



Canadian Grain
Commission Commission canadienne
des grains

Canada

Canadian Grain Commission Guide for Licence Applicants



www.grainscanada.gc.ca

QUALITY

INNOVATION

SERVICE

Guide for Licence Applicants

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The Canadian Grain Commission (CGC) is a federal government agency that operates under the authority of the *Canada Grain Act*. Our mission is to be a leader in delivering excellence and innovation in grain quality and quantity assurance, research and producer protection.

Licensing of grain elevators and grain dealers is an important part of our responsibilities to protect producers and maintain standards of quality for Canadian grain. Under the Act, grain dealers and operators of primary, terminal, process and transfer elevators must be licensed by the CGC or exempted from licensing.

There are five classes of licences issued by the CGC:

- Primary elevators
- Process elevators
- Terminal elevators
- Transfer elevators
- Grain dealers

This guide:

- Explains how to apply for a licence from the CGC
- Explains the responsibilities you are required to fulfill under the *Canada Grain Act*
- Explains the reports that you must regularly provide to the CGC
- Describes the services that are available to CGC licensees
- Lists annual licensing fees
- Includes a list of phone numbers to contact for more specific information

For more detailed information about the CGC plus access to the *Canada Grain Act* and Canada Grain Regulations go to our web site at grainscanada.gc.ca.

Application checklist

This checklist covers all the documents that you need when applying for a CGC licence. Follow the list, and as soon as you complete a form or document, send it to us so we can process your application in a timely way.

1. Copies of the following Articles of Incorporation:
Letters Patent Incorporating or Articles of Incorporation
Include copies of any supplementary:
Letters Patent
Articles of Continuation
Articles of Amalgamation
Articles and Amendment
2. *Application for Elevator Licence*
3. *Application for Grain Dealer's Licence*
4. Cheque payable to Receiver General for Canada for the following annual licence fees:
Primary Elevator\$ 60.00 per elevator
Process Elevator.....\$1,200.00 per elevator
Terminal Elevator\$1,200.00 per elevator
Transfer Elevator\$1,200.00 per elevator
Grain Dealer.....\$1,200.00
5. One of the following:
Bond (CS720) with two signatures and corporate seals
Irrevocable Standby Letter of Credit or Guarantee
Payables Insurance
Cash Deposit
6. Written confirmation from financial institution of operating line of credit
7. Bound, original set of most recent audited and signed year-end financial statements
8. Draft receipts and tickets for grain received:
Grain receipt
Cash purchase ticket
Combined primary elevator receipt
9. *Authorization—Specimen Signatures* form
10. Certified copy of current insurance policy (in its entirety) for primary, terminal or transfer elevators
11. Copy of scale *Device Inspection Certificates* issued by Measurement Canada for primary, process, terminal and transfer elevators
12. List of “Agents”

13. Summary Report of Elevator Tariffs for primary, process, terminal or transfer elevators

Applying for a CGC licence

Before we sent you this package, we sent you a *Mode of Operations* questionnaire which you completed. Based on the information in the questionnaire, the CGC has determined that you must be licensed, either as a grain dealer or an operator of a grain elevator.

In order to obtain the CGC licence you require under the *Canada Grain Act*, you must provide the CGC with:

- Information about your company
- Your intended scope of operations
- Your legal and financial status
- Your ability to carry on business under the requirements outlined in the Act

You are also required to submit official documents verifying that you have complied with specific conditions necessary for the issuance of your licence.

This section guides you through the process of collecting required information and submitting it to us. Please submit the forms as you complete them instead of sending them all together. Most of the forms you need are included in this package and are also available at grainscanada.gc.ca.

Use the *Application Checklist* to check if you have gathered and compiled all the necessary information.

If you have any further questions about your application, contact the CGC at 1-800-853-6705 or visit grainscanada.gc.ca

Any information provided by you to the CGC is maintained in the strictest confidence subject to the *Access to Information Act*.

1. Complete the CGC forms

Remember to make a copy of your completed forms to keep on file for future reference.

a) Application form

Begin by completing the application form appropriate to the class of licence you require. There are two different forms: *Application for Elevator Licence* and *Application for Grain Dealer Licence*.

Provide accurate and complete information on the application form. For example, the name of applicant requested on the first page should be exactly the same as the company name used in any Articles of Incorporation. Making note of these details will help ensure your licence issuance goes smoothly.

