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Honourable Heath MacDonald
Minister of Agriculture and Agri-Food
1341 Baseline Road
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Dear Minister MacDonald,

I'm writing as chair of the Canada Grain Act Discussion Group [CGADG]. Congratulations on your recent appointment as ed Minister of Agriculture and Agri-Food. We know you and your colleagues have your hands full these days saving farmers from Donald Trump, so we're not expecting a response from you or your office anytime soon - but we did want to write to underline the importance of the Canada Grain Act [CGA] and Canadian Grain Commission [CGC] and to set out our concerns for the present and future of both.

First, about us. CGADG is a farmer watchdog caucus created to defend the CGA and CGC and reverse some twenty years of industry deregulation, all of which was in the grain company interest. CGADG actively engages with AAFC, the Commission, farmers and farm organizations through briefs, op-eds in the farm papers, trade shows and rural presentations. We are also the complainant in an ongoing AAFC Access to Information request seeking full disclosure of submissions to the current Canada Grain Act Review. Though not a massive organization, our membership of current and retired farm leaders, other farmers, and retired farm organization staffers is highly knowledgeable. With a \$1,000 membership fee, our commitment to the 113-year-old CGA is obvious. Our concern is that both the Act and Commission enforcement have been much weakened in recent years despite the CGC's mandate to regulate grain handling in Canada *in the interests of the grain producers*. In particular, the CGC auditable oversight system that held grain companies accountable for accurate weights, grades, and dockage for a hundred years was abolished in 2012.

Meantime, the CGC acknowledges widespread farmer grievances:

- *Grain producers continually express concerns about inconsistent treatment at delivery.*
- *Producers have expressed a general desire to see increased CGC oversight at licensed primary and process elevators.*
- *Producers have expressed concerns about quality determination in transactions between producers and licensed grain companies.*

CGC Update and Outreach presentation, Winter 2023

CGADG's critique of the current Act and Commission can be parsed by legal remedy, either legislative or regulatory. As we were able to meet recently with Chief Commissioner David Hunt and Commissioner Lonny McKeague, this letter is primarily focused on issues that can only be resolved through your initiative, as Minister, in Parliament.

- **Restore the CGC auditable oversight system that monitored primary elevator grading, dockages and weights:** the Harper government was actively hostile to the Act and Commission – it sought three times to change the mandate from regulation in the “producer” to “industry” interest, only failing at the hands of its own Conservative election writs. Auditable oversight was the Act's biggest casualty at this time. Prior to 2012, primary elevators were obliged to conduct weigh-overs (inventories) every 30 months or less. These weigh-over results were forwarded to the CGC, along with the elevator's grain purchase records since the last weigh-over. Meanwhile, CGC “inward inspectors” and weighmasters determined final grade, dockage and weights at Canada's terminal elevators (these authoritative determinations were frequently at odds with the values farmers had been assigned by the country elevator). The CGC then compared primary elevator and terminal results for that elevator after each primary elevator weigh-over. Crucially, if there were aggregate weight “overages”, “excessive grade gains” or dockage irregularities, the CGC's assistant commissioners would investigate and the primary elevator would be held accountable. Sadly, after almost 100 years, the terms “weigh-over”, “inward inspection”, “overage” and “Assistant Commissioner” have all been repealed from the Act.

Farmers do have a right to CGC “Final Quality Determination” (independent arbitration of disputes), however, on well over a million country grain deliveries annually there are only 200-300 referrals each year. Some farmers are ignorant of this right, but most simply acquiesce to the grain company to avoid future discrimination or, in other cases, outright threats. As a result, arbitrary, unregulated – and unconfirmable – primary elevator grade and dockage determinations are now, in effect, the industry rule. Moreover, the CGC has not addressed this issue beyond acknowledgement that farmers say it exists. In our view, this situation can only be resolved by restoration of the former auditable oversight system, based on primary elevator weigh-overs, CGC inward inspection and weighing, and the work of expert assistant commissioners.

- **Extend CGC licensing to container shipper operations and feed mills:** Licensing of container loaders would give farmers delivering to these sites access to both CGC Producer Protection in the event of bankruptcy, and the formal right to Final Determination. At feed mills, a huge consumer of lower quality grain, farmers would benefit significantly from Producer Protection, especially at mills owned by large feeder operations in the economically volatile hog industry (a licensing exception should be made for co-operative ownership feed mills owned and operated by the farmers who deliver grain to the mill).

