

# Impact of Grain Financial Protection Program Changes

The Ontario government will bring into force the [Protecting Farmers from Non-Payment Act](#) (Regulating Agricultural Product Dealers and Storage Operators), 2023 (PFFNPA) and its new regulations on January 1, 2026. The Act and regulations will govern Ontario's financial protection programs with changes made to strengthen protection for grain and beef cattle (including veal) sellers.

The Ontario Ministry of Agriculture, Food and Agribusiness (OMAFRA) consulted with stakeholders (consultation closed April 2024) and completed analyses to inform the changes to the Grain Financial Protection Program. The changes reflect shared priorities while maintaining the program's core purpose: protecting producers and owners if a licensed dealer fails to pay or a licensed elevator does not return stored grain. This information sheet explains how the proposed changes will affect producers, owners, dealers, operators and the Grain Financial Protection Board.

As renewal applications are sent to dealers and operators 90 days before the expiry of their licence, applications were sent in December 2025 to those whose licence expires in March 2026. To avoid disrupting this licensing cycle, regulatory changes are being implemented in two phases. Phase 1 includes most provisions other than

licensing and take effect January 1, 2026. For Phase 2, regulatory amendments planned for early 2026 would formally incorporate updated licensing provisions as of April 1, 2026. Items that are part of Phase 2 are marked with an asterisk (\*) throughout this document.

## What's new

### Producers and Owners of Grain

The Program protects producers from financial risks if a dealer does not pay for purchased grain and it protects producers and owners if an elevator operator does not return stored grain upon request. The changes are designed to make that protection stronger. For most producers and owners, day-to-day compliance activities under the Program will not change. However, it's important to note two key changes relevant to producers and owners: (1) having a written agreement in place with the dealer or the operator, and (2) remitting the check-off fees as required. Non-compliance with these requirements are now additional discretionary grounds on which the Board may refuse a claim. Additionally, the Board shall refuse a claim if the grain was not grown in Ontario.

## Grain Dealers and Storage Operators

The new legislative framework will benefit dealers by: (1) clarifying requirements, making it easier to understand and comply with the law; and (2) creating a level playing field for those that operate in accordance with the law.

- **Written agreements required:** It will not be permitted to purchase or store grain without a written agreement between the operator and the producer or owner. Having a written agreement to sell grain is consistent with the status quo; however, the content of that agreement is now prescribed in regulation.

An agreement to purchase or sell grain may include a deferred payment agreement, eliminating the need for a separate deferred payment agreement. Additionally, to reduce burden a weigh ticket for each load and storage summary for all stored grain (storage receipt) together meet the requirement for a written storage agreement.

- **Increased licensing fees:** The dealer licence fee would increase to \$200/year; with the operator fee to increase from \$150 to \$450 (depending on storage capacity).\*
- **Increased shortfall permit fee:** The shortfall permit fee has been increased to \$300.
- **Continuation of a licence:** Clarify that dealers would have to provide proof of financial responsibility or security (if required) for a license to be deemed to continue pending review and renewal. This helps to protect the Funds for grain producers. If deeming pending renewal does not apply, the Director still has the discretion to renew a licence subject to any terms or conditions considered appropriate. While this reflects the current practice, it was not explicitly laid out in the previous legislation.\*

- **More time to submit renewal package:** Changes would shorten the licence renewal submission deadline from 60 to 30 days before expiry. This would give dealers more time to gather and submit required documents, such as proof of financial responsibility and security, while maintaining protection of the Funds. This 30-day timeline is consistent with the requirements under the Beef Cattle Financial Protection Program.\*
- **Business change reporting:** Dealers would have to inform the Director of changes in banking, ownership structure, or control of the business. Operators already must do this.\*
- **More transparent licensing process:** The existing process to determine whether security (i.e. determining financial responsibility) is required would remain unchanged, but the assessment criteria and process would be clearly described in the regulation to support transparency. Dealers would continue to be able to use bonds and letters of credit as security.\*
- **Small dealer exemption:** Dealers with monthly purchases under \$50,000 may qualify for an exemption from certain application and security obligations, up from the previous \$15,000 threshold. This would reduce administrative and financial requirements for more dealers.\*
- **Expanded licence registry:** The dealer and operator registry must now include: (1) the legal and business names of dealers and operators; (2) the name of the individual primarily associated with the licence; (3) the mailing address for dealers and operators; (3) an indication of whether the dealer has received a small dealer exemption\*; and (4) information on any non-appealed or Tribunal-confirmed administrative penalties for contraventions of subsection 5 (1) and 10 (1) (operating as an unlicensed dealer or

operator) or section 7 or 12 (failing to pay within the required timeline or returning grain upon demand of the producer or owner) of the PFFNPA.

