



Canadian Grain Commission
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Canadian Grain Commission

March 31, 2005

Departmental Performance Report

The Honourable Andy Mitchell
Minister, Agriculture and Agri-Food

Canada

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SECTION I – OVERVIEW

Minister's message

I am pleased to submit to Parliament and Canadians the Canadian Grain Commission's (CGC) Departmental Performance Report for the fiscal year 2004-2005. This report details how the CGC used its resources from April 1, 2004 to March 31, 2005 to regulate grain handling and establish and maintain grain standards, while protecting the interests of producers and ensuring a dependable commodity for domestic and export markets.



Canada is known around the world for the quality, reliability, consistency and safety of its grain exports. These are key factors in permitting Canadian exporters to market effectively in today's highly competitive and constantly evolving international grain markets.

This competitive advantage is enhanced through elements of the Agricultural Policy Framework (APF) which aims to brand Canada as the best in the world in terms of food safety, quality, and environmental sustainability. The CGC supports the goals of the APF by ensuring grain and grain products meet appropriate standards while assisting Canadian grain producers in receiving maximum value for their products.

The CGC must deliver these responsibilities in an industry that is changing at an unprecedented pace. This report outlines the major challenges and responsibilities of the CGC and depicts how they are being addressed.

The Honourable Andy Mitchell
Minister, Agriculture and Agri-Food

Chief Commissioner's message

Welcome to the Canadian Grain Commission's (CGC) 2004-2005 Departmental Performance Report.

Canada has a strong reputation for supplying domestic and world markets with safe, high quality grain. The CGC's role in providing assurance of grain quality, quantity, and safety are integral in helping Canada maintain this reputation. As a result, the CGC plays a key role in achieving a "Canada Brand" for grains. Customers are assured that a CGC certificate on a grain shipment is synonymous with consistency and quality.

The CGC makes regulations that contribute to maintaining the integrity of the Canadian grain industry and support the rights of domestic producers.

The 2004-2005 fiscal year has presented the CGC with many challenges: pressures on Canada's visual grading system, increased consumer concerns about grain safety, and adverse trade rulings. The CGC continued to deliver its mandate despite these challenges and a poor crop production year which continued to increase the demands on CGC resources. Highlights of some of our accomplishments during the past fiscal year include:

- The CGC initiated and continued to develop its integrated Wheat Quality Assurance Strategy (WQAS) to address the challenges of visually indistinguishable nonregistered wheat varieties and the constraints that kernel visual distinguishability (KVD) imposes on the development and handling of non-milling wheats. The WQAS includes:
 - An international symposium to be held in June 2005 to focus on the challenge of grain variety identification (VID) and the development of rapid, cost-effective testing and methods to meet changing grain quality assurance needs.
 - Continued monitoring of railcar unloads and vessel shipments of wheat for the presence of nonregistered (ineligible) varieties.
 - The CGC participated in an ineligible varieties working group with members of the Western Grain Elevator Association (WGEA) and the Canadian Wheat Board (CWB). The working group is investigating the potential introduction of an industry Quality Management System that would have the CGC monitor and audit logistical processes in order to minimize the likelihood of grain shipments not meeting the CGC's grading requirements for ineligible varieties.
 - A proposal to restructure some of the minor wheat classes in order to facilitate the registration and handling of high yielding, non-milling wheats which currently cannot be registered because of KVD. The proposal will be circulated for stakeholder discussion in June 2005.
- The CGC, Agriculture and Agri-Food Canada, Transport Canada and International Trade Canada developed an integrated approach to bring Canada into compliance with its WTO (World Trade Organization) grain related obligations by August 2005. The entry authorization for licensed grain elevators to accept foreign grain as well as the mixing restrictions in the *Canada Grain Act* will be repealed. The proposed new regulations that apply to all grain, whether domestic or foreign, will support and ensure that the integrity and policy objectives of the Canadian grain quality assurance system are maintained.

- An initiative was undertaken that will align the CGC with its legislative obligations under the *Canada Grain Act* and support two of the CGC's strategic outcomes: producer protection and the maintenance of the grain quality assurance system. As part of the "Licensing Compliance Plan" the CGC worked closely with industry to build a collective approach to licensing and security and identify and evaluate alternative security instruments that are more affordable to industry while still providing adequate protection to producers. A payables insurance policy is available to licensees as an alternative to the bonds and letter of credit that licensees must post with the CGC.
- Following a two-year research project, a rapid and objective testing method was developed that allows for the prediction of long-term storage capability of individual lots of malting barley. The method uses rapid visco analysis (RVA) to detect and measure the degree of pre-germination in barley. This information can help companies make decisions about selected barley in storage and could reduce risk in marketing for producers, marketers, grain companies and malting companies.
- The value of the annual harvest survey was again recognized as it enabled the CGC to alert both the trade and customers to the degree of quality damage to prairie crops.

I invite you to read this report to learn more about these accomplishments and how the CGC carried out its mandate last year.



Chris Hamblin
Chief Commissioner
Canadian Grain Commission

Management representation statement

I submit, for tabling in Parliament, the Canadian Grain Commission's Departmental Performance Report (DPR) for the period ending March 31, 2005.

This document has been prepared based on the reporting principles contained in the Treasury Board of Canada Secretariat's *'Guide for the Preparation of 2004-2005 Departmental Performance Reports'* and:

- adheres to the specific reporting requirements
- uses an approved Program Activity Architecture (PAA)
- presents consistent, comprehensive, balanced and accurate information
- provides a basis of accountability for the results pursued or achieved with the resources and authorities entrusted to it, and
- reports finances based on approved numbers from the Estimates and the Public Accounts of Canada



Gordon Miles
Chief Operating Officer

Summary information

Mandate

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.

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 Andy Mitchell, 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 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, 2005, the CGC employed 621 full-time equivalents.

The CGC may have up to six Assistant Commissioners for the main grain producing areas of Canada, also appointed by the Governor in Council. At present, the CGC has four Assistant Commissioners, but typically five are appointed. 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 detail on the CGC's organizational structure.

The CGC enhances grain marketing in producers' interest through the inspection, weighing, research and producer support programs and services identified in the strategic outcomes in Section II. The uniform provision of these programs results in equitable grain transactions and consistent and reliable grain shipments. Funding for CGC programs and activities is primarily through a combination of revolving fund and appropriation sources.

Total Financial Resources:

Planned \$(000's)	Authorities \$(000's)	Actual \$(000's)
63,436	63,472	63,285

Total Human Resources:

Planned	Actual	Difference
675	621	54

Overall departmental performance

The priorities and resulting performance of the CGC reflect the continual changes in the Canadian grain industry and work towards meeting evolving industry needs. The CGC is confident that the results listed throughout the DPR illustrate how the CGC has worked in the long-term interests of the Canadian grain industry including producers.

Summary of Performance in Relationship to Departmental Strategic Outcomes and Priorities

Strategic Outcomes	Type	Planned Spending (000's)	Actual Spending (000's)	Expected Results
<p>Strategic Outcome 1 A grain quality assurance system that addresses the changing requirements of domestic and international grain markets</p> <p><u>2004-2005 Priorities</u></p> <p>1. Delivery of inspection services that meet the legislative mandate of the <i>Canada Grain Act</i> and the requirements of the grain industry from producers to customers</p> <p>2. Scientific and technical support of the quality assurance system</p> <p>3. A grain quality assurance system able to deal with both visually distinguishable and indistinguishable varieties; and the capacity to segregate grain by specific characteristics</p>	ongoing	\$40,620	\$39,186	<ul style="list-style-type: none"> • A grain quality assurance system that enhances marketing in the interest of producers and industry • Effective delivery of inspection services • Customer satisfaction with the Canadian grain quality assurance system • Meet growing industry demands for consistent, accurate analytical testing and services • Provision of grain safety assurances on Canadian grain to marketers and buyers • Improved capacity to identify the variety composition of wheat shipments and enable segregation for variety specific shipments • Preserve the identity of grains shipped under IP systems and verify that visually indistinguishable varieties have not reduced the quality of bulk shipments

Strategic Outcomes	Type	Planned Spending (000's)	Actual Spending (000's)	Expected Results and Current Status
<p>Strategic Outcome 2 A grain quantity assurance system that addresses the changing needs of the grain industry <u>2004-2005 Priorities</u> 1. Delivery of weighing services that meet the legislative mandate of the <i>Canada Grain Act</i> and the requirements of the grain industry from producers to customers</p> <p>2. Technical support of the quantity assurance system</p>	ongoing	\$11,998	\$12,092	<ul style="list-style-type: none"> • A grain quantity assurance system that enhances marketing in the interest of producers and industry • Increased grain quantity information and management of grain stocks in the primary elevator system • Accurate terminal and transfer elevator transactions • Meet specific industry and buyer needs • Increased marketability of Canadian grain
<p>Strategic Outcome 3 Research and development that supports the grain quality assurance system <u>2004-2005 Priorities</u> 1. Research that supports the grain quality assurance system</p> <p>2. Research that supports emerging issues in the grain quality assurance system</p> <p>3. Evolution of grain standards that meet changing industry needs</p>	ongoing	\$8,372	\$8,345	<ul style="list-style-type: none"> • Support of the grain quality assurance system in meeting international marketing requirements • Improved measurement of grain quality; fast, accurate, economical and meaningful methods for evaluating grain quality • Provision of grain safety assurances on new factors to international and domestic markets • Diversification of end-uses of Canadian grain
<p>Strategic Outcome 4 The protection of producers' rights <u>2004-2005 Priorities</u> 1. Administer a licensing and security system</p> <p>2. Fair treatment of producers by grain companies and dealers</p> <p>3. Fair administration of producer car delivery options</p> <p>4. Provision of grain quality information to producers</p>	ongoing	\$2,446	\$3,662	<ul style="list-style-type: none"> • An enhanced licensing program that ensures compliance with the <i>Canada Grain Act</i> • Regulations that are relevant, enforceable, or contribute to the effective operation of a quality assurance system • Resolution of complaints concerning grain transactions • Provision of an alternate grain delivery mechanism on demand (producer cars) • Provision of technical information to support producer marketing and sales decisions

Canada's Performance 2004

Canada's Performance 2004 provides a results-based perspective on how Canada is performing as a nation in terms of six key areas of federal involvement – the economy; society, culture and democracy; health; the environment; aboriginal peoples; and Canada's place in the world. Each key area is subdivided into Government of Canada outcomes that federal departments and agencies are working to achieve.

The CGC's strategic outcomes directly contribute to the pursuit of two Government of Canada outcomes aligned with the key federal area 'Canada's Economy': *An Innovative and Knowledge-based Economy* and *A Secure and Fair 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.

Challenges

The following section outlines some of the major challenges that confronted the CGC during the reporting period. Addressing these challenges is vital in making significant progress towards the realization of not only the CGC's strategic outcomes, but also contributing to Government of Canada outcomes.

1. Pressures on Canada's visual grading system

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

- There are 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. KVD is an additional criterion plant breeders must incorporate in the development of new varieties.
- Nonregistered, visually indistinguishable varieties have the potential to compromise the quality of Canadian wheat shipments and the entire assurance system if they are misrepresented as a registered variety or accidentally enter the bulk handling system. They can also cause significant financial losses for grain handling companies and marketers. This is 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, pharmaceutical, 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.

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 continued to develop its integrated Wheat Quality Assurance Strategy (WQAS) that was initiated in December 2003. This strategy was composed of three elements:

1. *Development of rapid affordable variety identification technology*

During the reporting period, an international symposium was planned and organized for June 2005 to explore the evolution of grain quality assurance and focus on the challenge of grain variety identification (VID) and the development of rapid, cost-effective testing and methods.

In addition, both imaging and spectroscopic approaches were used in the development of methods moving towards objective analysis of quality to augment the visual grading system. Near infrared was used in exploratory investigations of grain colour and its ability to segregate red and white wheats and in the ability to predict Asian noodle properties. Such investigations can lead to grading segregations that are more attuned to market requirements.

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

The CGC continued to monitor wheat railcar unloads and vessel shipments for nonregistered varieties. The CGC participated in an ineligible varieties working group with members of the Western Grain Elevators Association and the Canadian Wheat Board. The working group is investigating the potential introduction of an industry Quality Management System that would have the CGC monitor and audit logistical processes in order to minimize the likelihood of grain shipments not meeting the CGC's grading requirements for ineligible varieties.

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

The CGC developed a proposal to restructure some of the minor wheat classes in order to facilitate the registration and handling of high yielding, non-milling wheats which currently cannot be registered because of KVD. The proposal will be circulated for discussion in June 2005.

For further information on this program refer to

http://grainscanada.gc.ca/newsroom/news_releases/2003/2003-12-19-e.htm

The CGC is also addressing KVD issues outside of cereal grains. There are pressures to develop yellow seeded (high linolenic acid) flax for the rapidly growing flax food industry although the yellow seeded characteristic was reserved 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 quality characteristic differences between the two are mutually exclusive. The CGC will continue to develop rapid methods and systems that can assist in the identification of varieties of different quality types.

2. The development of 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. This ability will also benefit exporters of Canadian food products given that there is a growing requirement to label products.

Since GM varieties may not always be visually distinguishable from non-GM varieties, the pressures have intensified on the visual grading system and the need to find an alternative method for the industry to use for identifying varieties for segregation. To address this challenge, the CGC is continuing to carry out research to validate GM detection methods.

3. Trade Issues

In September 2004 the World Trade Organization (WTO) Dispute Settlement Body adopted the original WTO Panel ruling with respect to Canada's policies on the handling of imported grain. The original WTO Panel found that the need to seek the CGC's approval for the entry of imported grain into licensed elevators and a mixing authorization were additional requirements for imported grain that were not imposed on some domestic grain, both of which were in breach of national treatment obligations.

The CGC, Agriculture and Agri-Food Canada, Transport Canada and International Trade Canada developed an integrated approach to bring Canada into compliance with its WTO grain related obligations by August 2005. For the grain handling issues, the proposed changes will repeal both the entry authorization for licensed grain elevators to accept imported grain, as well as the mixing restrictions in the *Canada Grain Act*. Instead, reporting and identification requirements will be enacted to allow the CGC to monitor that Canadian grain grades are not being applied to imported grain or mixes of Canadian and imported grain. These changes will support and maintain the integrity and policy objectives of the Canadian grain quality assurance system. These proposed changes will also facilitate Canada's compliance with its WTO obligations with respect to the treatment of imported grain.