Once you have completed the form, sign the Declaration section on the back page.

b) Authorization—Specimen Signatures

- Include the names, titles and signatures of all officials authorized to make submissions to the CGC on the *Authorization—Specimen Signatures* form.
- Clearly print or type the name and title of officials in the left hand column.
- Include signatures, in dark blue or black ink, of the officials in the right hand column directly adjacent to their names and titles.
- To verify the authenticity of the signatures, include the signature of the principal of the operation and the date.

c) Security

Security must be tendered after the CGC establishes the amount of security required. Do not tender security until the CGC notifies you of the required amount and term of coverage. There are three different forms of security that may be provided:

1. Bond

If you are tendering a bond, issued by an acceptable bonding company as security, send in a completed *Bond* form (CS720).

Include two signatures and corporate seals as directed. Security must be tendered in Canadian funds.

A list of acceptable bonding companies is included in this package. These are the only insurance companies whose bonds are acceptable as security for a CGC licensee.

2. Irrevocable Standby Letter of Credit or Guarantee

If you are tendering a Letter of Credit as security, provide an *Irrevocable Standby Letter of Credit* or *Guarantee* issued by a Canadian chartered bank, caisse populaire, Canadian credit union, provincial government or provincial government agency. Security is to be tendered in Canadian funds.

The sample Letter of Credit in this package contains terms that are acceptable to the CGC. Letters of Credit or Guarantee must cover a period of 18 months from your annual licence renewal date. For example, if your annual renewal date is May 1, 2006, letter of credit coverage for that renewal expires on October 31, 2007. There is a six-month discovery period to cover deliveries of grain during the annual term of the licence, but security is realized after the licence expires.

3. Payables Insurance

International insurance broker, AON Reed Stenhouse and the CGC have developed a payables insurance policy that replaces the bond, letter of credit or guarantee that licensees are required to post with the CGC. Zurich Insurance Canada underwrites the payables insurance to cover licensees not meeting their payment obligations to producers. The policy has been written to be consistent with all aspects of the current security program. To participate, a licensee must provide financial information as part of the application and qualification process.

4. Cash deposit

2. Provide supporting documents

a) Articles of Incorporation

- Include copies of your *Letters Patent Incorporating* or *Articles of Incorporation*.
- Include copies of any supplementary *Letters Patent, Articles of Continuation, Articles of Amalgamation, Articles and Amendment*.

b) Year-end financial statements

- Include a bound, original set of your most recent audited year-end financial statements.
- Include the signature of a company director on the statements.

c) Certified copy of insurance policy for terminal, transfer or primary elevators

Include a certified copy of the complete and current insurance policy, including the required Fully Insured Clause, Loss Payable Clause and Trackage Clause, with your application.

d) Sample receipts and tickets

The CGC reviews and authorizes grain receipts and elevator receipts and cash purchase tickets that licensees issue for grain received.

Include drafts of your receipts and tickets as follows:

- Primary elevators—combined primary elevator receipt; cash purchase ticket
- Process elevators—grain receipt; cash purchase ticket
- Grain dealers—grain receipt; cash purchase ticket

This requirement is not applicable to terminal and transfer elevators.

e) Elevator scale verification

- If you are applying for an elevator licence, include a copy of the *Device Inspection Certificate(s)* issued by Measurement Canada for your elevator's shipping/receiving weigh scales.

3. Send the annual licence fee

- Include a cheque, in Canadian funds, payable to the Receiver General for Canada for the following licence fees:
 - Primary Elevator \$ 60.00 per elevator
 - Process Elevator \$1,200.00 per elevator
 - Terminal Elevator \$1,200.00 per elevator
 - Transfer Elevator \$1,200.00 per elevator
 - Grain Dealer \$1,200.00

4. Send the application forms and documentation

Use the *Application Checklist* to check to see if you have gathered and compiled all the necessary information.

Send your forms, as soon as each is completed, documentation and cheque to:

Canadian Grain Commission
Licensing & Security Unit
601–303 Main Street
Winnipeg MB R3C 3G8

Your responsibilities as a CGC licensee

Once your licence is issued, you are required to adhere to various day-to-day operational and reporting responsibilities. These vary depending on the class of licence you hold. Failure to comply with your obligations under the *Canada Grain Act* and Canada Grain Regulations could lead to the suspension or revocation of your licence.

