



Canadian Grain Commission
Commission canadienne
des grains

User Fees Consultation and Pre-proposal Notification

Canadian Grain Commission

March 2017

About the Canadian Grain Commission

The Canadian Grain Commission is a federal agency. We administer and enforce the Canada Grain Act and the Canada Grain Regulations.

Under the Act and Regulations, we establish and maintain Canada's grain quality standards. We also regulate the grain industry to protect producers' rights and to ensure the integrity of grain transactions.

Our programs ensure shipments of Canadian grain are of a consistent quality, safety and quantity and are able to meet the specifications of customers.

Table of contents

ABOUT THE CANADIAN GRAIN COMMISSION.....	2
1. INTRODUCTION.....	4
2. OBJECTIVE OF USER FEES CONSULTATION	4
3. PURPOSE OF CONSULTATION DOCUMENT.....	4
4. PROVIDING YOUR INPUT	5
5. BACKGROUND	7
6. OUR SERVICES	9
7. PROPOSED USER FEES.....	12
8. IMPACT OF CHANGING USER FEES	16
9. USER FEES IN OTHER COUNTRIES	18
10. REVIEW CYCLE	18
11. DETERMINING COSTS	19
12. SERVICE STANDARDS, PERFORMANCE MEASUREMENT AND TRACKING	21
ANNEX 1: REQUIREMENTS OF THE USER FEES ACT	26
ANNEX 2: FORMULA-BASED FEE STRUCTURE	28
ANNEX 3: SERVICE DESCRIPTIONS AND PROPOSED USER FEES FOR ANALYTICAL SERVICES.....	30
ANNEX 4: PUBLISHED AND PROPOSED FEES	37
ANNEX 5: COMPARISON TO USER FEES AND SERVICE STANDARDS IN THE UNITED STATES AND AUSTRALIA	40
ANNEX 6: DETERMINING COSTS FOR A FORECAST AVERAGE YEAR.....	45

1. Introduction

The Canadian Grain Commission is proposing changes to our user fees and service standards. As part of our commitment to continuous improvement and to providing relevant, cost-effective services, we are consulting with you about the proposed changes.

In our proposal to change fees in the 2013-2014 fiscal year, we committed to reviewing user fees on a five-year cycle to keep them in line with the costs of providing our services and licences. The current review cycle ends March 31, 2018.

The Canadian Grain Commission has inspected and weighed higher than expected grain volumes. This has resulted in revenue surpluses over the past three years. We need to address the potential for additional revenue surpluses and align our fees with operational costs.

We are proposing to reduce most of our user fees as of April 1, 2018. This proposal is based on:

- a thorough review of existing fees
- past revenues generated by our services
- relatively stable costs of providing those services
- an updated time-series analysis model for forecasting annual grain volumes

Our consultation follows the guidelines of the User Fees Act and other Government of Canada requirements. This consultation document includes:

- proposed user fees
- proposed service standards
- next steps

We will release a summary of the comments received once the consultation has concluded.

The Canadian Grain Commission is exploring potential ways to use the existing accumulated surplus. This is a separate process from the review of our user fees for the five-year period from 2018 to 2023. A separate document about this issue is available.

2. Objective of user fees consultation

Your input will help us develop fair and consistent user fees and meaningful service standards for our services.

3. Purpose of consultation document

The purpose of this User Fees Consultation and Pre-proposal Notification is to provide:

- official notice that we are proposing revised user fees
- a proposal to replace the fee table in Schedule 1 of the Canada Grain Regulations with a formula-based approach for calculating user fees
- proposed service standards

-
- an opportunity for stakeholders to comment on the proposed fees, service standards and performance measures
 - information on next steps
 - information on our obligations and your opportunities under the User Fees Act
 - [Requirements of the User Fees Act](#)

4. Providing your input

We value your input. We want to hear your:

- views about our proposed user fees as outlined in this document
- feedback on our services and proposed service standards
- feedback on how changes may impact your operation

4.1 Appropriate input

Your input may include a formal complaint. This is considered appropriate input and you must indicate that your input is a formal complaint.

According to the User Fees Act, there are two categories of inappropriate complaints: frivolous and vexatious. All input will be considered with that in mind.

Input will be considered frivolous if, for instance, it contains no rational arguments or raises issues that go beyond the application of the User Fees Act. Input will be considered vexatious if it contains inflammatory language, indicates a desire to interfere with our operations, or seeks to illegitimately discredit the Canadian Grain Commission with the public or media. Input that targets specific individuals or contains offensive language will be dismissed.

4.2 How to submit your input

Your input must be received in writing between March 1, 2017 and midnight on May 1, 2017 to be considered within this process. Input may be submitted electronically, by fax or via post mail. Your input may be written in either English or French.

You may provide your input by:

- [email](#)
- fax to 204-983-2751
- post mail

Input submitted by post mail should be sent to the following address. Please include a return address.

User Fees Comments
Canadian Grain Commission
600-303 Main Street
Winnipeg, MB R3C 3G8

The following information is recommended when submitting your input:

- your full name
- your phone number
- your complete mailing address

-
- your email address
 - the reason for the input, as well as how it relates to our user fees proposal
 - how the proposal affects your interests, or those of the group you represent
 - any additional information that is relevant

It is also recommended that you explain what type of resolution you seek, if applicable. This document is also available on [our website](#) and the [Consulting with Canadians website](#). If you have any questions, please contact us.

Thank you in advance for your contribution.

4.3 How we use your input

We will study your input while considering:

- input received by other stakeholders on the same subject
- the legal or policy implications of your proposals, if applicable
- the cost of your proposals, and the source of funding, if applicable
- consistency with broader Government of Canada policies and priorities

You will receive a written response before our 60-day response and resolution period ends on June 1, 2017. Our goal is to provide a satisfactory response to your input. If you specify that your input is a formal complaint and it is not resolved to your satisfaction, you can request that it be examined by an independent advisory panel.

- [Independent advisory panels](#)

We are committed to an open and transparent process. Your input will be summarized in a report, so it cannot be considered confidential. If you have submitted input as an individual and do not represent a business, group or organization, your name will be protected according to the Access to Information Act and the Privacy Act.

4.4 Taking your input into account

The input submission process under the User Fees Act is not legally binding for the Government of Canada. All input received will be documented and noted in the user fees proposal tabled in both Houses of Parliament, whether or not it is studied by a panel.

4.5 Next steps

Following the end of the official consultation and complaint period and any recommendations by an independent advisory panel, we expect to move forward with a formal proposal to change our user fees. The proposal will take stakeholders' input and any panel recommendations into consideration.

Projected next steps

1. The Minister of Agriculture and Agri-Food tables the user fees proposal in the House of Commons and the Senate as required by the User Fees Act
2. We seek approval of the amended fees from the Governor in Council (Cabinet) as required by the Canada Grain Act and the government's regulatory process

-
3. Stakeholders have another opportunity to comment on the new fee proposal when it appears in the Canada Gazette, Part I¹
 4. After any necessary adjustments, we begin implementation of the amended fees in 2018 through the Canada Gazette, Part II

5. Background

5.1 Fees and funding

Since the Canadian Grain Commission was established in 1912, we have charged fees to recover at least a portion of the costs of:

- providing services to the Canadian grain industry
- regulating grain handling in Canada

Updated user fees for Canadian Grain Commission services and licences came into effect on August 1, 2013. Prior to this fee update, fees had not changed since 1991.

The fees that came into effect in 2013 reflected the costs of providing our services and the changes in our services as a result of amendments to the Canada Grain Act. Changing our user fees created a cost recovery structure that no longer depended on annual ad hoc funding. The updated fees provided sufficient resources and more stable funding to:

- deliver our mandated services
- ensure Canada's grain is safe, reliable and marketable
- ensure Canadian grain producers are properly compensated for grain they deliver to licensed grain companies

5.2 Authority to change fees

We have the authority to establish or change our user fees with the approval of the Governor in Council. This authority is found in Paragraph 116(1) (r) of the Canada Grain Act:

The Commission may, with the approval of the Governor in Council, make regulations, fixing, or prescribing the manner for determining, the fees for any service performed by or on behalf of the Commission and the fees for any licence issued by the Commission and prescribing the time and manner of payment of these fees.

In addition to the regulatory process, we must meet the requirements, expectations and conditions of the User Fees Act before we introduce a new user fee. Annex 1 summarizes the requirements of the User Fees Act.

