



Canadian Grain
Commission

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Canada

Review of Producer Composition of the Western Grain Standards Committee

Committee Report

August 30, 2001

Issue

A number of producers, grain companies and industry organizations, including producer organizations, asked the Commission to review the producer composition of the Western Grain Standards Committee (WGSC). In an April 3, 2000 press release, the Canadian Grain Commission (CGC) made a commitment to review the composition and effectiveness of the WGSC. In January 2001, a committee was struck with a mandate to make recommendations to the Canadian Grain Commission regarding the producer composition of the committee.

Background

Role and Authority of the Western Grain Standards Committee

The WGSC is an advisory committee, established under the *Canada Grain Act*, which meets semi-annually in early spring and late fall. The *Canada Grain Act* stipulates that the committee meets for the purposes of:

- (a) recommending specifications for grades of grain and selecting and recommending a standard sample to be used as a visual grading reference at primary and terminal elevators; and
- (b) performing such other duties in connection with the determination of grain standards as may be assigned to the committee by the Commission.

Grain standards are set for a number of reasons. These include:

- to enable producers to be paid according to the quality they produce,
- to ensure customers can choose the quality they want, and
- to facilitate segregation in the handling system.

Throughout the year, various interested parties within the grain industry, including producers, make recommendations to the CGC for the establishment of new grades of grain or changes in the grading specifications of grains already established under the Act. These changes reflect the needs of customers, the industry, and the ability to produce a certain quality. The role of the WGSC is to review these recommendations and consider whether they should be recommended to the Commission for approval or not. If the WGSC recommends a change to the Commission, the Commission considers the recommendation and, if in agreement, adopts the recommendation. Recommendations adopted by the Commission come into force at a time to be decided by the Commission. It is important to note that the WGSC does not have any legislative authority and that the CGC may or may not accept recommendations put forward by the WGSC.

Structure and Composition of the Western Grain Standards Committee

Over the last few years there has been much discussion about re-structuring the composition of the WGSC. The CGC has received many requests for a review of the Committee's composition. Producers and producer organizations have implied that producer members of the WGSC who are nominated by grain companies may be acting in the best interests of grain companies and not producers. They have requested that the CGC develop a method of ensuring "true producer" representation on the WGSC.

The composition of the WGSC was last reviewed in 1996. This review was conducted to address concerns expressed by the Western Grain Elevator Association (WGEA) that its members did not have adequate representation on the WGSC. The rationale put forward by the WGEA for increased representation on the WGSC was that its members facilitate the marketing of grain and incur all risks with respect to delivery of grain. The full report from this review can be found in the *November 1996 Minutes of the Western Standards Committee Meeting*. The final recommendations from the review can be found in the *April 1997 Minutes of the Western Standards Committee Meeting*. The recommendations from this review were that:

1. no changes be made to the composition of the committee,
2. consideration should be given to the establishment of additional formal subcommittees to the WGSC to address specific areas of focus, and
3. there should be a continued review of the membership in terms of representation, number of members, and effectiveness.

Grain Standards Committee Members

The *Canada Grain Act* specifies the numbers and qualifications of the members of the WGSC. According to subsection 20(2) of the Act, the Commission shall, with the approval of the Minister, appoint to the Western Standards Committee:

- (a) a commissioner, a grain inspector and a scientist;
- (b) the chairman of the grain appeal tribunal for the Western Division;
- (c) two persons nominated by the Deputy Minister of Agriculture and Agri-Food;
- (d) one person nominated by The Canadian Wheat Board;
- (e) two persons selected from among processors of grain;
- (f) two persons selected from among exporters of grain;
- (g) twelve actual producers of western grain; and
- (h) such additional persons not exceeding three in number as the Commission deems advisable (currently these representatives are from the Terminal Elevator Association (TEA), the Country Elevator Association (CEA), and the Inland Terminal Association of Canada (ITAC)).

Members of the WGSC are appointed so they represent a broad cross section of the grain industry. This ensures that the views of all principals are considered before changes are made to the Canadian grading system. All members have a responsibility to provide the CGC with sound advice to the best of their ability. They are supplied with terms of reference for the

WGSC and take an oath of office upon appointment. There is no specific requirement in the legislation for any Committee member to act in anyone's particular interests, but the makeup of the Committee is designed so that all views can be heard. While the CGC has developed the practice of receiving nominations from specific organizations, it is not bound by statute regarding the source of nominations.