To view the *Canada Grain Act* and Canada Grain Regulations, contact the CGC at 1-800-853-6705 or visit grainscanada.gc.ca

This section explains the following responsibilities you have as a CGC licensee:

Operational

- Security and liability
- Insurance
- Elevator scale verification
- Producer verification of weight at primary elevators
- Sampling on delivery at primary elevators
- Subject to inspector's grade and dockage
- Receipts for grain received
- Labelling rail cars at primary elevators

a) Operational responsibilities

All licensed elevator operators must:

- Post the CGC licence in a conspicuous location in the elevator building.
- Install and maintain equipment and facilities to ensure the efficient and accurate weighing, sampling, inspection, grading, drying and cleaning (excluding primary elevators), and accommodation of all grain received or discharged.
- Store all grain received in an elevator building described in the licence application. An elevator can also store grain on the ground if a written request is submitted to the CGC, advising the kind of grain to be stored on the ground and the date grain to be stored on the ground is to be received. Upon delivery, an elevator receipt, grain receipt or cash purchase ticket must be issued, and the elevator has the same responsibility for the grain as it has for grain stored in the elevator building.
- Keep elevator buildings and associated equipment in good repair.
- Keep sampling equipment and surrounding areas clean.
- Provide immediate written notification to the CGC of the following:
 - Functional alterations to the elevator or to grain flows, sampling, control or any other equipment (within 15 days of plans becoming available)
 - Damage or destruction of any elevator building described in the application
 - Damage, destruction or removal of any equipment required by the CGC

- Damage or destruction of grain stored in any elevator building described in the application

Licensees must notify the CGC before constructing a new elevator or renovating an existing elevator, or if there is a change in the total licensed capacity of an elevator during a licensing year. Total licensed capacity includes principal house, annex, other house, such as bins or twinned elevators, and any condominium storage not already included in the licensed capacity. To report these changes, licensees should choose and complete from the following forms available on the CGC web site:

- *Application for Elevator Construction or Elevator Renovation* (BE120)
- *Amendment to Application* (AM650) (if applied to a currently licensed elevator)
- *Application for Elevator Licence*

The CGC conducts official weigh-overs of all stocks in store at least once every 30 months at terminal elevators and at least once every 60 months at transfer elevators. All stocks are turned over to establish a weight and a grade for each bin. This data is reconciled against officially registered stocks to determine overages or shortages for the weigh-over period.

Operators of primary elevators must conduct their own weigh-overs and report them to the CGC, at minimum, once every three years.

All CGC licensees must post security to cover all eligible liabilities pursuant to the *Canada Grain Act* and *Canada Grain Regulations*. Security may be tendered in the form of one of the following:

- Bond, issued by an acceptable bonding company
- Letter of Credit or Guarantee issued by Canadian chartered banks, caisse populaires, Canadian credit unions, provincial governments or provincial government agencies
- Payables Insurance
- Cash deposit

For primary and process elevators and grain dealers, security tendered by the licensee covers only producer liabilities. If the licensee refuses or fails to pay producers for grain delivered, they can make a claim against the security to the CGC to recoup what they are owed. There are time periods within which producers are eligible to make a claim.

5. Insurance (terminal, transfer and primary elevators)

All grain stored in the elevator, and in the course of delivery, in or out of the elevator, must be fully insured against loss or damage caused by windstorm, hail, flood, inherent explosion, smoke, leakage from fire protective equipment, vandalism, malicious act, impact by land vehicles and impact by vessels or floating objects. The coverage must include a Fully Insured Clause, a Loss Payable Clause and a Trackage Clause. For information on the three required clauses listed above, contact the CGC Licensing & Security Unit or visit grainscanada.gc.ca.

The CGC monitors the weekly dollar value of grain stocks in store to determine that insurance levels are adequate. Operators of terminal and transfer elevators must submit

monthly reports indicating the weekly dollar value of grain stocks in store for the reporting month.

In addition, operators of terminal, transfer and primary elevators must:

- Furnish the CGC with a certified copy of each applicable insurance policy on an annual basis.
- Provide written notification to the CGC at least 30 days in advance of any cancellation or change to any policy.

