will strengthen existing IP systems by providing voluntary third-party audit and certification services.	Implementation expected in 2003
Continue collaborative and jointly funded research to develop methods for automated quality testing (AQT). Once developed these methods will be transferred to industry where they can support and improve the overall efficiency of IP systems, grain grading, handling and segregation according to end use.	Ongoing.

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

Related Activities	Timeframe
Develop internationally recognized methods for evaluation of pulse quality in collaboration with Canadian and Australian researchers.	Results progressively made available over the next 2 years.

Increase quality testing to widen the basis of CGC certification to meet the needs of specialized niche markets.	Ongoing as markets require.
Meet growing industry demands for consistent, accurate analytical testing services by making routine analytical tests available in regional offices and service centres.	Ongoing as markets require.

Planned Result: Monitor and detect pesticide residues, mycotoxins, heavy metals and fungi to continue to ensure Canadian grain shipments meet the strictest international food safety tolerances.

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

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

Related Activity	Timeframe
Obtain ISO 9002 certification for key quality and quantity assurance services.	To be completed by June 2002

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

Related Activity	Timeframe
Implement the recommendations made by the committee reviewing producer representation on the Western Grain Standards Committee.	Starting 2002
Develop, change and set grain quality standards in partnership with the grain industry through the Western and Eastern Grain Standards Committee meetings.	Annually

Strategic Outcome # 2: Fair, open grain transactions

Number of full-time equivalents : 42

Planned resources: \$4,332,084

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

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

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

Related Activities	Timeframe
Develop, change and set grain quality standards in partnership with the grain industry through the Western and Eastern Grain Standards Committee meetings.	Annually
Continuously improve the dissemination of information of the grain quality and safety of each year's crop through, for example, the posting of information on the CGC's web site.	Ongoing
Begin arbitrating, on request, tariff disputes between the Canadian Wheat Board and members of the grain handling industry.	Commencing 2002; available as needed

Planned Result: Fair, enforceable and uniformly applied regulations.

Related Activity	Timeframe
Review the <i>Canada Grain Act</i> . A review of the Act will provide the CGC with an appropriate framework to fulfill its responsibilities to producers, industry, and Canadians as a whole in light of the dramatic changes in the grains, oilseeds and pulses sector.	Review to commence in 2002
Review regulations under pressure as a result of changes in the grain handling industry. Change or eliminate regulations that are no longer relevant, enforceable, or contributing to the effective operation of a quality assurance system.	Ongoing

Strategic Outcome # 3: The protection of producers' rights

Number of full-time equivalents: 10

Planned resources: \$1,002,132

The CGC licenses and regulates the prairie primary elevators, grain dealers and process elevators. This regulatory activity contributes to the fair treatment of western Canadian producers. In addition, quality arbitration is available for producer deliveries to primary elevators.

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

Planned Result: Protection of producers from grain company defaults.

Related Activity	Timeframe
Streamline licensing processes to encourage more grain companies to become licensed.	By August 2002
Information campaigns that promote the benefits of dealing with CGC licensed grain companies. Producers dealing with CGC licensed grain companies are eligible to collect security in the event of a grain company bankruptcy or a failure to pay	Ongoing

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

Related Activities	Timeframe
Mediating and/or arbitrating producer complaints concerning transactions with grain companies.	Ongoing
Develop methods to ensure that producers retain their right to grain quality arbitration by the CGC if they do not agree with the grade assessed by the primary elevator manager.	By August 2003

Planned Result: Maintenance of producer delivery options.

Related Activities	Timeframe
Responding to the growing demand for producer cars. Producer cars introduce an additional degree of competition to the grain handling industry.	Ongoing

Develop a long-term strategy for dealing with producer car loading facilities. The emergence of producer car loading facilities has presented a structural change to the grain handling system to which the CGC must respond.	2002
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Strategic Outcome #4: Sound Agency Management

Number of full-time equivalents: 115

Resources: \$11,111,477

As important as consistent grain quality is for maintaining Canada's market advantage, it cannot be at any price. The CGC is committed to fulfilling its mandate in the most efficient and effective manner possible. Success in this area will be measured by tracking the costs of operations.

Planned Result: Efficient, secure, cost effective service.

Related Activities	Timeframe
Create a business plan that will examine CGC programs and services; and address the longterm legislative and financial framework for the CGC .	By June 2003
Continue to refine the CGC's costing model to improve management of user charges and enhance public confidence in the administration of user charges.	2002
Develop and implement plans to improve client satisfaction by 10% through the expanded use of service standards and reliable measures of client satisfaction with key services.	By 2005
Achieve Government On-line objectives.	By December 2004
Rationalize the storage and handling of operational data to improve decision making, reduce the duplication of activities and reduce costs.	By December 2004
Develop business resumption plans to make the delivery of CGC services more reliable and secure.	2002/03
Develop and implement modern comptrollership at the CGC by shifting from a solely financial perspective to a broader, more integrated management approach that includes leadership, control systems, performance information, integrated risk management, human resource management, and values and ethics.	Started in 2001; to be completed by 2004

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

Related Activities	Timeframe
Respond to Canadian Human Rights Commission audit and achieve compliance with the Employment Equity Act.	2002/03
Continue developing succession plans in areas where future employee shortages are expected to occur.	Ongoing

Section 4: Concluding Remarks

Our strategies to meet the changing needs of grain markets, ensure fair, open grain transactions, protect producers' rights, and develop sound agency management are listed throughout. In some cases, our 2002-03 plans and priorities represent a continuation from previous plans. For example, many of the activities associated with Canada's grain quality assurance system, or protecting the rights of producers are ongoing efforts. Ongoing initiatives in areas such as these are needed to fulfill the CGC's mandate.

