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c 40 Grain Elevator Storage Act, 1983

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CHAPTER 40

An Act to revise the Grain Elevator Storage Act

Assented to June 21st, 1983

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. In this Act.

Interpretation

- (a) "agreement to sell" means a written agreement for the sale of farm produce that is stored or to be stored made between a grain elevator operator and an owner of farm produce;
- (b) "Board" means the Agricultural Licensing and Registration Review Board under the *Ministry of R.S.O.* 1980, Agriculture and Food Act;
- (c) "chief inspector" means the chief inspector appointed under this Act;
- (d) "farm produce" means beans, corn, grain, grass seeds and oil seeds and all kinds thereof produced in Ontario;
- (e) "grain elevator" means any building, container, structure or receptacle in which farm produce is received for storage, but does not include,
 - (i) premises where a producer receives or stores farm produce as farm feed for his own live stock or poultry,
 - (ii) premises where a producer stores and sells farm produce actually produced by that producer, or
 - (iii) premises where a terminal, transfer or processor grain elevator is licensed under any Act of the Parliament of Canada:

- (f) "grain elevator operator" means a person who operates a grain elevator;
- (g) "grain storage receipt" means a receipt as prescribed by the regulations that is to be issued by a grain elevator operator or his authorized representative to the owner of farm produce;
- (h) "licence" means a licence under this Act;
- (i) "Minister" means the Minister of Agriculture and Food;
- (j) "regulations" means the regulations made under this Act;
- (k) "stored", when used with respect to farm produce, means placed in a grain elevator upon terms that the ownership shall remain in the owner of the farm produce until such time as the owner has sold the farm produce and has received due compensation or has removed the farm produce from the elevator, and "storage" has a corresponding meaning;
- (1) "weigh ticket" means a receipt as prescribed by the regulations that is to be issued by a grain elevator operator or his employee to the owner of farm produce or his agent. R.S.O. 1980, c. 191, s. 1, amended.

Appointment of chief inspector and inspectors

2.—(1) The Minister may appoint a chief inspector and such other inspectors as he considers necessary to enforce this Act and the regulations.

Certificate of appointment

(2) The production by an inspector of a certificate of his appointment purporting to be signed by the Minister is admissible in evidence as *prima facie* proof of his appointment without further proof of the signature and authority of the Minister.

Powers of inspector

- (3) Subject to subsections (4), (5), (6) and (7), an inspector may, for the purpose of carrying out his duties under this Act, upon production of a certificate of his appointment,
 - (a) enter any grain elevator including any building used in connection therewith that he believes on reasonable and probable grounds are used by a grain elevator operator and inspect such grain elevator or building and any grain stored and any books, records or documents pertaining thereto; and

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- (b) demand the production or furnishing by the owner or custodian thereof of any books, records, documents or extracts therefrom relating to grain stored by a grain elevator operator.
- (4) Except under the authority of a warrant under section Entry of 142 of the *Provincial Offences Act*, an inspector shall not enter (R.S.O. 1980, any part of a dwelling without the consent of the occupant.

(5) An inspector shall exercise his powers under subsection When powers (3) at all reasonable times, but nothing in this section affects to be exercised the issuance and execution of a warrant under section 142 of the Provincial Offences Act.

(6) Where an inspector demands the production or furnish- Production of ing of books, records or documents or extracts therefrom, the person having custody thereof shall produce or furnish them immediately to the inspector, and the inspector may remove and detain them for the purpose of making, or causing to be made, one or more copies thereof if such copies are made with reasonable dispatch, and the inspector shall forthwith thereafter return them to the person who produced or furnished them.

(7) Where a copy of a book, record, document or extract has Certification been made under subsection (6), a copy purporting to be certified by the inspector to be a copy made under subsection (6) is admissible in evidence and has the same probative force as the original document would have if it had been proven in the ordinary way.

(8) No person shall hinder or obstruct an inspector in the Obstruction course of his duties or furnish him with false information or refuse to furnish him with information. R.S.O. 1980, c. 191, s. 6.

3.—(1) No person shall receive or offer to receive farm Licences produce for storage at a grain elevator unless he is the holder of a licence as a grain elevator operator issued by the chief inspector in respect of the grain elevator. R.S.O. 1980, c. 191, s. 7 (1).