6. Elevator scale verification (terminal, transfer, process and primary elevators)

Operators of primary, process, terminal and transfer elevators must provide documentation showing that Measurement Canada has approved their weigh scales.

7. Producer verification of weight (primary elevators)

Operators of primary elevators must allow producers who deliver grain to verify scale weight of grain while it is being weighed.

8. Sampling on delivery (primary elevators)

Operators of primary elevators must take a sample from each load of grain delivered. A representative sample is then taken from the sample, according to these steps:

- The subsample weighs at least 1 kilogram.
- The grain producer or the person delivering the grain and the elevator operator agree that the subsample is representative.

The subsample may be discarded unless the grain producer or the person delivering the grain requests one of the following:

- An inspection according to the *Canada Grain Act* provision, *Subject to inspector's grade and dockage*
- Special bin storage

9. Subject to inspector's grade and dockage

Operators of primary elevators must follow a provision under the *Canada Grain Act* called *Subject to inspector's grade and dockage*. The grain producer or the person delivering the grain has the right to ask for a binding decision from the CGC if the grain producer or the person delivering the grain disagrees with the grade and dockage determined at a licensed primary elevator. The grain producer is paid according to the CGC's decision. For the rules about *Subject to inspector's grade and dockage*, visit grainscanada.gc.ca.

10. Receipts for grain received

Licensees must issue CGC-authorized documents to the producer upon receipt of grain. If the producer makes a claim against security, the producer must provide one of these documents in order for the claim to be eligible for compensation.

Grain dealers and operators of process elevators must issue one of the following:

- Grain receipt
- Cash purchase ticket

Operators of primary elevators must issue one of the following:

- Combined primary elevator receipt that includes
 - Primary elevator receipt
 - Interim primary elevator receipt
 - Special bin primary elevator receipt
- Grain receipt
- Cash purchase ticket

Operators of terminal elevators must issue to the CGC:

- Terminal elevator receipt or Grain Inventory Accounting System record of receipt of grain for registration

Operators of transfer elevators must issue to the CGC:

- Transfer elevator receipt or Montreal Registration System record of receipt of grain for registration

11. Labelling rail cars at primary elevators

When shipping grain, operators of primary elevators must attach a railcar shipping tag called an I-90 tag to the notice board of the rail car to provide information about the origin and contents of the rail car. Use the appropriate tag colour for the type of shipment as follows:

I-90 tag colour	Type of shipment
White	Regular shipment
Yellow	Prairie inspected cars
Blue	Shipments of malting barley
Red	Shipments of unlicensed varieties

To order I-90 tags, contact:
Canadian Grain Commission
Procurement
1-800-853-6705 or (204) 983-8302

Reporting requirements

The following information describes your reporting responsibilities as a licensed company. If you do not comply with your reporting obligations under the *Canada Grain Act* and Canada Grain Regulations, you may face fines or suspension of your licence.

Monthly Report of Licensee's Liabilities to Producers

Grain dealer, primary elevator and process elevator licensees must report their outstanding liabilities to producers for grain (as of the last day of the reporting month) to the CGC on a monthly basis. Reports are due on the 15th of the month following the reporting month.

The report informs the CGC of the total value of all monies owed by a CGC licensee for grain received from, or purchased from, producers as at the last day of each month. The CGC uses the information to establish the amount of security the licensee must provide. Reports are subject to CGC audits.

Instructions and a copy of the *Monthly Report of Licensee's Liabilities to Producers* will be provided to you when the CGC issues your licence.

Grain Handling Statistics

Operators of primary and process elevators and grain dealers must periodically report their grain stocks and handlings to the CGC. Requirements for reporting are explained below.

The CGC provides a secure on-line reporting service for all reporting except for annual reporting of net handlings by primary elevators. Primary elevator licensees currently must submit annual reports of their net handlings by fax using the prescribed form available or by electronic file in a format acceptable to the CGC.

If the on-line service for reporting is not available to you, contact Grain Statistics at: (204) 983-1570 or 1-800-853-6705.

Fax completed paper forms to:

Canadian Grain Commission
Grain Statistics
(204) 983-7550

Primary elevators

1. Weigh-overs

Operators of primary elevators must conduct and report weigh-overs, at minimum, once every three years. To report weigh-over results, use the on-line reporting service, *Primary Elevator Weigh-over Report*. Visit grainscanada.gc.ca and go to *Reporting Forms for Licensees* on the main page.

