



**Canadian Grain Commission  
2004-2005 Licensing Function Review  
Management Action Plan**

<b>Recommendation</b>	<b>Designated Authority</b>	<b>Individual</b>	<b>Action Plan Details</b>	<b>Timetable</b>
1. Review the CGC's current standards in responding to written and verbal correspondence	Corporate Services	Head, Licensing	<ul style="list-style-type: none"> <li>• The service standard for the CGC's 1-800 line is a response within 24 hours of a call. Licensees who use this line to contact Licensing are responded to within 24 hours of their calls.</li> <li>• Monitor the CGC's licensing service standard of acknowledging receipt of queries regarding licensing and security within 24 hours of their receipt by the Licensing Unit (see attached service standards)</li> <li>• Develop a log system that can be used to monitor the acknowledgement of query service standard</li> <li>• Monitor the existing licensing service standards for the receipt of documents that are necessary for the issuance of a licence (see attached service standards)</li> </ul>	<ul style="list-style-type: none"> <li>• No further action required</li> <li>• Immediately</li> <li>• Immediately</li> <li>• Immediately</li> </ul>
2. Examine the present database system in order to improve the processes used to monitor licensees	Corporate Services	Head, Licensing	<ul style="list-style-type: none"> <li>• Phase I of the CGC's licensing and security database project has just been completed, i.e., Hummingbird software has replaced Linkworks and the licensee financial database software was upgraded from legacy to SQL with many improvements to monitoring reports</li> </ul>	<ul style="list-style-type: none"> <li>• No further action required</li> </ul>

			<ul style="list-style-type: none"> <li>• Begin Phase II of the licensing and security database project, i.e., develop customized reports that will assist in monitoring licensees (e.g., reference logs for various licensee reports will be created electronically rather than re-keyed from hard copy data</li> </ul>	<ul style="list-style-type: none"> <li>• Initiate discussions with CGC Information Technology staff immediately; target December 31, 2005 for completion of Phase II</li> </ul>
3. Make web-based reporting of liabilities a priority for the Executive Management Committee	Corporate Services	Manager, Policy, Planning & Producer Protection	<ul style="list-style-type: none"> <li>• The CGC will be hiring a process reengineering consultant to assess licensing processes with the aim of: <ul style="list-style-type: none"> <li>○ Reducing licensees' administrative efforts and costs</li> <li>○ Automating the licence application process and monthly reporting of liabilities by licensees (e.g., web-based applications and reporting); this item has been identified as a corporate priority for IT</li> <li>○ Obtaining ISO certification for licensing processes</li> <li>○ Ensuring the most efficient and effective processes are in place</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Hire consultant by October 2005</li> <li>• Receive consultant's report by December 2005 and implement as soon as possible thereafter</li> </ul>

<p>4. Look for means to provide greater audit capacity, whether it is through re-organization of the existing Audit Unit, the hiring of more full-time staff or through sub-contracting</p>	<p>Corporate Services</p>	<p>Manager, Policy, Planning &amp; Producer Protection</p>	<ul style="list-style-type: none"> <li>The CGC has contracted Consulting and Audit Canada (CAC) to conduct licensee audits since fiscal year 2002/03 in order to increase audit capacity. During this period, CAC has completed roughly 8-12 audits per year. This number will increase as the number of licensees increases as a result of the recently announced Licensing compliance initiative.</li> </ul>	<ul style="list-style-type: none"> <li>Timing of further CAC audits is dependent on the increase in number of CGC licensees</li> </ul>
<p>5. Consider options presented in the Review respecting alternatives to the existing security function:</p> <ul style="list-style-type: none"> <li>Graduated Licensing</li> <li>Debt-Rating Services</li> <li>Third-Party Insurance Provider</li> <li>Single Limit Policy</li> </ul>	<p>Corporate Services</p>	<p>Manager, Policy, Planning &amp; Producer Protection</p>	<p>Graduated Licensing:</p> <ul style="list-style-type: none"> <li>From April 1, 2002 until August 1, 2003, licensed primary elevator members of the Western Grain Elevator Association were able to post security on the basis of the ratio of the licensee's adjusted net capital to its net producer primary elevator grain liabilities. All other licensed primary elevators, grain dealers and process elevators were required to post 100% security.</li> <li>The CGC concluded that the formula had</li> </ul>	

