

# *Restoring the Gold Standard*

**Addressing the post-2012 loss of Canadian Grain  
Commission oversight at primary elevators**

**Canada Grain Act Discussion Group  
February 2025**



# Canada Grain Act (CGA): the farmer's Magna Carta

- CGA and Board of Grain Commissioners – now Canadian Grain Commission (CGC) – were created in 1912 to regulate grain companies
- CGC is responsible for establishing acceptable grades through the Grain Standards Committees; honest weights, grading and dockage; final arbitration of disputes, and; licensing/bonding of primary elevators
- CGA was created as a result of intense farmer agitation and political action
- CGC enjoys significant statutory powers to enforce its mandate

CGA remains essential because the unequal power relations between farmers and grain companies are little changed since 1912

# Canada Grain Act mandate: *Objects of the Commission*

13. Subject to this Act and any directions to the Commission issued from time to time under the Act by the Government in Council or the Minister, the Commission shall, **in the interests of the grain producers**, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets.

Section 13, *Objects*

Previous government tried three times between 2006-15 to replace “interests of grain **producers**” with the interests of “**industry**” – claiming these interests are identical.

# Canada Grain Act Review

- Agriculture Agri-Foods Canada is currently reviewing the Canada Grain Act and Canadian Grain Commission – the impact of this review could affect farmers for a generation
- CGA Review began in 2021; no indication when it will close
- The good news: improvements to STIGAD, withdrawal of 2023 test-weight changes
- The bad news: grain companies want to gut the Canadian Grain Commission through budget cuts, deregulation, and privatization of key CGC functions like outward inspection.
- Four years later, there's still no hint what will be the policy outcome of the Review

# CGC acknowledges key farmer grievances

*Grain producers continually express concerns:*

*... about inconsistent treatment at delivery.*

*... quality determination in transactions between producers and licensed grain companies.*

*... a general desire to see increased CGC oversight at licensed primary and process elevators.*

CGC's own Update and Outreach presentation, Winter 2023

# Pre-2012 CGC oversight of primary elevators

- Primary elevators: the CGC inspected grading devices, certified weigh-scales and oversaw independent arbitration of disputes. CGC also oversaw regular primary elevator weigh-overs (inventories) every 30 months to prevent errors/cheating.
- Terminals: CGC provided *independent inward inspection* (i.e. final grade and dockage) + CGC weighing to protect producers
- CGC assistant commissioners: policed primary elevators and investigated and resolved producer problems and disputes
- CGC oversight: CGC inward inspection policed elevator grain *quantities*, not just overall grain *quality*, on behalf of producers.

CGC's pre-2012 regulatory system was the Gold Standard.  
Not only was it comprehensive - it was auditable

# The CGA Gold Standard: how did it work?

- Primary elevators: after each weigh-over, country elevators forwarded their inventory results, plus aggregate weight, grade/dockage data since their last weigh-over, to the CGC
- Terminals: CGC monitored and retained aggregate grades/dockage/weights from each primary elevator
- CGC audit: the CGC then compared each primary elevator's weighover and terminal data. If there was "excessive grade gain", unwarranted dockage deductions, or weight discrepancies the assistant commissioners would intervene and the elevator was held accountable.

Gold Standard oversight insured the regulatory integrity of the entire grain handling system



## *Subject to inspector's grade and dockage (STIGAD)*

- Farmers still have one important right at the elevator - CGC independent arbitration of grading disputes
- STIGAD is an essential producer prerogative and excellent program, first implemented in 1908
- But there's a problem: no nobody uses it!
- There are only 200-300 STIGAD referrals per year – that works out to CGC oversight of roughly 1 in every 5,000 farmer deliveries.

*Though essential, STIGAD is too little used to provide serious regulation of primary elevators*



# Post-2012: here's what farmers have lost

- “Inward inspection”, “weigh-overs”, “assistant commissioners”, “overage” all repealed from Act
- Outside STIGAD, there is today no grade/dockage oversight at all – elevator-assigned values have become, in effect, final and binding
- Retired CGC inward inspectors confirm pre-2012 elevator grades/dockage were “frequently incorrect”

*The Gold Standard auditable oversight system is gone  
– and there's no one minding the fort*

# Loss of the Gold Standard: adding up the cost

45,000,000 MT of grain @ \$333 MT avg (all grains) = \$15 B

- 1% grading error rate in favour of trade = \$150 M per year
- 2% grading error rate in favour of trade = \$300 M per year

But the Gold Standard has been gone now for 12+ years!

- 1% error rate in favour of trade x 2012-25 = \$1.8 Billion
- 2% error in favour of trade rate x 2012-25 = \$3.6 Billion

# Which costs more? CGC oversight or the Wild West?

Compare the cost to farmers of primary elevator errors vs. the current farmer bill for CGC regulatory oversight:

- Industry share of CGC annual cost = \$66M - \$6M = ~\$60 million
- 1%/\$150 M error rate = 250% (x 2.5) CGC regulatory cost
- 2%/\$300 M error cost = 500% (x 5) CGC regulatory cost

*So which is more costly to farmers: a 1-2% elevator error rate or current - inadequate - CGC regulation?*

# Loss of the Gold Standard: \$\$\$ summary

- 1-2% annual error cost = \$150-300 Million
- 1-2% total error cost 2012-25 = \$1.8-\$3.6 Billion
- Annual price tag for current - inadequate - CGC oversight is \$60 Million
- Which is cheaper? A 1-2% error cost is 2.5 to 5 times more costly to farmers per year than current Canadian Grain Commission oversight

# Restoring meaningful CGC oversight: the options

Current system = no comprehensive oversight

- Spot check system based on CGC visits or restoration of assistant commissioners?
- Replacement of elevator staff with on-site CGC staff for determination of grade/dockage/weight?
- Forwarding of official samples for all deliveries to CGC inspectors for final determinations?
- Restoration of the comprehensive Gold Standard regulatory system that protected farmers for 100 years?