2. Weekly reporting of operations

Operators must report their handlings to the CGC each week, beginning the first week the facility is licensed. The reporting period is from Monday to Sunday inclusive, and reports are due the following Tuesday by 4:30 p.m. (Central time).

To report licensee operations, use the on-line reporting service, *Primary and Process Elevator Weekly Reporting*. Visit grainscanada.gc.ca and go to *Reporting Forms for Licensees* on the main page.

3. Annual reporting of net handlings

Operators must provide an annual report of their net handlings to the CGC. The reports must be submitted no later than October 15, reflecting all handlings in the previous crop year.

To report net handlings, visit grainscanada.gc.ca and go to *Reporting Forms for Licensees* on the main page. The forms are available as PDF documents. Download the files for the following forms:

- Form 5, *Primary Elevator Annual Report – Net Handlings*
- Form 6, *Primary Elevator Licensee’s Annual Report*
- Form 7, *Primary Elevator Annual Report on Non-board Feed Grains – Net Handlings*

Complete the paper forms and fax them to Grain Statistics, or contact Grain Statistics for instructions on electronic filing.

Process elevators

Operators must report their handlings to the CGC each week, beginning the first week the facility is licensed. The reporting period is from Monday to Sunday inclusive, and reports are due the following Tuesday by 4:30 p.m. (Central time).

To report licensee operations, use the on-line reporting service, *Primary and Process Elevator Weekly Reporting*. Visit grainscanada.gc.ca and go to *Reporting Forms for Licensees* on the main page.

Grain dealers

Grain dealers must report their transactions to the CGC each month, beginning the second month the grain dealer is licensed. The reporting period is for the previous month, and reports are due by the 15th of the month following.

To report licensee operations, use the on-line reporting service, *Monthly Grain Dealer Report*. Visit grainscanada.gc.ca and go to *Reporting Forms for Licensees* on the main page.

All elevators—tariff reporting

Before the beginning of each new crop year, operators of primary, process, terminal and transfer elevators must provide a schedule of tariffs to be charged at their facility effective the new crop year, or a letter indicating there are no changes or new tariffs. Licensees must report all rate increases and additions to tariffs during the crop year. The CGC-recommended tariff schedule must be signed and dated. Visit grainscanada.gc.ca and go to *Reporting Forms for Licensees* on the main page.

Licensing

Weekly value of grain stocks

The CGC monitors the weekly dollar value of grain stocks in store to determine that insurance levels are adequate. Each month, operators of terminal and transfer elevators must submit reports, in the form of a letter, indicating the weekly dollar value of grain stocks in store for the previous reporting month to:

Canadian Grain Commission
Licensing & Security Unit

By mail:
601-303 Main Street
Winnipeg MB R3C 3G8

By fax:
(204) 983-4654

Services for licensees

The CGC provides services to the grain industry as grain moves from field to market. As a licensee, you have access to CGC services that are recognized and trusted by local producers, as well as grain buyers around the world. These include:

- The right to use grade names specified under the *Canada Grain Act* and Canada Grain Regulations
- Access to CGC sampling, grading, testing, certification and other services
- Promotional rights to CGC signage stating you are licensed and bonded by the Canadian Grain Commission
- Inclusion on the official *List of Licensees* available to producers on-line and in print

For a comprehensive list of services, visit grainscanada.gc.ca.

Annual licensing fees

Licensees must pay an annual fee. Annual fees are payable, in Canadian funds, to the Receiver General for Canada.

- Primary Elevator \$ 60.00 per elevator
- Process Elevator \$1,200.00 per elevator
- Terminal Elevator \$1,200.00 per elevator
- Transfer Elevator \$1,200.00 per elevator
- Grain Dealer \$1,200.00

CGC contacts

For more information, visit grainscanada.gc.ca

or call toll free 1-800-853-6705

or

Corporate Services	Licensing & Security	(204) 983-3277
	Grain Statistics	(204) 983-1570
Industry Services	Inspection.....	(204) 984-1650
	Weighing.....	(204) 983-3305
Grain Research Laboratory	Research.....	(204) 983-2766
Finance	Procurement	(204) 983-8302