

A Grain Financial Protection Program (GFPP) site inspection overview

The Grain Financial Protection Program (GFPP), a program delivered by Agricorp on behalf of the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA), protects the financial interests of grain owners who store grains or oilseeds with licensed elevator operators. It also protects Ontario producers who sell grain corn, soybeans, wheat, and canola to licensed dealers.

To ensure dealers and elevator operators are compliant with the Grains Act, site inspections are performed as needed for the purposes of monitoring, enforcement, gathering information, investigating complaints or for other reasons as determined by Agricorp.

The following lists will help you understand what a site inspection covers and what the inspector needs to examine during the site visit. Knowing what to expect can help you become or remain compliant with the program and make the inspection process more efficient.

Our field inspection team includes Bill Quipp, Al Renning, Steven Wright, Rick Gras, Wayne Shirton, and Michael Smyth.

GFPP Site Inspection requirements and activities

A site inspection may include any or all of the following:

- Verification of inventory of grain, books and records for compliance
- Ensure there is sufficient quantity of grain of like kind and grade to cover all storage receipt and open weigh ticket obligations
- Ensure that grain storage receipts are issued in accordance with the Grains Act
- Confirm that numeric control on weigh tickets and GSRs is compliant
- Confirm that insurance coverage is current and adequate
- Test to ensure that payments to producers are made in accordance with requirements of the Grains Act and Regulation
- Ensure that payments of 75 per cent of value are paid on basis contracts in accordance with the Grains Act and Regulation
- Review deferred payments contracts to ensure compliance with O. Reg 513/10
- Review collection and remission of check-off fees on producer sales to ensure proper amounts are being submitted by the 15th of the month following
- Confirm that all records are maintained for at least two years
- Licenses are current and displayed properly

- Premises inspection to ensure compliance adequacy and satisfactory safety
- Offsite storages are covered by approved permit and adequate in all respects (e.g. insurance; safety; adequacy)
- Approve and monitor shortfall permits
- Confirm the storage and proper title of all grain at the facility
- Other items as required by specific circumstances

Inspector Checklist includes:

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| ✓ Physical inspection of the elevator | ✓ Commodity association monthly reports |
| ✓ Inspection of grain | ✓ Basis contracts |
| ✓ Grain Storage Receipts | ✓ Storage facilities |
| ✓ Numeric control of weigh slips and Grain Storage Receipts. | ✓ Records |
| ✓ Insurance coverage | ✓ Directives |
| ✓ License current and displayed | ✓ Site inspection report |
| ✓ Producer settlement sheets | ✓ Other items as required |
| ✓ Confirm payment by review of cancelled cheques and bank statements | |

Grain Financial Protection Program - Do you need to be licensed?

Who must be Licensed?

Anyone who accepts grain or oilseeds for storage must be licensed as an elevator operator.

Anyone who purchases or accepts for sale: grain corn, soybeans, wheat or canola from the producer, other than someone who purchases grain for their own consumption, must be licensed as a dealer in grain.

No one shall carry on business as a dealer or as an elevator operator unless they hold a license as a dealer or elevator operator, issued under the *Grains Act*.

What are the Dealer's Obligations?

- Hold a valid dealer's license
- Pay within 10 trading days of delivery
- Pay by 2 p.m. of next trading day if sale is from storage
- Pay 75% of current market price on account, if sold on a basis or delayed price contract
- Settle the remaining 25% by 2 p.m. the next trading day, when a contract is completed
- Ensure that deferred payment contracts are compliant with Ont Reg 513/10
- Deduct check-off fees and remit to appropriate commodity associations monthly
- Maintain all records for two years
- Maintain a numeric file of all weigh tickets.

What are the Elevator Operator's Obligations?

- Issue a weigh ticket for each load of grain at time crop is received. The weigh ticket must record the following:
 - Name & business address of the elevator operator
 - Name and address of the owner of the grain
 - Date of grain delivery
 - Kind, grade and dockage of the grain
 - Grain net weight
 - Gross weight or the tare weight of the grain (if applicable)
 - Moisture content of the grain
 - Serial number of the weigh ticket
 - Whether the grain is delivered for storage, sale or any other specified use
 - Name and signature of person issuing the weigh ticket.
- Maintain numeric file of all weigh tickets.
- Maintain numeric file of all grain storage receipts.
- Maintain sufficient amounts of grain of each kind and grade to cover storage obligations
- Obtain approved shortfall permit when inventory is insufficient to cover obligations.
- Issue grain storage receipts within 45 days of first delivery or five days if requested.
- Provide insurance on grain to cover storage obligations.
- Provide safe and full access to facilities for Agricorp field inspectors.
- Obtain an off-site storage permit when storing on unlicensed premises

For further information please contact Agricorp:

Phone 1-888-247-4999 E-mail: contact@agricorp.com

Off-Site Permit Required to Store Grain on Unlicensed Premises

If you are planning on storing grains and oilseeds on unlicensed premises this season, Agricorp wants to remind you that you will need an off-site permit.

There is no cost associated with the permit; it is recommended that applications for off-site permits should be submitted in advance of harvest in order to allow time to have your application approved in time.

Inventory stored in facilities without an approved off-site permit will not be counted by the inspector to cover storage receipts issued by you.

A completed application is required along with an insurance endorsement showing full coverage at the applied-for location(s), and a copy of the signed lease agreement. The lease agreement must include the following:

- The lease term
- The name and address of the lessor, and
- The location and capacity of the facilities. (The facilities must also meet health and safety requirements to enable the Agricorp inspector access to the location.)

Currently, no fee is required for this permit.

Should you require more information or an application please contact:

Cynthia Meikle, Agricorp Underwriter

Phone 1-888-247-4999 or email: cynthia.meikle@agricorp.com

Shortfall Permits

You need a shortfall permit when you move grain that you do not hold title to. Before you move the grain, you need to obtain a shortfall permit through Agricorp - the administrators of the *Grains Act*.

This permit allows the elevator operator to use stored grain and replace it with dollars at 100 percent of the value on the day of the transaction.

Obtaining a shortfall permit from Agricorp is a quick and easy process. Simply notify Agricorp of your intent to be in a shortfall position, complete the application and forward it to Agricorp along with a supporting position report and the required fee.

The grain inspector will verify the amount, and authorize the necessary permit, which will be approved once the letter of credit or bank draft is received. The financial security is to be in place for a period covering the term of the permit plus 90 days. The cost to the dealer for this permit is \$150.00.

The present legislation restricts the permit to 30 days, **except during the period between September 15th and December 5th when the permit can run until January 5th of the next year.** The 30-day permit can be renewed. Once the elevator operator is back in position and verified by the grain inspector, the security will be returned.

Failure to comply will put your elevator operator's license at risk. For further information please contact Agricorp:

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