4. Increased consumer concerns about grain safety assurance

Buyers of Canadian grain increasingly demand more rigorous, timely testing for chemical residues and trace elements on cargoes. 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. There is increasing national and international demand for this information from the CGC. Many international buyers are establishing traceability requirements increasing the importance of research aimed at developing new or adapting existing analytical methods.

The CGC has identified an increasing need to develop new and improved analytical methods for testing for chemical residues, natural toxins, and trace elements because of the growing complexity and sophistication of regulatory and technological requirements of importing countries. Japan has introduced a Food Sanitation Law that lists agricultural chemicals and their maximum toxic or harmful levels for all grains. Europe has also established the European Food Safety Authority to regulate food safety in Europe. Members of the European Union have embraced labelling and traceability of GM crops and food, and regulations are being enacted in member states. http://grainscanada.gc.ca/Grl/grain_safety/grain_safety-e.htm

To ensure there are no gaps in domestic grain safety assurance, the CGC is examining shared and overlapping responsibilities with such agencies as the Canadian Food Inspection Agency, Agriculture and Agri-Food Canada, Environment Canada, and Health Canada.

5. Increased domestic consumption and value-adding

The trend away from the export of grain as a raw commodity and toward increased domestic consumption and value-added processes continues. The challenge is to maintain export competitiveness while addressing the anticipated growth for feed, energy, industrial, and pharmaceutical uses of grain. Meeting these needs continues to require a corresponding change in the segregation systems that assure the quality of grain for different end uses.

Reporting Structure Crosswalk

The following table provides a crosswalk to demonstrate the changes in CGC reporting structure as these apply to our strategic outcomes and *Report on Plans and Priorities* commitments used for previous 2004-2005 reporting. The CGC's new PAA reporting method is directly comparable to previous reporting by strategic outcomes.

2004-2005					
Strategic Outcomes	Program Activity 1	Program Activity 2	Program Activity 3	Program Activity 4	Total
	A grain quality assurance system that addresses the changing requirements of domestic and international grain markets	A grain quality assurance system that addresses the changing needs of the grain industry	Research and development that supports the grain quality assurance system	The protection of producers' rights	
Related Financial Information:	\$(000,s)	\$(000,s)	\$(000,s)	\$(000,s)	\$(000,s)
Strategic Outcome 1					
Main Estimates	\$41,991				\$41,991
Planned Spending	\$40,620				\$40,620
<i>Total Authorities</i>	\$41,991				\$41,991
Actual Spending	\$39,186				\$39,186
Strategic Outcome 2					
Main Estimates		\$12,005			\$12,005
Planned Spending		\$11,998			\$11,998
<i>Total Authorities</i>		\$12,005			\$12,005
Actual Spending		\$12,092			\$12,092
Strategic Outcome 3					
Main Estimates			\$7,030		\$7,030
Planned Spending			\$8,372		\$8,372
<i>Total Authorities</i>			\$7,030		\$7,030
Actual Spending			\$8,345		\$8,345
Strategic Outcome 4					
Main Estimates				\$2,446	\$2,446
Planned Spending				\$2,446	\$2,446
<i>Total Authorities</i>				\$2,446	\$2,446
Actual Spending				\$3,662	\$3,662

**SECTION II - ANALYSIS OF PERFORMANCE 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 priorities and related activities. The four strategic outcomes are:

- **A grain quality assurance system that addresses the changing requirements of domestic and international grain markets**
- **A grain quantity assurance system that addresses the changing needs of the grain industry**
- **Research and development that supports the grain quality assurance system**
- **The protection of producers' rights**

To illustrate the significance of each strategic outcome, the 2004-2005 *Report on Plans and Priorities* identified key priorities, each with applicable financial and human resource requirements. Each priority had related ongoing and new activities, or services, with planned results and a timeframe. The CGC's achievements for each priority and related activity during the reporting period are detailed below.

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

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

Priorities:

1. Delivery of inspection services that meet the legislative mandate of the *Canada Grain Act* and the requirements of the grain industry from producers to customers
2. Scientific and technical support of the quality assurance system
3. A grain quality assurance system able to deal with both visually distinguishable and indistinguishable varieties; and the capacity to segregate grain by specific characteristics

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
40,620	41,991	39,186

Human Resources:

Planned	Authorities	Actual
431	431	397

An effective grain quality assurance system supports the enhanced marketing of Canadian grain, which benefits producers and the grain industry. Provision of grain inspection and grading services form a major part of the quality assurance system. The quality assurance system is supported by a strong scientific and technical base, including testing of grain, milling and baking, cooking and making various end-use products.

Grades allow buyers to identify end-use value without the need for end-use tests 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 CGC provides a process for appeal of inspections to producer car users, and primary, transfer and terminal elevators 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.

The CGC is addressing several major challenges facing the quality assurance system 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 are adapted to the end-use needs of international and domestic buyers of Canadian grain, and to the ongoing structural changes within the grain industry.

The CGC uses the following tools to gauge its success in achieving this strategic outcome:

- Tracking buyer complaints on the accuracy of CGC certification (cargo complaints) on a weekly basis, through a comprehensive database of grain unloads
- A monitoring and verification process for the inspection of grain (cargo quality monitoring program)
- Tracking the number of samples inspected and the number of grade changes on official re-inspections (appeals of official inspections)
- Feedback from the annual standards meeting with producers and the industry
- Tracking buyers' satisfaction with the consistency of Canadian grain quality through regular feedback garnered by CGC scientists and technical experts from overseas or domestic buyers and processors

1. Delivery of inspection services that meet the legislative mandate of the *Canada Grain Act* and the requirements of the grain industry from producers to customers

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
30,783	31,821	31,048

Human Resources:

Planned	Authorities	Actual
327	327	319

2004-2005 Related Activities	2004-2005 Results
Inspect grain prior to receipt at licensed terminal elevators or prior to export from terminal or transfer elevators	<ul style="list-style-type: none"> • The CGC inspected 198,459 railcars upon receipt at licensed terminal elevators. • The CGC inspected 36,680 railcars prior to receipt at licensed terminals (at primary elevators). • The CGC inspected 19,162,326 tonnes of grain prior to export from terminal and transfer elevators.
Develop, change, and set grain quality standards in partnership with the grain industry through the Western and Eastern Grain Standards Committee meetings	<ul style="list-style-type: none"> • Semi-annual meetings of the Western Grain Standards Committee (WGSC) were held in April and November. The WGSC is comprised of 12 producers, 6 members of the grain industry and government, plus an additional 4 members from the CGC. • The annual meeting of the Eastern Grain Standards Committee (EGSC) was held in November. The EGSC has representation from 4 producers, 5 other members from the industry and government, as well as 3 members from the CGC. • Both committees, as well as sub-committees, effectively functioned in recommending specifications for grades of grain and in selecting and recommending grain standards.
Prepare and use standards to grade grain	<ul style="list-style-type: none"> • Twelve standards and guides were prepared by the CGC, approved by the WGSC, and released in November to the grain industry in western Canada. All other pre-existing standards and guides were approved for continued use in crop year 2004-2005. http://grainscanada.gc.ca/newsroom/news_releases/2004/2004-12-07-e.htm • The EGSC approved one new guide prepared by the CGC for the use of the grain industry in eastern Canada. All other pre-existing standards and guides were approved for continued use in crop year 2004-2005. http://grainscanada.gc.ca/newsroom/news_items/2004/eastern-e.htm • Additionally, 5 standards with a Canada designation (for use across Canada) were approved.
Administer a national grain sanitation program	<ul style="list-style-type: none"> • Under the terms of a Memorandum of Understanding with the Canadian Food Inspection Agency (CFIA), the CGC conducted a total of 221 elevator inspections across Canada. • A total of 97,474 samples were monitored for infestation in the regional labs across Canada. This total includes 30,372 samples resulting from elevator inspections, 46,593 samples from unloads, 2,711 from submitted samples, and 17,798 samples from cargoes including shipments from primary elevators.
Manage a complaint resolution process for quality of grain cargoes	<ul style="list-style-type: none"> • The CGC certified the quality and quantity of 955 cargoes and investigated complaints from buyers regarding 69 of these cargoes. Upon thorough investigation of the loading process, including analysis of cargo samples and vessel loading documentation, the CGC's Chief Grain Inspector or Chief of Weighing concluded the complaints were unsubstantiated.

2004-2005 Related Activities	2004-2005 Results																																																									
Re-inspection of samples on industry request	<ul style="list-style-type: none"> From April 1, 2004 to March 31, 2005, the CGC processed 16,294 appeal requests as reported in the following table. <table border="1" data-bbox="565 363 1321 825"> <thead> <tr> <th></th> <th>Level of Appeal</th> <th>Grades Upheld</th> <th>Grades Changed</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Prairie</td> <td>Regional Inspector</td> <td>368</td> <td>144</td> <td>512</td> </tr> <tr> <td>Chief Grain Inspector</td> <td>207</td> <td>5</td> <td>212</td> </tr> <tr> <td>Grain Appeal Tribunal</td> <td>81</td> <td>15</td> <td>96</td> </tr> <tr> <td rowspan="3">Thunder Bay</td> <td>Regional Inspector</td> <td>3580</td> <td>1019</td> <td>4599</td> </tr> <tr> <td>Chief Grain Inspector</td> <td>974</td> <td>92</td> <td>1066</td> </tr> <tr> <td>Grain Appeal Tribunal</td> <td>391</td> <td>91</td> <td>482</td> </tr> <tr> <td rowspan="3">Eastern</td> <td>Regional Inspector</td> <td>340</td> <td>193</td> <td>533</td> </tr> <tr> <td>Chief Grain Inspector</td> <td>114</td> <td>4</td> <td>118</td> </tr> <tr> <td>Grain Appeal Tribunal</td> <td>46</td> <td>7</td> <td>53</td> </tr> <tr> <td rowspan="3">Pacific</td> <td>Regional Inspector</td> <td>4035</td> <td>2438</td> <td>6473</td> </tr> <tr> <td>Chief Grain Inspector</td> <td>1445</td> <td>102</td> <td>1547</td> </tr> <tr> <td>Grain Appeal Tribunal</td> <td>528</td> <td>75</td> <td>603</td> </tr> </tbody> </table> <ul style="list-style-type: none"> 4,185 grades were changed and 12,109 grades were upheld. The CGC continues to function as an independent arbiter in resolving complaints concerning grain transactions. 		Level of Appeal	Grades Upheld	Grades Changed	Total	Prairie	Regional Inspector	368	144	512	Chief Grain Inspector	207	5	212	Grain Appeal Tribunal	81	15	96	Thunder Bay	Regional Inspector	3580	1019	4599	Chief Grain Inspector	974	92	1066	Grain Appeal Tribunal	391	91	482	Eastern	Regional Inspector	340	193	533	Chief Grain Inspector	114	4	118	Grain Appeal Tribunal	46	7	53	Pacific	Regional Inspector	4035	2438	6473	Chief Grain Inspector	1445	102	1547	Grain Appeal Tribunal	528	75	603
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Manage the Grain Appeal Tribunal	<ul style="list-style-type: none"> The Grain Appeal Tribunal chairperson reports independently to the Executive Division of the CGC and along with selected industry representatives performs the final level of requested inspection of samples delivered to a terminal elevator. In 2004-2005, the tribunal reviewed a total of 1463 samples; 205 grades were changed while 1,258 grades were upheld. 																																																									
Conduct unload investigations on shipper and producer request	<ul style="list-style-type: none"> Industry Services (IS) Division undertook 7 quality investigations on behalf of the parties involved in the transactions. Facts and data were fairly assessed and resolution was provided by the CGC. 																																																									
Issue grade quality certificates on submitted samples	<ul style="list-style-type: none"> The CGC issued 17,735 certificates for samples submitted to the CGC across Canada. This process continues to serve the needs of the industry where official inspection cannot be effectively conducted. 																																																									
Deliver a Quality Management System (maintain ISO certification)	<ul style="list-style-type: none"> Following the re-certification of the Industry Services Division in December 2003, IS conducted an internal maintenance audit in January 2005. An additional internal audit is planned for October, 2005. Staff that identified corrective measure related to the 30 documented procedures in the Quality Management System submitted a total of 237 improvement requests last year. 																																																									
Generate, collect and distribute grain quality data and information	<ul style="list-style-type: none"> The CGC continued to publish harvest quality reports on its web-site. http://grainscanada.gc.ca/Quality/marketers_buyers/market_buy01-e.htm The CGC continued to accumulate, update, and make available statistical grain related information. http://grainscanada.gc.ca/Regulatory/Licensees/licensees-e.htm http://grainscanada.gc.ca/Pubs/GrainStats/gsw-e.htm http://grainscanada.gc.ca/Pubs/GrainDeliveries/deliveries-e.htm http://grainscanada.gc.ca/Pubs/ExportsYearly/exportsyear-e.htmThe CGC 																																																									
Issue official memoranda to trade on grade quality issues	<ul style="list-style-type: none"> A total of 12 memoranda to trade were issued during the reporting period. These included advisement of changes to the Official Grain Grading Guide (OGGG), the development of a mildew guide for Wheat, No. 2 C.E. White Winter, the implementation of grades by order for the hard white wheat 																																																									

2004-2005 Related Activities	2004-2005 Results
	class, addition of severely sprouted tolerances in the red winter wheat class, excreta detection in grain, and information on shipments by specification.
Monitor the grading system and verification process	<ul style="list-style-type: none"> • The CGC, under its National Quality Monitoring program, conducts compliance audits to monitor the application of quality assessment procedures and instructions. This program enables the CGC to monitor quality assurance consistency between inspectors and between regions. • During 2004-2005, the IS monitoring unit reanalyzed 9,325 samples and provided feedback to staff as required. This total included 6,460 samples representative of official railcar unloads, 2,496 incremental samples taken throughout the loading of vessel cargoes, and 369 samples representative of grain transferred to bins during official weigh-overs of grain stocks.
Manage the grain accounting system	<ul style="list-style-type: none"> • The CGC continued to manage the grain accounting system (GIAS). GIAS provides an electronic method of transferring accounting related information related to grain stocks between the CGC, the Canadian Wheat Board, and all grain handling terminals. It also generates the data necessary for compiling and analyzing grain handling information for weigh-over applications. • During 2004-2005, GIAS effectively ensured the accuracy of terminal and transfer elevator transactions.
Dispose of contaminated grain	<ul style="list-style-type: none"> • During 2004-2005, 16 railcars were marked for suspect treated seed from a variety of commodities. Of these samples, 13 tested positive for seed treatment, but were released as the concentration of treatment was determined to be below Health Canada's maximum residue limit. Two of the samples submitted were not a seed treatment, but were a smudge or marker dye. • One wheat railcar contained in excess of the allowable limits and was condemned. The CGC directed and verified that the grain was removed from the food and feed chain.
Offer technical training to the industry	<ul style="list-style-type: none"> • The CGC's training staff performed industry training in most regions, ranging from specific grading factors to complete grading training on specific commodities. Not all requests could be accommodated, as training for CGC staff took precedence. • The CGC Bayport region was more involved in industry training and performed 20 different sessions for individual clients. These sessions included training in the grading of corn, eastern wheat, soybeans, barley, and rye. The courses ranged from 3 hours to a week. • CGC Thunder Bay performed 5 weeks of training for various grain handling companies through Confederation College for Basic Grading Training. This training was similar to CGC probationary training for new staff. • CGC Prairie region provided training for producers and company representatives through the Saskatchewan Institute of Applied Science and Technology. The course geared for producers' wives that provides an overview of the grain industry in Canada was well received. • CGC Vancouver performed 4 training sessions – focused on the severely sprouted grading factor and general CGC overviews. • Eastern region was not requested to provide any training this year. • CGC Head Office delivered one formal training session for soybean