¹ The Canada Gazette is the official newspaper of the Government of Canada and can be accessed at <http://canadagazette.gc.ca/>

5.3 Legal and policy requirements

The Canada Grain Act gives the Canadian Grain Commission the legal framework for developing and implementing user fees. The User Fees Act gives us additional requirements that we must complete before we change our user fees. To update a user fee or create a new one, we must:

- consult with stakeholders, giving them the chance to voice their concerns or suggest improvements to our services by completing a consultation process
- complete an impact assessment of the user fee
- compare the user fees and service standards with other countries, if relevant
- identify the cost to deliver the service
- identify what costs the user fee will address
- establish service standards and related performance measures
- establish an independent advisory panel to address any complaints
- report annually to Parliament

We used the following Treasury Board Secretariat documents to guide us:

- User Charging in the Federal Government – A Background Document
- Guide to Costing
- Policy on Service Standards for External Fees

The User Fees Act provides a framework for consultation on the establishment of user fees. However, changes to fees only come into effect after they have been set through the government regulatory process. As part of this process, we plan to publish the following in the Canada Gazette:

- the proposed changes to individual fees
- an impact analysis of the fees

5.4 Guiding principles for setting user fees

The Canada Grain Commission consulted with the industry about fees in 1985, 1992, 2010 and 2011. Based on these consultations, the following principles were recommended for our fees:

- costs should be recovered on an equitable basis for both eastern and western Canada
- charges should be made to users for all services wherever this is practical
- fees should be related to the costs
- those who use or benefit from our services should pay appropriate fees
- judgment should be exercised in applying minor fees to avoid excessive administration costs relative to revenue received
- where costs justify different fees, different fees should be assessed

The Canadian Grain Commission used the above principles, Treasury Board Secretariat costing guidelines and the requirements of the User Fees Act to develop proposed user fees and service standards. Accordingly, we will:

- consult stakeholders when user fees and service standards change
- set user fees to meet the costs of providing the service
- show the relationship between service standards and performance measures

- compare user fees to those in other countries where appropriate
- assess the impact of user fees on stakeholders
- minimize transaction costs in setting, collecting and administering user fees
- apply new or amended user fees consistently across services and regions
- design user fees that are easy to update and that can evolve with changes in the operating environment and annual costs

The proposed fees are set to not exceed our costs over a five-year period. The Government of Canada’s revolving fund policy requires that we balance our revenues and expenses over a specified business cycle (e.g. five-year time horizon). A revolving fund is a fund or account whose income is available to an organization to finance its operations and is not limited to any fiscal year.

User fees are established based on official inspection grain volumes from licensed terminal elevators. We have made changes to our grain volume forecasting methodology for the next five-year period. The proposed changes to our user fees are based on an updated time-series analysis model that includes 32 years of grain export data². Our model is similar to the forecasting model used by the Federal Grain Inspection Service (our counterpart in the United States) and has been validated by several third-parties.

As actual grain volumes vary from year to year, this could result in revenue that may be more than the cost of providing services in a year where we inspect a high volume of grain, or result in revenue that is less than the costs of providing our services in a year where we inspect a low volume of grain.

6. Our services

We propose changing fees for the following services:

Table 1: Description of Canadian Grain Commission services

Service	Description of service
Official inspection	
1. Official inspection - ships	Official inspection of grain or screenings discharged to ships and issuance of certificate.
2. Official inspection - railway cars/ trucks/ containers	Official inspection of grain or screenings discharged to railway cars, trucks or containers, and issuance of certificate.
Reinspection	

² The Canadian Grain Commission expects to inspect and weigh 34.4 million metric tonnes of grain per year upon official outward inspection over the next 5-year user fees cycle.

Service	Description of service
3. Reinspection of grain	Reinspection by the Chief Grain Inspector for Canada or authorized inspector in respect of: (a) an inspection of grain upon receipt; or (b) an inspection of a submitted sample
Official weighing	
4. Official weighing - ships	Monitoring of official weighing of grain or screenings discharged to ships and issuance of certificate.
5. Official weighing - railway cars/ trucks/ containers	Monitoring of official weighing of grain or screenings discharged to railway cars, trucks or containers, and issuance of certificate.
Authorized service provider - inspection or weighing	
6. Third-party authorization	Processing of an application for authorizing a third-party to provide inspection or weighing services upon receipt into a terminal elevator.
Supplementary fees for official inspection	
7. Travel and accommodation for official inspection services outside regular location	Canadian Grain Commission staff are available to conduct official inspection in a location where on-site inspection is not available. Travel and accommodation fees are as per applicable Government Directives.
8. Non-scheduled service reservation	Canadian Grain Commission staff are reserved for official inspection outside of regularly scheduled location hours. The fee will only be charged when service is cancelled based on regional processes.
Licensing	
9. Full-term licence	Issuance of licence (all classes) for a one-year term or, if the licence is issued following the expiry of one or more short-term licences, for a term that consists of the remainder of the year that began on the issuance of the first short-term licence.
10. Short-term licence	Issuance of licence (all classes) for one month or partial month.
Producer railway cars	
11. Producer railway car application	Processing of a complete application for a producer railway car.
Inspection of submitted samples	
12. Inspection of submitted sample	Inspection of sample of grain or screenings, and issuance of certificate.

Service	Description of service
Sampling services	
13. Official sample	At the time of official inspection, obtaining and providing an additional portion of the representative grain sample, and identifying the portion with a Canadian Grain Commission seal.
Documentation	
14. Documentation issued	Provision of the following types of supplemental documentation requested by marketers or buyers: <ul style="list-style-type: none"> • Certification • Letters of Analysis • Statements of Assurance Based on the Canadian Grain Commission's: <ul style="list-style-type: none"> • monitoring programs • testing capability and capacity
Other services	
15. Optional inspection - railway cars/ trucks/ containers	Provision of optional official inspection services of grain discharged to railway cars, trucks and containers. Based on Canadian Grain Commission capability and capacity.
16. Optional weighing - railway cars/ trucks/ containers	Provision of optional official weighing services of grain discharged to railway cars, trucks and containers. Based on Canadian Grain Commission capability and capacity.
17. Special services	Provision of special services where not elsewhere specified. Based on Canadian Grain Commission capability and capacity.
18. Courier fees	Courier fees to transmit documentation and/or samples to clients.
19. Administration services	Performance of administrative activities not elsewhere specified.
20. Oilseed calibration set - on loan	Provision, on loan, of a calibration set, if available.
21. Protein sample set	Provision of a set of three to five samples with standard protein values for wheat and barley; or protein and oil for soybeans.
22. Aspiration sample set	Provision of a sample to calibrate amount of dockage being removed from a sample using a Carter dockage tester.
23. Moisture check test - Canada Western Red Spring - 260 gram	Provision of one 260-gram sample of Canada Western Red Spring per month for one year.
24. Moisture check test - Canada Western Red Spring - 675 gram	Provision of one 675-gram sample of Canada Western Red Spring per month for one year.

Service	Description of service
25. Protein check test - Canada Western Red Spring	Provision of two samples of Canada Western Red Spring every two months for one year.
26. Protein check test - Canada Western Amber Durum	Provision of two samples of Canada Western Amber Durum every two months for one year.
27. Falling number check test - Canada Western Red Spring and Canada Western Amber Durum	Provision of one sample of Canada Western Red Spring and/or Canada Western Amber Durum per month.
28. Analytical testing services³	Refer to Annex 3 for a list and description of current individual laboratory services.

7. Proposed user fees

Table 2 below lists the proposed Canadian Grain Commission user fees for the five fiscal years 2018-2019 to 2022-2023.

The fees currently listed in Schedule I, Fees of the Commission, in the Canada Grain Regulations are subject to the User Fees Act and the Government's regulatory process. As indicated in Table 2, some of our fees are not subject to the User Fees Act or listed in Schedule I1. These fees are instead posted on our website and include fees for some optional services, administration services, check tests and analytical testing services. However, we are consulting on all of our fees to give stakeholders the opportunity to provide their input.

Proposed fees in this document may vary from the fees that are ultimately proposed in the Canada Gazette⁴, Part I. Any changes will be described at pre-publication. You will also have a chance to comment when the proposed individual fees are published in the Canada Gazette, Part I.

Table 2: Proposed user fees

No.	Fee name	Unit (per)	Proposed fee by fiscal year				
			2018-19	2019-20	2020-21	2021-22	2022-23
Fees subject to the User Fees Act and the regulatory process							

³ The Canadian Grain Commission provides fee-for-service analytical tests to support the issuance of Canadian Grain Commission certificates of quality, to meet contract specifications, or to meet our producer protection mandate. If you need these tests for other grain quality related purposes, contact a private sector analytical laboratory that provides this service. Analytical tests are based on Canadian Grain Commission testing capability and capacity.

⁴ The [Canada Gazette](http://canadagazette.gc.ca/) is the official newspaper of the Government of Canada and can be accessed at <http://canadagazette.gc.ca/>.

No.	Fee name	Unit (per)	Proposed fee by fiscal year				
			2018-19	2019-20	2020-21	2021-22	2022-23
Official inspection							
1.	Official inspection of ships	Tonne	\$1.35	\$1.37	\$1.39	\$1.41	\$1.43
2.	Official inspection of railway cars/trucks/containers	Inspection	\$121.12	\$122.94	\$124.78	\$126.66	\$128.56
Reinspection							
3.	Reinspection of grain	Reinspection	\$68.68	\$69.71	\$70.75	\$71.81	\$72.89
Official weighing							
4.	Official weighing of ships	Tonne	\$0.07	\$0.08	\$0.08	\$0.08	\$0.08
5.	Official weighing of railway cars/trucks/containers	Railway car or truck or container	\$6.67	\$6.77	\$6.87	\$6.97	\$7.08
Authorized service provider - inspection or weighing							
6.	Third-party authorization	Application	\$137.35	\$139.41	\$141.5	\$143.63	\$145.78
Supplementary fees for official inspection							
7.	Travel and accommodation for official inspection services outside regular location	Actual	Cost calculated in accordance with the rate set out in the Travel Directive of the National Joint Council of the Public Service, or if no rate is set, actual cost.				
8.	Non-scheduled service reservation - cancellation	Employee reporting	\$239.06	\$242.65	\$246.29	\$249.98	\$253.73
Licensing							

