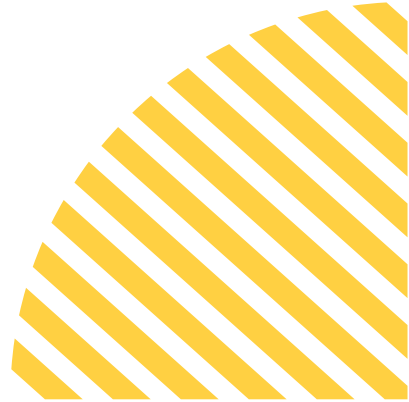


# Alberta Wheat and Barley Commissions Canada Grain Act Review Submission Summary

April 28, 2021



Alberta  
Barley





# Summary

**The Canadian Grain Commission (CGC) is a unique government department with a specific focus on ensuring the dependability of Canadian grain and oilseed commodities for domestic and export markets. The CGC has largely been successful in its role, if measured against the global demand and reputation of Canada's grains and oilseeds. This is in part because the CGC continues to be directed by legislation that recognizes that the success of the entire Canadian grain value chain is based on the success of Canada's grain producers.**

The long-term impact of the Canada Grain Act has been to empower the CGC to mitigate the many inherent risks in operating a grain farming operation, and to address the natural imbalances of market power that occur in any industry which naturally results in many sellers and only a few buyers. The CGC has also recognized that Canada can not be a competitor in providing the lowest cost grains, given the distance of our major production areas to tidewater, and has built classification frameworks for varieties to ensure that Canadian producers can easily identify the varieties with quality attributes that are demanded by export markets. This removes much of the risk that producers face when purchasing a new wheat variety.

Thanks in part to the Canada Grain Act, the Canadian grain sector has been a steady source of economic growth for both the rural and urban economies of Canada. The growing production of Canada's farmers supports hundreds of rural service providers and retailers, has allowed the grain export industry to continue to grow in value, provides significant work for Canada's logistics networks, borrows significant amounts annually from Canada's major financial institutions, and provides the general Canadian public with unrivaled food security through a surplus of safe, high quality, and nutritious grains.

This submission aims to address the concerns of today and to identify the upcoming challenges for producers that the CGC is positioned to address as we progress into the post-digital age. As the cost of information transfer has become negligible, there is now an expectation from both producers and the general public that information will be available in a timely manner. As new technology continues to decrease both the cost of grain analysis, consumer expectations are evolving to expect more information on grain quality, safety, and nutritional content. This growing demand has already led to a steady increase in demand for testing services beyond what is offered by state services in both Canada and the US. It is expected that this demand will continue to develop a market for testing services, which will continue to attract new entrants. Unfortunately, these technologies are not transparent in their methods. This shift will result in a growing need for monitoring and enforcement of grading practices to ensure public trust is maintained. This need is also required at delivery points which currently operate under exemptions on producer rights and protections. The CGC must ensure that producers are treated consistently no matter where they sell their grain.

This review of the Canada Grain Act is an opportunity for the Government of Canada to adjust the functions and responsibilities of the CGC. These recommendations recognize that the growing amount of technical testing throughout the grain value chain will require an expansion of the CGC's role in regulation and enforcement to ensure that farmers' production is evaluated consistently. This includes new minimums for transparency to producers, which will lead to increased communication between the CGC and producers. These recommendations also recognize that CGC mandatory export inspections are no longer the best method to provide export quality assurance for producers, and that associated resources should be redirected to new services which will be required by producers in the future.



# Key Recommendations

- The Canada Grain Act should no longer allow the provision of mandatory services by the CGC, including outward weighing and inspection of outgoing grain vessels, and should instruct the CGC to accredit third parties who provide testing and inspection of grain exports on a competitive basis in line with customer demand. The CGC would instead be tasked with undertaking all of the regulatory and enforcement responsibilities associated with an accreditation system.
- The current funding model of inflated mandatory export vessel inspection fees which indirectly transfer the CGC's operational costs onto grain producers is not transparent. Transparency to producers requires that the CGC acknowledge producers as the primary source of CGC funding. The Canada Grain Act should define that all CGC funding requirements related to the direct costs of regulation in the interests of producers must be shown as a fee on producers' sales of grains. This fee must be applied in a transparent manner by CGC licensees to all grain deliveries that fall under the CGC regulation, the fee must be reviewed annually, and the fee must be calculated in a manner that prioritizes funding current operations through the use of any surplus funds collected in previous years. This will ensure that farmers are aware of the costs they are paying for the regulatory system and prevent accumulation of annual surpluses.
- The CGC provides functions for the public good to all Canadians, such as the Grain Research Laboratory. Currently, these operations are being subsidized by grain producers as the federal appropriations provided to the CGC are inadequate. Any CGC functions determined to be in the public good must be completely funded by federal appropriation; i.e. Canadian taxpayers.
- The functions of the CGC must be further defined in order to facilitate greater and more timely collection and dissemination of information related to the export of grains under CGC regulation to ensure similar market transparency for all members of the value chain, and allow for a government certified dataset to address international concerns of Canada's grain exports.
- The CGC must recognize and expand their responsibility in regulating and enforcing the grading methods and procedures used for domestic transactions of grain wherever CGC standards are used for quality assessment in order to ensure consistency for producers.
- The producers' right to dispute grading results, subject to the CGC inspector's assessment must be expanded to include assessment of non-grade requirements (i.e. Falling Number and DON), and the right to dispute grading results must be available to producer for a window of five business days from the date of a grain delivery.
- Minimum standards must be set to ensure the digital provision of information to producers in a timely manner, to ensure that the producer is promptly informed of the value of each delivery, including identification of any potential variation from the contracted value due to any quality variations.
- Producers must be offered a sample of each grain delivery for their records, in sufficient quantity and packaged in such a manner that the sample would represent the grain delivery beyond a reasonable doubt, due to the financial and legal risks created by the implementation of mandatory declarations.





- The payment protection program must be altered to ensure full coverage of any funds owed to producers for grain deliveries, for a period of up to 90 days from the time of delivery irrespective of the date of issue of a cash purchase ticket, a bill of exchange, or any other documentation.
- All grain sales which use CGC grading factors should be subject to producer payment protection and provide producers the right to dispute a grade subject to CGC inspection.
- The CGC must conduct a review of Western Wheat Classification to ensure that all classes are targeted to specific market demands that are of value to western producers.
- The executive governance of the CGC must be transitioned to a board of directors with significant producer representation.
- The decision of appointment for voting members of the Western Standards Committee must be made by the organizations that hold a seat, in order to ensure that the best possible representative be present at the meetings, based on the topics of discussion.