In addition, we have also outlined a number of new activities to deal with CGC operations and their relation to the Canadian grain industry. Some of these activities include:

- Developing a variety declaration system
- Partnering with the Canadian Seed Institute on the Market Delivery Value Assurance Program
- Developing internationally recognized methods for evaluation of pulse quality in collaboration with Canadian and Australian researchers
- Arbitrating tariff disputes between the Canadian Wheat Board and members of the grain handling industry
- Devise a business plan that will include a review of the *Canada Grain Act*
- Developing a long-term strategy for dealing with producer car loading facilities
- The development of client satisfaction service standards
- Developing and implementing modern comptrollership strategies
- A review of the CGC's financing and organizational structure

The Canadian grain industry is a changing and dynamic environment. Accordingly, the CGC must respond to this change and adapt to its surroundings. Initiatives such as reviewing the *Canada Grain Act*, examining our organizational structure and developing a plan to restructure our financing will allow the CGC to continue working in the long-term interests of the Canadian grain industry.

Annex 1: CGC partnerships

CGC partnerships

Key partners

Industry Partners

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

Portfolio Departments and Agencies

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

Other government departments

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

Foreign

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

Areas of cooperation

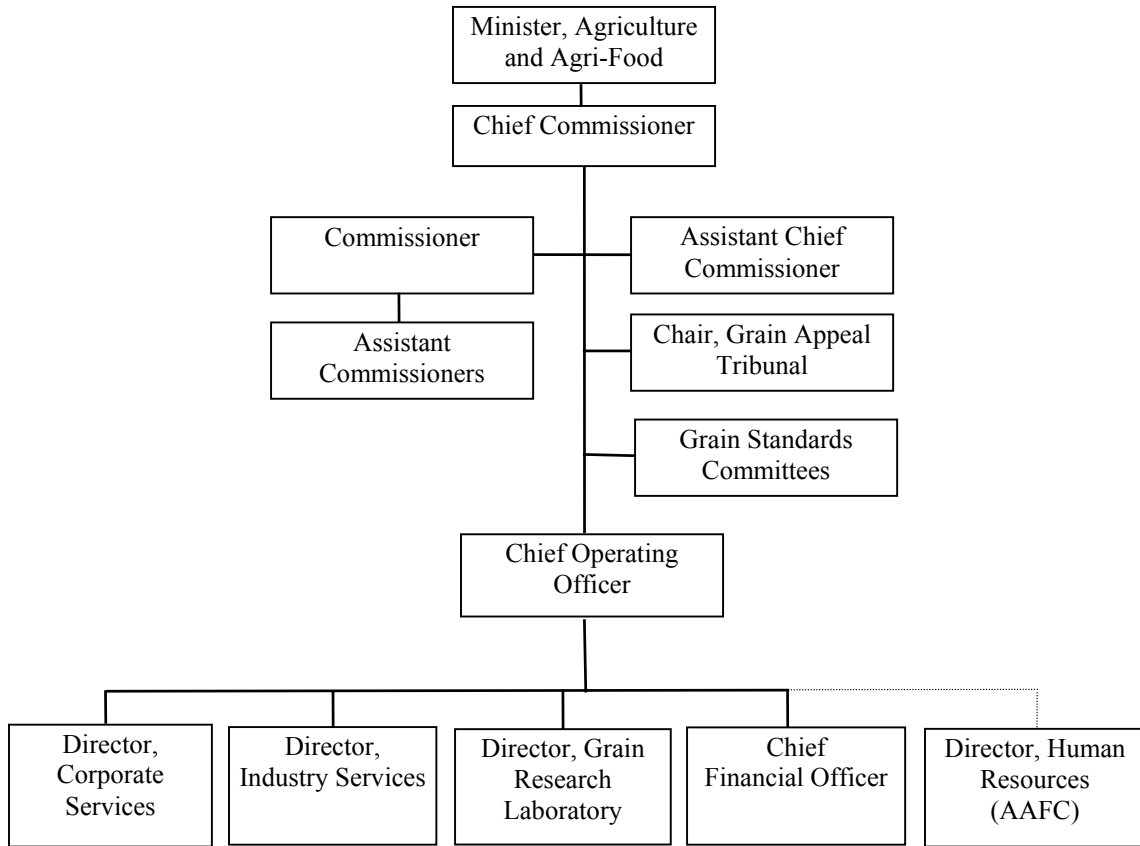
Setting grain quality standards
Operation of the grain quality assurance
system
Development and implementation of
policies and regulations
Sharing market information
Market development and support
Research and technology transfer
Auditing industry IP systems

