



For Immediate Release

May 17, 2005

Wheat Growers Propose Alternative Solutions to CGC's new Licensing Proposal

The Western Canadian Wheat Growers Association is concerned about the Canadian Grain Commission's plans to introduce mandatory licensing and bonding of all grain companies, effective August 1, 2006.

"We are not convinced this is in the long-term best interests of farmers," says Cherilyn Jolly-Nagel, President of the Wheat Growers. "Requiring all companies to be licensed and bonded could force a number of small, vital competitors out of the marketplace."

The Wheat Growers believe companies should have the choice as to whether they become licensed and bonded. "As long as farmers know when they are dealing with an unlicensed facility, then they should continue to have that option," says Jolly-Nagel. "Progressive farmers of today are fully prepared to make those kinds of business decisions."

The Wheat Growers note that having an existing CGC licence is by no means a guarantee of payment protection for farmers. In one recent case involving the business failure of a CGC licensee, farmers received as little as 28 cents on the dollar.

The Wheat Growers agree the security issue should be examined, and believe a number of options should be further explored. One such option under development is the clearinghouse model, in which payment to farmers would be secured on a transaction by transaction basis, rather than relying on the existing bond system, where a company's outstanding liabilities to farmers may or may not be covered by its posted bond. The clearinghouse proposal has potential to give farmers greater protection at a reduced cost.

The Grain Commission estimates the cost for unlicensed companies to become licensed and bonded will be \$1.0 million or \$1.30 per tonne. These costs, plus CGC administration, monitoring and enforcement costs ultimately will be passed on to farmers.

"The Wheat Growers are pleased to see the CGC is addressing the issue and is inviting comment on its proposal," concludes Jolly-Nagel. "However we believe there are better solutions to be explored, and these should be considered as part of an overall review of the role and operations of the Canadian Grain Commission."

In this latter regard, the Wheat Growers are very pleased to see legislation pass in the House of Commons last week that will require the Canadian government to undertake a comprehensive, independent review of the Canada Grain Act and the role of the CGC. The Wheat Growers have been calling for such a review and commend the Standing Committee of Agriculture and Agri-Food for introducing and passing the necessary amendment to Bill C-40.

The WCWGA, an independent producer organization, has spent 35 years bringing forth innovative farmer-driven solutions and will continue to lobby on behalf of forward thinking, progressive producers in an effort to make farming sustainable and profitable.

- 30 -

For more information, please contact,
Cherilyn Jolly-Nagel
President, WCWGA
(306) 354-2517

Innovative, farmer-driven solutions.