# Restoring the Gold Standard: why reinvent the wheel?

- Status quo and spot checks are completely inadequate
- Replacing elevator staff or grading with CGC inspection would be impractical and unacceptable to the trade
- Only option compatible with the CGC mandate is return to the Gold Standard – and it wouldn't be difficult:
  - Primary elevator weigh-overs have continued since 2012 (but unreported) because inventory management remains essential for the trade
  - Same goes for inward inspection; it's been privatized, but never eliminated
  - Only the assistant commissioner role has disappeared but this could be easily restored

# Other CGC oversight recommendations

- CGC inspection of all instruments used to determine grade and dockage
- Restore mandatory CGC notice boards in primary elevators
- Mandate itemized deductions on all grain tickets
- Initiate discussion of Standard Grain Contract
- Also:
  - Revive annual CGC farm meetings in the country
  - CGC polling program to survey producer opinion
  - Promote academic study of producer policy concerns



# Other Canada Grain Act Review concerns

- Privatization of outward inspection
- Loss of outward inspection on rail exports to US/Mexico (5-15% of exports = 2-6,000,000 MT)
- Adoption of inferior US-style composite (vs. long-time CGC incremental) loading at port
- CUSMA changes granting varietal/grade equivalency to US grain in Canadian elevators
- Primary vs. terminal test-weight standards issue will continue to be on WGEA political agenda

# Canada Grain Act Discussion Group [CGADG]

- CGADG is a farmer watchdog caucus created to defend the CGA and reverse ongoing drift to industry deregulation in the grain company interest.
- Caucus members co-operate on a non-partisan, single issue basis to increase farmer knowledge and solidarity around the CGA and CGC.
- Caucus members are current and retired farm leaders and other farmers, and former farm organization staffers.
- CGADG is not “another new farm organization”. Members work as participants in our current farm organizations to keep strengthening of the CGA permanently on the agenda.

# Canada Grain Act Discussion Group goals

- Promote academic interest and study of CGA pocketbook issues in the interest of producers
- Promote better knowledge of the CGA and CGC
- Demand CGC respond to producer concerns
- Offer critical support to CGC and commissioners
- Host an AGM featuring CGC, academic, farmer, and other speakers to advance producer concerns and help keep CGC's eye on the ball

# Canada Grain Act Discussion Group initiatives

- CGADG compared the 2021 CGA Review submissions from AFA, APAS, KAP, NFU, Sask Wheat and found broad agreement. We proposed to all five groups a Canada Grain Act Summit meeting, a joint letter to AAFC, and a follow up meeting with the Minister and CGC to underscore common concerns.
- Through Access to Information, CGADG has pushed AAFC to release most of 66 previously secret Canada Grain Act Review submissions.
- Most important, CGADG is exploring options for academic study to establish once and for all the accuracy of pre- vs. post-2012 primary elevator grades/dockage/weights and other key determinants of producer income.

Farmers can't defend their interests without credible facts and figures to back them up!

# CGADG grading and other study proposals

- Compare primary elevator grain tags with CGC inward inspection/weight values for 2011-12 – the last crop year CGC assigned final values at terminal – to establish baseline accuracy of the old - now-repealed - auditable Gold Standard oversight system
- Compare Gold Standard with the accuracy of today's unregulated primary elevator grades/dockage/weights
- Determine the cost to farmers of loss of the primary elevator (vs. terminal) test-weight as demanded by WGEA (still promised by CGC)
- Determine farmer cost of undocumented basis changes since 2012
- Commission an independent poll of producer confidence in the current unregulated grade/dockage/CGC oversight system

**CGC should fund this research but claims it has no responsibility to undertake economic study in the interests of producers**

# Restoring the Gold Standard: where we stand

- Producers no longer have any comprehensive statutory safeguard in their primary elevator transactions – it's the Wild West out there!
- Reports indicate pre-2012 elevator grading was “frequently incorrect”
- 2% error rate in trade's favour will cost farmers ~\$300,000,000 per year
- CGADG will commission independent studies to definitively verify the accuracy of post-2012 grades/dockage/weights and other values that determine farmer income

*Elevator grading inequities will continue until farmers agree to work together – in a unified, disciplined way – to demand CGC enforcement of its mandate.*

# Canada Grain Act Discussion Group: membership

- Members seek to make the CGC more accountable and stop complaining and start impacting CGA/CGC policy.
- Membership fees will kick start study of the accuracy of primary elevator grades/dockage/weights and other industry values and practices that are key to determining farmer income.
- All policy democratically determined by CGADG membership.

## **CGADG membership fee:**

- **one-time \$1,000 contributiion**
- **Cheques payable to: Canada Grain Act Discussion Group  
PO Box 205, Hanley SK S0G 2E0**



# CGADG: contact and participation

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***Your grain policy buck stops here –  
Join the Canada Grain Act Discussion Group today!***