(2) A person shall make a separate application and obtain a Separate separate licence for each different location on which he operates a grain elevator.

(3) A licence may be transferred, subject to the approval of Licence the chief inspector and on such terms and conditions as he may may be transferred impose, on the application of the transferee. New.

Application for licence

- **4.** An application for a grain elevator operator's licence shall be made by the applicant on forms supplied by the chief inspector and the application shall require that the applicant,
 - (a) produce a current financial statement; and
 - (b) disclose,
 - (i) the name and location of the bank currently servicing the grain elevator storage business of the applicant,
 - (ii) the location, capacity and ownership of each grain elevator,
 - (iii) the type and kind of farm produce to be received or stored in each elevator,
 - (iv) the names and signatures of all persons authorized to sign a grain storage receipt or an agreement to sell for farm produce received or stored at the grain elevator, and
 - (v) any other additional information in relation to the operation of the grain elevator that the chief inspector may require. *New*.

Issue of licence

- 5.—(1) The chief inspector shall issue a licence as a grain elevator operator to a person who makes an application therefor in accordance with this Act and the regulations and pays the prescribed fee, except where,
 - (a) the applicant or, where the applicant is a corporation, its officers or directors, is or are not competent to carry on business as a grain elevator operator;
 - (b) the past conduct of the applicant or, where the applicant is a corporation, of its officers or directors affords reasonable grounds for belief that the business will not be carried on in accordance with the law or with integrity and honesty;
 - (c) the applicant does not possess or will not have available all premises, facilities and equipment necessary to carry on the business in accordance with this Act and the regulations;
 - (d) the applicant is not in a position to observe or carry out the provisions of this Act and the regulations;

- (e) the applicant was previously the holder of a licence and.
 - (i) such licence was revoked, or
 - (ii) the applicant or, where the applicant is a corporation, any officer, servant or director thereof or any person who will be in any way associated with the applicant in connection with the business was convicted of an offence.

under this Act, and the grounds for such revocation or conviction warrant a refusal to issue the licence:

- (f) having regard to his financial position, the applicant cannot reasonably be expected to be financially responsible in the conduct of his business. R.S.O. 1980, c. 191, s. 7 (2), amended.
- (2) A licence issued under subsection (1) may be made sub- Terms and ject to such terms and conditions as are prescribed in the licence or by the regulations. New.

6. The chief inspector may issue a temporary licence to an Temporary applicant on such terms and conditions an for such length of time as the chief inspector considers proper where he is of the opinion that,

- (a) the applicant requires only a temporary licence;
- (b) conditions should be imposed on an applicant that must be fulfilled prior to a licence being issued; or
- (c) the circumstances or the information provided by the applicant do not justify the issuance of a licence. New.
- 7.—(1) Subject to section 10, the chief inspector may at Review of any time review a licence on his own initiative and attach such further terms and conditions as he considers proper to give effect to the purposes of this Act.

(2) The chief inspector may, on the application of a licensee, Removal remove any terms or conditions to which the licence was made of terms and conditions subject under subsection (1) where there is a change or circumstances. New.

8. Every licensee shall forthwith report in writing to the Report of change chief inspector where there has been a change,

- (a) in the location of the banking facilities of the licensee:
- (b) in the nature or form of the ownership of the grain storage elevator in respect of which the licence has been issued;
- (c) in the control of the grain elevator or of the business operations thereof; and
- (d) in the persons authorized to sign a storage receipt or an agreement to sell. New.

Refusal to issue or approve transfer of licence **9.**—(1) Subject to section 10, the chief inspector may refuse to issue or refuse to approve the transfer of a licence where, in the opinion of the chief inspector, the applicant is not entitled to a licence under the provisions of this Act and the regulations applicable to such refusal. *New*.

