

***THE ISSUE:* Protecting farmers and the integrity of Canada's grain industry**

Regulation is one of the main tools governments use to promote and protect the interests of the public. The current federal government has been aggressive in its attempts to dismantle the two regulatory bodies that protect Canada's farming communities and small grain producers, the Canadian Grain Commission (CGC) and the Canadian Wheat Board (CWB).

Why is it an issue?

In the early 1900s grain farmers in Canada were at the mercy of the grain companies who often had monopolies that offered 'take it or leave it' prices to farmers. The creation of the Canadian Grain Commission was a direct response to abuse of market power by grain companies and the railways. The same situation occurred before the Canadian Wheat Board was created; farmers took the price offered by the large grain companies or took their wheat home. Grain sold for pennies and farmers were driven off the land in huge numbers.

Grain farmers are in the same situation again. Four grain companies and two railways dominate the Canadian grain-handling and transportation system. Five large grain companies control close to 80% of the global grain trade. Since free trade, the U.S. has mounted a dozen trade challenges against Canada's Wheat Board.



It is only because of a strong regulatory framework provided by the CGC and the PSAC members who are employed there, and the advocacy role of the Canadian Wheat Board, that farmers are able to withstand the onslaught from the multinational agro-business.

The situation with the Canadian Wheat Board

The Canadian Wheat Board was set up as a single seller of prairie wheat and barley. It has grown into the world's largest marketer of these commodities and one of Canada's biggest earners of foreign currency, having a \$1.6 billion economic impact on western Canada. By working together collectively through the Wheat Board, almost all the revenue earned by farmers is returned to farmers and farm communities.

Bowing to pressure from the large U.S. based multinational agro-business the Harper government is intent on destroying the monopoly power of the CWB and deregulating and privatizing the CGC. The Harper government has fired the popular CEO of the Wheat Board for defending it and stacked the Board with appointees who believe it should be abolished. It forced a plebiscite to end single desk marketing for barley, complete with gag orders, a secret voters' list, traceable ballots and deliberately misleading questions. The Board's credit rating has been downgraded as a result of the Harper government's initiatives.

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The impact of losing the Wheat Board is enormous. The Canadian grain trade would almost instantly be dominated and controlled by U.S.-based multinationals. The multinationals, instead of Canadian farmers, would reap the hundreds of millions of dollars in economic benefits that the CWB now provides. Chinese buyers have indicated that they believe that the move would result in the Canadian wheat industry losing "advantages to other competitors."

Losing the Wheat Board would also seriously affect the ports of Churchill, Vancouver, Prince Rupert, Thunder Bay and Montreal, as well as the transportation companies that now move grain by land and sea to the grain elevators located at the ports. More farmers will lose their farms and more workers will lose their jobs. Other supply-managed agriculture will also be compromised.

The situation with the Canadian Grain Commission

The Canadian Grain Commission's primary mandate is to operate "in the interests of grain producers" in the establishment and maintenance of standards of quality for Canadian grain, and "to regulate grain handling in Canada to ensure a dependable commodity for domestic and export markets."

Listening to industry, instead of to farmers who want regulations strengthened not weakened, the government is working to undermine the regulatory effectiveness of the Grain Commission. They want to undermine CGC inspection and weighing authority by making it optional and privatizing grain sampling and inspection by delegating authority to the grain companies themselves or to 'accredited' private service providers. They want to do this because they say that the CGC isn't as responsive as it should be and that it is running a \$10-million annual deficit.

Both farmers and PSAC workers employed at the Grain Commission know that these are excuses and not reasons.

The government has intentionally under-funded CGC and charged lower than market fees for services thus ensuring that the Commission is in the red. Since 1991, the CGC has frozen its fees. Meanwhile, over that same period from 1991 to 2002, grain companies have increased their handling and elevation tariffs by 44%. A \$10-million CGC deficit works out to a penny per bushel, a cost that farmers would be willing to pay for a strong and active CGC.

Currently PSAC members inspect grain both entering and leaving the grain elevators. Industry and government say that inward inspection should be optional. At the same time, a pilot project has been proposed that will see the privatization of inward inspection services.

Farmers and Inspectors have a problem with this approach. They believe that inward inspection is essential in order to guarantee a fair weight and grade for both farmers and customers. Eliminating inward inspection also invites the contamination of grain elevators with infestations of insects and disease which over the long term will cost more money and damage Canada's reputation for consistent quality grain.

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Inward inspection protects the integrity of grain transactions and ensures that the harvests farmers produce are paid for fairly and transparently. Government inspection is essential to ensure that fairness and transparency. Handing the inspection over to the multinational grain companies, or companies in their employ, turns the clock back to the kinds of conditions that were in place at the beginning of the 20th century when farmers were exploited by the grain companies.

Multinational grain companies want the Grain Commission to abandon its role as a regulator on behalf of the everyday farmer and move to the passive provision of grading, weighing and inspection services to the grain companies for a specified fee. The PSAC joins with the National Farmer's Union in opposing these changes.

What will the candidates and parties do about this issue?

Ask your MP and candidates for office:

If your party is elected to form a government, will you pledge to:

- fully support the Canadian Wheat Board as the single-desk marketing board for Canadian grain; and
- ensure that the Canadian Wheat Board remains democratically accountable to farmers.
- reaffirm CGC in its mandate as industry regulator;
- properly fund and staff the Canadian Grain Commission so that annual deficits do not occur and so that inspection activities can be done in a timely way; and
- stop all privatization of inspection services by fully reinforcing mandatory inspection for both inward and outward grain shipments to and from the grain elevator.