No.	Fee name	Unit (per)	Proposed fee by fiscal year				
			2018-19	2019-20	2020-21	2021-22	2022-23
9.	Full-term licence	Licence/ month	\$275.68	\$279.82	\$284.02	\$288.28	\$292.60
10.	Short-term licence	Licence	\$631.82	\$641.30	\$650.92	\$660.69	\$670.60
Producer railway cars							
11.	Producer railway car application	Railway car	\$29.00	\$29.44	\$29.88	\$30.32	\$30.78
Inspection of submitted samples							
12.	Inspection of submitted sample	Sample	\$45.78	\$46.47	\$47.17	\$47.88	\$48.59
Sampling services							
13.	Official sample	Sample	\$68.68	\$69.71	\$70.75	\$71.81	\$72.89
Documentation							
14.	Documentation issued	Document	\$71.77	\$72.85	\$73.94	\$75.05	\$76.18
Fees not subject to the User Fees Act or the regulatory process							
Other services							
15.	Optional inspection of railway cars/ trucks/ containers	Railway car or truck or container	\$121.12	\$122.94	\$124.78	\$126.66	\$128.56
16.	Optional weighing of railway cars/ trucks/ containers	Railway car or truck or container	\$6.67	\$6.77	\$6.87	\$6.97	\$7.08
17.	Special services	Hour per employee	\$137.35	\$139.41	\$141.50	\$143.63	\$145.78
18.	Courier fees	Actual	actual	actual	actual	actual	actual

No.	Fee name	Unit (per)	Proposed fee by fiscal year				
			2018-19	2019-20	2020-21	2021-22	2022-23
19.	Administration services	15-minute increment	\$44.45	\$45.12	\$45.79	\$46.48	\$47.18
20.	Oilseed calibration set - on loan	Set	\$274.70	\$278.82	\$283.01	\$287.25	\$291.56
21.	Protein sample set	Sample set	\$279.28	\$283.47	\$287.72	\$292.04	\$296.42
22.	Aspiration sample set	Sample set	\$48.07	\$48.79	\$49.53	\$50.27	\$51.02
23.	Moisture check test - 260 gram	Monthly check test	\$34.34	\$34.85	\$35.38	\$35.91	\$36.45
24.	Moisture check test - 675 gram	Monthly check test	\$37.77	\$38.34	\$38.91	\$39.50	\$40.09
25.	Protein check test - Canada Western Red Spring	Bi-monthly check test	\$31.42	\$31.89	\$32.37	\$32.85	\$33.35
26.	Protein check test - Canada Western Amber Durum	Bi-monthly check test	\$31.42	\$31.89	\$32.37	\$32.85	\$33.35
27.	Falling number check test	Monthly check test	\$72.01	\$73.09	\$74.19	\$75.30	\$76.43
28.	Analytical testing services ⁵	Analysis	\$137.35	\$139.41	\$141.50	\$143.63	\$145.78
			Additional information about proposed user fees for analytical testing services				

7.1 Annual increases

To sustain our service standards, we anticipate an increase to our fees of 1.5% each year from 2018-2019 to 2022-2023. The 1.5% annual increase factor is based on:

- estimated future capital and operating costs
- increases to capital and operating costs experienced over the last 20 years

⁵ The Canadian Grain Commission provides fee-for-service analytical tests to support the issuance of Canadian Grain Commission certificates of quality, to meet contract specifications, or to meet our producer protection mandate. If you need these tests for other grain quality related purposes, contact an analytical laboratory that provides this service. Analytical tests are based on Canadian Grain Commission testing capability and capacity.

-
- estimated inflation

We will review annual increase factors as part of our review cycle to ensure that an annual 1.5% increase remains appropriate.

7.2 Regulatory approach

User fees are listed in Schedule I - Fees of the Commission in the Canada Grain Regulations. Currently, fees are fixed for individual fiscal years. Fees are either a flat amount per service, or are based on a fixed amount multiplied by the number of times a particular service is used. For example, the fee for official inspection is a fixed rate multiplied by the number of tonnes of grain inspected.

Since the Canadian Grain Commission has a fixed-fee schedule in the Canada Grain Regulations, every time we propose fee updates the regulatory process must be followed in order to update the fee table in Schedule I. The requirements of the regulatory process (to consult stakeholders and assess the impacts of proposed fee updates) duplicate the requirements that we must follow under the User Fees Act. Annex 1 summarizes the requirements of the User Fees Act.

We are proposing to replace the existing fixed-fee structure set out in Schedule I with a formula-based fee structure. This will prevent duplication and help streamline the process for updating fees in the future. Under this type of fee structure, the fee for a service or licence would be determined using a formula that is set out in the Canada Grain Regulations. A formula-based approach will allow us to forecast demand, grain volumes and service costs closer to the time of implementation.

Presenting our fees as formulas instead of publishing our fees in a fixed-fee table in Schedule I of the Canada Grain Regulations will not impact producers or the grain industry. The same information will still be available on our website. Annex 2 provides the descriptions for the proposed user fee formulas.

Other government departments use alternative formats for describing their fees in regulations. For example, the Canadian Nuclear Safety Commission uses formulas to establish many of their fees.

8. Impact of changing user fees

The proposed changes would lower user fees for all but two of our services. Only the short-term licence fee and the administrative services fee would increase. The producer railway car application fee would remain consistent and would be adjusted only for inflation.

The proposed fees are approximately \$1.50 per tonne⁶. This represents a \$0.44 decrease in cost per tonne when directly compared to published 2017-2018 fee levels. Overall, our proposed fee updates would reduce costs by 23% for the 2018-2019 fiscal year.

- [Published fees for 2017-2018 compared to the proposed updates for 2018-2019](#)

⁶ The proposed fee of \$1.50 per tonne includes official inspection, official monitoring of weighing and licensing.

8.1 Producers and grain companies

We analyzed current costs and fees in the Canadian grain industry to understand how producers and industry stakeholders would be affected by the proposed changes to our user fees.

The total estimated average cost of moving wheat from a mid-prairie point to export position via the St. Lawrence ports or the Pacific seaboard was approximately \$107.3 per tonne⁷ in the 2014-2015 crop year (Table 3). This includes costs such as on-farm storage, primary elevator costs, transportation costs, marketing costs and terminal elevator costs. Canadian Grain Commission user fees are built into these costs. Our proposed fees represent approximately \$1.50 per tonne, or 1% of the total estimated cost of moving wheat from a mid-prairie point to export position. This is a decrease of approximately 1% compared to the published 2017-2018 fee levels.

Table 3: Average cost of moving wheat from a mid-prairie position to port position at west and east coasts during the 2014-2015 crop year

Cost per tonne	
On-farm storage	\$17.70
Cartage - farm to site	\$10.70
Handling and elevation	\$15.20
Transportation - country position to port	\$46.80
Receival and handling charges at port	\$10.10
Other port and vessel charges	\$3.80
Levies and check-offs	\$3.00
Total supply chain costs	\$107.30

The impact of our proposed fee adjustments can also be compared to other fees and costs in the grain industry. We analyzed average maximum elevator tariffs for the 2015-2016 crop year (Table 4). These tariffs are for the services that elevators commonly provide for grain. Elevators set their own tariffs and can charge producers up to the maximum tariff they have listed. We found that our adjusted fees appear to be low compared to maximum elevator tariffs.

Table 4: Average maximum licensed primary, process, transfer and terminal elevator tariffs for the 2015-2016 crop year

	Wheat	Oats	Barley	Rye	Flax	Canola	Corn	Sunflower	Soybeans	Other grains
	Cost per tonne									
Elevation	\$14.11	\$14.64	\$17.37	\$11.82	\$22.01	\$18.58	\$12.07	\$25.44	\$19.16	\$25.16
Cleaning*	\$9.30	\$11.35	\$11.63	\$9.69	\$13.61	\$11.99	\$11.74	\$19.52	\$11.71	\$14.12

⁷ Source: Australian Export Grains Innovation Center, May 2015. The Puck Stops Here! Canada Challenges Australia's Grain Supply Chains. Direct input from various Canadian sources.

Dockage removal	\$16.59	\$16.21	\$20.10	\$15.23	\$19.77	\$18.19	\$18.47	\$21.92	\$19.06	\$23.12
Storage	\$0.16	\$0.19	\$0.16	\$0.15	\$0.50	\$0.18	\$0.17	\$0.23	\$0.18	\$0.19
Drying**	\$18.18	\$23.25	\$21.25	\$17.57	\$23.88	\$25.58	\$21.65	\$37.59	\$21.12	\$23.38

*cleaned grain not returned to owner

**drying tough grain, not returned to owner

8.2 Canadians

Our proposed user fees are based on the Canadian Grain Commission retaining our annual appropriation of \$5.37 million. This would keep the cost to the federal government, and ultimately Canadian taxpayers, at \$5.37 million annually as a result of the recognition of our public benefit activities. Spread over approximately 17.7⁸ million taxpayers or 35.9⁹ million Canadians annually, this works out to \$0.30 per taxpayer or \$0.15 per Canadian for the amount of public benefit they receive from our grain quality and safety assurance activities. This amount is minimal since many Canadians consume at least one of the 20 regulated grains under the Canada Grain Act on a daily basis¹⁰.

9. User fees in other countries

We compared our proposed user fees and service standards to fees and services in the United States and Australia. This comparison is a requirement under the User Fees Act. Our proposed changes to user fees and service standards are consistent with the fees established in the grain sectors in the United States and Australia. These countries have approaches to user fees and services standards that are similar to those in Canada.