2004-2005 Related Activities	2004-2005 Results																																																																		
	grading and offered a number of ad-hoc training sessions for industry with a specific grading factor focus. In addition, an average of 3 half day grading sessions a month was provided for CIGI groups and grading training was offered to overseas clients.																																																																		
Increase the number of routine analytical tests available in regional offices and service centers	<ul style="list-style-type: none"> Analytical testing continued to expand in most regions across Canada. The following tests were performed by Industry Services personnel across all CGC regions: <table border="1" data-bbox="518 531 1373 909"> <thead> <tr> <th>Test</th> <th>Pacific</th> <th>Head Office/Prairie</th> <th>Thunder Bay</th> <th>Bayport</th> <th>Eastern</th> </tr> </thead> <tbody> <tr> <td>Leco</td> <td>2645</td> <td>1364</td> <td></td> <td></td> <td></td> </tr> <tr> <td>FN</td> <td>4829</td> <td>869</td> <td>1500</td> <td>1867</td> <td>469</td> </tr> <tr> <td>Eliza</td> <td>216</td> <td>529</td> <td></td> <td>3185</td> <td></td> </tr> <tr> <td>Germination</td> <td>106</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>NMR Oil</td> <td>291</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chlorophyll</td> <td>326</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Oven MT</td> <td>346</td> <td></td> <td>80</td> <td></td> <td></td> </tr> <tr> <td>Dj MT</td> <td>5813</td> <td></td> <td>702</td> <td></td> <td></td> </tr> <tr> <td>GMO</td> <td></td> <td></td> <td></td> <td>347</td> <td>1460</td> </tr> <tr> <td>Spelt</td> <td></td> <td></td> <td></td> <td>383</td> <td></td> </tr> </tbody> </table>	Test	Pacific	Head Office/Prairie	Thunder Bay	Bayport	Eastern	Leco	2645	1364				FN	4829	869	1500	1867	469	Eliza	216	529		3185		Germination	106					NMR Oil	291					Chlorophyll	326					Oven MT	346		80			Dj MT	5813		702			GMO				347	1460	Spelt				383	
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Transfer technology in the form of validated methods to industry and producers	<ul style="list-style-type: none"> The CGC has met with producer groups in Melfort, Tisdale, and Southy, Saskatchewan to demonstrate falling number (FN) and RVA. A protocol was introduced for technology adoption in the CGC. 																																																																		
Develop resources and optional services for the evolving domestic industry, i.e. feed, pulses, oilseeds	<ul style="list-style-type: none"> The CGC is cooperating on a feed grains project with CIGI. The CGC provided testing services for the presence of GM varieties of soybeans. 																																																																		

2. Scientific and technical support of the quality assurance system

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
6,143	6,351	4,518

Human Resources:

Planned	Authorities	Actual
65	65	41

2004-2005 Related Activities	2004-2005 Results
Assess new crop quality (harvest survey) specific to each grain type and relevant to the marketing of each crop	<ul style="list-style-type: none"> • Planning, producer contact, sample handling, sorting and general analytical services were provided to support new crop quality survey. • The annual harvest survey for cereal grains was completed on time and under budget. <ul style="list-style-type: none"> ○ The Wheat Survey Bulletin was published on the CGC web-site (http://grainscanada.gc.ca/quality/Wheat/cdnwhtmenu-e.htm) and the data used for the Canadian Wheat Board /CGC hard copy wheat bulletin. • A harvest survey of the quality of malting barley was completed and made available in hard copy. • The 2004 Malting Barley Harvest Survey (90 samples) indicated that the summer frost caused some potential problems with water sensitivity in 2004 malting barley. However, the survey found a malt of good quality could still be produced with proper attention to processing conditions. • Analysis of canola/mustard types by visual assessment was performed in grain biology (http://grainscanada.gc.ca/quality/Canola/canolamenu-e.htm). • Harvest surveys for canola, flax, solin, mustard seed, and pulse crops were completed and provided important information on the damaged crop to the trade and customers (http://grainscanada.gc.ca/Quality/exports-e.htm).
Monitor the crop quality of all types of cargoes	<ul style="list-style-type: none"> • Quality monitoring of wheat cargoes was completed for monthly composites of Canadian Western Red Spring (CWRS) wheat and Canadian Western Amber Durum (CWAD) shipments and third and fourth quarter bi-annual composites of exported wheat for all available classes. • All cargoes of malting barley out of the west coast were also evaluated for malting quality. • The CGC continued to monitor vessel loading samples of canola, flax, and soybean.
Screen and monitor grain shipments to ensure that Canadian grain meets tolerances for toxic contaminants. Provide information on geographical distribution of toxic contaminants	<ul style="list-style-type: none"> • The CGC continued to monitor vessel loading samples of randomly selected cargo shipments of Canadian cereal grain, oilseed and pulse crops for the presence of pesticide residue, mycotoxin and trace elements. • Samples of the 2004 wheat crop were tested for the presence of Fusarium mycotoxins to check on the types of mycotoxins being produced and the levels present in the new crop. • Samples of 2004 flax, mustard and soybean were analyzed for the presence of cadmium to further establish the levels present in these crops and the relationship to crop growing district. • The CGC continued to provide an analytical service for CGC and trade grain inspectors for testing samples of grain suspected of being contaminated with a toxic substance and to provide advice and assistance on disposal. • An APF funded project to study the levels of geographical distribution of the mycotoxin ochratoxin A in carlot shipments of several classes of Canadian wheat was completed. Data generated from these projects (3000 samples) serves as the scientific basis for official assurances issued to marketers, processors and buyers concerning the ability of Canadian grains to meet grain safety standards.

2004-2005 Related Activities	2004-2005 Results
Analyze incidence and frequency of bacterial contamination in grains	<ul style="list-style-type: none"> • A protocol was developed for a polymerase chain reaction (PCR) based method to detect the presence of 3 bacterial pathogens in grain. • A total of 2,991 pesticide residues and mycotoxin determinations and 2,570 trace element determinations were carried out on vessel loading samples of Canadian cereal grains, oilseeds and pulse crops to generate data necessary for evaluating the ability of Canadian grains to meet foreign grain safety standards. For the start of the 2004-2005 crop year, the number of pesticide residues and mycotoxins covered was increased to 211 and 11 respectively.
Develop strategy to meet international standards and legislation on grain safety, e.g., Japanese Food Sanitation Law and the new European Union tolerances for pesticides	<ul style="list-style-type: none"> • The CGC collaborated with the CWB to provide comments to the Japanese Ministry of Health, Labour and Welfare on their first two drafts of the Provisional Maximum Limits for Agricultural Limits in Foods. • The CGC collaborated with AAFC's Market and Industry Services Branch in providing comments to the EU on proposals regarding introduction of new standards and changes to existing standards concerning pesticide residues and mycotoxins in grain shipments. • The CGC sent a mission to Greece (February 2005) following an incident concerning detection of ochratoxin A at levels above EU standards in a shipment of Canadian amber durum wheat and collaborated with officials in the Canadian Embassy, ITC, CFIA and AAFC to resolve the hold and test regulations that were implemented by Greek authorities following this incident. • Results of the CGC APF ochratoxin A baseline study were shared with the CWB to determine a strategy for dealing with the challenges associated with the presence of this mycotoxin in Canadian grain exports. • The CGC continued to monitor standards being developed by CODEX for pesticide residues, mycotoxins and heavy metals in grain to determine potential implications for international grain trading.
Assess variety specific malting quality in barley	<ul style="list-style-type: none"> • Investigations into reasons for superior fermentability of Canadian malting varieties compared to competitors' varieties were completed and the manuscript has been accepted for publication.
Evaluate technology to measure metabolic energy of feed grains	<ul style="list-style-type: none"> • The second year of a three year cooperative project led by CIGI, with Alberta Agriculture, AAFC, and the CGC to develop a commercial NIR calibration to measure metabolisable energy and other nutritional factors prior to incorporation of grains into animal feed was completed.
Conduct ongoing surveys of the weed seed content of harvest survey and export cargo samples	<ul style="list-style-type: none"> • During this season, there was a backlog of 2003 cargo samples and the survey continued without adding the 2004 crop. With one expert in this area, there was a limit to the number of samples that could be processed, and priority was assigned to the canola/mustard survey. http://grainscanada.gc.ca/quality/exports-e.htm http://grainscanada.gc.ca/quality/crop_qual-e.htm
Provide new and existing quality information on buyer's request, e.g., impact of annual quality factors such as disease and weather damage	<ul style="list-style-type: none"> • Information on the quality of new crop year wheat and barley was provided to Japanese processors as part of the annual CGC visit with the Japanese industry. • The impact of mildew tolerances on durum wheat quality was studied in support of grading guides. • Many reports and letters were generated upon request outlining weed seed profiles of various crops by type and grade.

2004-2005 Related Activities	2004-2005 Results
Provide technical advice and complaint resolution on grain quality and end-uses to buyers, industry and producers	<ul style="list-style-type: none"> The CGC certified the quality and quantity of 955 cargoes last year and investigated complaints from buyers regarding 69 of these cargoes. Upon thorough investigation of the loading process, including analysis of cargo samples and vessel loading documentation, the CGC's Chief Grain Inspector or Chief of Weighing concluded that the complaints were unsubstantiated and provided the results to the exporters.

3. A grain quality assurance system able to deal with both visually distinguishable and indistinguishable varieties; and the capacity to segregate grain by specific characteristics

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
3,694	3,819	3,621

Human Resources:

Planned	Authorities	Actual
39	39	37

2004-2005 Related Activities	2004-2005 Results
Wheat Quality Assurance Strategy Element 1. Increase monitoring of railcar and vessel shipments for nonregistered wheat varieties	<ul style="list-style-type: none"> A total of 431 export vessel cargoes of CWRS wheat were monitored for visually indistinguishable nonregistered varieties. A total of 4,085 railcar unloads were tested for nonregistered varieties last year. The majority of these tests were the result of an Alsen monitoring program that was implemented to determine the presence of this nonregistered wheat variety in grain prior to shipment from Canada.
Wheat Quality Assurance Strategy Element 2. Develop effective, timely, affordable variety identification technology	<ul style="list-style-type: none"> Research was initiated on DNA-based analyses of variety composition of ground samples of grain with a focus on two quantitative technologies: the Invader Assay and real-time polymerase chain reaction. Variety composition is currently determined through analysis of multiple single kernels.
Wheat Quality Assurance Strategy Element 3. Develop a proposal to restructure the western wheat classes	<ul style="list-style-type: none"> A proposal was developed to modify the wheat class system to offer more flexibility for the development and registration of higher yielding, non-milling quality wheat varieties that belong to the minor wheat classes, as well as maintaining the quality of the major classes. The CGC proposal contains six elements: <ul style="list-style-type: none"> The major classes (CWRS and CWAD) remain unchanged in terms of variety registration requirements, including KVD. Two new general-purpose minor classes of wheat would be

2004-2005 Related Activities	2004-2005 Results
	<p>established: Canada Western Red Multipurpose (CWRM) and Canada Western White Multipurpose (CWWM). These new classes would be composed of the varieties belonging to the current minor wheat classes. Therefore, Canada Western Red Multipurpose would contain the varieties currently belonging to Canada Prairie Spring Red (CPSR), Canada Western Red Winter (CWRW) and Canada Western Extra Strong (CWES). Canada Western White Multipurpose would contain the varieties currently belonging to Canada Western Soft White Spring (CWSW), Canada Western Hard White (CWHW) and Canada Prairie Soft White (CPSW).</p> <ul style="list-style-type: none"> ○ The existing minor classes (CPSR, CWRW, CWES, CWSW, CWHW, CPSW) would continue to be used, but only for variety specific or contract programs. The class specification would only be applied to lots of grain whose varieties are listed on a CGC variety eligibility list (only varieties of high milling quality). Producers delivering on existing minor class contracts would be expected to meet variety requirements as is the case now for many delivery contracts, such as for CWRW. ○ Variety registration quality, agronomic and disease requirements would be retained for the existing minor classes in order to meet marketing and processing requirements. KVD among these classes would be removed as a necessary criterion for registration. ○ KVD requirements would still apply to protect CWRS and CWAD. That is, varieties in the minor classes could resemble each other but would not be permitted to resemble CWAD or CWRS. <ul style="list-style-type: none"> ● The CGC will seek feedback from the industry early in fiscal year 2005 once the proposal paper is circulated in June 2005. Interested parties will be encouraged to provide comments to the CGC by September 30, 2005.
Develop technology and testing processes for monitoring grain in transit	<ul style="list-style-type: none"> ● The CGC IS division and the Grain Research Laboratory (GRL) worked together to collect samples and conduct testing on railcar unloads and vessel cargoes to check that visually indistinguishable varieties did not contaminate bulk grain shipments. ● The CGC performed analyses on variety specific shipments whose identity required preservation as part of contractual industry agreements.
Continue to develop and implement methods for identifying genetically modified grains and oilseeds	<ul style="list-style-type: none"> ● The GRL participated and performed well in the 4th International Seed Testing Association (ISTA) Proficiency Test on GMO Testing on Soybean. ● A research project was initiated to develop and (or) validate qualitative and quantitative PCR methods for detection and quantification of GM canola events. ● An APF funded project '<i>Adventitious Presence: review of detection methods, tolerance/traceability requirements and visit of GM laboratories</i>' was carried out. As part of this project, two GRL scientists visited well-established EU laboratories involved in development and implementation of GM detection methods.
Validate GM detection methods for Round-Up Ready Wheat	<ul style="list-style-type: none"> ● This activity was terminated following the May 10, 2004 announcement that Monsanto Company was discontinuing all commercial programs in Round-Up Ready wheat.