- **Authorized list of signers:** Operators would be required to submit a list of individuals authorized to sign a weight ticket or storage summary receipt, and inform the Director of any changes to that list to ensure it remains current. Previously, there was no requirement to submit the initial list.\*
- **Licensing ineligibility if money owed to the Board:** Dealers and operators who owe money to a Fund may not be able to get or renew a licence if they haven't made arrangements to repay.
- **New compliance tools:** Compliance orders and administrative penalties (APs) of up to \$10,000/day are available. APs are to be paid into the appropriate Fund.
  - The Director can set an AP that increases each day the violation continues or choose a penalty that stays the same. If APs aren't paid, the Director could enforce them through various means, including taking the penalty from any security and requiring a "top-up", suspending or refusing to renew a licence, disclosing the debt to a consumer reporting agency, or placing a lien on property.
  - APs are intended to provide a more flexible and measured approach to compliance rather than suspending a licence which can disrupt business operations.
  - A progressive compliance approach will be used, which will prioritize education and voluntary compliance before escalating to formal measures such as compliance orders, APs, conditions being placed on licence, or a licence suspension. A compliance and enforcement policy will be developed to provide guidance on how and when APs may be applied.
- Compliance orders and the imposition of APs are appealable to the Tribunal.
- While authorized, APs will not be implementing until after July 1, 2026, to allow time for further training and education.
- **Cost recovery:** Dealers and operators may be required to cover Board costs to conduct a claim proceeding through a costs order, which can be appealed to the Tribunal. Operators may also be responsible for costs associated with actions taken by the Director to protect stored grain. In circumstances where a costs order is issued and collected, financial responsibility is shifted away from producers, who currently bear these costs through the check-off fees. Claimants may also be required to cover Board costs if the Board found the claim to be frivolous, vexatious or made in bad faith.
- **Updated licensing appeals process:** Changes will limit the Tribunal's power to reviewing a Director's decision, instead of requiring the Tribunal to hold a trial de novo (new hearing), and will require the Tribunal to review the Director's decision on the standard of reasonableness. The Tribunal may consider new evidence not previously presented to the Director, but only if it is satisfied that it was not possible to have been provided during the Director's hearing.
- **Penalties if Convicted:** Dealers and operators convicted of an offence under the PFFNPA no longer face imprisonment, as under the Grains Act. The regulations prescribe that courts may increase fines by 25% for aggravating factors, which are profiting from the offence or causing the victim to miss a payment to a third party.

## The Board

The changes primarily give the Board new powers to help it carry out its role more effectively and in alignment with other boards.

- **Board composition:** The Act sets out that the Board must have a minimum of 3 and maximum of nine members. The regulation specifies that the Board must include representatives from Grain Farmers of Ontario, Ontario Canola Growers Association, and Ontario Agri-Business Association. The vice-chair may act as chair when needed, but the Board is not permitted to hold a meeting if neither the chair or vice-chair is able to act.
- **Delegation:** The Board will be permitted to delegate any of its powers to a committee, other than the powers to make or change by-laws; approve operating budget, business plan, annual report and financial statements, or adjudicate claims.
- **Easier recovery of money owed:** The Board will have new powers: (1) to charge for costs incurred to conduct the claims proceeding (i.e. costs order) and (2) that would streamline the process to collect on debts owing to the Board (i.e. order to reimburse). The orders may be filed and enforced as orders of the court. Cost orders are appealable to the Tribunal. If payment isn't made, the Board may ask the Director to realize on any security and pay it into a Fund, report the debtor to a credit agency, or place a lien on their property.
- **More financial flexibility:** If a Fund lacks sufficient credit to pay a claim, the Board will be able to obtain loans from banks and loan guarantees from the province up to \$1 million (similar to the Livestock Financial Protection Board). If one of its Funds doesn't have enough money to cover a claim, it may borrow from another fund it manages. The province may also approve additional funds (grant, loan, or loan guarantee) if a fund balance is insufficient for paying claims.
- **Dismissal of claims:** The Board will be empowered to create processes to deal with frivolous or vexatious claims as well as claims made in bad faith without holding a full hearing.
- **Panels to hear claims:** The Board will be authorized to assign panels of at least three members to hear claims.
- **Approval of financial by-laws:** The by-laws for financial management, including borrowing, investing, and managing financial risks, must be approved by the Minister of Finance.
- **Additional grounds to reject a claim:** Discretionary grounds for refusing a claim will be expanded to include not paying check-off fees, and not having a written agreement in place.