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

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

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

Annex 2: Organizational Structure



Annex 3: Government Wide and Horizontal/Collective Initiatives

Government Wide and Horizontal/Collective Initiatives	Goal of the Initiative	List of Partners	Money allocated by Partners (\$ 000's)	Planned Results
1) Modern Comptrollership <ul style="list-style-type: none"> • To be Implemented in 2001 – 2004 • Results to be reported in 2002, 2003, 2004 Departmental Performance Reports 	To implement Modern Comptrollership principles at the Canadian Grain Commission.	Canadian Grain Commission Treasury Board Secretariat	148 150 (in kind)	For Fiscal Year 2002-2003 <ol style="list-style-type: none"> 1) Baseline Capacity Assessment completed 2) Gaps identified 3) Action Plan created

In 2001-2002, the CGC began working on the Modern Comptrollership initiative. This initiative will assist us in developing strategies for integrated decision making and the sound management of resources. A Project Management Office, along with a working committee, has been established to assist with this initiative. Funding has been provided by the Treasury Board Secretariat and the Canadian Grain Commission (designated staff costs in kind). The expected completion date for this initiative is 2004-2005.

Annex 4: Financial Information

Summary of Capital Spending by Program and Business Line

(\$ thousands)	Forecast	Planned	Planned	Planned
	Spending	Spending	Spending	Spending
	2001-	2002-	2003-	2004-
	2002	2003	2004	2005
A grain quality assurance system that enhances grain marketing in the interest of producers	1,523	3,000	4,000	4,000

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

Source of Respendable Revenue

(\$ thousands)	Forecast	Planned	Planned	Planned
	Revenue	Revenue	Revenue	Revenue
	2001-	2002-	2003-	2004-
	2002	2003	2004	2005
A grain quality assurance system that enhances grain marketing in the interest of producers				
Inspection, Weighing, Registration, Cancellation	34,609	40,152	40,246	40,240
Licenses and Other Revenue	1,972	1,530	1,436	1,442
Appropriation	20,965	25,153	20,553	5,953
	<u>57,546</u>	<u>66,835</u>	<u>62,235</u>	<u>47,635</u>

This table identifies all sources of Revenue generated including Appropriation Funds.

Net Cost of Programs(s) for the Estimates Year

Planned Spending (Budgetary and Non-budgetary Main Estimates plus adjustments (\$thousands))	
<i>Plus Services Received without Charge</i>	
Contributions covering employees' share of employees' insurance premiums & expenditures paid by TBS	2846
Workmans compensation coverage provided by Human Resources Canada	161
	<u>3007</u>

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

Revolving Fund - Statement of Operations

(\$ thousands)	Forecast 2001- 2002	Planned 2002- 2003	Planned 2003- 2004	Planned 2004- 2005
Responsible Revenue	36,581	41,682	41,682	41,682
Expenses				
Operating:				
Salaries and employee benefits	32,874	32,196	34,927	33,629
Depreciation	964	2,018	1,893	1,823
Repairs and maintenance	121	200	165	231
Administrative and support services	2,300	6,830	3,558	4,586
Utilities, materials and supplies	494	814	671	940
Marketing	32	53	44	61
Interest	0	1	0	0
	<u>36,785</u>	<u>42,112</u>	41,258	41,270
Surplus (Deficit)	(204)	(430)	424	412

This table represents the allocation of the costs associated with the Responsible revenue generated through fees and contracts.

Revolving Fund – Statement of Cash Flows

	Forecast 2001- 2002	Planned 2002- 2003	Planned 2003- 2004	Planned 2004- 2005
Surplus (Deficit) (\$thousands)	(204)	(430)	424	412
Add non-cash items				
Depreciation/amortization	964	2,018	1,893	1,823
Others	456	448	481	463
Investing activities:	(964)	(1,909)	(2,671)	(2,571)
Acquisition of depreciable assets				
Cash surplus (requirement)	252	127	127	127

This table represents the conversion of financial statement information from book value to a cash requirement basis.

Revolving Fund – Projected Use of Authority

(\$ thousands)	Forecast 2001- 2002	Planned 2002- 2003	Planned 2003- 2004	Planned 2004- 2005
Authority	2,000	2,000	2,000	2,000
Drawdown :				
Balance as at April 1	9,960	3,384	(15)	(6,497)
Operating (deficit) / surplus	(6,828)	(3,526)	(6,609)	(20,353)
Projected surplus (Drawdown)	252	127	127	127
	3,384	(15)	(6,497)	(26,723)
Projected Balance at March 31	5,384	1,985	(6,497)	(26,723)

This table represents the projected surplus (drawdown), which is made up of the cumulative net surplus (drawdown) plus a \$2 million.