2004-2005 Related Activities	2004-2005 Results
Continue to develop and implement methods for protein-based and DNA-based variety identification	<ul style="list-style-type: none"> • Research was initiated on DNA-based analyses of variety composition of ground samples of grain with a focus on two quantitative technologies: the Invader Assay and real-time PCR. Variety composition is currently determined through analysis of multiple single kernels.
Provide grain inspection services on behalf of the U.S. Federal Grain Inspection Service in eastern Canada as per the Memorandum of Service	<ul style="list-style-type: none"> • CGC personnel in the Eastern region facilitated the movement of U.S. grain through the ports of Montreal, Quebec City, Baie Comeau, and Port Cartier by providing the following services: Hold inspections – 53 Witness fumigations – 5 Phytosanitary inspections – 50 Seaboard inspections – 4 Weighing – 1
Implement and operate the pilot Canadian IP Recognition System (CIPRS)	<ul style="list-style-type: none"> • Eighteen companies and 65 sites are now certified under CIPRS, encompassing approximately 2,600 producers (2 more applications for certification are in progress). • Three service providers are accredited to provide third-party audits. • The program continues to be requested, with more demand for the integration of food safety into the IP Standard. A pilot project is being conducted in conjunction with the Canada Grains Council for the integration of food safety in the soybean industry. • Demand is increasing for mutual recognition agreements with standards/schemes in other countries.
Develop a strategy to address WTO panel ruling with respect to Canada's polices on non-Canadian grain	<ul style="list-style-type: none"> • A strategy was developed to address the WTO ruling in order to facilitate the movement of non-Canadian grains through Canadian elevators. Based on this strategy, operators of licensed elevators will be able to a) mix grain of any grade with grain of any other grade and b) no longer need to seek the CGC's authorization before receiving imported grain. Elevator operators, along with producers, will be required to report the country of origin to the CGC before the grain is handled at the various transfer points in the continuum from farm to market. This strategy is intended for release prior to August 1, 2005.

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

Priorities:

1. Delivery of weighing services that meet the legislative mandate of the *Canada Grain Act* and the requirements of the grain industry from producers to customers
2. Technical support of the quantity assurance system

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
11,998	12,005	12,092

Human Resources:

Planned	Authorities	Actual
127	127	125

The Canadian grain quantity assurance system assures the weight of grain in officially weighed conveyances and in storage in the licensed elevator system, which benefits producers and the grain industry. Provision of grain weighing services forms a major part of the quantity assurance system that is supported by a strong technical base.

Essential weighing procedures are defined within the CGC's Quality Management System (QMS) Procedure Manual or outlined in a QMS Work Instruction Format. Weigh staff providing the services access QMS documents to ensure consistent application of the procedures. CGC weighing policies and procedures are monitored and evaluated through a series of reporting policies and national discussion forums. Regular review of weighing processes allows the CGC to adjust the service procedures as necessary through Improvement Requests (IR), and identify or adjust training requirements.

The on-site monitoring of railcar unloads forms the basis for the CGC's QMS Inward Weighing Activities. Critical unload data such as received weight and exception reports are provided to the interested parties in the most time efficient manner possible and any delays are addressed through the QMS-IR format.

The CGC Dispute Resolution Service (DRS) assists grain producers and the grain industry in recovering for grain lost during transport by railcar. 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 or transport charges. An extensive historical railcar deficiency database is maintained to substantiate shippers' weight loss claims. This database provides information on railcar derailments, railcars missing at destination and co-mingling of contents at unload, and allows tracing of railcar location.

The CGC DRS also utilizes official unload reports documented by CGC staff at licensed terminal and transfer elevators to authenticate received weights. Although the CGC is not always privy to the outcome of weight disputes that are arbitrated by other organizations, producers and the trade have advised that the information provided by the CGC has facilitated successful weight claims.

To measure its success in achieving a grain quantity assurance system that addresses the changing needs of the grain industry, the CGC utilizes the following measures and tools:

- Development of a strategy to monitor weighing procedures – consistently and prudently 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

- Monitoring railcar unloads
- Monitoring producer and industry usage of, and satisfaction with, the weight dispute resolution service
- Tracking the number of weigh-overs performed within mandated time frames and resolution of any discrepancies
- Tracking the continued use of Grain Inventory Accounting System (GIAS) and the number of adjustments to grain inventories

1. Delivery of weighing services that meet the legislative mandate of the *Canada Grain Act* and the requirements of the grain industry from producers to customers

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
11,334	11,340	11,622

Human Resources:

Planned	Authorities	Actual
120	120	121

2004-2005 Related Activities	2004-2005 Results
Weigh grain prior to receipt at licensed terminal elevators or prior to export from terminal or transfer elevators	<ul style="list-style-type: none"> • The CGC monitored and certified a total of 235,139 railcar unloads upon receipt at licensed terminal and transfer elevators. • The CGC monitored and certified 19,162,326 tonnes of grain prior to export from terminal and transfer elevators.
Weigh grain prior to receipt or upon shipment from primary elevators	<ul style="list-style-type: none"> • A total of 9,044 railcars destined for Mexico were officially weighed at primary elevators. • A total of 3,051 railcars destined for the U.S. were officially weighed at primary elevators.
Manage a dispute resolution process	<ul style="list-style-type: none"> • The grain industry used the information from the CGC DRS to assist directly in the resolution of 639 grain shipments where the unload weight was in question. • 659 railcars had weights apportioned because their actual weights were compromised at unload by facility operators mixing the grain with that from other carriers.
Conduct unload investigations on shipper and producer requests	<ul style="list-style-type: none"> • The CGC conducted weight-related investigations of 20 vessels. Upon thorough investigation of the loading process, including analysis of vessel loading documentation, the CGC's Chief of Weighing concluded that 2 vessels had loading anomalies that needed to be addressed. • The CGC conducted weigh-related investigations on 910 railcars.

2004-2005 Related Activities	2004-2005 Results
Provide official weigh-over of all stocks in store at licensed terminal and transfer elevators	<ul style="list-style-type: none"> The CGC conducted 9 official weigh-overs during fiscal 2004-2005. The results were deemed acceptable based on the permissible tolerances identified in the <i>Canada Grain Regulations</i>.
Deliver a Quality Management System (maintain ISO certification)	<ul style="list-style-type: none"> Following the re-certification of the Industry Services Division in December 2003, IS conducted an internal maintenance audit in January 2005. An additional internal audit is planned for October, 2005. Staff that identified corrective measure related to the 30 documented procedures in the Quality Management System submitted a total of 237 improvement requests last year.
Continue to develop processes for grain flow verification	<ul style="list-style-type: none"> The CGC continued the ongoing internal review of its processes to support its ability to monitor the effectiveness of facilities in preserving the identity of parcels of grain as required. This review and subsequent action plans are inherent in the CGC quality management system and contribute to industry's efforts in shipping identity preserved grain. The dispute resolution unit tracked 437 partially unloaded railcars though completion. At times mechanical difficulties with railcars require correction before the complete car can be unloaded. As a result, the weighing unit tracked the separate unload portions and combined them to account for the completed weight of a railcar.
Management of grain accounting systems	<ul style="list-style-type: none"> The monthly and annual balancing of stocks with licensees, as well as CGC reconciliation of stocks at weigh-overs, verified the accuracy of terminal and transfer elevator transactions. The CGC continued to provide overall stock positions to licensees in order to support the marketing of Canadian grain.
Develop a system to monitor weighing processes	<ul style="list-style-type: none"> The systems and protocols within CGC operations and dispute resolution units contributed to the identification of 4 instances where weighing processes needed to be addressed.

2. Technical support of the quantity assurance system

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
664	665	470

Human Resources:

Planned	Authorities	Actual
7	7	4

2004-2005 Related Activities	2004-2005 Results
Generate, collect and distribute grain quantity data and information	<ul style="list-style-type: none"> • Official weighing data generated by the weighing devices and systems monitored by the CGC enabled the grain handling industry to market Canadian grain and to make effective decisions. • The CGC provided industry with access to various forms of data (GIAS information) that contributed to the effectiveness of the grain handling system in Canada.
Conduct scale inspections	<ul style="list-style-type: none"> • CGC Weighing Systems Inspectors across Canada conducted 649 inspections – 313 devices were verified and 235 devices required adjustments. Of the 235 devices adjusted, 80 were found with errors greater than 0.10%. Twenty-one devices were taken out of service due to mechanical failure.
Provide technical advice and complaint resolution on grain quantity	<ul style="list-style-type: none"> • All quantity investigations, both inward (910) and outward (20), relied on timely weighing system inspection data in order to determine possible impacts on the quantity of shipments. • Technical advice was shared with licensees throughout the year as deemed necessary.

Strategic Outcome 3: Research and development that supports the grain quality assurance system

Priorities:

1. Research that supports the grain quality assurance system
2. Research that supports emerging issues in the grain quality assurance system
3. Evolution of grain standards that meet changing industry needs

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
8,372	7,030	8,345

Human Resources:

Planned	Authorities	Actual
89	89	71

The *Canada Grain Act* requires the CGC to undertake, sponsor and promote research related to grain. The CGC conducts research directly related to supporting the quality assurance system that permits the effective marketing of Canadian grain in the interests of producers. The Grain Research Laboratory (GRL) researches new methods for quality, new measurement factors to

determine quality, end-use applications of Canadian grain, quality of new breeder's varieties, and carries out the annual Harvest Survey. The GRL through its research supports the continual improvement of the grain quality assurance system.

There are major challenges confronting the CGC's research activities and the grain quality assurance system 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 genetically modified grains and oilseeds. Research focus has shifted increasingly into pulses, new types of oilseeds, variety identification and genetically modified grains and oilseeds. There has been no increase in resources. Research related to traditional crops, such as wheat, barley, canola and flax, is still essential, as these crops make up a significant amount 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 CGC measures its success in attaining this strategic outcome by tracking:

- The number of methods adapted into the CGC's grading and inspection system
- The application of new objective measures for quality that are developed
- The quality and number of research papers published
- The response from the grain industry (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
- The response by end-users to the quality assessment of new varieties and harvest survey information
- Technology transfer to private sector users, other government agencies, universities and international organizations

1. Research that supports the grain quality assurance system

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
3,767	3,163	3,755

Human Resources:

Planned	Authorities	Actual
40	40	32

2004-2005 Related Activities	2004-2005 Results
Develop new and improved methods for evaluating and measuring end-use quality factors for all grains and oilseeds, i.e., near-infrared spectroscopy (NIR) and digital imaging	<ul style="list-style-type: none"> • The eSieve© module for TrueGrade was updated based upon preliminary testing by IS for predicting sieve distribution for green lentils. • http://grainscanada.gc.ca/grl/image_analysis/image_analysis-e.htm • In collaboration with AAFC Harrow and CGC Chatham, an imaging model to predict “uniformity” and “non-uniformity” in soybeans was developed. This is currently a visual grading assessment. • A screening model was developed for soybean size (by weight) and roundness in collaboration with AAFC Harrow. Soybean size and shape impact on the value of soybeans in the marketplace.
Research new methods for assessing intrinsic grain quality	<ul style="list-style-type: none"> • A series of techniques were investigated to determine their suitability to detect and measure the degree of pre-germination in Canadian malting barley: rapid visco analysis (RVA), image analysis (IA), near infrared reflectance (NIR), and Fournier transform infrared spectroscopy (FTIR). This study provided evidence that RVA is the suitable technique to detect pre-germination in barley. • A practical test, based on the emission of ethanol gas, to predict germination loss in barley, is also under development. http://grainscanada.gc.ca/qualit_matter/barleygerm/01b_barleygerm-e.htm • Preliminary calibrations were developed using NIR data for the prediction of Asia noodle quality (colour) using NIR spectra from whole grains and flour. • Preliminary calibrations were developed to predict flavenoid content of white wheat flour, as flavenoids relate to noodle colour. • Colour is an intrinsic quality factor for wheat in multiple areas from flour to noodles and grains. Initial models are capable of predicting noodle colour. http://grainscanada.gc.ca/grl/baking/asian_end_pro/asian_end_pro-e.htm • In collaboration with the Cereal Research Institute, Caltagirone, Sicily, a quality assessment tool for spaghetti was prototyped. Testing and validation of the system will continue.
Evaluate quality profiles of breeder’s new varieties	<ul style="list-style-type: none"> • Due to poor growing and harvest conditions the overall quantity of the 2004 plant breeders’ wheat entries was low. A total of only 89 wheat lines received full quality testing and of these, two were supported for registration. • The quality of barley breeder lines was average. Close to 150 samples were malted and analyzed for quality. Two 2-rowed and two 6-rowed malting lines were recommended for registration.

Research which varieties of Canadian grain function most effectively to make various international end products	<ul style="list-style-type: none"> Parameters related to performance of hull-less barley in food systems continued to be identified and varieties of hull-less barley were evaluated to determine those that function most effectively in various food products. http://grainscanada.gc.ca/grl/barley_research/barley_research-e.htm The study on buckwheat continued in order to determine the functional and qualitative parameters that are useful for production of sheeted and extruded noodles. http://grainscanada.gc.ca/pubs/bread/box/buckwheat-e.htm
Increase use of immuno assay diagnostics to identify mycotoxins	<ul style="list-style-type: none"> Research continued into the use of immunoassay diagnostics. These offer the potential for fast, accurate, economical and meaningful methods for evaluating grain quality. http://grainscanada.gc.ca/grl/grain_safety/grain_safety-e.htm
Develop internationally recognized methods for evaluation of pulse quality in collaboration with other national and international labs	<ul style="list-style-type: none"> Research continued on imaging methods for assessing size, sieving and uniformity of lentils and soybeans. Although in the early evaluation stages, this technology has the potential to impact the international marketplace. http://grainscanada.gc.ca/grl/image_analysis/image_analysis-e.htm A method for determining moisture in pulses was developed and published by the American Association of Cereal Chemists. A method for determining water absorption of pulses was developed.
Expand research on computer-assisted image enhancement and measurement to assess grain quality	<ul style="list-style-type: none"> Research continued into the detection and determination of weathered vitreous kernels in durum wheat. These kernels are visually not distinguishable from non-vitreous kernels and are very challenging to detect with existing imaging capabilities.
Assess the use of tests to increase efficiency, reduce costs and enhance the testing capabilities of the CGC	<ul style="list-style-type: none"> The efficiency of DNA extraction was improved. Images were digitized of variety fingerprints to speed up VID.

