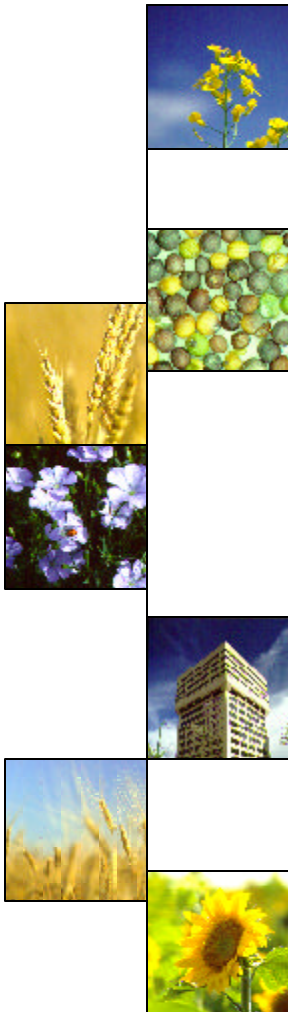




Organization and Operations of the Canadian Grain Commission



Organization and Operations of the

Canada is known worldwide as a supplier of quality grain.

Why are we so successful? Our edge in the marketplace has always been quality and consistency. A miller who buys Canadian wheat knows how that wheat will perform, year after year. Each lot of grain does not have to be tested, because each lot will perform exactly the same as previous lots of the same wheat.

This kind of quality and consistency does not happen by accident. Much of the responsibility for the quality of Canadian grain belongs with the Canadian Grain Commission.

In Canada, grain is most often wheat, and wheat often is turned into bread—whole wheat bread, crusty bread, white bread, French bread, Italian bread, bannock, sourdough bread, pita bread, chapatis, tortillas, hot cross buns, hamburger buns. But there's more. Canadian grain products include pasta, noodles, mustard, licorice, sprouts from mustard, flax, beans, and chick peas, oils from canola, flax, sunflowers, corn and wheat germ, soups from barley, wheat, lentils and peas, porridge, muffins, cakes, biscuits, cookies, crackers, couscous, hummus, kasha, tabouli, and beer. From barley to wheat, if it's grain grown in Canada, the CGC ensures its quality.

The next time you pick up a food product in your grocery store, look for the grain. It'll probably be there, and, if it's Canadian, you'll know it's good, and the Canadian Grain Commission helped to make it that way.

How do we ensure this quality? We test potential new varieties. We set standards for grain delivered to country elevators and to all the other elevators that handle grain, and we monitor its quality, until it is delivered to processing plants and mills or loaded onto ships. We make sure that the grain is free of pesticides, insects, mould, and anything else that might harm consumers or interfere with processing quality.

How we came to be

The need for assuring grain quality in western Canada goes back to the 1880s. The railways brought farmers west and took their grain back east. The grain industry grew very quickly to accommodate the ever-increasing volume of grain and to ensure its quality. To respond to a need to regulate this expanding industry, the government proclaimed the Canada Grain Act in 1912. The CGC was born.

In 1912, the CGC was called the Board of Grain Commissioners. Its headquarters were in Fort William, Ontario. The headquarters were moved to Winnipeg in 1930. The Board of Grain Commissioners was renamed the Canadian Grain Commission in 1971. The Canadian Grain Commission is an agency of the Government of Canada. As a federal agency, we are expected to bring in revenue for the services we provide to the grain industry.

Today, the CGC is organized into four areas: Industry Services, Grain Research Laboratory, Executive, and Corporate Services. We have over 700 employees across Canada. Our annual budget is about \$55 million, most of which comes from fees for services.

The flow of grain

The CGC offers a number of services to the grain industry as grain makes its way from the producer's field to markets. Most often, producers deliver their grain to a local primary elevator. The CGC establishes the grading guidelines that operators of primary elevators must use. Producers also deliver directly to process elevators or load grain themselves into railcars for direct shipment to terminal elevators.

Individual producers' deliveries are generally mixed and grain is shipped in large lots. This bulk handling helps keep costs down. However, because the identity of each producer's grain is lost almost immediately, it is important that grading at the primary elevators is done quickly and fairly. Industry Services provides a dispute resolution service when producers and buyers disagree on grades.

When grain is unloaded at terminal elevators and some transfer elevators, CGC staff grade the grain and register its receipt. They follow similar procedures when grain leaves the elevators. Grain leaving terminal and transfer elevators is bound for domestic or export customers, usually by ship or laker.

Canadian grain is graded by its visual characteristics. These grades are carefully established to describe the processing qualities of the grain. The Certificate Final issued for each export shipment of grain is internationally recognized and accepted as Canada's assurance that what our customers buy is what they are expecting. When buyers purchase grain from other countries, they may wish to see the actual grain they are buying before they close the deal. When they purchase Canadian grain, they need only the Certificate Final.



Canadian Grain Commission

Executive

The Executive sets policy and provides general direction for the work of Corporate Services, Industry Services and the GRL.

Three Commissioners set policy and carry out the broad objectives and provisions of the Act. Assistant commissioners in Canada's major grain-growing areas deal with inquiries from producers and the grain industry and publicize CGC activities in their regions. These positions are appointed by the Governor in Council.

Operations are headed by a Chief Operating Officer who provides overall direction for the activities of Industry Services, the Grain Research Laboratory, and Corporate Services.