			<p>significant shortcomings and given the generally poor financial results of primary elevator operators was of the view that a more conservative approach was required in setting security levels.</p> <ul style="list-style-type: none"> <li>• The CGC has identified the need for an internal risk audit that will examine the feasibility of setting security based on the financial ability of licensees with the view to decreasing security costs for financially sound licensees.</li> </ul> <p>Debt-Rating Services:</p> <ul style="list-style-type: none"> <li>• The CGC uses rating services to determine a licensee’s overall financial health, not just a licensee’s debt rating.</li> <li>• The CGC has identified the need for an internal risk audit that will examine the feasibility of setting security based on the financial ability of licensees with the view to decreasing security costs for financially sound licensees.</li> </ul> <p>Third-Party Insurance Provider:</p> <ul style="list-style-type: none"> <li>• Aon Reed Stenhouse, an international insurance broker, has developed a “payables” insurance policy that is acceptable to the CGC as an alternative to a bond or letter of credit as a form of security. Zurich Insurance Canada underwrites the payables insurance which will insure against licensees not meeting their payment/delivery obligations to producers and has been</li> </ul>	<ul style="list-style-type: none"> <li>• This internal audit has been identified as a future priority.</li> <li>• This internal audit has been identified as a future priority.</li> <li>• No further action required at this time</li> </ul>
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			<p>written to be consistent with all aspects of the current security program. One licensee currently posts security in this fashion and a number of others are exploring whether this product meets their needs.</p> <p>Single Limit Policy:</p> <ul style="list-style-type: none"> <li>• The CGC will review the concept of a single limit policy as part of a future risk audit.</li> </ul>	<ul style="list-style-type: none"> <li>• August 1, 2006</li> </ul>
6. Enhance the enforcement of the licensing provision under the <i>Canada Grain Act</i>	Executive and Corporate Services	Director, Corporate Services	<ul style="list-style-type: none"> <li>• On May 13, 2005, the CGC announced its new licensing policy whereby companies dealing in or handling western grain will either be licensed by the CGC, or lawfully exempted from licensing by August 1, 2006, or subject to criminal prosecution (details are available on the CGC's web site at <a href="http://www.grainscanada.gc.ca">www.grainscanada.gc.ca</a>)</li> </ul>	<ul style="list-style-type: none"> <li>• August 1, 2006</li> </ul>
7. Provide greater opportunities for licensees to provide input to CGC licensing policy, e.g.,	Corporate Services	Manager, Policy, Planning & Producer Protection	<ul style="list-style-type: none"> <li>• The CGC routinely consults with licensees through industry organizations such as the Western Grain Elevator Association, Canadian Special Crops Association, Inland Terminal Association of Canada, and the Western Processors and Marketers Association</li> <li>• For licensing policy changes that require amendments to the <i>Canada Grain Act</i> or Regulations, the CGC is required to consult relevant stakeholders</li> <li>• Individual licensees are in regular contact with CGC licensing staff and can discuss</li> </ul>	<ul style="list-style-type: none"> <li>• The CGC will assess the need for an advisory committee basis the feedback received on the licensing compliance initiative.</li> </ul>

			<p>issues directly with the CGC's Commissioners who set policy direction, including licensing and security policies</p> <ul style="list-style-type: none"> <li>• The Licensing Unit will send regular information updates to licensees whenever policy changes take place (e.g., court rulings that have an impact on licensing and security)</li> </ul>	
8. The CGC should reconsider its promotion of the advantages of being licensed as the advantages listed on CGC promotional materials are not considered of significant benefit by licensees	Corporate Services	Head, Licensing	<ul style="list-style-type: none"> <li>• The CGC will review its licence application package, in particular the portion that explains the responsibilities and benefits of being licensed</li> </ul>	<ul style="list-style-type: none"> <li>• By September 30, 2005</li> </ul>
9. Review the year-end renewal application process to ensure it is the least burdensome to licensees, while continuing to ensure protection for producers	Corporate Services	Head, Licensing	<ul style="list-style-type: none"> <li>• The CGC will be hiring a process reengineering consultant to assess licensing processes with the aim of: <ul style="list-style-type: none"> <li>○ Reducing licensees' administrative efforts and costs.</li> <li>○ Automating the licence application process and monthly reporting of liabilities by licensees (e.g., web-based applications and reporting).</li> <li>○ Obtaining ISO certification for licensing processes.</li> <li>○ Ensuring the most efficient and effective processes are in place</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Hire consultant by October 2005</li> <li>• Receive consultants report by December 2005</li> </ul>

## **SERVICE STANDARDS FOR LICENSING, CGC CORPORATE SERVICES**

### 1. SERVICE

- Licensing ~ 95% of grain elevators and grain dealers (licensees) as required pursuant to the Canada Grain Act and its Regulations.
- Allow for financial protection to producers via licensee tendered security.

### 2. CUSTOMER SEGMENT

- Grain Companies, Grain Producers, Various CGC Executives
- Government Agencies (Provincial and Federal)
- Producer and Marketing Organizations/Agencies

### 3. SERVICES PROVIDED

- Issue license to licensees pursuant to Canada Grain Act & Regulations.
- Respond to customer queries relating to the area of license and bonding.
- Advise customer segment as to changes in the status of licensees of the CGC.
- Advise customer of their rights under the Canada Grain Act.

### 4. CUSTOMERS' EXPECTATIONS

- Expect license and bonding staff to be supportive, pleasant, understanding, and knowledgeable.
- Expect readily available up-to-date/accurate information. If not, expect a prompt response once information is available.

### 5. SERVICE STANDARDS

- Upon receipt of all required documentation for licensing, monitor prospective licensee files to ensure that the files are processed and approved within 10 working days, (pending availability of decision makers).
- Advise licensee 2 months prior to their license renewal date of their licensing requirements.
- Fax licensee the day a license is issued advising them that a license will be issued and ensure that the license will be mailed to the licensee within 5 work days from the effective date of the license.
- Ensure that the customer segment is notified as to changes in CGC licensees' status within 3 working day of the effective change. In lieu of a 3 working day standard, consideration of actual notification of changes via newspaper and other publications will be as per their next respective publication date.
- Customer segment inquiries will receive a response within 24 hours.

6. CUSTOMER REDRESS MECHANISM

If the customer feels these standards have not been met, they can contact the following individual :

Mr. Fred Hodgkinson  
Head, Licensing  
Corporate Services  
Canadian Grain Commission  
601 - 303 Main Street  
Winnipeg, Manitoba  
R3C 3G8  
Phone: (204) 983-3309  
Fax : (204) 983-4654  
Internet : fhodgkinson@grainscanada.gc.ca