- [Analysis of user fees in the United States and Australia](#)

However, comparisons are limited because these countries have different fee structures due to factors such as:

- resource and service levels
- user profiles
- regulatory objectives
- sources of revenue

10. Review cycle

Each year, the Minister of Agriculture and Agri-Food Canada must table a report on user fees in Parliament. This is required by the User Fees Act. The user fees report includes an explanation of:

- the service to which the user fee applies
- the related service standards and actual performance levels
- the costs related to individual services to which a fee applies

⁸ [Taxable returns to Canada Revenue Agency for 2012.](#)

⁹ [Canada's population as of the fourth quarter of 2015.](#)

¹⁰ The 20 regulated grains are: barley, beans, buckwheat, canola, chick peas, corn, fababeans, flaxseed, lentils, mixed grain, mustard seed, oats, peas, rapeseed, rye, safflower seed, soybeans, sunflower seed, triticale and wheat.

We have also established a review cycle that will repeat every five years. We may address issues outside of the five-year review cycle as warranted.

Our reviews will:

- build on the annual report to Parliament
- include a review of services offered
- be used to identify and address fee inconsistencies
- be used to identify and address opportunities to simplify the fee structure
- examine services that are no longer cost-recovered
- continue to explore efficiencies

11. Determining costs

The method we used to determine costs is consistent with the principles found in the Treasury Board Secretariat's Guide to Costing.

To find the full cost of our services, we:

1. determined the activity or service for which we charge fees
2. identified all of the costs for each activity or service
3. classified each cost as direct or indirect
4. allocated direct and indirect costs for each activity or service
5. reviewed and confirmed results

A direct cost is directly related to providing the service. For example, a piece of equipment required for a specific analytical test is a direct cost of providing that test.

An indirect cost is indirectly related to providing the service. For example, information technology is an indirect cost because this is not part of providing a specific service, but is necessary to our overall operations and Canadian grain quality assurance.

We took all the direct and indirect costs we use to perform each service into account to determine the full cost of all our services. This includes costs such as:

- laboratory services
- equipment and capital
- facilities
- employee salaries
- management
- administrative support

We identified the direct costs of each service and distributed the proportion of indirect costs related to each service on the basis of objective criteria about the relevant cost driver, such as salary costs. A cost driver is the main component of a cost.

Our cost calculations are based on:

- information about expected spending on services in a normal year
- a capital asset replacement factor

- average annual grain volumes we inspect¹¹
- service standards we have committed to provide to you

We use the full cost information:

- for reporting purposes
- as a starting point for determining the amount of an individual user fee

Our costing methodology is reflected in the proposed formulas for our user fees as shown in Annex 2.

- [Proposed formulas for user fees](#)

11.1 Fee calculation

We developed our fees based on our estimated annual volume of business for each service. For example, our fee for inspection services was calculated based on the assumption that we would inspect 34.4 million tonnes of grain on outward inspection each year. The total annual direct, support and internal services costs for providing this service are \$52.2 million, which results in a proposed per tonne inspection fee of \$1.35. The same methodology was also used to calculate our fee for outward weighing services. The total annual direct, support and internal services costs for providing this service are \$2.5 million, which results in a proposed per tonne weighing fee of \$0.07.

- [How costs were determined](#)

11.2 Public benefit appropriation

Proposed user fees are based on the assumption that the Canadian Grain Commission would continue to receive an annual appropriation of \$5.37 million. The annual appropriation is used to cover the costs associated with Governor-in Council appointments and to fund a portion of the Grain Research Laboratory, since these are considered public benefit activities. Given this level of appropriation, 91% of our costs would be recovered through user fees and the remaining 9% would be funded by annual appropriation.

11.3 Total projected costs and revenues

If user fees are updated as described in this document, the following table provides our activity costs and regulatory revenue estimates for the 2018-2019 to 2022-2023 fiscal years.

Table 5: Projected costs and revenues

Fiscal year	Activity costs	Revenue estimates	Appropriation
2018-19	\$62.49M	\$57.12M	\$5.37M
2019-20	\$63.43M	\$58.06M	\$5.37M

¹¹ The Canadian Grain Commission expects to inspect and weigh 34.4 million metric tonnes of grain per year upon official inspection over the next five-year user fees cycle. This is based on a time-series statistical model.

Fiscal year	Activity costs	Revenue estimates	Appropriation
2020-21	\$64.38M	\$59.01M	\$5.37M
2021-22	\$65.35M	\$59.98M	\$5.37M
2022-23	\$66.33M	\$60.96M	\$5.37M

12. Service standards, performance measurement and tracking

We have developed service standards for each of our services. Table 6 describes the proposed service standards for each service.

- [Description of services](#)

To develop these standards, we observed the principles of:

- objectivity: standards are based on facts
- feasibility: standards are based on what is realistically possible
- measurability: standards are based on what is quantifiable

Service standards tell you:

- how quickly you will receive service
- what quality of service you will receive

Performance measures:

- tell you how well we are meeting our service standards
- support our annual reporting to Parliament

We will monitor and record how we are meeting each of our service standards to assess the timeliness of service delivery. How well we meet these service standards will be reported annually in our Departmental Performance Report in accordance with the requirements of the User Fees Act.

Table 6: Proposed service standards

No.	Fee name	Service standard
Fees subject to the User Fees Act and the regulatory process		
Official inspection		
1.	Official inspection - ships	<ul style="list-style-type: none"> When grain being loaded is other than grade ordered or specification ordered, the Canadian Grain Commission informs the elevator staff of non-conformance within one hour of the increment being loaded. One original Certificate Final is issued to the client within two business days¹² of: <ol style="list-style-type: none"> approval of the official weight from Weighing Services determination of the grade from Inspection Services
2.	Official inspection - railway cars/ trucks/ containers	<ul style="list-style-type: none"> When grain being loaded is other than grade ordered, the Canadian Grain Commission informs the elevator staff of non-conformance within one hour of the sample being processed. One original certificate is issued to the client within two business days of: <ol style="list-style-type: none"> approval of the official weight from Weighing Services determination of the grade from Inspection Services
Reinspection		
3.	Reinspection of grain	Reinspection by the Chief Grain Inspector for Canada is complete and results available within ten business days of the reinspection request.
Official weighing		
4.	Official weighing - ships	One original Certificate Final is issued to the client within two business days of: <ol style="list-style-type: none"> approval of the official weight from Weighing Services determination of the grade from Inspection Services
5.	Official weighing - railway cars/ trucks/ containers	One original certificate is issued to the client within two business days of: <ol style="list-style-type: none"> approval of the official weight from Weighing Services determination of the grade from Inspection Services
Authorized service provider - inspection or weighing		
6.	Third-party authorization	<ul style="list-style-type: none"> After receiving a complete application form a decision is made with respect to the authorization of a service provider Notification to the applicant is provided within ten business days
Supplementary fees for official inspection		

¹² A business day is defined as: Monday through Friday and excludes weekends and designated holidays.

No.	Fee name	Service standard
7.	Travel and accommodation for official inspection services outside regular location	Employees are available to conduct official inspection in a location where on-site inspection is not available.
8.	Non-scheduled service reservation	Employees are reserved for inspection outside of regular location hours.
Licensing		
9.	Full-term licence	<ul style="list-style-type: none"> • Licensees are sent licence renewal packages three months prior to the annual licence renewal date • The licensee is sent their licence(s) on or before the licence effective date • The Canadian Grain Commission's website is updated within three business days of the effective date of a change in the status of a licensee and published reports are updated weekly or as needed
10.	Short-term licence	The licensee is sent their licence(s) on or before the licence effective date.
Producer railway cars		
11.	Producer railway car application	Acknowledgement of the receipt and processing of a complete producer car application is sent by the end of the next business day.
Inspection of submitted samples		
12.	Inspection of submitted sample	<ul style="list-style-type: none"> • A submitted sample certificate is issued within five business days of receiving the sample. • Grades are accurate (based on the submitted sample reinspection process).
Sampling services		
13.	Official sample	<ul style="list-style-type: none"> • If request is received prior to the conveyance loading, samples are provided within two business days upon completion of the loading of the conveyance and receipt of the official sample at a Canadian Grain Commission regional office. • If request is received subsequent to the conveyance loading, samples are provided, if available, within four business days of the request.
Documentation		
14.	Documentation issued	Applicable documents are issued to the client within two business days after:

No.	Fee name	Service standard
		a) approval of the official weight from Weighing Services b) determination of the grade and grading factors/results from Inspection Services c) receipt of final documentation request from the shipper/exporter d) completion of all required analytical testing results
Fees not subject to the User Fees Act and the regulatory process		
Other services		
15.	Optional inspection - railway cars/ trucks/ containers	When grain being loaded is other than the grade ordered, the Canadian Grain Commission informs the elevator staff of non-conformance within one hour of the sample being processed. One certificate is issued to the client within two business days of: <ol style="list-style-type: none"> approval of the official weight from Weighing Services determination of the grade from Inspection Services
16.	Optional weighing - railway cars/ trucks/ containers	One certificate is issued to the client within two business days of: <ol style="list-style-type: none"> approval of the official weight from Weighing Services determination of the grade and grading factors/results from Inspection Services
17.	Special services	Canadian Grain Commission staff provides special services subject to capability and capacity.
18.	Courier fees	Not applicable.
19.	Administrative services	Canadian Grain Commission staff provides administrative services.
20.	Oilseed calibration set - on loan	Calibration sets, if available, are loaned to the client.
21.	Protein sample set	Sample set, if available, is sent on the date agreed upon at the time of request.
22.	Aspiration sample set	Sample set, if available, is sent on the date agreed upon at the time of request.
23.	Moisture check test - 260 gram	Samples are sent on the date agreed upon at the time of request.
24.	Moisture check test - 675 gram	Samples are sent on the date agreed upon at the time of request.
25.	Protein check test - Canada Western Red Spring	Samples are sent on the date agreed upon at the time of request.
26.	Protein check test - Canada Western	Samples are sent on the date agreed upon at the time of request.