Refusal to renew, suspension or revocation

- (2) Subject to section 10, the chief inspector may refuse to renew or may suspend or revoke a licence issued under section 5 or 6 where,
 - (a) any ground exists that would disentitle the applicant to the issuance of a licence under section 5;
 - (b) the licensee is in contravention of a term or condition of his licence;
 - (c) the licensee, or anyone under his control, has contravened any provision of this Act or the regulations or of any other law in force in Ontario that applies to the carrying on of the grain elevator storage business; or
 - (d) any other ground for refusal to renew, suspension or revocation specified in the regulations exists. R.S.O. 1980, c. 191, s. 8 (1), amended.

Continuation of licence pending renewal (3) Where, within the time prescribed therefor, or if no time is prescribed, before expiry of his licence, a licensee has applied for a renewal of his licence and paid the prescribed fee and observed or carried out the provisions of the Act and the regulations, his existing licence shall be deemed to continue until he has received the decision of the chief inspector on his application for renewal. R.S.O. 1980, c. 191, s. 8 (2).

Notice of proposal 10.—(1) Where the chief inspector proposes,

- (a) to refuse to issue a licence, to refuse to renew a licence or to refuse to approve the transfer of a licence:
- (b) to suspend or revoke a licence; or
- (c) to attach terms and conditions to a licence or to refuse to remove a term or condition of a licence under subsection 7 (2).

he shall serve notice of his proposal, together with written reasons therefor, on the applicant or licensee affected.

(2) A notice under subsection (1) shall inform the applicant Notice of or licensee that he is entitled to a hearing by the chief inspector entitlement to hearing if he mails or delivers to the chief inspector, within fifteen days after the notice under subsection (1) is served on him, notice in writing requiring a hearing by the chief inspector and he may so require such a hearing. New.

(3) The notice under subsection (1) shall afford to the appli-Opportunity cant or licensee a reasonable opportunity to show or achieve compliance before the hearing with all lawful requirements for the issuance or retention of the licence. R.S.O. 1980, c. 191. s. 9(1), amended.

to comply

(4) An applicant or licensee who is a party to the hearing Examination shall be afforded an opportunity to examine before the hearing of documentary any documentary evidence that will be produced or any report evidence the contents of which will be given in evidence at the hearing. R.S.O. 1980, c. 191, s. 9 (2), amended.

(5) Where an applicant or licensee does not require a hear- Powers of ing by the chief inspector in accordance with subsection (2), the inspector chief inspector may carry out the proposal stated in his notice where no under subsection (1). New.

11. Where the chief inspector has refused to issue, refused Variation to approve a transfer of or refused to renew or has suspended by chief or revoked a licence after a hearing, he may, at any time of his inspector own motion or on the application of the person who was the applicant or licensee, vary or rescind his decision, but the chief inspector shall not vary or rescind his decision adversely to the interests of any person without holding a rehearing to which such person is a party and may make such decision after the rehearing as he considers proper under this Act and the regulations. R.S.O. 1980, c. 191, s. 10, amended.

12.—(1) Where the chief inspector refuses to issue, Appeal to refuses to approve a transfer of, refuses to renew or suspends

or revokes a licence, the applicant or licensee may, by written notice delivered to the chief inspector and filed with the Board within fifteen days after receipt of the decision of the chief inspector, appeal to the Board.

Extension of time for giving notice

(2) The Board may extend the time for giving notice by an appellant or licensee under subsection (1), either before or after expiration of such time, where it is satisfied that there are prima facie grounds for appeal and that there are reasonable grounds for applying for the extension.

Powers of Board (3) Where an applicant or licensee appeals to the Board under this section, the Board shall hear the appeal by way of a hearing *de novo* to determine whether the licence should be issued, renewed, suspended or revoked and may after the hearing confirm or alter the decision of the chief inspector or direct the chief inspector to do any act he is authorized to do under this Act and the regulations and as the Board considers proper and, for such purpose, the Board may substitute its opinion for that of the chief inspector.

Effect of decision pending notice of appeal (4) Notwithstanding that an applicant or licensee has appealed under this section from a decision of the chief inspector, unless the chief inspector otherwise directs, the decision of the chief inspector is effective until the appeal is disposed of. R.S.O. 1980, c. 191, s. 11.

Parties

13.—(1) The chief inspector, the appellant and such other persons as the Board may specify are parties to the proceedings before the Board under this Act.

