



April 29, 2021

Agriculture and Agri-Food  
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To Whom It May Concern:

**Re: Canada Grain Act Review**

The Saskatchewan Flax Development Commission (SaskFlax) respectfully submits input to Agriculture and Agri-Food Canada for the Canada Grain Act review. SaskFlax sees an opportunity for modernization of the Canada Grain Act to enhance many activities for inspection, weighing and certification of export vessels, subject to inspector's grade and dockage, producer payment security, licensing framework, scientific research, statistics, funding structure, governance, in-country presence, transparency, and timeliness for review of the Canada Grain Act.

The Saskatchewan Flax Development Commission was established by flax growers in 1996. The Commission is funded by flax growers through a levy. The levy is used to fund research and market development.

SaskFlax asks that the following be considered for the Canada Grain Act review.

1) Mandate

SaskFlax is satisfied with the current mandate of the Canadian Grain Commission. The mandate to "work in the interest of grain producers" is key to the purpose of the Canada Grain Act. The Act is still important to resolving a market power issue where producers are not in the position to hold grain buyers and others accountable.

2) Inspection, weighing and certification of export vessels

The Canadian Grain Commission should move to a regulatory role for inspection, weighing and certification of export vessels. The current activity of the Canadian Grain Commission to provide the same service that is provided by the private industry is unnecessary duplication of services. The Canadian Grain Commission should play a role of accreditation of service provided to maintain confidence in international quality assurance standards.

SaskFlax recognizes the implication of this change for the ability of the Canadian Grain Commission to maintain funding for services. However, the process of modernizing the Canada Grain Act and the activities of the Canadian Grain Commission provides the opportunity to develop a new funding model for the Canadian Grain Commission. A new funding model would prepare the Canadian Grain Commission for changes that will occur due to adoption of new technology and trade practices in the future.

### 3) Subject to Inspector's Grade and Dockage

The Subject to needs to be reviewed to account for the changing business of grain marketing in Canada and globally. Producers are being asked to deliver grain according to many more factors than ever before. The Canada Grain Act needs to be reviewed to consider these factors to maintain the Act's mandate to work in the interest of grain producers. The areas include: a) grading factors currently outside of the official grading factors, b) extend the right of subject to inspector's grade and dockage to all licensees including processors, c) within 24 hours of delivery a producer must receive a record of relevant information in digital format as specified in regulation and a paper copy provided at time of deliver, d) a producer shall be offered a portion of the driveway sample in case of need for "subject to" determination, and e) producers shall have 5 business days to exercise their right to access the inspectors grade and dockage.

### 4) Producer payment security

There continues to be a need for producer payment security as farmers need a method to mitigate the risk of non-payment for grain delivered. The current program has been effective for farmers with good results for payments to farmers in the case of a grain buyer bankruptcy.

SaskFlax does ask that the Canadian Grain Commission carry out an analysis of other potential methods for producer payment security to determine if another method would be as effective but with reduced costs for farmers and grain buyers.

SaskFlax asks Canadian Grain Commission extends the mandate to automatically deduct, and submit, any provincially regulated levy on a commodity from payments of money to holders of cash purchase tickets, elevator receipts or grain receipts when a licensee enters a process that uses its security. This would treat all producers that delivered grain equally and not require additional action by producers to submit a provincially regulated levy for a commodity.

### 5) Licensing Framework

The current licensing system is important as it provides confidence to producers that a grain buyer is regulated by the Canadian Grain Commission and has financial sustainability. The licensing system should be expanded to include other grain buyers including processors, feed mills, container facilities, and grain agents.

### 6) Scientific research

The services for scientific research provided by the Canadian Grain Commission are a valuable contribution to the grain industry. Programs including the Harvest Sample Survey provide farmers and industry with valuable information about grain quality on an annual basis. The services Grain Research Lab are needed as they help support the confidence in Canadian grain quality and safety.

### 7) Statistics

The statistics collected by the Canadian Grain Commission are important for creating transparency in the grain handling system. The statistics collection of the Canadian Grain Commission could be enhanced through an export sales reporting process. Producers are

asking for increased market information that would assist in being able to make better informed marketing decisions. A reporting system that included reporting of export flax sales would help provide better market transparency for a crop that has very little market information available to farmers and the industry. The Saskatchewan Wheat Development Commission has released a report prepared by Mercantile Consulting Venture Ltd. that provides an understanding of the value of improved and additional data collection that would benefit producers and others involved in the grain industry. SaskFlax asks the Canadian Grain Commission to carry out an analysis of export sales reporting for flax in coordination with other government institutions including Statistics Canada to develop a transparent reporting process.

SaskFlax asks that statistics on movement of grain be extended to include containers. The flax industry uses a significant number of containers to move flax to export markets. These containers need to be included in the statistics to provide a true understanding of the movement of flax.

#### 8) Funding Structure

SaskFlax supports the position that the federal government provide increased funding to pay for the public good benefits of the Canadian Grain Commission. The ensuring of quality and safety is an important public good and needs to be acknowledged through funding from government.

#### 9) Governance

The current governance model of the Canadian Grain Commission should be reviewed. The current governance model does not create confidence for accountability to producers. A new model needs to provide a regional balance in representation that would be fitting for a Canadian institution. SaskFlax asks that the Canadian Grain Commission review the current governance structure to determine if a different structure would be a better fit for a modernized Canadian Grain Commission.

#### 10) In-country Presence

The in-country presence of the Canadian Grain Commission needs to be enhanced. As farmers sell their commodities, they need to know the Canadian Grain Commission is available and providing oversight for grading, dockage, etc. at in-country locations. This oversight would be seen as a valuable resource for the grain licensees to increase opportunities for education and communication with the Canadian Grain Commission.

#### 11) Transparency

SaskFlax asks that the Canadian Grain Commission be more transparent in its operations, costs, and markets. The Canadian Grain Commission is mandated to work in the interest of the producer. However, producers are not able to see and understand the operations and costs of the Canadian Grain Commission. As the Canadian Grain Commission is regulated by the Canada Grain Act, and not a private entity that may want to maintain confidentiality in the market, producers should be able to have full information about the service to which they contribute funding. The transparency extends to the accumulation of surplus of excess fees paid by producers and the return to producers.

12) Timeliness for Review of the Canada Grain Act

The Saskatchewan Flax Development Commission is encouraged by the Government's desire to carry out a review of the Canada Grain Act and the Canadian Grain Commission. The need to modernize the Act and the institution is overdue and in a grain sector that has gone through significant changes and will continue to see changes the review is vital to maintaining confidence in the Canadian grain system. To ensure a review of the Canada Grain Act is carried out within a reasonable period of time, SaskFlax asks that there be a requirement to review the Canada Grain Act every seven years.

The Saskatchewan Flax Development Commission would like to see this current review completed in a timely manner that leads to a positive outcome for producers through a comprehensive reform in legislation. The Canada Grain Act is an important piece of legislation for the grain sector in Canada. The Canada Grain Act has provided confidence in the Canadian grain sector for producers, industry, and customers. The opportunity to enhance the confidence is important today and will continue to be important in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Sundquist". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Greg Sundquist  
Chair  
Saskatchewan Flax Development Commission

cc: Honourable Marie-Claude Bibeau, Minister of Agriculture and Agri-Food