2. Research that supports emerging issues in the grain quality assurance system

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
3,767	3,163	3,755

Human Resources:

Planned	Authorities	Actual
40	40	32

2004-2005 Related Activities	2004-2005 Results
Research new measures for assessing grain quality. Continue collaborative and jointly funded research nationally and internationally	<ul style="list-style-type: none"> The CGC, New South Wales Agriculture, and AAFC collaborative project to develop improved procedures for the evaluation of durum wheat quality is in the final stages of completion. Results of the project were reported at the International Bread Congress held in the United Kingdom May 2004.
Research factors and develop methods relevant to grain safety assurance	<ul style="list-style-type: none"> Ongoing research in the ability to generate monitoring data and provide grain safety assurances pertinent to international and domestic marketing for an increased number of pesticide residues, mycotoxins and trace elements and the ability to support the grading system for factors such as Fusarium damaged kernels
Validate research for a new method to evaluate sprout damage in wheat	<ul style="list-style-type: none"> The CGC tested detection kits for determination of enzymes responsible for sprout damage. Recommendations for modifications were made to and adopted by the supplier.
Validate research on chlorophyll in canola	<ul style="list-style-type: none"> The CGC determined the reason for frost damage causing problems with chlorophyll removal (bleaching) compared to those caused by immature seed. The CGC established the role of dockage in the analysis of chlorophyll. Dockage components were found to contribute 4ppm (10%) of the total chlorophyll.
Research wheat and barley DNA fingerprinting methods to develop tests for identifying and quantifying varieties of grains in shipments	<ul style="list-style-type: none"> Research was initiated on DNA-based analyses of variety composition of ground samples of grain with a focus on two quantitative technologies: the Invader Assay and real-time PCR. Variety composition is currently determined through analysis of multiple single kernels. In a continuing effort to improve microsatellite-based DNA identification of wheat varieties, 142 additional microsatellite markers were screened - 95 of these were evaluated further in panels containing 27 to 39 wheat varieties. (Duplicate kernels) DNA fingerprint databases were updated to include newly registered barley and Western Canadian wheat varieties. The database for wheat was also expanded to include several U.S. wheat varieties. http://grainscanada.gc.ca/grl/plant_molecular_bio/plant_molecular_bio-e.htm

3. Evolution of grain standards that meet changing industry needs

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
837	703	835

Human Resources:

Planned	Authorities	Actual
89	89	71

2004-2005 Related Activities	2004-2005 Results
Develop specifications, measurement protocols and potentially standards	<ul style="list-style-type: none"> • The developed imaging method for determining noodle quality has the potential to set standards for quality traits in these products. A ring test will be conducted to evaluate this potential. • A method for setting an objective standard for the uniformity of shape in soybeans has been developed • A method for predicting sieving profiles for pulses has been developed.
Increase amount of objective testing, i.e., digital image analysis	<ul style="list-style-type: none"> • Methods for objective testing have been developed and await validation and testing in the operational environment.
Expand awareness of end-use traits (i.e., ethanol)	<ul style="list-style-type: none"> • Variety identification technology (DNA based analysis) is being developed to allow the identification and possible separation of grain for industrial end-uses, including ethanol production.

Strategic Outcome 4: The protection of producers' rights

Priorities:

1. Administer a licensing and security system
2. Fair treatment of producers by grain companies and dealers
3. Fair administration of producer car delivery options
4. Provision of grain quality information to producers

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
2,446	2,446	3,662

Human Resources:

Planned	Authorities	Actual
26	26	28

The CGC is an impartial third party that, in the interests of producers, establishes and maintains standards of quality for Canadian grain and regulates grain handling in Canada to ensure a dependable commodity for domestic and export markets. 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 quality appeal system.

The CGC is authorized to license and regulate primary, process, transfer, and terminal elevators as well as grain dealers. Licensed elevators and 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 number of unlicensed facilities presents 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 developed comprehensive strategies to broaden the licensee base at the producer delivery level. At the same time, the auditing of licensee security coverage was expanded to ensure adequate security is being posted. An extensive evaluation of alternative security instruments that could replace bonds or letters of credit is also in progress.

To safeguard fair and equitable grain transactions for producers, the CGC has set up an information and compliance network. Assistant Commissioners in western Canada act as liaisons between grain producers, or producer groups, and the local industry. Assistant Commissioners also provide advice or interpretation of producer rights with respect to such issues as failure to pay or late payment, grade and dockage disputes, producer cars, shrinkage deductions or elevator charges. The CGC's toll-free information line allows producers and industry to contact the CGC with requests for information or complaints. The service standard set out by the CGC is to contact all callers by the end of the next working day from when the call was received.

The CGC's "inspector's grade and dockage" determinations are provided to producers for deliveries into primary elevators. It means that the grain producer or the person delivering the grain on the producer's behalf has the right to ask for a binding decision from the CGC if there is a disagreement with the grade or dockage received at a licensed primary elevator. The parties are bound by the results of the CGC inspection decision.

In order to measure the success of its efforts in achieving this strategic outcome, the CGC utilizes the following methods and processes:

- The CGC periodically surveys producers and producer groups to gain a producer perspective on the CGC, CGC services, or industry trends. The surveys provide 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.
- Evaluation of producer claims under the licensing and security program
- Tracking of producers' use of "inspector's grade and dockage"
- Tracking of producer inquiries and complaints on unfair treatment by grain companies
- Monitoring producer concerns with accessing producer cars

1. Administer a licensing and security system

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
791	791	1,602

Human Resources:

Planned	Authorities	Actual
8	8	10

2004-2005 Related Activities	2004-2005 Results
License eligible grain dealers and elevator companies	<ul style="list-style-type: none"> The CGC continued to examine the necessity of a more comprehensive licensing policy. A decision was reached to move forward with this initiative and strategies are being prepared to implement the recommendation. http://grainscanada.gc.ca/Regulatory/licensees/benefits-e.htm
Obtain security to protect producers in case of default by a licensee	<ul style="list-style-type: none"> The CGC continued to review its security requirements from licensees and adjust the security requirements on the basis of in-store grain liabilities and posted security. http://grainscanada.gc.ca/Regulatory/licensees/responsibilities-e.htm
Conduct audits of licensees' liabilities to producers	<ul style="list-style-type: none"> In 2004-2005 the CGC and Consulting and Audit Canada audited 20 licensees to ensure appropriate security coverage. Where security was deemed inadequate, the amount of security held for the purpose of producer protection was required to be increased. http://grainscanada.gc.ca/regulatory/licensees/crops-e.htm
Conduct information campaigns that promote the benefits of dealing with CGC licensed grain companies	<ul style="list-style-type: none"> The CGC continued to distribute information and news releases to producers on dealing with licensed grain companies. This initiative was featured in the CGC's corporate exhibit at agricultural fairs and exhibitions in western Canada attended by the CGC. http://grainscanada.gc.ca/Views/Exhibit/exhibit-e.htm
Develop strategies to increase the number of licensees, e.g., streamline the licensing process	<ul style="list-style-type: none"> Licensing information and applications are readily available on the CGC's web-site. The CGC assisted prospective licensees with completing documentation and setting up the compulsory security threshold. http://grainscanada.gc.ca/Regulatory/licensees/applying-e.htm

2. Fair treatment of producers by grain companies and dealers

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
1,042	1,042	1,292

Human Resources:

Planned	Authorities	Actual
11	11	11

2004-2005 Related Activities	2004-2005 Results														
Mediate and/or arbitrate producer complaints concerning transactions with grain companies	<ul style="list-style-type: none"> The Assistant Commissioners in western Canada responded to 1850 producer inquiries regarding failure to pay or late payment, grade or dockage disputes, producer cars, shrinkage deductions and elevator charges. http://grainscanada.gc.ca/Whoare/a-commissioners-e.htm The CGC received 2006 producer inquiries on its toll free information line and 69 producer complaints. Numerous other complaints and concerns were brought to the attention of the Licensing, Auditing and Compliance staff in the course of their duties and to staff present at CGC displays during agricultural fairs and expositions. http://grainscanada.gc.ca/Views/Exhibit/exhibit-e.htm 														
Expand the provision of subject to inspector's grade and dockage to include all elevators	<ul style="list-style-type: none"> The CGC continued to distribute and make available information for producers regarding their right to a binding quality determination by the CGC if the grain producer or the person delivering the grain disagrees with the grade and dockage received at a licensed primary elevator. In 2004-2005 producers submitted 419 samples to the CGC for quality determination under "subject to inspector's grade and dockage". <p style="text-align: center;">Number of Requests for Subject to Inspectors Grade and Dockage</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th><u>Fiscal Year</u></th> <th><u>Requests</u></th> </tr> </thead> <tbody> <tr> <td>1999-00</td> <td>536</td> </tr> <tr> <td>2000-01</td> <td>481</td> </tr> <tr> <td>2001-02</td> <td>402</td> </tr> <tr> <td>2002-03</td> <td>368</td> </tr> <tr> <td>2003-04</td> <td>348</td> </tr> <tr> <td>2004-05</td> <td>419</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The CGC continued to devise strategies to inform producers of their right to grain quality arbitration. For example, information packets on "subject to" were distributed by the CGC at 8 agricultural fairs and exhibitions during the 2004-2005 crop year. The service was promoted through prairie service centres, during CGC attendance at producer meetings, and information was posted on the CGC web-site. http://www.grainscanada.gc.ca/Prodser/quality_insp/subject_to-e.htm 	<u>Fiscal Year</u>	<u>Requests</u>	1999-00	536	2000-01	481	2001-02	402	2002-03	368	2003-04	348	2004-05	419
<u>Fiscal Year</u>	<u>Requests</u>														
1999-00	536														
2000-01	481														
2001-02	402														
2002-03	368														
2003-04	348														
2004-05	419														
Review regulations under pressure as a result of changes in the grain handling industry, e.g., addition of canaryseed as a grain, subject to inspector's grade and dockage, moisture regulations, setting shrinkage to zero at grain dealers	<ul style="list-style-type: none"> Amendments to the <i>Canada Grain Regulations</i> were implemented for August 1, 2004 to improve readability, clarity, ease of use and to ensure the consistency of language. Other regulations were amended, or repealed, to reflect the procedures currently being followed Amendments to the <i>Canada Grain Regulations</i> were planned for implementation for August 1, 2005. http://grainscanada.gc.ca/Regulatory/Regulations/cgregs-e.asp A position paper was prepared regarding addition of canaryseed as a grain under the <i>Canada Grain Act</i>. A CGC position paper regarding the moisture shrinkage allowance at primary elevators for artificially dried grain was prepared. http://www.grainscanada.gc.ca/regulatory/orders/2005/2005-124-e.htm 														

2004-2005 Related Activities	2004-2005 Results
Re-inspect samples on producer request and investigate quality complaints	<ul style="list-style-type: none"> The CGC continued to receive producer requests to determine the quality of grain deliveries. Producers continued to access CGC service centres for quality determination and grain quality issues and engaged the Assistant Commissioners to assist in resolving quality disputes with buyers. http://grainscanada.gc.ca/prodser/scmenu-e.htm
Operate the Grain Appeal Tribunal	<ul style="list-style-type: none"> The Grain Appeal Tribunal remained an integral part of the CGC quality assurance protocol. In 2004-2005, 1,235 samples reached the final stage of appeal where industry representatives adjudicate in the final quality determination. http://grainscanada.gc.ca/regulatory/grainappeal/tribunal-e.htm

3. Fair administration of producer car delivery options

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
239	239	362

Human Resources:

Planned	Authorities	Actual
3	3	3

2004-2005 Related Activities	2004-2005 Results
Allocate producer cars	<ul style="list-style-type: none"> In 2004-2005 the CGC allocated 9,125 railcars to producers for the purpose of transporting grain on their own account. For all requests, the CGC acknowledged the producer car application by mailing a notice of receipt of the application by the end of the next working day. http://grainscanada.gc.ca/prodser/producercars/information/prodcars-e.htm
Address producer car issues	<ul style="list-style-type: none"> The CGC continued to broaden the availability of producer cars; the CGC worked with the CWB and Canadian Pacific Railway (CP) to address the backlog of producer cars originating on CP rail lines. Information on the program is available on the CGC website and was also distributed to producers during agricultural fairs and exhibitions attended by the CGC. http://grainscanada.gc.ca/Pubs/FactsFarm/factsfarmers15-e.htm http://grainscanada.gc.ca/newsroom/news_releases/2002/2002-09-19-e.htm

4. Provision of grain quality information to producers

Financial Resources:

Planned Spending \$(000's)	Authorities \$(000's)	Actual Spending \$(000's)
373	373	407

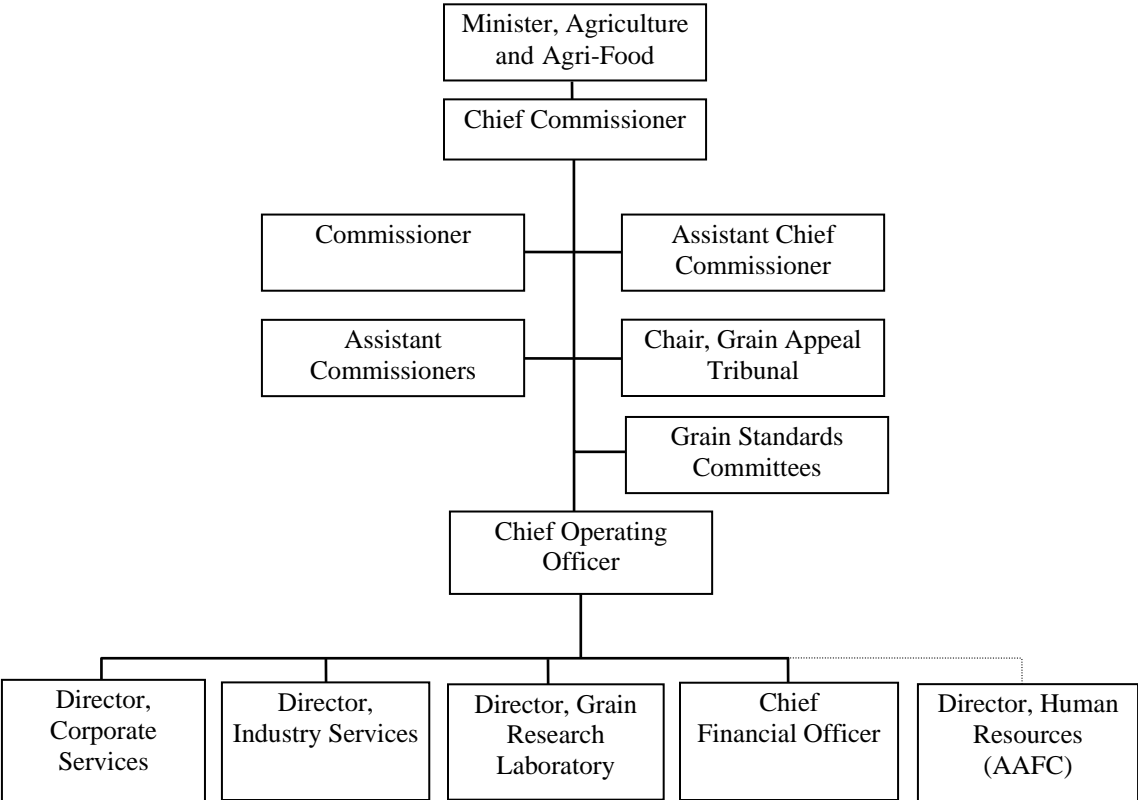
Human Resources:

Planned	Authorities	Actual
4	4	4

2004-2005 Related Activities	2004-2005 Results
Continuously improve the dissemination of grain quality and handling information on each year's crop, e.g., storage, insects	<ul style="list-style-type: none"> The CGC continued to collect and update grain quality data and grain handling information and make it available to producers and other interested parties. Producers and interested parties access CGC data at their discretion. http://grainscanada.gc.ca/Quality/crop_qual-e.htm http://grainscanada.gc.ca/Quality/exports-e.htm http://grainscanada.gc.ca/Pubs/FactsFarm/facts-titles-e.htm
Publish statistical reports on grain stock and handling with the licensed elevator system	<ul style="list-style-type: none"> The CGC continued to accumulate, update, and make available statistical grain related information. http://grainscanada.gc.ca/Regulatory/Licensees/licensees-e.htm http://grainscanada.gc.ca/Pubs/GrainStats/gsw-e.htm http://grainscanada.gc.ca/Pubs/GrainDeliveries/deliveries-e.htm http://grainscanada.gc.ca/Pubs/ExportsYearly/exportsyear-e.htm

SECTION III – SUPPLEMENTARY INFORMATION

Organizational information



CGC partnerships

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

Key partners	Areas of co-operation
Industry	
Producers and producers' organizations Grain Companies Railways Processors Universities' Laboratories Plant Breeders Instrument Manufacturing Companies Canadian Wheat Board Canadian International Grains Institute Canadian Seed Institute Canadian Soybean Exporters Association Canadian Special Crops Association Grain Exporters Inland Terminal Association of Canada Ontario Wheat Producers' Marketing Board Western Grain Elevators Association Winnipeg Commodity Exchange	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 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 Canadian International Development Agency Industry Canada Health Canada Canada Border Services Agency Transport Canada Justice Canada	Sharing knowledge Facilitating international trade Publication of grain statistics and funding of international consulting projects Market development and support Grain shipment and unload data interchange Inspection and certification of terminal and transfer elevator scales Regulation of grain imports

Foreign	
<p>U.S. Department of Agriculture (Grain Inspection, Packers and Stockyards Administration) Japanese Food Agency Commonwealth Scientific and Industrial Research Organization (Australia) State Administration of Grain (China) Jilin Grain Bureau (China) Nanjing University of Economics (China) China Grain Training Centre Ministerio de Agricultura y Ganaderia (Paraguay) Camara Paraguaya de Exportadores de Cereales y Oleaginosas (Paraguay) Federación de Cooperativas de Producción (Paraguay) Instituto Nacional de Investigación Agropecuaria (Uruguay) Central Cooperativa de Granos (Uruguay) Laboratorio Tecnológico del Uruguay Ministry of Agrarian Policy (Ukraine) Ukrainian Futures Exchange</p>	<p>Shared quality assurance program delivery Facilitating international trade Research Technology training</p>

Table 1: Comparison of Planned Spending and Full Time Equivalents

\$(000's)	2002-03 Actual	2003-04 Actual	2004-2005			
			Main Estimates	Planned Spending	Total Authorities	Actual
Deliver inspection and testing services ¹			41,991	40,620	41,991	39,186
Deliver weighing services ¹			12,005	11,998	12,005	12,092
Research – measure and understand grain quality			7,030	8,372	7,030	8,345
Protect producers' rights ¹			2,446	2,446	2,446	3,662
Total	\$60,405	\$63,737	\$63,472	\$63,372	\$63,472	\$63,285
Plus: Cost of services received without charge *	3,006	3,030	2,319	2,319	2,319	2,345
Cost of Department	\$63,411	\$66,767	\$65,791	\$65,691	\$65,791	\$65,630
Full Time Equivalents	674	652	675	675	675	621

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

This table represents the total Revolving Fund and Appropriation for main estimates, planned spending, total authorities, and actual spending.

Table 2: Use of Resources by Program Activities

2004–2005								
Program Activity \$(000's)	Budgetary						Plus: Non-Budgetary	Total
	Operating	Capital	Grants and Contributions	Total: Gross Budgetary Expenditures	Less: Respendable Revenue	Total: Net Budgetary Expenditures	Loans, Investments and Advances	
Deliver inspection and testing services								
Main Estimates	39,392	2,599	-	41,991	32,296	9,695	-	\$9,695
<i>Planned Spending</i>	38,021	2,599	-	40,620	32,296	8,324	-	\$8,324
Total Authorities	39,392	2,599	-	41,991	32,296	9,695	-	\$9,695
<i>Actual Spending</i>	37,494	1,692	-	39,186	25,912	13,274	-	\$13,274
Deliver weighing services								
Main Estimates	11,296	709	-	12,005	8,816	3,189	-	\$3,189
<i>Planned Spending</i>	11,289	709	-	11,998	8,816	3,182	-	\$3,182
Total Authorities	11,296	709	-	12,005	8,816	3,189	-	\$3,189
<i>Actual Spending</i>	11,967	125	-	12,092	9,621	2,471	-	\$2,471
Research – measure and understand grain quality								
Main Estimates	6,523	507	-	7,030	-	7,030	-	\$7,030
<i>Planned Spending</i>	7,865	507	-	8,372	-	8,372	-	\$8,372
Total Authorities	6,523	507	-	7,030	-	7,030	-	\$7,030
<i>Actual Spending</i>	7,826	519	-	8,345	-	8,345	-	\$8,345
Protect producers' rights								
Main Estimates	2,261	185	-	2,446	1,068	1,378	-	\$1,378
<i>Planned Spending</i>	2,261	185	-	2,446	1,068	1,378	-	\$1,378
Total Authorities	2,261	185	-	2,446	1,068	1,378	-	\$1,378
<i>Actual Spending</i>	3,613	49	-	3,662	408	3,254	-	\$3,254

This table depicts the main estimates, planned spending, total authorities, and actual spending for each Program Activity.

Table 3: Voted and Statutory Items

Vote or Statutory Item \$(000's)	Truncated Vote or Statutory Wording	2004–2005			
		Main Estimates	Planned Spending	Total Authorities	Actual
40	Operating expenditures	\$19,245	\$19,245	\$19,245	\$19,014
40a	Program expenditures	-	-	892	647
15	Contributions to employee benefit plans	-	-	120	120
(s)	Revolving Fund	(127)	(127)	(127)	(127)
(s)	Contributions to employee benefit plans	2,175	2,175	2,175	2,175
	Total	\$21,293	\$21,293	\$22,305	\$21,829

The summary of voted Appropriations represents the amount of funding received by the CGC through the approved votes. It compares main estimates, planned spending, and total authorities to what the CGC actually spent.

Table 4: Net Cost of Department

\$(000's)	2004–2005
Total Actual Spending	\$63,285
<i>Plus: Services Received without Charge</i>	
Accommodation provided by Public Works and Government Services Canada (PWGSC)	-
Contributions covering employers' share of employees' insurance premiums and expenditures paid by TBS (excluding revolving funds)	2,175
Worker's compensation coverage provided by Social Development Canada	170
Salary and associated expenditures of legal services provided by Justice Canada	
<i>Less: Non-responsible Revenue</i>	-
2004–2005 Net cost of department	\$65,630

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

Table 5: Sources of Respendable Revenue

\$(000's)	Actual 2002-03	Actual 2003-04	2004-2005			
			Main Estimates	Planned Revenue	Total Authorities	Actual
Delivery of inspection and testing services						
Sources of respendable revenue						
Inspection, registration, and cancellation						24,320
Other						1,591
Total			\$32,296	\$32,296	\$32,296	\$25,912
Deliver weighing services						
Sources of the respendable revenue						
Inspection, registration, and cancellation						9,563
Other						58
Total			\$8,816	\$8,816	\$8,816	\$9,621
Research – measure and understand grain quality						
Source of spendable revenue						
Other						1
Total			-		-	\$1
Protect producers' rights						
Sources of respendable revenue						
Licences						180
Other						228
Total			1,068	1,068	1,068	408
Total Respendable Revenue	\$26,277	\$34,015	\$42,180	\$42,180	\$42,180	\$35,942

This table identifies all sources of revenue generated, excluding appropriation. Respendable revenues represent funds generated through fees and contracts for services rendered by the CGC. These revenues are used to offset a portion of the cost of providing these services.

Table 6: CGC Revolving Fund
Statement of Operations

\$(000's)	Actual 2002-03	Actual 2003-04	2004-2005			
			Main Estimates	Planned Spending	Authorized	Actual
Revenue						
Appropriation	33,046	37,506	21,293	21,293	21,293	21,829
Respendable	26,277	34,015	42,180	42,180	42,180	35,942
Total	\$59,323	\$71,521	\$63,473	\$63,473	\$63,473	\$57,771
Expenses						
Operating:						
Salaries and employee benefits	47,983	49,277	44,399	44,399	44,399	49,696
Depreciation	2,040	2,052	3,364	3,364	3,364	1,857
Repairs and maintenance	253	333	512	512	512	430
Administrative and support services	8,260	9,619	11,770	11,770	11,770	9,140
Utilities, materials and supplies	1,605	2,186	2,484	2,484	2,484	1,947
Marketing	264	270	181	181	181	215
Total expenses	\$60,405	\$63,737	\$62,710	\$62,710	\$62,710	\$63,285
Surplus (Deficit)	\$(1,082)	\$7,784	\$763	\$763	\$763	\$(5,514)

This table portrays and allocates costs associated with total revenues generated.

Statement of Cash Flows

\$(000's)	Actual 2002-03	Actual 2003-04	2004-2005			
			Main Estimates	Planned Spending	Authorized	Actual
Surplus (Deficit)	\$(1,082)	\$7,784	\$763	\$763	\$763	\$(5,514)
Add non-cash items:						
Depreciation/amortisation	2,040	2,052	3,364	3,364	3,364	1,857
Provision for employee termination benefits	679	672				654
Gain on disposal of property and equipment		(46)				(7)
Change in working capital	857	(2,033)				1,357
Investing activities:						
Acquisition of depreciable assets	(1,847)	(1,451)	(4,000)	(4,000)	(4,000)	(2,962)
Cash surplus (requirement)	\$647	\$6,978	\$127	\$127	\$127	\$(4,615)

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

Projected Use of Authority

\$(000's)	Actual 2002-03	Actual 2003-04	2004-2005			
			Main Estimates	Planned Spending	Authorized	Actual
Authority	\$2,000	\$2,000	\$2,254	\$2,254	\$2,254	\$2,254
Drawdown:						
Balance as at April 1	9,155	9,802	16,780	16,780	16,780	16,780
Operating (deficit)/surplus	(9,155)	(9,802)	(16,780)	(16,780)	(16,780)	(16,780)
Projected surplus (Drawdown)	647	6,978	127	127	127	(4,615)
Projected Balance at March 31	\$2,647	\$8,978	\$2,381	\$2,381	\$2,381	\$(2,361)

This table represents the projected surplus (drawdown), which is made up of the ANCAFA (cash balance) plus the CGC's authority for Revolving Fund activities.

Table 7: 2004-2005 User Fee Reporting – *User Fees Act*

User Fee	Fee Type	Fee Setting Authority	Date Last Modified	2004-2005				
				Forecast Revenue \$(000's)	Actual Revenue \$(000's)	Full Cost \$(000's)	Performance Standard	Performance Results
Inward inspection	R	Schedule I – <i>Canada Grain Regulations (CGR)</i>	1991	4,956	5,947	9,769	See Annex 6	See Annex 6
Outward inspection	R	Schedule I -CGR	1991	11,240	12,120	11,292	See Annex 6	See Annex 6
Inward weighing	R	Schedule I -CGR	1999 Schedule I CGR	1,336	1,587	3,278	See Annex 6	See Annex 6
Outward weighing	R	Schedule I -CGR	1991	5,766	6,337	5,712	See Annex 6	See Annex 6
Registration and cancellation	R	Schedule I -CGR	1991	2,949	3,258	835	See Annex 6	See Annex 6
Licences	R	Schedule I -CGR	1991	84	180	1,077	See Annex 6	See Annex 6
Analytical Service	O <i>(Sole service provider)</i>	<i>Canada Grain Act</i>	2001	NA	30	88	See Annex 6	See Annex 6
Total				\$26,331	\$29,429	\$31,963		

Table 7 Continued: 2004-2005 User Fee Reporting – User Fees Act

		Planning Years					
		2005-2006		2006-2007		2007-2008	
User Fee	Fee Type	Forecast Revenue (\$000's)	Estimated Full Costs (\$000's)	Forecast Revenue (\$000's)	Estimated Full Costs (\$000's)	Forecast Revenue (\$000's)	Estimated Full Costs (\$000's)
Inward inspection	R	6,020	9,199	5,702	8,931	5,702	9,154
Outward inspection	R	12,246	10,634	11,598	10,323	11,598	10,581
Inward weighing	R	1,558	3,087	1,476	2,997	1,476	3,072
Outward weighing	R	6,245	5,379	5,915	5,222	5,915	5,353
Registration and cancellation	R	3,231	786	3,060	763	3,060	782
Licences	R	179	1,014	169	984	169	1,009
Total		\$29,480	\$30,099	\$27,921	\$29,221	\$27,921	\$29,951

Most of the CGC's revenues are generated from fees charged for regulatory inspection and weighing of grain exported through terminal elevators.

The estimated full costs only reflect the direct costs associated with revenue generation. Indirect costs have been excluded for this calculation.