Industry Services

Industry Services ensures that Canadian grain meets visual quality standards. At elevators, CGC staff inspect and grade grain and perform other services to ensure the quality of grain is maintained as it moves through the handling system. We also have service centres across the prairies, and regional offices in Vancouver, Winnipeg, Thunder Bay, Chatham and Montreal.

Industry Services staff perform a number of support functions for the Canadian grain industry.

- They ensure the visual quality of grain, by inspecting and grading samples of all grain according to legislated standards. They ensure grain is clean and free of hazardous substances and insects. If required they supervise grain treatment or fumigation. They also administer a protein segregation program.
- Each fall, they collect samples of various grades of all grains and prepare grade standard samples for consideration by the Grain Standards committees.
- They oversee the operation of elevators. They inspect scales and some other equipment and facilities in licensed terminal and transfer elevators.
- They monitor the integrity of the grain handling system by
 - ensuring accurate weighing of all shipments handled by terminal elevators
 - investigating overages or shortages of railcar or vessel cargoes
 - registering and cancelling grain elevator receipts as grain is moved into and out of terminal elevators
 - audits of all grain stocks in terminal and transfer elevators
- They provide services to producers through service centres spread across the prairies.
- They also allocate railcars to producers so that producers can load their own railcars and ship directly to terminal elevators or domestic markets.

Minister of Agriculture
and Agri-Food Canada



Barry Senft
Chief Commissioner



Doug Stow
Assistant Chief Commissioner



Albert Schatzke
Commissioner



Dennis Kennedy
Chief Operating Officer

Industry
Services

Corporate
Services

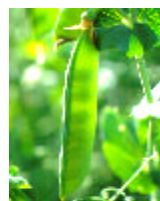
Grain Research
Laboratory

Grain Research Laboratory

The Grain Research Laboratory (GRL) is an internationally acclaimed research centre and the major Canadian centre for research on the quality of grain. Its scientists ensure that the processing quality of grain is maintained from cargo to cargo and from year to year, and they also engage in research to expand our scientific knowledge of what constitutes quality in grain.

The laboratory performs a number of services, including

- Conducting annual harvest surveys on Canadian cereal grains and oilseeds—these surveys are a major source of information for our customers
- Monitoring the quality of grains and oilseeds moving through the handling system and publishing quality data for cargoes shipped from Canadian ports—these reports are published on our Web site as well as in booklets
- Assessing the quality of plant breeders' selections and making recommendations about which selections should be approved as new varieties for growing in Canada
- Conducting research on grain and grain products—it answers such questions as what qualities in canola make the best oil, or what wheat makes the best noodles
- Providing specialized services, such as certifying that grain samples are free from unacceptable levels of undesirable substances such as pesticides.



Corporate Services

Corporate Services is responsible for internal services, such as administration, finance, communications and information technology, and they provide policy advice. Responsibilities include

- Maintaining and publishing statistics on grain handling, storage and movement—the CGC is a major source of statistics for the grain industry in Canada
- Providing library services—the CGC’s library maintains books and journals on all aspects of the grain industry, and is a major source of information for the industry and for employees
- Managing the licensing of grain dealers and elevator companies—the licensing unit ensures that licensees have enough money to cover payments to producers who have delivered grain to them.

Grain elevators

The CGC licenses elevators in western Canada and grain dealers who purchase directly from western Canadian farmers. The Canada Grain Act limits our authority to grain dealers and terminal, primary and process elevators from Thunder Bay west. Grain dealers buy and sell western grain for profit, for themselves or others. They are not required to operate handling or storage facilities. We have authority over transfer elevators in eastern Canada.

The CGC oversees delivery only at terminal and transfer elevators and publishes maximum charges for services offered by elevators and for the use of elevator space. We may also arbitrate in disputes over grain quality between buyers and sellers of grain.

Primary elevators are those that receive grain directly from producers. The elevator manager grades the grain as it is delivered.

Terminal elevators are located at Thunder Bay, Vancouver, Prince Rupert and Churchill. Grain is officially inspected by CGC staff as it is received at these elevators. It is stored at these terminals until it is moved for domestic or export use.

Transfer elevators are located along the St. Lawrence Seaway and the St. Lawrence River and at Halifax. They primarily handle western grain destined for export.

Process elevators process grain and oilseeds for human consumption. They include flour mills, oilseed crushing plants, and malt houses.

Grain Appeal Tribunal

A Grain Appeal Tribunal receives appeals from producers and grain companies dissatisfied with grain grades assigned by CGC inspectors. The chair of the Tribunal is a qualified CGC grain inspector, but acts independently of the CGC. Other members of the Tribunal are selected from the grain industry.

Grain Standards committees

Two Grain Standards committees, one in eastern Canada and one in western Canada, meet regularly to make recommendations about changes to grade specifications and to discuss grain quality issues. These committees are composed of producers, grain handlers and marketers, and representatives from Agriculture and Agri-Food Canada and the CGC.

One of the committees’ major functions each year is to approve the primary and export standard samples that are to be used as visual guides in the grading and marketing of that year’s crop.

Business Group

The Business Group works with other areas of the CGC on domestic business development and carries out international consulting assignments.

For more information

For more information about the CGC, visit the CGC web site, www.cgc.ca.

In Winnipeg, call 983-2770.

Outside Winnipeg, call 1-800-853-6705.

Fax to (204) 983-2751.