Members making decision not to have taken part in investigation, etc. (2) Members of the Board assigned to render a decision after a hearing shall not have taken part prior to the hearing in any investigation or consideration of the subject-matter of the hearing and shall not communicate directly or indirectly in relation to the subject-matter of the hearing with any party or his representative except upon notice to and opportunity for all parties to participate, but such members may seek legal advice from an advisor independent from the parties and, in such case, the nature of the advice should be made known to the parties in order that they may make submissions as to the law.

Recording of evidence

(3) The oral evidence taken before the Board at a hearing shall be recorded and, if so required, copies or a transcript thereof shall be furnished upon the same terms as in the Supreme Court.

(4) The findings of fact of the Board pursuant to a hearing Findings shall be based exclusively on evidence admissible or matters that may be noticed under sections 15 and 16 of the Statutory R.S.O. 1980, Powers Procedure Act.

(5) No member of the Board shall participate in a decision of Only the Board after a hearing unless he was present throughout and heard the evidence and argument of the parties and, except at hearing with the consent of the parties, no decision of the Board shall to participate in decision be given unless all members so present participate in the decision. R.S.O. 1980, c. 191, s. 12

14.—(1) Any party to the hearing before the Board may Appeal to appeal from the decision of the Board to the Divisional Court Court in accordance with the rules of court.

(2) The Minister is entitled to be heard, by counsel or other- Minister wise, upon the argument of an appeal under this section.

entitled to be heard

(3) The chairman of the Board shall file with the Registrar of Record to the Supreme Court the record of the proceedings before the in court Board which, together with a transcript of the evidence before the Board if it is not part of the Board's record, shall constitute the record in the appeal.

(4) An appeal under this section may be made on any ques- Powers tion that is not a question of fact alone and the court may confirm or alter the decision of the Board or direct the chief inspector to do any act he is authorized to do under this Act or may refer the matter back to the Board for reconsideration by the Board as the court considers proper and the court may substitute its opinion for that of the chief inspector or of the Board.

(5) Notwithstanding that an applicant or licensee has app- Effect of ealed under this section from a decision of the Board, unless of Board the Board otherwise directs, the decision of the Board is effective until the appeal is disposed of. R.S.O. 1980, c. 191, s. 13.

15.—(1) All farm produce delivered to a grain elevator Delivery shall be deemed to be for storage and such delivery and storage shall not constitute a sale unless it is established to the storage contrary in writing. R.S.O. 1980, c. 191, s. 2 (1), amended.

(2) Notwithstanding any other Act, the property in and the Title to title to farm produce stored in a grain elevator remains at all remain in owner times in the owner of the farm produce.

(3) Every person who intends to take control of a grain ele-Notice to vator or the business operations of a grain elevator operator inspector inspector

shall notify orally the office of the chief inspector of such intention and the location of the grain elevator prior to taking control of the grain elevator or business operations.

Chief inspector shall be permitted to enter (4) Every person who has taken control of a grain elevator or the business operations of a grain elevator operator shall permit the chief inspector to enter the premises and ascertain the amount of farm produce that is stored on the premises and the chief inspector may authorize and direct the removal of any or all of such farm produce. *New*.

Weigh ticket

16.—(1) Where farm produce is delivered to a grain elevator, the owner of the farm produce or, where delivery is made by his agent, the agent, shall state whether the farm produce is for storage, is sold or is for any other specified use and the grain elevator operator or his employee shall so mark and issue to the owner or agent, as the case may be, a weigh ticket for each and every delivery.

Grain storage receipt (2) Where a grain elevator operator or his employee issues weigh tickets in respect of farm produce delivered for storage, the grain elevator operator or his authorized representative shall issue a grain storage receipt within five days, if requested, but in no case later than thirty days, after the date of the first weigh ticket issued respecting the particular lot of farm produce delivered for storage.

Idem

(3) Where a grain storage receipt is issued, it supersedes and replaces all weigh tickets issued in respect of the particular lot of farm produce described in the grain storage receipt.

Not more than one grain storage receipt (4) No person shall issue or receive more than one grain storage receipt in respect of the same lot of farm produce delivered.

Signing of receipt

(5) No person shall sign a grain storage receipt on behalf of a grain elevator operator, except a person authorized by him.

