

CGC LICENSING and BONDING . . . Wheat Growers Propose Alternative Solutions



by Cherilyn Jolly-Nagel, President

In May, the Canadian Grain Commission announced it was going to make licensing and bonding mandatory for all grain dealers and processors. The Commission estimates there's about 50 companies across the prairies now operating without a license.

The Wheat Growers are convinced this policy is **not** in the long-term best interests of farmers. Our concern is that requiring all companies to be licensed and bonded could force a number of small vital competitors out of the marketplace. For these operators, mandatory licensing and bonding will increase costs by close to \$1.50 per tonne. As farmers, we have to ask ourselves, how will this make our industry more competitive and improve our bottom lines?

Before accepting greater regulation, the Wheat Growers believe other security options should be considered. The corn and soybean insurance fund in Ontario appears to be working well and could be adapted for western Canada. Also under development is the clearinghouse model, in which payment to farmers would be secured on a transaction by transaction basis.

Or perhaps bonding should be made optional for all companies. Look at the amount of grain sold into the off-board feed market. Farmers are willing to accept the payment risk on these sales – why can't we have the option to accept the payment risk on other sales? Many farmers today are prepared to accept responsibility for their own business decisions.

The Wheat Growers note that having a CGC license 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 less than 30 cents on the dollar.

We agree the licensing and bonding issue needs to be addressed, however I think the CGC's heavy-handed approach is out of step with the wishes of today's progressive farmers. Yes, farmers want some form of payment protection when dealing with certain companies, however at other times they are prepared to accept greater risk - why not leave that decision in the hands of the individual farmer?

The Canadian Grain Commission is inviting comment on its proposal until September 12, 2005. The Wheat Growers will certainly be putting forward an alternative solution, and would be more than happy to hear from you as to what you think that solution should be. Please feel free to call us at (306) 586-5866 or drop us a note at info@wheatgrowers.ca.