- **Repeal 2020 Bill C-4 Canada Grain Act amendments to CUSMA:** numerous changes were made to the CGA at US behest to obtain the Canada-US-Mexico Agreement. These changes, none of which benefit Canadian producers, should be reconsidered:
 - Restore identification/separation of US-origin grain in Canada's grain handling system
 - Stop admixture of US-origin with Canadian grain for export
 - Remove CGC power to alter regulations to allow future non-US-origin grain into the Canadian system
 - Repeal the Incorporation by Reference provision which encourages covert changes to the Act outside public scrutiny

These grain industry changes, which oblige Canadian farmers to compete with Farm Bill-supported US producers, are one-sided and unfair. CUSMA, meanwhile, has been violated and impugned by the same US president who negotiated it. We urge Canada to reverse these changes as part of its retaliatory response to Trump's unilateral tariff hikes.

Though primarily a regulatory issue, we'd also like to comment on recent and proposed changes to CGC's export quality protocols that directly affect our trade relations with overseas customers. Canada's brand has long been uniquely respected in the global grain industry; millers around the world buy our high-quality grain to mix with lesser quality product from other countries (often referred to as "sawdust"). CGC regulatory changes are eroding this longstanding bond of trust:

- **Loss of the CGC's longstanding incremental ship-loading protocol:** prior to 2012 the CGC's marine loading regimen required that each 2,000 MT increment taken aboard meet quality specifications, regardless of whether other increments exceed requirements. Since 2012 CGC "incremental" loading has been replaced by a "composite" loading protocol, similar to that used in the US, in which only the average of 2,000 MT loading increments are required to meet grade requirements. This lowering of the consistent quality required to obtain the CGC's Certificate Final has reportedly been the cause of numerous complaints by Canada's export customers in recent years. If ships unload at more than one port the risk becomes jarringly clear.
- **End of outward inspection of rail shipments to the US and Mexico:** The CGC used to undertake outward inspection of all rail shipments to the U.S. and Mexico but, citing staffing and logistical difficulties, they then made these exports exempt from the Certificate Final process. This inspection role has been taken up by private inspection firms paid by the grain companies. Affected rail exports to the US and Mexico comprise some 5-10% of Canada's annual exports (2.5-5 million MT).

- **Ongoing threat to replace CGC outward inspection with private inspectors paid by the grain companies:** The Western Grain Elevator Association and other pro-industry voices have long encouraged privatization of CGC outward inspection, proposing that the CGC instead be reduced to a licensing body, testing and approving inspectors who would then be paid by the same companies whose grain they're inspecting – a sure-fire recipe for reduced quality assurance. It has been said, only half-jokingly, that these private inspectors are so efficient that sometimes the grain is graded before the sample makes it to the lab. Privatization would also leave the Commission with almost no employees in the field, an open invitation to further downsizing by hostile future governments.

Grain labelled with the CGC's Certificate Final was once the only export grain in the world not reweighed and regraded upon arrival. Transnational grain companies, in contrast, want to source grain from the closest – not the highest quality – supplier. Restoring incremental loading, outward inspection on rail exports to the US and Mexico, and saying no to privatization of CGC outward inspection at port will go a long way toward restoring Canada's leading role in the elite world market for high quality grain.

Finally, though the Canada Grain Act Discussion Group was formed in 2023, many of our members commented individually or through their provincial farm organizations during the 2021 Canada Grain Act Review request for submissions. The Review is now in its fourth year and, to our distress, has been unwilling to share all submissions despite the federal government's effective privacy safeguards. We look forward to learning the results of the Review and will monitor its output closely.

Thank you for reviewing our legislative concerns and recommendations. A complete list of CGADG's recommendations, focused on upholding farmer rights at primary elevators and improving the CGC's stature as the oversight and enforcement arm – Canada's "grain cop" – under the Act, is available at our website: www.talkcga.ca.

We wish you the very best in your new position and as chief custodian of the Canada Grain Act.

Yours truly,

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c.c. David Hunt, Chief Commissioner, Canadian Grain Commission, House Standing Committee on Agriculture and Agri-Food, Senate Committee on Agriculture and Forestry, Senators Robert Black, Todd Lewis, Mary Robinson, Opposition critics