Table 8: Response to Audits and Evaluations for FY 2004–2005

Response to the Auditor General
<p>1999 OAG Chapter 11 (Agriculture Portfolio – User Charges)</p> <hr/>
<p>11.111(2). The organizations should introduce meaningful service standards (including measures of client satisfaction) that are monitored and reported on a regular basis.</p> <p>CGC Update 2005: Work will continue on the development and approval of service standards. Performance measures are being established for each unit in the CGC. Twice-yearly Management Review Meetings in Industry Services Division yield concrete and continued improvement of organizational performance in meeting published service standards. Improvements in the design and accessibility of the CGC’s on-line redress system mean a more user-friendly approach. There are no immediate plans to seek ISO certification for the Grain Research Lab and client-facing functions within Corporate Services because of cost issues.</p>
<p>11.111 (9). Guiding principles in line with government policy should be developed that allow a person to identify situations in which user charges will be applied; to understand how private and public benefits have been differentiated; to understand how the amount of the charge has been determined; and to see that the principles have been applied consistently and equitably across the organization.</p> <p>CGC Update 2005:</p> <ul style="list-style-type: none">• The CGC continues to use the costing model which defines the split between private and public benefit, based on the regulatory and service provision aspects of the CGC’s activities. The CGC has comparative costing model data for four fiscal years and continues to be in a position to analyze trends. The CGC used the costing model as a basis for defining its program activity architecture; the costing model and PAA are linked.• The CGC has developed consistent costing rates, based on Treasury Board’s <i>Guide to the Costing of Outputs</i>, which are used for rate development for cost recovery of fees, contracts, project management and cost/benefit analysis. The CGC’s costing model and costing rates have been linked through the use of similar costing methodology.• CGC staff has received training and documentation on the costing model and costing rates. In addition, costing templates and procedures have been developed to assist staff in the costing of initiatives; these are posted on the CGC’s StaffNet.
<p>11.111 (11). Although the timing may vary depending on the nature and significance of the area, the organizations should review each of their programs, with and without user charges, to identify fee inconsistencies, opportunities to achieve benefits beyond revenue generation, opportunities to simplify the fee structure, and fees at odds with program objectives or the organization’s user charge strategy and principles. This should identify what changes are needed in user charges, and how these changes will be achieved.</p> <p>CGC Update 2005: The CGC has created a User Fees Committee which consists of representatives from various divisions of the organization. The Committee’s key deliverables include:</p> <ul style="list-style-type: none">• Review existing user fees to determine if there are duplications or redundancies and if fees can be set up as contracts:<ul style="list-style-type: none">○ Since the beginning of the fiscal year the CGC has reduced its active user fees from 299 to 249 and identified another 57 fees that will be investigated for potential elimination. The CGC will eliminate another 44 fees over a three year period as part of expenditure reallocation.

- Develop a database of all CGC user fees to facilitate public reporting requirements and comply with Treasury Board's *Policy of Service Standards for External Fees*. Information that the CGC intends to eventually include in the database is identified below. Some of this information is readily available while other information has yet to be developed.
 - Fee codes ,Fee descriptions, Benefits to clients, Service pledges or principles, Delivery targets of service standards, Service delivery costs, Complaint and redress system
- Publish relevant CGC fee information on the CGC's website

11.111 (14). The organizations should evaluate the extent to which user charges have achieved revenue and other benefits, and should identify and publicize user charges that achieve positive, measurable outcomes for taxpayers.

CGC Update 2005:

The CGC has created a User Fees Committee which consists of representatives from various divisions of the organization. Two of this Committee's key deliverables include:

- Create a database for all CGC user fees which will include the following information:
 - Fee codes, Fee descriptions, Benefits to clients, Service pledges or principles, Delivery targets of service standards, Service delivery costs, Complaint and redress system
- Publish relevant CGC fee information on the CGC's website

11.111 (16). Where user charges are material, the organizations should make significant improvements to the quality of user charge information that is made public, so that parliamentarians and the public understand the organization's user charge strategy, principles, plans and performance.

CGC Update 2005:

The CGC plans a complete overhaul of the fee information currently published on its website. Fee descriptions will be more user-friendly. Work will continue on the development and approval of service standards.

External Audits or Evaluations

PricewaterhouseCoopers LLP – Performed the annual financial audit of CGC revolving fund. No adjustments were recommended. This information is prepared solely for use by the CGC, PWGSC, and the Auditor General of Canada.

Internal Audits or Evaluations

Licensing Function Review – The review and plan is posted on the CGC web-site.

- Executive Summary
<http://grainscanada.gc.ca/Pubs/corporate/intreview/summary-e.htm>
- Management Action Plan
<http://grainscanada.gc.ca/Pubs/corporate/intreview/plan-e.htm>

Table 9: Procurement and Contracting

CGC	
Issues	Organizational involvement
1. Role played by procurement and contracting in delivering programs	The main role of Procurement and Contracting is to: procure all goods and services in a cost effective, timely and prudent manner; adhere to all TBS policy and guidelines and abide by all appropriate laws and trade agreements.
2. Overview of how the department manages its contracting function	<p>The procurement team at HQ is comprised of a Contracting Officer/Supervisor, Contract and Procurement Officer, Procurement Clerk, and Assets Control Clerk. As a team they are responsible for 95% of the procurement and contracting done in the organization nationally. All procurement and contracting is done on behalf of HQ and Prairie Region. In addition, all service contracting, capital procurement and specific commodities are procured by this team on behalf of all the CGC regional offices.</p> <p>Procurement and contracting requests are delegated amongst all members of the team by level of complexity, commodity, division/region and value.</p>
3. Progress and new initiatives enabling effective and efficient procurement practices	<p>Currently, the Procurement Team is extensively involved in harvesting savings through the Spend Analysis exercise. This includes working with other members of the Financial and IT teams in addition to PWGSC in Ottawa and consultants contracted by PWGSC.</p> <p>The Procurement Team is also in the process of converting and managing the transition to the mandatory use of Standing Offers through all of the CGC's divisional and regional offices. This includes analysis, training, and the use of existing Standing Offers as well as the creation of new Standing Offers to meet the CGC's unique program requirements.</p>

Table 10: Service Improvement Initiative

CGC Division	# of Programs/Services covered by a Service Improvement Plan	# of Services Base-lined in the Ipsos-Reid Survey of 2002-03	# of External (citizen-centred) Services subject to continuous improvement
Industry Services	30 ISO procedures (continuous improvement in place)	3	55 services
Grain Research Laboratory	all (continuous improvement in place)	0	44 lab processes
Corporate Services	1	0	2 (all others internal)

Main achievements in improving service from a citizen-centered perspective:

- Completion of service standards for all external, client-centered services
- Maintenance of high-quality testing and grain grading which continue to be the quality 'anchor' of the grain industry in Canada and amongst the highest standards in the world
- Completion of corporate service standards which support client-facing services and yield better corporate management
- Tracking of customer service calls has improved, yielding better response to clients
- Representation in the WGSC has been broadened substantially through the creation of producer/industry commodity subcommittees

SECTION IV – OTHER ITEMS OF INTEREST

Annex 4: Government Wide Initiatives

The CGC is committed to fulfilling its responsibility for government wide initiatives in the most efficient and effective manner possible. The cost of the government wide initiatives is accounted for under the costs of delivering the strategic outcomes. By meeting the government wide initiatives mandate, the CGC continuously confirms its position in the Agriculture and Agri-Food portfolio. The CGC has continued to refine its costing model and cost-benefit analysis process. This process has improved the consistency and reliability of the CGC's hourly costing model to recover the costs of external service contracts.

The government initiatives for sound agency management involves more than cost efficiency. It means ensuring a skilled, motivated management team and workforce equipped to apply the essential regulations and services that will maintain a competitive and successful grain industry. It requires the CGC to reaffirm commitments to initiatives such as Modern Comptrollership, the provision of services in both official languages, the development of a culture of learning within the organization, and implementing the Government On-Line initiative.

Success in this area was measured by tracking the effectiveness of the specific activities and programs deemed essential by the government.

2004-2005 Related Activities	2004-2005 Results
Continue to develop and implement Modern Comptrollership at the CGC. Review progress, identify gaps and develop action plans. Implementation of the management accountability framework (MAF)	<ul style="list-style-type: none"> • Modern Comptrollership activities have been incorporated in the CGC's Management Accountability Framework Action Plan. As MAF presents a broader framework, more CGC development initiatives can be included. The progress of CGC activities toward the implementation of all 10 MAF elements and respective sets of performance measures is being actively tracked. This initiative advances the shift from a financial perspective to a broader, more integrated management approach.
Enhance the risk management framework	<ul style="list-style-type: none"> • The CGC started the development of a "Corporate Risk Profile" to instruct all CGC staff on the appropriate tools to use in risk assessment of various levels of organizational challenges and decisions. Completion of this initiative is targeted for the fall of 2005.
Conduct planned internal audits	<ul style="list-style-type: none"> • Key areas for risk assessment are to be identified concurrent with the development of the CGC "Corporate Risk Profile".
Develop the framework for performance measurement	<ul style="list-style-type: none"> • The MAF Action Plan established the CGC commitment to the principles and goals of MAF. Conflict of Interest Guidelines have been established. • The CGC is building on the 8 core values by holding unit discussions and defining behavior. • The framework for performance measures is ongoing.
Include all CGC work and its effective performance measures in the RPP	<ul style="list-style-type: none"> • All current and planned activities along with measurements for 2005 are reflected in the CGC's 2005-2006 RPP.

2004-2005 Related Activities	2004-2005 Results
Ensure that employee goals are linked to business objectives and identified employee development needs	<ul style="list-style-type: none"> Through discussions on performance measures, the CGC is working to help employees understand how their individual work contributes to the overall success of the department.
Implement the requirements of the TB External Charging Policy and, if implemented, Bill C-212. Continue to refine the CGC's costing model.	<ul style="list-style-type: none"> Revenues and costs have been cross-walked to the PAA structure. Compilation of existing service standards and performance measures for fees, as well as calculation of individual service costs has commenced.
Achieve the next phase of GOL targets, e.g., transferring services to online environment	<ul style="list-style-type: none"> Government On-Line is a key pillar in the Government's Results for Canadians agenda. The CGC's web-site provides Canadians with quick and easy access to information about the CGC, its policy decisions, general announcements, and activities. The CGC provides electronic subscription services for news releases and other grain related information, statistical and grain quality reports, on-line reporting for licensees, bilingual glossary of grain related terminology, and various other services and information for grain producers and the grain industry including grain standards and moisture calculators. Canadians may also access the CGC on-line through the web-site to request information or to initiate a complaint. http://grainscanada.gc.ca/
Expand use of service standards and reliable measures for key services	<ul style="list-style-type: none"> All client-facing services, both mandatory and optional, perform within established service standards.
Develop action plan to implement changes to service delivery mechanism based on results of external client survey (Service Improvement Initiative)	<ul style="list-style-type: none"> The Ipsos Reid survey results of 2003 continue to have a major impact on service delivery. Client-initiated suggestions for the improvement of service were studied by national inspection and weighing groups and many have been integrated in operations through ISO management review and other internal processes; other suggestions continue to be studied.
Develop a strategy to implement HR Modernization	<ul style="list-style-type: none"> The Mandatory Union Management Consultation Committee (UMCC) is in place. Design work for the Informal Conflict Management System (ICMS) is in progress. Discussions with bargaining agents on the principles for the consultation process have been initiated.
Implement CGC's Employment Equity Plan	<ul style="list-style-type: none"> The CGC's Employment Equity Action Plan has been developed and is being implemented.
Develop strategies to address the results of the 2002 Public Service Wide Employee Survey	<ul style="list-style-type: none"> A CGC newsletter is published approximately every six weeks on the CGC's intranet (StaffNet). It contains articles and items to help keep staff informed of various issues of importance and interest to the organization. CGC Core Competencies have been established and are used as the basis for recruitment, promotion, and staff development. The CGC has an annual Employee Recognition Awards Program.

2004-2005 Related Activities	2004-2005 Results
Actively promote and implement the requirements of the Official Languages Act	<ul style="list-style-type: none"> • The CGC's Official Languages Committee continues to address various issues as they are identified. <ul style="list-style-type: none"> ○ A review of the exterior signage of all CGC offices was initiated and shortcomings will be addressed over the next few years. ○ French language training resources have been made available for Winnipeg staff that want to address the French language capacity. ○ Planning for the Official Languages Survey was initiated. The survey will be conducted in early 2005-2006. ○ The Office of the Commissioner of Official Languages investigated a complaint received about service in the CGC's Montreal office. The complaint was determined to be unfounded.
Review areas of shared responsibility with the Canadian Food Inspection Agency, Health Canada, Agriculture and Agri-food Canada and other agencies to ensure there are no gaps in domestic grain safety assurance, GM grain, identity preservation and non-Canadian grain	<ul style="list-style-type: none"> • Meetings and video conferences have been held with both CFIA and AAFC to discuss Adventitious Presence (AP). CGC staff is in constant contact with researchers in CFIA and AAFC labs to ensure research is complementary. • The AP portfolio working group identified 17 issues regarding AP of GM material affecting grain and seed industries. Action plans to address issues have been developed for implementation in 2005-2006 using support funds from the Canadian Biotechnology Strategy. • The CGC shared DNA based barley VID methods with CFIA. • The CGC and CFIA held, and continue to hold, discussions to enable validation of GM grain detection methods. • The CGC, in partnership with AAFC and CFIA, launched the process of determining a mechanism to minimize leakage of U.S. wheat varieties into the Canadian grain handling system. • The portfolio working group for grain safety assurance held, and continues to hold, preliminary discussions on the disposal of contaminated grain and other substances.
Address gaps and overlaps in laboratory programs of the CGC and the Canadian International Grains Institute (CIGI)	<ul style="list-style-type: none"> • The output from CIGI is primarily aimed at teaching and industry development while that of the CGC grain research laboratory is research. However, coordination between both groups is continuous and ongoing to ensure that there is no duplication. A limited number of cooperative projects are underway.
Phytosanitary inspection of grain elevators on behalf of Canadian Food Inspection Agency	<ul style="list-style-type: none"> • The CGC continued to inspect grain elevators to ensure adherence to phytosanitary expectations on behalf of the CFIA. • Solo CGC provision of phytosanitary inspections eliminates duplication of services, while continuing to uphold the government mandate.
Undertake CIDA projects in Ukraine, Paraguay and other countries to assist in the development of grain	<ul style="list-style-type: none"> • The CGC provided training and consulting services in the Ukraine, Paraguay, China and Brazil. New grain quality standards were developed in Paraguay. In the Ukraine, a system of warehouse receipts was implemented and complete

2004-2005 Related Activities	2004-2005 Results
quality assurance systems in these countries	redevelopment of the Central Laboratory in Kyiv was started. With the CGC's assistance, China is developing new policies to deal with grain storage, quality, and transportation issues in western China. Advice was provided to Brazil with regard to grain quality and laboratory testing systems. The Ukraine, China and Paraguay projects will be completed in the 2005-2006 fiscal year.