No.	Fee name	Service standard
	Amber Durum	
27.	Falling number check test	Samples are sent on the date agreed upon at the time of request.
28.	Analytical testing services¹³	Documents detailing the results of inspection support services are issued within two business days after completion of all required analytical testing or inspection results. ¹⁴

¹³ The Canadian Grain Commission provides fee-for-service analytical tests to support the issuance of Canadian Grain Commission certificates of quality, to meet contract specifications, or to meet our producer protection mandate. If you need these tests for other grain quality related purposes, contact an analytical laboratory that provides this service. Analytical tests are based on Canadian Grain Commission testing capability and capacity.

¹⁴ This service standard applies to all analytical testing services as detailed in Annex 3.

Annex 1: Requirements of the User Fees Act

The User Fees Act (2004) outlines the process federal departments and agencies must follow when they:

- introduce new user fees
- increase existing user fees
- change the services user fees apply to

The User Fees Act process has the following phases:

1. consultation and pre-proposal notification
2. Parliamentary tabling
3. implementation

We will make user fees regulations with the approval of the Governor in Council during the implementation phase.

Phases of the User Fees Act

Phase 1: Consultation and pre-proposal notification

The User Fees Act requires that we:

- consult with stakeholders
- give stakeholders a reasonable opportunity to suggest ways to improve the services for which the user fees will be charged

The consultation must include:

- an explanation of how the user fee is determined
- a description of the standard of service that can be expected
- a business impact assessment
- a comparison of the proposed user fee and service standards with those of other countries

In this phase, we are also giving official notice that we are proposing a new or revised user fee.

We are combining consultations and pre-proposal notification. If a stakeholder brings forward an issue that cannot be resolved and makes an official complaint in writing during this phase, the stakeholder may request that the issue be referred to an independent advisory panel. An independent advisory panel is a formal, higher-level resolution mechanism. The panel provides a review of the complaint and non-binding recommendations for its resolution.

The panel consists of three members. One member is chosen by you and one member is chosen by the Canadian Grain Commission. The two panel members then select a neutral third member. Panel proceedings begin once all members have been selected. Once proceedings begin, the panel has 30 days to review the complaint and report its findings and recommendations. The work of the panel is considered complete when we

receive its final recommendations, or if you withdraw your complaint from the process. We will communicate the panel's recommendations to you at the end of the proceedings.

In accordance with the User Fees Act, multiple complaints may be grouped into one parcel to reduce costs and save time. In this case, the complainants vote to determine the panel member who will represent them.

If you want to request an independent advisory panel, you must do so by May 1, 2017 and explain why the response you received from us was unsatisfactory. We will then contact you with more information on this process, including guidelines on how to select your panel member.

If the panel decides your complaint is inappropriate you will be responsible for all the costs of the proceedings, including the fees and expenses of panel members.

Before the user fees proposal is tabled in Parliament, the Canadian Grain Commission may change it based on the consultations and independent advisory panel recommendations.

Phase 2: Tabling user fees proposal in Parliament

The Minister of Agriculture and Agri-Food Canada tables our user fees proposal in the House of Commons and the Senate.

The proposal contains:

- a description of each service
- the reason why each user fee is being charged
- the associated service standard
- an estimate of total fee revenue projections for the first three years
- a comparison of user fees and service standards to those in other countries where appropriate
- a description of how any complaints were dealt with
- the report of the independent advisory panel, if applicable

When the user fees proposal is tabled, it is also referred to a committee of the House of Commons and a committee of the Senate. These committees may submit a report containing recommendations about appropriate user fees.

Both the House of Commons and the Senate have 20 sitting days to pass a resolution to approve, reject or amend the committees' recommendations. After 20 sitting days, even if the committees have not made a report, this step is completed.

Phase 3: Implementation of new user fees

Once the user fees proposal has been tabled in Parliament, the Canadian Grain Commission, with the approval of the Governor in Council, has the authority under the Canada Grain Act to set new fees.

New fees are set in accordance with legislative authority. The Minister reports annually on all user fees that have been set. This is required by the User Fees Act. The Minister's report will include an assessment of how we meet our service standards.

For more information about the user fee approval process, [visit the Treasury Board Secretariat's website](#).

Annex 2: Formula-based fee structure

The Canadian Grain Commission is proposing to replace the fixed fee table in Schedule I, Fees of the Commission in the Canada Grain Regulations, with formulas for each of the fees listed below. Definitions will be established for each of the variables in each of the formulas.

Fees currently in Schedule I will be calculated using the following formulas.

1. Official inspection (ships) = (full costs official inspection / grain volume) x (1+annual inflation factor)^t
2. Official inspection (railway cars, trucks or containers) = (full costs official inspection / railways cars, trucks, or containers inspected or weighed) x (1+annual inflation factor)^t
3. Reinspection of grain = hourly rate other inspection services x base hours x (1+annual inflation factor)^t
4. Official weighing (ships) = (full costs official weighing / grain volume) x (1+annual inflation factor)^t
5. Official weighing (railway cars, trucks or containers) = (full costs official weighing / railway cars, trucks or containers inspected or weighed) x (1+annual inflation factor)^t
6. Third-party authorization = hourly rate other inspection services x base hours x (1+annual inflation factor)^t
7. Travel and accommodation for official inspection services outside regular location = Cost calculated in accordance with the rate set out in the Travel Directive of the National Joint Council of the Public Service, or if no rate is set, actual cost
8. Non-scheduled service reservation - cancellation = .25 [(hourly rate inspector x 1.5 x 3 x (1+annual inflation factor)^t] + .75 [hourly rate inspector x 2 x 3 x (1+annual inflation factor)^t]
9. Full-term licence = ((full costs full-term licensing / full-term licences issued) / 12) x (1+annual inflation factor)^t
10. Short-term licence = (full costs short-term licensing / short-term licences issued) x (1+annual inflation factor)^t
11. Producer railway car application = (full costs producer cars / producer car applications) x (1+annual inflation factor)^t
12. Inspection of submitted sample = hourly rate other inspection services x base hours x (1+annual inflation factor)^t
13. Official sample = hourly rate other inspection services x base hours x (1+annual inflation factor)^t

14. Documentation issued = (full costs documentation / documents issued) x (1+annual inflation factor)^t

Definitions

Full costs

For each type of service or licence, full costs means the sum of the costs of the Canadian Grain Commission's direct regulatory activities and indirect regulatory activities, including salaries and benefits, rental of office accommodation, supplies and equipment, professional services, communications, travel and training and less appropriation and external sources of funds.

Grain volume

Grain volume is the amount of grain that the Canadian Grain Commission expects to officially inspect and weigh annually based on a data-driven time series statistical model.

Annual inflation factor

For each type of service or licence, the annual inflation factor is based on expected increases to capital and operating costs.

Railway cars, trucks or containers inspected or weighed

For each type of service, railcars inspected or weighed is the expected number of Canadian Grain Commission inspected or weighed railcars annually.

Hourly rate other inspection services

For each type of service, hourly rate other inspection services is the full cost of other inspection services divided by the total number of hours spent by the Canadian Grain Commission on its other inspection services.

Base hours

For each type of service, base hours are the number of hours spent by the Canadian Grain Commission to perform the direct regulatory activity.

Hourly rate inspector

For each type of service, hourly rate inspector is the inspector's hourly salary and benefits.

Licences issued

Licences issued are the expected number of licences issued annually.

Producer car applications

Producer car applications are the expected number of producer car applications that the Canadian Grain Commission will receive annually.

Documents issued

Documents issued are the expected number of documents that the Canadian Grain Commission will issue annually.

Term (t)

The term is the year of the user fee from the base year (0, 1,2,3,4, etc.).