According to subsections 21(2) and (3), the CGC can establish the terms of office for those members not employed in the public service. The maximum term is currently 7 consecutive years. By-law No. 4 provides for a term of up to 3 years from the date of appointment with the possibility of being renewed twice for a period of up to 2 years for each renewal. Customarily, renewals are only granted with the sanction of the original nominating organization. While the CGC may decide, at its sole discretion, not to extend a member's term, it is unlikely the CGC would relieve a member of the WGSC of his or her duties midway through a term except under exceptional circumstances.

Current Producer Representatives

Currently, the twelve producer representatives on the WGSC are appointed from nominations received by the CGC from grain companies, industry organizations or producer groups. Currently, the producer members are nominated by the following organizations:

Producer Organizations	Industry/Grain Companies
<ul style="list-style-type: none"> - 1 producer representative nominated by the Western Barley Growers Association, - 1 producer representative nominated by the Canadian Canola Growers Association, - 1 producer representative nominated by the National Farmers Union, - 1 producer representative nominated by the Western Canadian Wheat Growers Association, and - 1 producer representative nominated by the Flax Growers of Western Canada. 	<ul style="list-style-type: none"> - 2 producer representatives nominated by Saskatchewan Wheat Pool, - 2 producer representatives nominated by Agricore, - 1 producer representative nominated by United Grain Growers, - 1 producer representative nominated by Cargill Limited, and - 1 producer representative nominated by the Canadian Special Crops Association.
Total: 5	Total: 7

Currently, seven producer representatives are nominated by grain companies or dealer/industry organizations and five representatives are nominated by producer organizations. The source of the producer representatives is based primarily on tradition. The CGC is not bound by statute or history to invite nominations from particular organizations.

Current Non- Producer Representatives

As stipulated by the *Canada Grain Act*, the fourteen non-producer members of the WGSC include representatives of the Canadian Grain Commission, the Grain Appeal Tribunal, Agriculture and Agri-Food Canada, the Canadian Wheat Board, processors of grain, exporters of grain, and additional persons as follows:

# of members	Category	Nominated by
1	Commissioner	Canadian Grain Commission
1	Grain Inspector	Canadian Grain Commission
1	Scientist	Canadian Grain Commission
1	Chairman of the Appeal Tribunal	Grain Appeal Tribunal
2	Agriculture and Agri-Food Canada	Agriculture and Agri-Food Canada
1	Canadian Wheat Board	Canadian Wheat Board
2	Processors of Grain	Canadian National Millers Association Brewing and Malting Barley Research Institute
2	Exporters of Grain	Canadian Grain and Oilseeds Exporters Association Vancouver Grain Exporters Association
3	Additional Members	Inland Terminal Association of Canada Country Elevators Association Terminal Elevators Association
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Special Crops Subcommittee

The Special Crops Subcommittee of the WGSC is composed of representatives from the Canadian Special Crops Association (representing firms involved in the merchandising of special crops), provincial pulse growers' associations (representing producers), and representatives of the CGC. This subcommittee was established to address the unique needs of the special crops sector and includes members of the WGSC as well as persons who are not members of the WGSC.

The subcommittee meets prior to the main WGSC meeting to discuss grading issues related to special crops. A WGSC member who sits on the Special Crops Subcommittee then presents recommendations from the subcommittee to the main WGSC for consideration. The WGSC is under no obligation to adopt the subcommittee's recommendations. The subcommittee structure has allowed more people with knowledge about special crops to participate in the discussions related to special crops.

Changes in the Environment in Which the WGSC Operates

Over the last 1-2 decades, there has been a proliferation in the diversity of commodities grown in western Canada. For example, the respective volume of special crops has increased dramatically. Markets for all grains have shifted, as have the transportation patterns. Customers have become more discerning with respect to the interpretation of “quality”, adding additional specifications to traditional grade determinants.

The number of producer organizations has also increased since the original design of the WGSC. General farm organizations represent producers in each of the western prairie provinces. Organizations representing growers of specific commodities, or groups of commodities, have appeared and evolved in each of the prairie provinces, and the scope of some of these organizations cross all the prairie provinces or are national.

It is also necessary to position the WGSC for future complexities, such as evolution of technology and genetically modified organisms, and ensured producers are an integral part of the evolution.