Delivery of receipt

(6) Where a grain elevator operator issues a grain storage receipt, he shall ensure that the receipt is forthwith delivered or forwarded to the owner of the farm produce. *New*.

Agreement to sell **17.**—(1) An agreement to sell shall be in the form prescribed by the regulations.

Property in and title to grain produce (2) Where farm produce is in storage and is subject to an agreement to sell, the property in and title to the farm produce remains in the owner thereof until the owner has received the price agreed upon by the owner and the grain elevator operator.

(3) Where the owner of farm produce in storage has sold the Payment farm produce to the grain elevator operator or through the grain elevator operator as his agent to any other person, the grain elevator operator shall ensure that the owner receives payment as promptly and in such manner as is provided for in the regulations.

(4) Notwithstanding anything in this Act, where the owner Sale on of farm produce in storage agrees to sell the farm produce on option, payment to the owner by the grain elevator operator on the day on which the farm produce is sold of such percentage of the market price on that day as is prescribed by the regulations is deemed to be due compensation for the purposes of clause 1 (k). New.

18.—(1) No person shall issue a weigh ticket or grain stor- Records age receipt or sign an agreement to sell without making and keeping a complete record of all matters pertaining thereto.

(2) Every grain elevator operator shall keep copies of all Weigh weigh tickets issued by him or his employee in a separate account for each owner until such time as a grain storage receipt is issued that replaces the full amount of the weigh tickets held in a separate account for that owner.

19.—(1) Every grain elevator operator shall insure and Insurance keep insured with an insurer licensed under the *Insurance Act* all farm produce in his grain elevator or stored by the grain elevator operator on unlicensed premises against loss or damage by fire, lightning, explosion, windstorm and hail to the full market value of the farm produce. R.S.O. 1980, c. 191, s. 18 (1), amended.

R.S.O. 1980,

(2) Every contract of insurance obtained under subsection Payment of (1) shall provide that the proceeds of the contract are payable to the holders of grain storage receipts or weigh tickets for farm produce stored in the elevator as their interests may respectively appear in priority to any claim by the grain elevator operator or any person acting as assignee or representative of the grain elevator operator.

(3) Every grain elevator operator shall furnish to the chief Certified inspector certified copies of the policies providing the insurance policies coverage referred to in subsection (1) forthwith after the cover- to be age comes into force. New.

(4) Every contract of insurance in which the coverage refer- Chief red to in subsection (1) is included shall provide that payment consent to thereunder shall not be made without the consent of the chief payment inspector. R.S.O. 1980, c. 191, s. 18 (2).

Notice to chief inspector

(5) Where any loss or damage referred to in subsection (1) occurs, the grain elevator operator shall so notify the chief inspector forthwith. *New*.

Statement of value of farm produce (6) Every grain elevator operator shall provide to the chief inspector in such form and at such times as the chief inspector requires a statement setting out the full market value of all of the farm produce currently in his grain elevator or stored by him on unlicensed premises. R.S.O. 1980, c. 195, s. 19, amended.

Storage not to exceed capacity

20.—(1) Subject to subsections (2) and (3), no grain elevator operator shall receive for storage farm produce that will cause the operator to exceed the storage capacity of the elevator as indicated on his application for a licence.

Contract for storage in another elevator (2) A grain elevator operator may under contract for storage facilities with another grain elevator operator licensed under this Act or any Act of the Parliament of Canada store therein farm produce received for storage at his elevator. R.S.O. 1980, c. 191, s. 20, amended.

Storage in additional facilities

(3) Where a grain elevator operator arranges for additional storage facilities as provided for in subsection (2), he shall obtain weigh tickets and a grain storage receipt for farm produce stored in the additional facilities and shall keep on file copies of all such weigh tickets and grain storage receipts.

Storage on unlicensed premises (4) A grain elevator operator may with the written consent of the chief inspector store farm produce on unlicensed premises on such conditions as the chief inspector determines. *New*.