Annex 3: Service descriptions and proposed user fees for analytical services

Table 1: Service descriptions

Analytical testing service	Description of service
1. 1000 kernel weight	Broken kernels and foreign material are handpicked from a sample to create a cleaned sample. The number of kernels in a 20-gram sample is then counted using an electronic seed counter.
2. Aflatoxin testing	Aflatoxin levels are determined using Enzyme-Linked Immunosorbent Assay (ELISA) technology.
3. Alveograph - flour	Results are obtained using the Chopin Alevograph NG following International Association for Cereal Science and Technology (ICC) Standard Method No. 121. Following milling, flour samples are stored for a minimum of seven days prior to analysis.
4. Alveograph - semolina	Results are obtained using the Chopin Alevograph NG following American Association of Cereal Chemists International (AACCI) Method 54-30.02. Following milling, semolina samples are stored at room temperature for at least three days prior to analysis.
5. Amylograph	Results are obtained by following American Association of Cereal Chemists International (AACCI) Method 22-10.01. Sixty-five grams of flour and 450 millilitres of distilled water are used with the Brabender amylograph and the pin stirrer. Peak viscosity is reported in Brabender units.
6. Berlese test	A Berlese test is used to detect and identify insect infestations.
7. Chlorophyll index - reference method	Chlorophyll content is determined using the International Organization for Standardization (ISO) 10519:1997/American Oil Chemists' Society (AOCS) Ak2-92 Method. Results are provided in milligrams per kilogram.
8. Chlorophyll NIR	Chlorophyll content is determined using a Dickey John Instalab Near-Infrared Reflectance (NIR) Analyzer.
9. Falling number	Falling number is determined using American Association of Cereal Chemists International (AACCI) Method 56-81.03.
10. Farinograph	Results are determined using American Association of Cereal Chemists International (AACCI) Method 54-21.02., following the procedure for constant flour weight using the small (50g) bowl. Following milling, flour samples are stored for a minimum of seven days prior to analysis.

Analytical testing service	Description of service
11. Fatty acid composition	The fatty acid profile of oil is determined by gas chromatography of fatty acid methyl esters according to: International Organization for Standardization (ISO) methods 12966-1:2014 Part 1: Guidelines on modern gas chromatography of fatty acid methyl esters; and ISO 12966-2:2011 Part 2: Preparation of methyl esters of fatty acid.
12. Free fatty acids	Free fatty acid content is provided and expressed as a percentage of weight of oleic acid in the extracted oil using method of Ke et al., Analytica Chimica Acta 99:387-391 (1978).
13. Genetically modified organisms (GMO) - Roundup Ready® - single sample	The presence of Roundup Ready® gene in soybeans is determined using enzyme-linked immunosorbent assay (ELISA) technology. Test results are reported as positive/negative at 0.3% threshold level of detection.
14. Genetically modified organisms (GMO) - Roundup Ready® - 2 to 4 samples	The presence of Roundup Ready® gene in soybeans is determined using enzyme-linked immunosorbent assay (ELISA) technology. Test results are reported as positive/negative at 0.3% threshold level of detection.
15. Genetically modified organisms (GMO) - Roundup Ready® - 5 or more samples	The presence of Roundup Ready® gene in soybeans is determined using enzyme-linked immunosorbent assay (ELISA) technology. Test results are reported as positive/negative at 0.3% threshold level of detection.
16. Germination energy	Germination energy is determined using American Society of Brewing Chemists (ASBC) Method Barley-3c.
17. Glucosinolate	Total glucosinolate content is determined using Near-Infrared Reflectance (NIR).
18. Gluten index	Gluten index is determined using American Association of Cereal Chemists International (AACCI) Method 38-12.02.
19. Glyphosate	The glyphosate content of the sample is determined by using liquid chromatography-tandem mass spectrometry.
20. Glyphosate - ELISA single sample	The glyphosate content of the sample is determined by using enzyme-linked immunosorbent assay (ELISA) technology.
21. Glyphosate - ELISA 2 to 3 samples	The glyphosate content of the sample is determined by using enzyme-linked immunosorbent assay (ELISA) technology.
22. Glyphosate - ELISA 4 or more samples	The glyphosate content of the sample is determined by using enzyme-linked immunosorbent assay (ELISA) technology.
23. Iodine value	Iodine value of the oil is determined by the American Oil Chemists' Society (AOCS) recommended practice Cd 1c-

Analytical testing service	Description of service
	85 (re-approved 2009). Iodine value is calculated using the fatty acid composition of the oil following the International Organization for Standardization (ISO) Methods 12966-1:2014 and 12966-2:2011.
24. Malting barley varietal purity	Simple sequence repeat (SSR) markers are amplified by polymerase chain reaction from deoxyribonucleic acid (DNA) extracted from 144 randomly selected kernels. The resulting fragments are characterized by polyacrylamide gel electrophoresis and the SSR genotypes are compared to those in the Canadian Grain Commission's Grain Research Laboratory reference catalogue for barley varieties registered in Canada.
25. Milling	Wheat is cleaned, scoured and tempered overnight to optimum moisture as described by Dexter and Tipples (1987), Milling 180(7):16, 18-20. All millings at the Canadian Grain Commission's Grain Research Laboratory are performed in rooms with environmental control maintained at 21°C and at 60% relative humidity.
26. Moisture test - rapid	Whole grain moisture is determined using the Perten AM5200-A moisture meter or by Near-Infrared Transmittance (NIT) FOSS Infratec 1241 grain analyzers. Analyses are limited to existing installed calibrations.
27. Moisture test - air oven	Whole or ground grain moisture is determined using approved reference air oven methods.
28. Multi-mycotoxin analysis	The mycotoxin content of the sample is tested by liquid chromatography-tandem mass spectrometry.
29. Ochratoxin A (OTA) - single result	OTA content of the sample is tested by Ultra-High Performance Liquid Chromatography (UPLC) with fluorescence detection.
30. Ochratoxin A (OTA) - 2 to 3 results	OTA content of the sample is tested by Ultra-High Performance Liquid Chromatography (UPLC) with fluorescence detection.
31. Ochratoxin A (OTA) - 4 or more results	OTA content of the sample is tested by Ultra-High Performance Liquid Chromatography (UPLC) with fluorescence detection.
32. Oil content NMR	Oil content of the sample is determined using Nuclear Magnetic Resonance (NMR) International Organization for Standardization (ISO) 10565:1992.
33. Oil content FOSFA	Oil content of the sample is determined using Federation of Oils, Seeds and Fats Association (FOSFA) Wet Chemistry Method, International Organization for Standardization (ISO) 659.

Analytical testing service	Description of service
34. Oil content NIR	Oil content of the sample is determined using Near-Infrared Reflectance (NIR).
35. Oil content NIT	Oil content of the sample is determined using Near-Infrared Transmittance (NIT) FOSS Infratec 1241 – soybeans only.
36. Protein CNA	Protein content of the sample is determined by Combustion Nitrogen Analysis (CNA).
37. Protein NIT	Protein content of the sample is determined by Near-Infrared Transmittance (NIT) FOSS Infratec 1241 – limited to existing installed calibrations.
38. Protein NIR	Crude protein content of the sample is determined by method Near-Infrared Reflectance (NIR). With appropriate grain samples, American Oil Chemists' Society (AOCS) Official Method Ba4e-93 (revised 2011) is used to develop the calibration.
39. Quinclorac	Quinclorac content of the sample is tested by liquid chromatography-tandem mass spectrometry.
40. Test weight	A mechanical test to determine the density of grain.
41. Trace elements - single element	Results obtained by inductively coupled plasma-mass spectrometry and could include results for one or multiple elements (cadmium, arsenic, or lead; possibility for other elements upon request) per sample.
42. Trace elements - each additional element	Results obtained by inductively coupled plasma-mass spectrometry and could include results for one or multiple elements (cadmium, arsenic, or lead; possibility for other elements upon request) per sample.
43. Vomitoxin/Deoxynivalenol (DON) - ELISA 1 to 3 samples	Vomitoxin (Deoxynivalenol or DON) levels of the sample are tested using enzyme-linked immunosorbent assay (ELISA) technology.
44. Vomitoxin/Deoxynivalenol (DON) - ELISA 4 or more samples	Vomitoxin (Deoxynivalenol or DON) levels of the sample are tested using enzyme-linked immunosorbent assay (ELISA) technology.
45. Vomitoxin/Deoxynivalenol (DON) - mass spectrometry	Vomitoxin (Deoxynivalenol or DON) levels of the sample are tested using mass spectrometry technology.
46. Wet gluten content	The wet gluten content of the sample is determined using one of the following methods: <ol style="list-style-type: none"> 1. Flour (subsequent to milling service) – International Association for Cereal Science and Technology (ICC) Standard Method 137/1; 2. Semolina (subsequent to milling service)

Analytical testing service	Description of service
	<p>3. Whole wheat – American Association of Cereal Chemists International (AACCI) Standard Method 38-12.02, following the procedure for whole meal.</p> <p>Data is reported on a 13.5% moisture basis for whole wheat and a 14.0% moisture basis for semolina.</p>
47. Whole seed analysis	Additional oilseed analysis (e.g. glucosinolates, protein, chlorophyll, oil) performed by method Near-Infrared Reflectance (NIR). For each specified analysis, the instrument is calibrated with the reference analytical method for the analyte using appropriate samples.