Committee Deliberations

Committee Members

Members of the review committee were as follows:

Albert Schatzke, Chairperson, Commissioner, Canadian Grain Commission
Mel McNaughton, Agricore, and producer representative on WGSC
Lyle Knuston, Saskatchewan Wheat Pool, and producer representative on WGSC
Frank Breault, National Farmers Union, and producer representative on WGSC
Don Tait, Canadian Special Crops Association, and producer representative on WGSC
Ken Sackett, Alberta Barley Commission
Chris Hamblin, Manitoba Keystone Agricultural Producers
Micheal Halyk, Canadian Wheat Board

Options Considered by the Committee

The first four of the following options were received by the CGC from interested parties or were identified by the CGC. They were forwarded to the review committee for consideration, with the anticipation that additional options would be developed by the committee. The committee added the fifth option.

1. Retain the current producer member composition but with emphasis that those designated as producer representatives understand that role.
2. Require that producer representatives nominated by grain companies not be directors of the companies.
3. Replace producer representatives that have been nominated by grain companies with producer representatives that have been nominated by producer organizations.
4. Establish subcommittees for various commodities where the Chair of the subcommittee is a formal member of the WGSC (e.g. subcommittees could be established for cereals, oilseeds, and special crops with ad hoc subcommittees for other commodities such as buckwheat, safflower, etc).
5. Objectively review and recommend representation for all twelve producer seats.

Option Selected by the Committee

The committee selected Option 5 for its deliberations. This option was chosen as it does not target the logic of any particular group, or groups, being represented on the committee. Rather, it is an objective approach to proposing a structure, and representation, appropriate for today's environment.

The committee also agreed that if fair representation could not be achieved within the 12 seats specified in the Canada Grain Act, sub-committees could be considered as an option.

The committee agreed that it would endeavor to make recommendations by consensus.

Definition of “Actual Producer”

Considerable discussion took place regarding the term “actual producer” in the *Canada Grain Act*. The term is not specifically defined in the Act. The organization and operation of farms in Western Canada is widely varied, inviting various interpretations of the term. Some of the proposed interpretations included:

Someone who actively grows and sells grain

A producer as defined by the Canada Wheat Board Act and qualified to hold a permit book

Someone actively involved in the process of farming, as a primary producer or through ownership of an operation or corporation

Someone involved in the day-to-day management and decision-making of a farm

An individual who is designated as a farmer under the Income tax Act

The *Canada Wheat Board Act* defines “actual producer” as a producer actually engaged in the production of grain. It further defines “producer” as different than an “actual producer” and includes a landlord, vendor or mortgagee entitled to grain grown by an actual producer.

It was proposed, and agreed, that the definition specified in the *Wheat Board Act* be adopted for the purpose of the WGSC: *a producer actually engaged in the production of grain.*

Key Criteria for Producer Representation

Required criteria for measuring “fair representation” were proposed and considered.

Commodities

It was agreed that all grains designated as grains under the *Canada Grain Regulations* should be represented, in some way, on the WGSC. These grains include: barley, beans, buckwheat, canola, chick peas, corn, fababeans, flaxseed, lentils, mixed grain, mustard seed, oats, peas, rapeseed, rye, safflower seed, solin, soybeans, sunflower seed, triticale, and wheat.

Geography

It was agreed that the geographical diversity of western Canada, and the effect that geography has on grains produced, and their quality, should be reflected in the producer representation of the WGSC. It was agreed that the interests of each province, in some way, should be represented on the WGSC. The provinces include Manitoba, Saskatchewan, Alberta, and the Peace River district of British Columbia.

Volumes of Grains Produced

Considerable discussion took place on whether the relative volumes of grains produced should be reflected in proportionate representation on the committee. Production of grains during the 2000 growing season was reviewed. It was acknowledged that volume may not be directly related to dollar value. It was also acknowledged that the relative complexity of grading each type of grain changes. For example, wheat is one type of grain, but there are seven classes, each with numerous grades within it. It was questioned whether it would be rational to expect that 50% of the seats be allocated to wheat and barley producers, since wheat and barley represent 50% of the volume of grains produced. It was also recognized that most producers are involved in the production of a wide range of commodities. Ultimately, it was agreed that relative volume should not be a strict rule, but a general factor for consideration.

The committee reached consensus around the following statement: key criteria in allocating the producer seats would be broad geographical and commodity representation, respecting volumes of grain grown in western Canada.

