



Canadian Grain
Commission

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des grains



Canaryseed Development Commission

January 12, 2015

Canada



Overview of CGC

- **Federal Government Agency**
- **Reporting to Parliament through the Minister for Agriculture and Agri-Food Canada**
- **Operates under the Canada Grain Act**
- **Regulates 20 Grains**
- **Certifies the quality, safety and weight of grain**



Mandate

- **Guided by the Canada Grain Act**
- **Specific activities “In the interest of grain producers”**
- **Establish and maintain standards of quality**
- **Regulate grain handling in Canada**
- **Ensure that grain is a dependable and safe commodity for domestic and international end users**



Producer Protection

- **Grain Grades**
- **Subject to Inspector's Grade and Dockage**
- **Producer Cars**
- **Penalty Clause in Contracts with Grain Companies**
- **Payment Protection**



Payment Protection

- **Licencees must provide sufficient security to cover producer liabilities**
- **Security is in the form of Letters of Credit, Cash Deposit, Bond, or Insurance**
- **Licencees provide monthly liability reports to CGC Licencing**
- **CGC Licencing reviews reports and may request additional security**
- **Producers have security for 30 days from issuance of cheque or 90 days from date of delivery**



Payment Protection

- **If Company fails to pay producer(s), producer has 30 days to notify CGC and provide documentation**
- **CGC reviews and verifies claims and pays eligible producer(s) from Licencee's Security**
- **CGC continues to monitor all companies purchasing grain from producers with intent of ensuring that all companies requiring licencing are licenced**



Payment Protection

- **35 years: 24 Company failures**
- **Total Claim by Producers: \$18.5 million**
- **Total Eligible claims by Producers: \$17.6 million**
- **20 of 24 failures, payments to producers were 100%**
- **Average payment was 94% for all 24 failures**



Key Changes to Canada Grain Act

- **Enhanced Producer Protection**
- **Enhanced Grain Quality and Safety Assurance**
- **Modernization to Reflect Industry Practices**



Enhance Producer Protection

- **Extend “subject to” to process elevators, grain dealers and container loading facilities**
 - Currently 331 primary elevators
 - Additional 131 process and grain dealers
- **Authority to establish and administer a producer compensation fund for licensee failure to pay**
 - Funded through licensee contributions
 - Contributions based on volume and risk
 - Objectives: lower cost and reduced administration
 - Current program in place until fund is developed



Ongoing Security Work (not in legislation)

- **Feed Mills/Feed Lots**

- Request to bring under security program
- Same or different licensing requirements as elevator?
- Consultation with industry
- Timing of consultation?



Enhance Grain Quality and Safety Assurance

- **New class of license for container loading facilities**
 - Increase in volumes
 - Address inconsistent statistical reporting
 - Ability to address quality complaints
 - Would provide producer payment protection
- **Allow CGC to monitor, test and enforce grain safety in Eastern Canada, in Provinces without a program**
 - Consistency nationally re: market access issues
 - Does not expand our authority over Eastern elevators
 - Consult Stakeholders/Prov's prior to implementation



Modernization of Canada Grain Act

- **Mandate**
 - Act in the interests of Canadians and grain producers
 - Reflects our role as an unbiased regulator
 - No reduction in producer protection (increased)
- **Establish a non-binding dispute resolution process**
 - 3 member panel chosen by the parties
 - Currently only recourse is a court challenge



Modernization of Canada Grain Act

- **Administrative monetary penalties (AMP's)**
 - Respond appropriately to violations
 - Minor (2K), serious (10K) and very serious (15K)
- **Authority to make regulations requiring declarations**
 - Producers and grain shippers will declare
 - Ability to use AMP's
 - Stakeholder consultations on regulations



Modernization of Canada Grain Act

- **Permit licensees to refuse unregistered varieties**
 - Does not exclude producers from declaring and delivery unregistered varieties either as specification or as feed grade
 - Allows licensee discretion for orderly deliveries