Table 2: Proposed user fees for analytical services

No.	Fee name	Units required	Proposed fee by fiscal year				
			2018-19	2019-20	2020-21	2021-22	2022-23
Analytical testing services							
1 unit = \$137.35							
1	1000 kernel weight	0.50	\$68.68	\$69.71	\$70.75	\$71.81	\$72.89
2	Aflatoxin testing	2.08	\$286.15	\$290.44	\$294.80	\$299.22	\$303.71
3	Alveograph - flour	1.90	\$260.97	\$264.88	\$268.86	\$272.89	\$276.98
4	Alveograph - semolina	1.90	\$260.97	\$264.88	\$268.86	\$272.89	\$276.98
5	Amylograph	2.42	\$331.93	\$336.91	\$341.97	\$347.10	\$352.30
6	Berlese test	0.25	\$34.34	\$34.85	\$35.38	\$35.91	\$36.45
7	Chlorophyll index - reference method	1.75	\$240.37	\$243.97	\$247.63	\$251.34	\$255.12
8	Chlorophyll NIR	0.83	\$114.46	\$116.18	\$117.92	\$119.69	\$121.48
9	Falling number	0.83	\$114.46	\$116.18	\$117.92	\$119.69	\$121.48
10	Farinograph	1.33	\$183.14	\$185.88	\$188.67	\$191.50	\$194.37
11	Fatty acid composition	3.23	\$444.10	\$450.77	\$457.53	\$464.39	\$471.36
12	Free fatty acids	2.30	\$315.91	\$320.65	\$325.46	\$330.34	\$335.29
13	Genetically modified organisms (GMO) Roundup Ready® - single sample	3.92	\$537.96	\$546.03	\$554.22	\$562.53	\$570.97

No.	Fee name	Units required	Proposed fee by fiscal year				
			2018-19	2019-20	2020-21	2021-22	2022-23
14	Genetically modified organisms (GMO) Roundup Ready® - 2 to 4 samples	2.03	\$279.28	\$283.47	\$287.72	\$292.04	\$296.42
15	Genetically modified organisms (GMO) Roundup Ready® - 5 or more samples	1.42	\$194.58	\$197.50	\$200.46	\$203.47	\$206.52
16	Germination energy	1.50	\$206.03	\$209.12	\$212.25	\$215.44	\$218.67
17	Glucosinolate	0.83	\$114.46	\$116.18	\$117.92	\$119.69	\$121.48
18	Gluten index	1.33	\$183.14	\$185.88	\$188.67	\$191.50	\$194.37
19	Glyphosate	1.25	\$171.69	\$174.26	\$176.88	\$179.53	\$182.23
20	Glyphosate - ELISA single sample	3.42	\$469.28	\$476.32	\$483.36	\$490.72	\$498.08
21	Glyphosate - ELISA 2 to 3 samples	1.87	\$256.39	\$260.24	\$264.14	\$268.10	\$272.12
22	Glyphosate - ELISA 4 or more samples	1.38	\$188.86	\$191.69	\$194.57	\$197.49	\$200.45
23	Iodine value	3.23	\$444.10	\$450.77	\$457.53	\$464.39	\$471.36
24	Malting barley varietal purity	7.50	\$1,030.13	\$1,045.58	\$1,061.26	\$1,077.18	\$1,093.34
25	Milling	3.08	\$423.50	\$429.85	\$436.30	\$442.85	\$449.49
26	Moisture test - rapid	0.27	\$36.63	\$37.18	\$37.73	\$38.30	\$38.87
27	Moisture test - air oven	1.00	\$137.35	\$139.41	\$141.50	\$143.63	\$145.78
28	Multi-mycotoxin analysis	1.56	\$214.27	\$217.48	\$220.74	\$224.06	\$227.42
29	Ochratoxin A (OTA) - single result	10.75	\$1,476.53	\$1,498.68	\$1,521.16	\$1,543.98	\$1,567.14
30	Ochratoxin A (OTA) - 2 to 3 results	5.88	\$808.09	\$820.21	\$832.51	\$845.00	\$857.67
31	Ochratoxin A (OTA) - 4 or more results	4.08	\$560.85	\$569.27	\$577.80	\$586.47	\$595.27
32	Oil content NMR	0.92	\$125.91	\$127.79	\$129.71	\$131.66	\$133.63

No.	Fee name	Units required	Proposed fee by fiscal year				
			2018-19	2019-20	2020-21	2021-22	2022-23
33	Oil content FOSFA	12.00	\$1,648.22	\$1,672.94	\$1,698.04	\$1,723.51	\$1,749.36
34	Oil content NIR	0.83	\$114.46	\$116.18	\$117.92	\$119.69	\$121.48
35	Oil content NIT	0.27	\$36.63	\$37.18	\$37.73	\$38.30	\$38.87
36	Protein CNA	0.83	\$114.46	\$116.18	\$117.92	\$119.69	\$121.48
37	Protein NIT	0.27	\$36.63	\$37.18	\$37.73	\$38.30	\$38.87
38	Protein NIR	0.83	\$114.46	\$116.18	\$117.92	\$119.69	\$121.48
39	Quinclorac	2.10	\$288.44	\$292.77	\$297.16	\$301.61	\$306.14
40	Test weight	0.25	\$34.34	\$34.85	\$35.38	\$35.91	\$36.45
41	Trace elements - single element	2.28	\$313.16	\$317.86	\$322.63	\$327.47	\$332.38
42	Trace elements - each additional element	0.38	\$52.19	\$52.98	\$53.77	\$54.58	\$55.40
43	Vomitoxin/Deoxynivalenol (DON) - ELISA 1 to 3 samples	1.50	\$206.03	\$209.12	\$212.25	\$215.44	\$218.67
44	Vomitoxin/Deoxynivalenol (DON) - ELISA 4 or more samples	0.83	\$114.46	\$116.18	\$117.92	\$119.69	\$121.48
45	Vomitoxin/Deoxynivalenol (DON) - mass spectrometry	1.60	\$219.76	\$223.06	\$226.40	\$229.80	\$233.25
46	Wet gluten content	1.33	\$183.14	\$185.88	\$188.67	\$191.50	\$194.37
47	Whole seed analysis	1.63	\$224.34	\$227.71	\$231.12	\$234.59	\$238.11

Annex 4: Published and proposed fees

Table 1: Comparison of published and proposed fees¹⁵

No.	Fee name	Unit (per)	Published fee 2017-18	Proposed fee 2018-19
Fees subject to the User Fees Act and the regulatory process				
Official inspection				
1.	Official inspection - ships	Tonne	\$1.70	\$1.35
2.	Official inspection - railway cars/ trucks/ containers	Inspection	\$153.43	\$121.12
Reinspection				
3.	Reinspection of grain	Re-inspection	\$75.11	\$68.68
Official weighing				
4.	Official weighing – ships	Tonne	\$0.16	\$0.07
5.	Official weighing – railway cars/ trucks/containers	Railway car or truck or container	\$14.78	\$6.67
Third-party authorization – inward inspection or weighing				
6.	Third-party authorization application	Application	\$150.21	\$137.35
Supplementary fees for official inspection				
7.	Travel and accommodation	Actual	per the Travel Directive or actual cost	per the Travel Directive or actual cost
8.	Time and one-half overtime	Hour/employee	\$68.73	0
9.	Double time overtime	Hour/employee	\$91.64	0
10.	Time and one-half overtime - cancellation	Employee reporting	\$206.18	0
11.	Double time overtime - cancellation	Employee	\$274.91	0

¹⁵ Fee naming references are consistent with currently published fees. Fees and/or fee names may have changed in the new fee proposal.

No.	Fee name	Unit (per)	Published fee 2017-18	Proposed fee 2018-19
		reporting		
12.	Standby	Hour/employee	\$45.82	0
13.	Non-scheduled service reservation - cancellation	Hour/employee	0	\$239.06
Licensing				
14.	Full-term licence	Licence/ month	\$294.00	\$275.68
15.	Short-term licence	Licence	\$376.00	\$631.82
Producer railway cars				
16.	Producer railway car application	Car	\$28.50	\$29.00*
Inspection of submitted samples				
17.	Inspection of submitted sample	Sample	\$50.07	\$45.78
18.	Inspection of submitted sample - Certified Container Sampling Program	Sample	\$50.07	0
19.	Inspection of submitted sample - Accredited Container Sampling Program	Sample	\$50.07	0
Sampling services				
20.	Provision of samples	Sample	\$75.11	\$68.68
Documentation				
21.	Documentation issued	Document	\$82.58	\$71.77
Fees not subject to the User Fees Act or the regulatory process				
Other services				
22.	Optional weighing - railway cars/trucks/containers	Railway car or truck or container	\$14.78	\$6.67
23.	Optional inspection - railway cars/trucks/containers	Railway car or truck or container	\$153.43	\$121.12
24.	Special services	Hour/	\$150.21	\$137.35

No.	Fee name	Unit (per)	Published fee 2017-18	Proposed fee 2018-19
		employee		
25.	Courier	Actual	actual	actual
26.	Administration services	15-minute increment	\$37.55	\$44.45
27.	Oilseed calibration set - on loan	Sample set	0	\$274.70
28.	Protein sample set	Sample set	0	\$279.28
29.	Aspiration sample set	Sample set	0	\$48.07
30.	Moisture check test - 260 gram	Monthly check test	0	\$34.34
31.	Moisture check test - 675 gram	Monthly check test	0	\$37.77
32.	Protein check test - Canada Western Red Spring (CWRS)	Bi-monthly check test	0	\$31.42
33.	Protein check test - Canada Western Amber Durum (CWAD)	Bi-monthly check test	0	\$31.42
34.	Falling number check test	Monthly check test	0	\$72.01
35.	Analytical testing services	See Table 2 Annex 3	0	\$137.35
Total revenue estimates from user fees			\$57.20M	\$57.12M

*inflation factor increase only

Annex 5: Comparison to user fees and service standards in the United States and Australia

The User Fees Act requires a regulating authority to establish user fees and service standards that are comparable to those established by other countries with which a comparison is relevant, and which the performance of the regulating authority can be measured against. We reviewed the regulatory systems in the United States and Australia, the two countries with the most comparable grain sectors. The proposed changes to our user fees are consistent with user fees for similar services in the United States and Australia. The United States and Australia have approaches to user fees and service standards that are similar to those in Canada. These comparisons are limited because these countries have different fee structures due to factors such as different resource and service levels, service delivery models, user profiles, regulatory objectives and sources of revenue.

