



**Alberta
Barley**



Cereal commissions call for changes in value creation consultations

Western Canadian cereal commissions including the barley, oat and wheat commissions from Alberta, Manitoba and Saskatchewan are calling for major changes in the Government of Canada's current consultation process on value creation. In a letter to federal agriculture minister Lawrence MacAulay, the commissions say the likelihood of an industry wide agreement on either of the proposed models is low and are asking for more consultation including consideration of other options. Further consultations must focus on engaging producers with a new value proposition.

The two models include end point royalties and trailing royalties for wheat, oat and barley seed. Producers provided significant input on these models during recent consultation meetings and the majority of producers were not in favour. Producers put forward alternative options that must be included in further consultations.

The commissions agree that there is a need to maintain, sustain and grow research and have been involved in value creation discussions through the Grains Round Table (GRT). However, the GRT has not approved these two models and had requested that AAFC conduct an economic analysis of the two options prior to any farmer consultations. To-date, this analysis has not been done making it impossible for producers to make an informed decision on a path forward. The commissions say the government must put the time and due diligence into this issue to ensure the results are in the best interests of producers.

Canada has a strong public plant breeding system that currently integrates government and producer funding. All cereal commissions in Western Canada recognize the importance of variety development through public plant breeding programs and provide funding for variety development through provincially regulated levies that are mandatory, yet refundable to producers.

The joint letter can be viewed [here](#). Further information on value creation and the proposed models can be viewed at www.albertawheat.com, www.albertabarley.com, www.saskwheat.ca, saskbarleycommission.com, www.mbwhheatandbarley.ca, www.poga.ca.

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Backgrounder

Proposed changes

Under the federal government’s consultation, AAFC and CFIA have proposed two models for evaluation.

End Point Royalties	Royalty Collection Enabled Via Contracts
<ul style="list-style-type: none">• A Plant Breeders’ Rights Act (PBRA) underpinned national non-refundable royalty payable on all harvested material (i.e., grain)• Leverages the existing provincial check-offs system to collect the non-refundable royalty• Royalties to be distributed to breeders based on their respective market share• Need for a mechanism to provide rebates/exemptions, ensuring royalties not collected on production from certified seed	<ul style="list-style-type: none">• A Plant Breeders’ Rights Act (PBRA) underpinned mechanism allowing for contracts where producers agree to farm saved seed conditions• Purchasers of certified seed for eligible varieties agree to extended contract on farm saved seed use (e.g., agreeing to a “trailing” royalty on farm saved seed)• Participating producers report on their annual use of farm-saved as part of their contractual obligation• Will require at least some degree of centralization in royalty collection and distribution

Both these proposed models have the potential to have a large financial impact on producers. Given the lack of detail presented by AAFC and CFIA it is impossible to quantify the impact to producers at this point. It is important to note that these models are not the only options for future funding of variety development.