Annex 5: Corporate Infrastructure

The CGC is committed to fulfilling its mandate under the *Canada Grain Act* in the most efficient and cost effective manner possible. Corporate infrastructure costs are accounted for in the cost of delivering the strategic outcomes.

The CGC values a skilled and motivated workforce that is equipped to ensure the regulations and CGC services support a successful grain industry. Providing an inclusive and diverse workplace that is representative of the citizens we serve is essential to the long-term growth strategy of the CGC.

The corporate infrastructure, including corporate support functions such as health and safety, information technology, communications, human resources, finance, and administration enable the organization to deliver its strategic outcomes.

Success in this area was measured by tracking the effectiveness of specific activities and programs such as the number of accidents, meeting legislative requirements, or tracking client satisfaction through service standards.

2004-2005 Related Activities	2004-2005 Results
Management and ongoing development of an effective health and safety program	<ul style="list-style-type: none"> • In 2004-2005 specific emphasis was placed on first-aid training for supervisors in Vancouver, WHMIS and Material Safety Data Sheet use for GRL staff, Emergency Procedures training for staff in Winnipeg, and Accident Investigation training for Vancouver and Thunder Bay. • The National Occupational Health & Safety Policy Committee reviewed and revised the Hearing Conservation, Respiratory Protection, Travel Safety and Protective Footwear policies. • New policies for Employees Working Alone or in Isolation, and for Emergency Medical Assistance were implemented. • Work began on the development of the Hazard Prevention Program, released under the Canadian Occupational Health & Safety Regulations (COHSR) pursuant to the Canada Labour Code Part II. Ongoing environmental testing included workplace dust level measurements in Vancouver Inspection and Weigh offices, testing for mould contamination in Winnipeg Headquarters, building and assessment of dust levels and preventive measures in the Montreal Inspection office.

	<p>Routine environmental testing for VOCs (volatile organic compounds) was also conducted in the GRL.</p> <ul style="list-style-type: none"> • Work began on the development of a CGC-wide Wellness Program with initial assessment of potential service providers for Stress Management seminars. • Existing service standards were met consistently and no complaints from clients were received. Positive feedback from 5 clients relating to specific health & safety issues was received. • Health & Safety incident reporting is improving and these data are now included in the annual statistics gathered, along with lost time accidents. • Total accidents reported declined approximately 25% to a total of 26 in 2004.
Effective internal communications, e.g., staff net, bulletins, communications from the Chief Operating Officer, and quarterly management planning sessions	<ul style="list-style-type: none"> • The CGC established a newsletter in December 2002 which continued to be released every 6 weeks. • As required, Staff Bulletins communicated the issues of the day. http://grainscanada.gc.ca/new/newmenu-e.htm • Leadership planning sessions have been held quarterly since November 2001. • The CGC state of affairs presentations (Odyssey) have been presented to all staff every spring since April 2001. • Continued to visit and meet staff at CGC worksites and waterfront elevators.
Development and management of an information technology infrastructure	<ul style="list-style-type: none"> • During 2004-2005 the development and procurement process for software was enhanced. As a result, projects undertaken are better aligned with the organizational goals through prioritizing and project management. The commitment to procure software solutions, as opposed to developing in house, continued where possible and the timelines and users requirements were met when in-house software development was required.
Develop, acquire and implement software applications	<ul style="list-style-type: none"> • CGC Information Technology Services maintained the ongoing plan to manage server population through increased power, network throughput, and rationalization of the number of servers. • Work continued to enhance and evolve the infrastructure (testing internet protocol based technology) and to ensure timely access to data. The ability to control data access (implementation of ECORA and WEBSense software for desktop and Internet management) was increased. Steps were taken to secure and control data archiving through the implementation of increased storage, Hummingbird DM, and e-mail archiving procedures.
Storage, handling and provision of operational data	<ul style="list-style-type: none"> • Information technology (IT) policies were reviewed and upgraded to reflect changing realities. In 2004-2005 an IT security policy was implemented and changes were made to the Internet and e-mail policies. • Software tools were implemented to better monitor information technology policy compliance within the CGC. IT policy modernization will continue as circumstances dictate.
Policy support to all work groups	<ul style="list-style-type: none"> • Significant support was provided in the development of the licensing compliance initiative, the WQAS proposal, and Canada's response to the WTO Panel ruling.

Consult with clients to establish levels for fees in accordance with Treasury Board cost-recovery guidelines	<ul style="list-style-type: none"> • Pre-consultation work and review is proceeding with respect to costing information, service standards, and performance measures for individual fees.
National management of financial processes, procedures and projects and central agency requirements	<ul style="list-style-type: none"> • In 2004-2005 the CGC completed the conversion to PAA reporting. As of April 1, 2005, the CGC initiated proactive contract disclosure, introduced travel hospitality disclosure, established advertising centralization, converted to STSI, and initiated EMIS and expenditure review submissions.
Achieve sustainable funding arrangements	<ul style="list-style-type: none"> • The CGC commenced with the preparation of future direction working documents. Submissions were prepared and presented for the utilization of existing CGC surplus. Meetings with Central Agencies were held and continue to be ongoing.
Manage national and regional administrative programs and policies	<ul style="list-style-type: none"> • Problems experienced during the transition to a new service provider have been addressed, but new problems have arisen. In conjunction with other departments, the CGC is monitoring them closely and reporting any issues to PWGSC project managers. • Minutes of the Senior Full-Time Travel Officer meetings and travel information bulletins from Treasury Board and the service provider were shared with all administration officers. National Administration Officer meetings were held on a monthly basis to ensure administrative policies and procedures were being adhered to and to share information. • A National Administration Officer conference was held in Vancouver in February. • A client satisfaction survey was sent to head quarter's staff in order to ensure that mailroom services being provided met service standards.
Manage CGC facilities and telecommunications	<ul style="list-style-type: none"> • The CGC completed a relocation and fit-up of its Vancouver laboratories. The fit-up addressed and resolved issues in the areas of health and safety, security, and barrier free accessibility. • All third party locations were surveyed to compile an inventory of locations whereby vermiculite insulation may have been used in the past. • A building Health and Safety Committee was formed, bringing together tenant representatives of the laboratories. The goal of the committee is to ensure all laboratory practices are safe and followed consistently by all tenants. • A redesign of Elevator No. 4 in Montreal has been completed addressing health and safety issues and workplace standards. • A telecommunications policy and standards were developed and implemented which have resulted in cost savings in telecommunications. The CGC also implemented the use of GEDS nationally to realize additional cost savings. Ongoing work is continuing.
Evaluate existing CGC premises for future capacity and options for relocation	<ul style="list-style-type: none"> • National space standards for processing areas were developed and are being implemented as facilities are upgraded. • Functional programming was started in 2004-2005 at CGC headquarters to address future needs with respect to structural, electrical and

	<p>mechanical requirements for the laboratories. The functional programming involves all tenants with labs – CGC, CIGI and the Canadian Malting Barley Technical Center (CMBTC). An inventory of lab equipment was compiled for all three organizations.</p>
Develop business resumption plans	<ul style="list-style-type: none"> • Work continued on business resumption plans for the Pacific region. Plan completion is targeted for mid 2005-2006. This plan will become the template for the other CGC regions.
Consider the benefits of ISO 9002 certification for Corporate Services and investigate ISO 17025 certification for laboratory based operations	<ul style="list-style-type: none"> • ISO 17025 was part of budget planning for 2004-2005, but was not addressed in the final budget due to insufficient funding resources for fiscal 2004-2005.
Management and ongoing development of an effective human resources program	<ul style="list-style-type: none"> • Ongoing development of a skilled, sustainable, and representative workforce.
Develop a succession-planning framework	<ul style="list-style-type: none"> • Research regarding best practices has commenced with a goal of having a process in place for fiscal 2005-2006.
Implement new employee training database	<ul style="list-style-type: none"> • A training database was implemented effective January 2005. This has enabled the CGC to gather and analyze its learning investments in order to make more informed decisions.
Develop learning plans for each employee	<ul style="list-style-type: none"> • Facilitators have been trained and have begun the process of delivering training sessions on personal learning plans to all employees.
Implement a curriculum for managers and employees based on core competencies and corporate priorities	<ul style="list-style-type: none"> • A draft base curriculum has been developed founded on core competencies and corporate priorities.
Continue to develop process improvement and facilitation skills within the organization	<ul style="list-style-type: none"> • Basic understanding of facilitation is now expected of every manager, as well as the ability to facilitate meetings on a stand-up basis.
Amend the <i>Canada Grain Act</i>	<ul style="list-style-type: none"> • As of March 2005, no instructions were received.

Annex 6: Performance Standards and Results

User Fee	Performance Standard	Performance Results – 2004-2005
Inward Inspection	<ul style="list-style-type: none"> • Our clients receive consistent high quality service from all Industry Services offices • We will provide all services in a courteous, professional manner • We will prepare and distribute documentation to interested parties within 24 hours of unload • We will provide thorough elevator inspections with regard to automatic samplers, protein testers and moisture meters, dryers and other related mechanical equipment • We will provide advice for companies regarding installation of new or modified sampling equipment, dryers and other mechanical equipment where applicable • We will address special requests to meet customer needs 	<p>From April 1, 2004 to March 31, 2005, CGC staff inspected 235,139 inward grain cars.</p> <p>The grading of inward grain cars was 99.1% accurate.</p> <p>Service standards were met 100% of the time.</p>
Outward Inspection	<ul style="list-style-type: none"> • While grain is being conveyed to the vessel, truck or railcar, we will continuously monitor the grade of the grain according to the information listed on the shipping order • We will analyze representative increments for the cargo every 2000 tonnes or within a timed interval that has been identified for the terminal and advise the shippers of the results within 20 minutes of commencing the analysis, and always when there is a problem • We will notify the designated facility representative immediately after the discovery of quality anomalies so that the cost of corrections is minimized • We will keep an official record of the loading and retain samples for six months so that the CGC and its customers can review the details of the shipment should the need arise • We will accurately reflect the loading data in the certificate, letters of analysis or other documents that we issue and offer as much flexibility in the format of these documents as our Act and Regulations allow • We will issue the appropriate certificates for the cargo within twenty-four hours of receiving a) the documentation requests from the shipper/exporter and b) the loading data from the inspection unit • We will provide our staff with the tools and the knowledge to consistently apply the protocols for inspection 	<p>From April 1, 2004 to March 31, 2005, CGC staff issued 955 certificates of quality representing 19,162,326 tonnes of Canadian export grain.</p> <p>Service Standards were met 100% of the time.</p>
Inward Weighing	<ul style="list-style-type: none"> • We shall endeavor to provide receipt data within 24 hours of unload • We will provide all services in a courteous, professional manner • We will accurately determine the amount of grain weighed and facilitate the verification of the weight with the interested parties through the certificates and other documents that we issue • We will monitor the weights and grain flow routes while grain is being conveyed from the truck or railcar • We will notify the facility representatives immediately after the discovery of quantity anomalies or weighing exceptions so that the cost of corrections are minimized 	<p>From April 1, 2004 to March 31, 2005, CGC staff officially weighed 235,139 inward grain cars.</p> <p>Service Standards were met 100% of the time.</p>

	<ul style="list-style-type: none"> We will provide our staff with the tools and knowledge to consistently apply the protocols for official weighing as our principal training objective We will address special requests to meet clients needs 	
Outward Weighing	<ul style="list-style-type: none"> We shall endeavour to provide shipment data before the close of the next business day We will ensure the timely transfer of official documents We will process and document all shipments so as not to delay the loading operations of the facility We will accurately determine the amount of grain weighed and facilitate the verification of the weight with the interested parties We will continuously monitor the weights and grain flow routes while grain is being conveyed to the truck, railcar or vessel We will notify the facility representatives immediately after the discovery of quantity anomalies or weighing exceptions so that the cost of corrections is minimized We will keep an official record of shipping routes and scale tapes for 2 years after a loading We will accurately reflect the loading data in the certificates and other documents that we issue We will provide our staff with the tools and knowledge to consistently apply the protocols for official weighing as our principal training objective 	<p>From April 1, 2004 to March 31, 2005, CGC staff officially weighed 19,162,326 tonnes of grain for export from Canada.</p> <p>Service Standards were met 100% of the time.</p>
Registration and Cancellation	<ul style="list-style-type: none"> We will reply to phone calls or e-mails from clients within 30 minutes of the time they are received or advise employees (via a message) when we will be able to resolve their questions We will provide 5-minute response between the hours of 7:30 and 4:30 CST and within 30 minutes at other times We will monitor the system on weekends to ensure continued operation 	Service Standards were met 100% of the time.
Licensing	<ul style="list-style-type: none"> Upon receipt of all required documentation for licensing, we monitor prospective licensee files to ensure that the files are processed and approved within 10 working days, (pending availability of decision makers). We advise licensees of their licensing requirements 2 months prior to their license renewal date. The day a licence is issued we notify the licensee and ensure that the licence will be mailed to the licensee within 5 working days from the effective date of the licence. We ensure that customers are notified about changes in CGC licensees' status within 3 working days of the effective change. In lieu of a 3 working day standard, notification of changes will take place via newspaper and other media publications. Customer inquiries will receive a response within 24 hours. 	<p>From April 1, 2004 to March 31, 2005, the CGC had 109 licensees as required by the <i>Canada Grain Act</i> and its <i>Regulations</i>. It should be noted that some of these licensees hold multiple licences (e.g. primary, grain dealer, transfer).</p> <p>CGC staff handled 347 enquiries relating to the area of licences and bonding.</p> <p>Service standards were met 100% of the time.</p>
GRL Analytical Services (Optional)	<ul style="list-style-type: none"> We will provide accurate test results at the earliest time possible, subject to the amount of time a test takes to be done properly (repeatability and reproducibility of method). We always provide technical assistance to clients who seek to understand the quality of their grain. 	In 2004-2005 CGC staff performed 4,061 analytical tests on grain. Service standards were met 100% of the time.

