

Submission on the Canada Grain Act/Canadian Grain Commission Review 2021

Foremost among my concerns is that the Canadian Grain Commission (CGC) mandate continues its stated commitment to act in the interests of producers. It has to be remembered that the Canadian Grain Commission and the *Canada Grain Act* were established over 100 years ago, both to safeguard the interests of farmers from predatory actions of grain companies, and to establish a regulatory framework that ensures consistent quality, accountability, and superintendence of our grain production both nationally and internationally.

The proposed changes to the Canada Grain Act in regard to the Canadian Grain Commission (CGC) will weaken, and perhaps even end, its role as the regulator of Canadian grain. Crucially, it is proposed that the very purpose of the CGC be changed so that it would no longer act in the interests of producers. That would mean the end of more than a century of independent grading, weighing and inspecting export grain to insure it meets the specific standards required by importing agencies.

The CGC, under the authority of the Canada Grain Act, is the sole remaining organization that concentrates on the protection and interests of farmers. As much as these were needed when they were established a century ago, they are even more necessary now. While the grain companies and railways claim that competition will keep them honest, increasing consolidation make competition meaningless while their massive resources dwarf those of farmers.

The CGC is empowered to “enter any elevator, any premises of the licensee of an elevator or any premises of a licensed grain dealer to examine the premises and any equipment, grain, grain products and screenings found in the premises; to take samples of the grain, grain products or screenings; and examine any books, records, bills of lading and other documents that, on reasonable grounds, the inspector believes contain any information relevant to verifying compliance with this Act and make copies of them or take extracts from them.”¹ Licensees are required to cooperate with the CGC.

For the CGC to fulfill its mandate, one only has to consider programs it historically carried out, prior to their cancellation by the previous government. Most could easily be reinstated on short notice and would all enhance the quality and reputation of Canada’s exported grain, and be of benefit to both farmers and all Canadians. This would involve:

- **Reinstating inward and retaining outward inspection of shipped grain at terminal position,**
- **Restoring incremental loading on outbound ships, and**
- **Reinstalling CGC personnel as official grain graders**

The removal, by the previous government, of the CGC’s mandate to conduct Inward Inspection of grain shipments has resulted in the inconsistency of grading between the grain that is received by the port terminals (graded by third party contractors employed by, and beholden to, the grain companies) and the Outward Inspection (graded by the CGC). The obvious financial conflict that this presents in terms of grain company conflict, and potential customer dissatisfaction with the product that they receive,

cannot be ignored.

To help ensure that farmers are treated fairly by grain companies and not subject to inaccurate weights for delivered grain, the following past CGC functions should be restored

- **Conducting weigh-overs at inland elevators**
- **Directing Weight and Measures to certify the accuracy of scales**

On a more personable level, communication with farmers should be enhanced as much as possible. The following would put the valuable services the CGC provides within easier reach of its farmer clients:

- **Re-opening regional offices.**
- **Reviving the farmer meetings CGC carried out,**
- **Creating and using electronic and postal mailing lists**

Similarly, reinstating the office of Assistant Commissioner would be an excellent way to bring the CGC back into stronger contact with farmers, giving it a greater feeling of alignment with their patrons. The Assistant Commissioners were not paid or appointed by the CGC, giving them the independence to stand up to the main Commissioners if warranted, and act as a powerful advocate for producer concerns.

The handling of producer cars is an issue where the CGC could blend old and new practices to great benefit. As well as handling the administration of producer cars, the CGC could also act as the receiver of these cars at port, grade them, and assign them to the various terminal operators as available space dictates. This would restore the viability of producer cars and allow them to act as a discipline on elevation charges by giving farmers direct access to rail transportation and terminal space, as originally intended.

The CGC could also provide transparency to farmers by reinstating the requirement that cash tickets for delivered grain have an itemized list of deductions that the purchasing company has subtracted when calculating payment for the farmer's grain. Under the Canadian Wheat Board, every deduction was a separate item: rail freight, company handling, etc. Now, all of these costs are simply lumped together under "basis", with no way for farmers to know whether they have been treated fairly. Lumping all deductions into "basis" is as if employers were allowed to issue pay cheques with a single line for deductions without documentation on what was legitimate (taxes, pension, EI, etc.), and what the company had unilaterally decided to claw back for its own benefit.

We are also concerned about the repudiation of the CGC's role as binding arbitrator in disputes between farmers and buyers regarding grade (quality) and dockage (amount of chaff, weed seeds, etc.). In production contracts, some grain companies are now specifying private companies as the final arbitrator of quality, and are using these private companies when loading of export vessels. In both cases, the impartial oversight is lost, which can lead to industry enrichment at the expense of farmers' and Canada's reputation for quality.

It has to be realized that a primary function of the CGC is as a regulatory body. Existing regulations, plus any that may be added, must be enforced to be of any value. A strong governance model that ensures all personnel have a deep knowledge of farmers' needs, and which is supported by the Minister of Agriculture's office, can assure regulatory compliance in the service of farmers.

As well, the most equitable way to structure the CGC's funding should be considered. While user fees are an important method of acquiring funds, prior to changes being made, public money also played an important role. Given the trade value of Canadian grain and its contribution to jobs and industry, it is easy to justify increased federal support for the public good that the CGC provides to all Canadians.

An appraisal of the regulations that govern the CGC reveals it has a wide range of powers available to fulfill its mandate of producer protection. Careful consideration and application of these capabilities will enable the CGC to attain its stated goal of acting in the interests of farmers while also achieving a strong benefit to Canada.

The CGC has an enviable reputation for professional and unbiased conduct with farmers and Canada's international customers. The appointed Commissioners carry the reputations of credibility and objective status that could be destroyed if the CGC's governance model is changed to one patterned after business corporations' structure.

We feel that the role of the Canadian Grain Commission needs to be returned to its original directives of regulatory oversight, and its practices that provide farmer protection reinstated. The changes that seem to be contemplated, to both the CGC and the CGA, would destroy their value to farmers and Canada's customers, turning the clock back by over a century.

Thank you for your consideration.

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ⁱ *Canada Grain Act, s 88*