This section provides a summary of the similarities and differences of the three countries regarding:

1. organizational roles in the grain industry
 2. how user fees are amended
 3. user fees increases
 4. public benefit activities
 5. service standards
- [Request more detailed information by country](#)

Role in the grain industry

Canada

The Canadian Grain Commission is a federal government agency. Our strategic outcome is to ensure that “Canada’s grain is safe, reliable and marketable and Canadian grain producers are properly compensated for grain deliveries to licensed grain companies”.

We regulate Canada’s grain handling system and provide services to the grain industry. Our five program activities are:

- quality assurance program
- quantity assurance program
- grain quality research program
- producer protection program
- internal services

United States

The Grain Inspection, Packers and Stockyards Administration is the United States Department of Agriculture’s agency that facilitates the marketing of livestock, poultry, meat, cereals, oilseeds, and related agriculture products. They promote fair and competitive trading practices for the overall benefit of consumers and American agriculture.

The Federal Grain Inspection Service within the Grain Inspection, Packers and Stockyards Administration is the equivalent agency in the United States to the Canadian

Grain Commission. Their primary mission is to promote the marketing of high-quality grain to domestic and international buyers and maintain objective standards for grain to certify its quality as accurately as practicable.

The Federal Grain Inspection Service provides the following program activities:

- establishing standards for quality assessments
- regulating handling practices
- managing a network of Federal, State and private laboratories that provide user fee funded inspection and weighing services

The Federal Grain Inspection Service:

- is committed to developing new technology or expanding the use of current technology to measure relevant grain quality attributes, often relying on the Department of Agriculture's Agricultural Research Service, academia and industry for their research activities
- does not have national producer payment security or a producer car program equivalent to the Canadian Grain Commission
- delegates state agencies to inspect and weigh grain at some export locations
- delegates a mix of state and private agencies to inspect and weigh grain at interior locations
- conducts official inspection and weighing of grain

The United States Warehouse Act authorizes the Secretary of Agriculture to licence warehouse operators who store agricultural products. This is enforced by the Commodity Operations Division of the Farm Service Agency of the United States Department of Agriculture. 47% of commercial warehouses are regulated at the federal level. The United States Warehouse Act:

- facilitates commercial and interstate trading of agricultural commodities
- protects the producers or other depositors of agricultural commodities in store
- enforces the integrity of warehouse receipts issued under it

Grain warehouses may also be regulated by states. State regulations can vary significantly from place to place.

Australia

The Australian Department of Agriculture and Water Resources administers export legislation to ensure that exported products meet all Australian and importing country requirements. Plant Export Operations within the department deliver export inspection and certification services for plants and plant products, including grain. The role of the Department of Agriculture and Water Resources is not limited to grain. It is comparable to the Canadian Food Inspection Agency.

Funding for grain research and development, marketing, residue testing and plant health programs is collected through a mandatory producer levy on most primary agricultural products, including grain. The Australian Government matches the levy funding up to an agreed ceiling. The levy is 1.02% of the farm gate value for most grains and oilseeds. The revenues from the grain levy are given to the Grains Research and Development Corporation, a portfolio department of the Department of Agriculture and Water Resources to distribute.

Costs for establishing grain standards and dispute resolution services are not recovered through Australian government inspection user fees. They are covered by membership fees to Grain Trade Australia, an industry driven organization.

How user fees are amended

Canada

The Canadian Grain Commission must follow the requirements of the User Fees Act, which include consultations. A new fee schedule must be approved by the Governor in Council. This is required by the Canada Grain Act and the government's regulatory process.

Fees are only amended if a clear need to amend them has been demonstrated through a review and consultation process.

United States

The Grain Inspection, Packers and Stockyards Administration must propose a regulation to amend their inspection and weighing fees in the Federal Register so members of the public can consider it and send in their comments. The Grain Inspection, Packers and Stockyards Administration consider the comments, revise the regulation accordingly and issue a final rule.

The Federal Grain Inspection Service establishes procedures for setting or amending user fees. Agencies and states set their own user fees schedules. Agencies and states must show that any new or amended fees are reasonable. The Federal Grain Inspection Service approves applications for new or amended user fees.

The Farm Service Agency must propose a regulation to amend their fees for warehouse licences under the United States Warehouse Act in the Federal Register so members of the public can consider it and send in their comments. The Farm Service Agency considers the comments, revises the regulation accordingly and issues a final rule.

Australia

The Australian Department of Agriculture and Water Resources follows the Australian Government Cost Recovery Guidelines. The process is similar to the process for amending user fees in Canada.

A key part of this process is the development of a Cost Recovery Implementation Statement. This provides information on:

- the legislative basis for cost recovery
- the design of fees and levies
- how fees and levies are applied
- ongoing reporting on the fees and levies

User fee increases

Canada

The Canadian Grain Commission updated its user fees August 1, 2013. Before that, fees had not been updated since 1991.

United States

The Grain Inspection, Packers and Stockyards Administration adjusts fees annually to maintain a three to six-month operating reserve for inspection and supervision services.

Official agencies and states can increase their user fees as necessary. The Farm Service Agency updated its warehouse licence fees effective January 1, 2016.

Australia

The Australian Department of Agriculture and Water Resources redesigned its cost recovery arrangements with new fees and levies that came into effect December 1, 2015.

Government appropriation¹⁶

Canada

In 2013, Canadian Grain Commission user fees were updated to recover approximately 91% of its source of funds from fee revenue.

We receive annual appropriation of approximately \$5.37 million for public benefit activities. As a result, approximately 9% of our costs are funded by annual appropriation for public benefit activities.

United States

As of 2014, the Federal Grain Inspection Service receives approximately 33% of its budget in annual federal appropriation.

Australia

Services are provided to industry under full cost recovery arrangements.

Service standards

Canada

The Canadian Grain Commission has specific service standards for each of its services and licences. Performance information is provided after every fiscal year.

United States

The Federal Grain Inspection Service develops and reviews its service standards using customer service surveys from the Grain Inspection, Packers and Stockyards Administration.

Customers can expect courtesy and respect, fairness, clarity, accessibility, timeliness, and responsiveness. Based on the customer service surveys, the Administration focuses on service credibility, good value, accurate and consistent results, market responsiveness, and having highly trained employees.

¹⁶ The cost share breakdown that is shown for each country is for the last time that the cost share was reviewed or changed in each respective country.

Australia

The Department of Agriculture and Water Resources has broad service standards for all of its programs and functions, including timelines.

Summary

An international comparison is limited because countries have different resource and service levels, service delivery models, user profiles, regulatory objectives and sources of revenue.

The Canadian Grain Commission found that the United States and Australia had the most comparable regulatory regimes and grain sectors. Regulators in the United States and Australia also charge fees for their services, specifically in the areas of inspection and weighing of grain and licensing of elevators and grain dealers. The proposed changes to the Canadian Grain Commission's user fees are in line with user fees for similar types of services in the United States and Australia.

Our proposed fees for official inspection and licensing appear to be comparable to, or somewhat higher than, those charged in the United States. This is likely due to the different amount of federal appropriation that each organization receives. Approximately 9% of our revenue is from annual federal appropriation, whereas the Federal Grain Inspection Service received approximately 33% of its budget in annual federal appropriation in 2014. Our proposed service standards are in line with those of the Federal Grain Inspection Service.

Our proposed fees for inspection and licensing appear to be comparable to, or somewhat lower than, those charged in Australia. Australia increased their user fees in December 2015. The Australian Department of Agriculture and Water Resources no longer receives federal government appropriation for its services. Our proposed service standards are commensurate to those in Australia.

Annex 6: Determining costs for a forecast average year

Table 1 illustrates an example of how the Canadian Grain Commission determined costs for a forecast average year.

Table 1: Pro-forma 2018-19 budget for costing purposes

	Outward Inspection	Weighing Services	Licensing	Producer Cars	Other Inspection Services	Documentation	Totals
Direct Costs							
Salaries, Overtime and benefits	12,085,519	901,467	1,007,331	151,348	1,338,101	327,072	
Travel / Training	816,145	67,450	74,195	13,490	107,920	33,725	
Rent	-	-	39,794	7,235	199,088	-	
Other Operating Costs	379,472	2,030	4,183	5,228	225,111	3,045	
Sub-total Direct Costs	13,281,136	970,947	1,125,503	177,302	1,870,220	363,842	17,788,949
Support							
Program support	4,958,721	-	183,271	-	655,699	204,906	
Divisional support	4,242,279	503,641	132,149	20,331	560,962	175,301	
Information technology	776,195	218,539	350,788	53,967	102,637	32,074	
Grain Research Lab	10,617,842	-	-	-	166,690	-	
IT - Support GRL	595,357	-	-	-	-	-	
Capital expenditures	3,645,445	22,591	24,474	3,765	77,070	36,519	
Subtotal Support Costs	24,835,840	744,771	690,682	78,063	1,563,059	448,800	28,361,216
Internal Services	14,046,891	833,481	902,938	138,913	-	421,876	16,344,100
Full Cost	52,163,867	2,549,199	2,719,122	394,279	3,433,279	1,234,518	62,494,264
FTE	338	20	22	3	27	10	420