Assessment of Proposed Organizations Against Key Criteria

Organizations proposed by individual members were assessed, by the committee, against the key criteria. Through the process of evaluating proposed organizations against the key criteria, additional criteria evolved and were discussed as follows:

National vs Western Scope

It was agreed that organizations with a national scope or mandate would be suitable to represent producer interests on the WGSC.

Organization Size

It was agreed that an organization that is relatively small in terms of number of members should not be eliminated if their presence is warranted by the grain(s), interests, or geographic region they represent.

Representing One Province vs Western Canada

It was agreed that an organization that represents the interests of producers in only one province should not be eliminated if the scope of the organization, or relative importance of the grain they represent, warrants their representation on the WGSC.

Perceived Conflict of Interest

It was recognized that producers who, throughout the year, also represent the interests of grain companies or marketers, do not personally experience a conflict of interest while discussing issues, or voting, at meetings of the WGSC. On the contrary, the WGSC and producers have been well-served by producer representatives nominated by grain companies.

It was acknowledged, however, that a perception of conflict of interest amongst producers in western Canada could be just as harmful to the reputation and integrity of a body, such as the WGSC, as a real conflict of interest.

With this discussion in mind, it was ultimately recommended that the Canadian Special Crops Association (CSCA) not nominate a producer representative to the WGSC, as it is a dealer organization. It was further recommended that the CSCA be given a seat at the WGSC as a processor of grain or as an additional member.

This discussion also contributed to grain companies not being on final list of organizations proposed to nominate producer representatives to the WGSC.

Proposed Structure of WGSC

Through discussion of all points identified thus far, agreement was reached on recommending allocation of the twelve producer seats as follows:

1. Western Canadian Wheat Growers
2. Canadian Canola Growers Association
3. Keystone Agricultural Producers
4. Agricultural Producers Association of Saskatchewan
5. Wild Rose Agricultural Producers
6. National Farmers Union
7. Alberta Barley Commission
8. Producer appointee from Barley & Other Cereal Grains sub-committee
9. Producer appointee from Special Crops Sub-Committee
10. Producer appointee from Oilseeds Sub-Committee
11. Producer appointee from Wheat Sub-Committee
12. To be allocated at the discretion of the Canadian Grain Commission based on the needs and issues of that time

Proposed Structure and Composition of Sub-Committees

A proposed sub-committee structure was developed in parallel with developing representation on the main committee. Four sub-Committees, based on grains designated under the Canada Grain Regulations, are proposed as follows:

PROPOSED SUB-COMMITTEES	GRAINS PROPOSED TO BE REPRESENTED
Wheat	wheat
Barley & Other Cereal Grains	barley, mixed grain, oats, rye, triticale
Oilseeds	canola, flaxseed, solin, sunflower seed, rapeseed, mustard seed, safflower seed, oil-bearing mustard seed
Special Crops	beans, buckwheat, chick peas, corn, fababeans, lentils, peas, soybeans, confection sunflower seed, condiment mustard seed

Objectives of Sub-Committees

The committee developed objectives for the sub-committees and agreed that detailed terms of reference should be developed in conjunction with formation of the sub-committees. Clear objectives will ensure that the sub-committees are empowered to deal with the issues before them. The proposed objectives are:

To contribute to the objectives of the main committee by:

bringing forward commodity-related concerns
facilitating input from all stakeholders
studying and analyzing issues in order to provide advice and formulate
recommendations to the main committee

Principles and Guidelines for Sub-Committees

In forming, and developing the terms of reference of, the sub-committees, the committee recommends the following principles and guidelines:

1. Representation will be linked to commodity issues.
2. Sub-committees will be flexible. Core membership will include producer and/or industry representatives. Additional resource people may be utilized, on an issue by issue basis, at the discretion of the CGC and the sub-committee.
3. The size of core committees should be kept to a limit that facilitates effective decision making.
4. An application process will permit organizations to express interest in participating in core groups of sub-committees.
5. Appointments will be made for three-year terms. Staggered start-up will permit staggering of changes in membership.
6. Organizations will be invited to nominate potential representatives.
7. Alternates are permitted

Logistics and Timing of Sub-Committee

It was clearly recognized that sub-committee deliberations have the potential of occurring throughout the year using various means such as correspondence or conference calls. The mechanic of each sub-committee would be addressed through developing terms of reference for each sub-committee.

It is recommended, however, that Sub-committees meet in person in advance of the main WGSC meetings in fall and spring.

Job Description for Producer Representative

It was agreed that once representatives are identified to “be at the table”, their responsibilities, or duties, must be clear.

