

Farmers may be covered for ILTA Grain losses

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Numbers from a court document appear to indicate that eligible farmers owed money by ILTA Grain will be covered for their losses.

The Canadian Grain Commission has negotiated the establishment of an escrow account that will contain funds related to grain deliveries made to ILTA for which no cheques were issued.

Commission spokesperson Remi Gosselin said the amount is yet to be determined and can't be released anyway because it is confidential information.

But it is not that confidential.

The figure was revealed in a report prepared by ILTA monitor Price Waterhouse Coopers in an Aug. 1 report it prepared for The Supreme Court of British Columbia.

"On July 19, 2019, the company and the Monitor received communication from the grain commission that it had identified primary elevator receipts totaling approximately \$2.9 million for which producers had not received payment as a result of the commencement of the CCAA proceedings," stated the report.

The escrow account isn't the only source of remuneration for farmers owed money by ILTA. There is also security in the form of an insurance policy. Gosselin wouldn't divulge how much that was.

But the court document indicates there is a policy by Atradius worth \$12 million. Atradius cancelled the policy on July 9, one day after ILTA filed for creditor protection.

But after negotiating with the company and the Monitor, Atradius agreed to reinstate the policy on July 18.

"Atradius acknowledges that it is liable for valid claims under the insurance policy relating to the period up to the filing date," stated the Monitor's report.

So that would seem to indicate there will be a total of \$14.9 million available to compensate growers for their losses.

Gosselin said he could not confirm or deny the total amount available to compensate growers and said it is too early to identify what producers are owed.

“It’s not something that we can discuss publicly because we’re still in the process of establishing the number and the amount of eligible claims,” he said.

But again, that number was contained in the court document. ILTA says farmers are owed about \$14 million.

Gosselin said the commission is still conducting its final audit and he noted that not every claim may be eligible for compensation, such as those from growers who delivered uncovered crops like canaryseed.

“Part of the reason why we’re not giving more information is that we want to make sure that the numbers we have are correct,” he said.

It could take months for that process to be concluded.

In the meantime, there have been other developments at ILTA Grain. The Monitor recommended that the company’s board of directors fire three senior executives for opposing the strategy of selling company assets.

The board agreed to fire company founders Dan Burneksi and Gerald Donkersgoed and the chief financial officer.

The Monitor also provided an update on attempts to sell ILTA’s assets.

It is still working with the company that filed a letter of intent to purchase the Belle Plaine facility prior to ILTA seeking creditor protection.

Belle Plaine is a pulse processing plant with 350,000 tonnes of annual capacity.

The Monitor said ILTA plans to “meaningfully advance” those negotiations in the near term or to suspend the discussions and lump the Belle Plaine plant in with the broader sales process for the firm’s other five processing facilities.

The company has compiled a list of 38 possible buyers in the grain and pulse industries as well as seven financial buyers.

The Monitor has set a binding bid deadline of September 30 for all of the assets and a completion date of October 31 for any transactions that emerge from the sales process.

In the meantime, the commission has reinstated ILTA’s grain license effective Aug. 7 with the caveat that it is only allowed to sell existing grain inventories but is forbidden from buying more grain from farmers.