Farm produce in storage to correspond to receipts 21. Every grain elevator operator shall have at all times in his grain elevator or in storage facilities arranged under subsection 20 (2) or (4) such amounts of farm produce of each kind and grade as will at least equal the total amounts of outstanding grain storage receipts and weigh tickets issued by him. R.S.O. 1980, c. 191, s. 21.

Farm produce not subject to lien, etc. **22.** Unless it is agreed in writing to the contrary, farm produce stored in a grain elevator is not subject to any lien, charge or set-off other than for charges related to the storage and handling of the farm produce, including storage charges, elevation charges, conditioning charges, transportation charges and advance payments respecting the farm produce. R.S.O. 1980, c. 191, s. 4, amended.

R.S.O. 1980, c. 528 and R.S.O. 1980, c. 150, s. 2,

not to apply

23. The Warehouse Receipts Act and section 2 of the Factors Act do not apply to farm produce in the possession of

a grain elevator operator for storage or to a document of title thereto. R.S.O. 1980, c. 191, s. 5, amended.

24. Where the chief inspector believes that it is necessary Powers for the protection of the interests of the owners of farm produce, and in particular, and without limiting the generality of the foregoing, the chief inspector believes that,

- (a) a grain elevator operator has failed to comply with any provision of this Act or the regulations;
- (b) a grain elevator operator is insolvent or is in receivership or is about to become insolvent or enter into receivership;
- (c) a grain elevator operator has abandoned an elevator; or
- (d) a grain elevator operator is in contravention of section 21.

the chief inspector may,

- order the operation of a grain elevator to cease until such time as the actual amount of farm produce in storage can be ascertained and, for such purpose, may cause any storage bins to be sealed;
- seize the farm produce wherever it is located or such (f) quantity thereof as is necessary to protect the interests of the owners of the stored farm produce;
- (g) remove the farm produce seized under clause (f) from a grain elevator and arrange for its storage in another licensed grain elevator and shall obtain grain storage receipts from the operator thereof in the name of the owners of the farm produce;
- distribute the stored farm produce seized on a pro rata basis to the owners:
- sell the farm produce seized or a sufficient quantity (i) thereof to protect the interests of the owners of the farm produce and distribute the proceeds of the sale of the farm produce pro rata among the owners thereof: and
- insure the farm produce with an insurer licensed (i) under the Insurance Act as trustee for the owners of R.S.O. 1980, the farm produce. New.

Offence

25. Every person who,

- (a) knowingly furnishes false information in any application under this Act or in any statement to be furnished under this Act or the regulations; or
- (b) contravenes any provision of this Act or the regulations, or any order of the chief inspector under clause 24 (e) or breaks or removes any seal applied to a storage bin under clause 24 (e),

is guilty of an offence and on conviction is liable to a fine of not more than \$10,000 for a first offence and to a fine of not more than \$25,000 or to a term of imprisonment of not more than one year for any subsequent offence. R.S.O. 1980, c. 191, s. 18, amended.

Regulations

26. The Lieutenant Governor in Council may make regulations.

- (a) providing for the manner of issuing licences and prescribing their duration and the fees payable therefor;
- (b) prescribing the terms and conditions on which licences are issued;
- (c) prescribing grounds for refusal to renew and for suspension or revocation of licences in addition to the grounds mentioned in section 9;
- (d) prescribing the information that shall be shown on a grain storage receipt and on a weigh ticket;
- (e) prescribing the form, terms and conditions of an agreement to sell;
- (f) prescribing forms and providing for their use;
- (g) prescribing services or acts that may be performed at any time by the chief inspector to protect the farm produce or deal with the proceeds from the sale of any farm produce delivered for storage to a grain elevator;
- (h) prescribing the time and manner in which payment for farm produce sold shall be made;
- (i) prescribing a percentage for the purposes of subsection 17 (4);

- (j) respecting any other matter necessary or advisable to carry out effectively the intent and purpose of this Act. R.S.O. 1980, c. 191, s. 23, amended.
- 27. The Grain Elevator Storage Act, being chapter 191 of Repeal the Revised Statutes of Ontario, 1980, is repealed.
- **28.** This Act comes into force on a day to be named by Commence-proclamation of the Lieutenant Governor.
- **29.** The short title of this Act is the *Grain Elevator Storage* Short title Act, 1983.