The background information, or terms of reference, distributed to members of the Western Grain Standards Committee effectively describes the work of the committee as whole, but does not outline expectations, or duties, for individual producer members. Each committee member must take an oath of office, whereby producers swear to perform their duties as a member. However, the duties are not explicitly specified. It should be noted that effective August 1, 2001, a declaration has been made available in lieu of an oath, to accommodate religious diversity.

This committee, therefore, proposes the following be incorporated into item #6 of the terms of reference, or be added as item #7:

Duties of Producer Members

To fairly represent the views of producers in recommending standards of quality that:
enable producers to be paid according to the quality they produce;
ensure that domestic and international customers can source the quality they want; and
facilitate the segregation in the transportation and handling system.

Summary of Recommendations

1. That the definition of “actual producer” specified in the Wheat Board Act be adopted for the purpose of the WGSC: *a producer actually engaged in the production of grain.*
2. That key criteria in allocating the producer seats be broad geographical and commodity representation, respecting volumes of grain grown in western Canada.
3. All grains designated as grains under the Canada Grain Act should be represented, in some way, on the sub-committees of the WGSC. These grains include: barley, beans, buckwheat, canola, chick peas, corn, fababeans, flaxseed, lentils, mixed grain, mustard seed, oats, peas, rapeseed, rye, safflower seed, solin, soybeans, sunflower seed, triticale, and wheat.
4. Fair geographical representation of producers should be achieved through regional representation of interests in each province, including Manitoba, Saskatchewan, Alberta, and the Peace River district of British Columbia.
5. That the CSCA be allocated a seat on the WGSC as a processor of grain or as an additional member.
6. That any changes made to representation on the WGSC be phased-in as terms of present representatives expire.
7. That the twelve producer seats on the WGSC be allocated as follows:
 1. Western Canadian Wheat Growers
 2. Canadian Canola Growers Association
 3. Keystone Agricultural Producers
 4. Agricultural Producers Association of Saskatchewan
 5. Wild Rose Agricultural Producers
 6. National Farmers Union
 7. Alberta Barley Commission
 8. Producer appointee from Barley & Other Cereal Grains sub-committee
 9. Producer appointee from Special Crops Sub-Committee
 10. Producer appointee from Oilseeds Sub-Committee
 11. Producer appointee from Wheat Sub-Committee
 12. To be allocated at the discretion of the Canadian Grain Commission based on the needs and issues of that time

8. That four sub-committees be formed as follows:

PROPOSED SUB-COMMITTEES	GRAINS PROPOSED TO BE REPRESENTED
Wheat	Wheat
Barley & Other Cereal Grains	barley, mixed grain, oats, rye, triticale
Oilseeds	canola, flaxseed, solin, sunflower seed, rapeseed, mustard seed, safflower seed, oil-bearing mustard seed
Special Crops	beans, buckwheat, chick peas, corn, fababeans, lentils, peas, soybeans, confection sunflower seed, condiment mustard seed

9. That the following be adopted as objectives of the sub-committees:

To contribute to the objectives of the main committee by:

- bringing forward commodity-related concerns
- facilitating input from all stakeholders
- studying and analyzing issues in order to provide advice and formulate recommendations to the main committee

10. That terms of reference be developed in conjunction with the formation of the sub-committees, with the following guidelines and principles:

1. Representation will be linked to commodity issues.
2. Sub-committees will be flexible. Core membership will include producer and/or industry representatives. Additional resource people may be utilized, on an issue by issue basis, at the discretion of the CGC and the sub-committee.
3. The size of core committees should be kept to a limit that facilitates effective decision making.
4. An application process will permit organizations to express interest in participating in core groups of sub-committees.
5. Appointments will be made for three-year terms. Staggered start-up will permit staggering of changes in membership.
6. Organizations will be invited to nominate potential representatives.
7. Alternates are permitted

11. That sub-committees meet in person in advance of the WGSC meetings in fall and spring.

12. That the following duties of producer members be incorporated into item #6 of the terms of reference, or be added as item #7:

Duties of Producer Members:

To fairly represent the views of producers in recommending standards of quality that:
enable producers to be paid according to the quality they produce;
ensure that domestic and international customers can source the quality they want; and
facilitate the segregation in the transportation and handling system.

13. That new representatives to the WGSC be provided with orientation and be permitted to observe a WGSC meeting in advance of the commencement of their term.