



National Farmers Union

Submission to the Canadian Grain Commission
On the subject of designating Canaryseed
As a grain under the *Canada Grain Act*

November 25, 2005

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Introduction

The National Farmers Union welcomes the opportunity to make our views known on the subject of designating canaryseed as a grain under the *Canada Grain Act*.

The National Farmers Union is a democratic, direct-membership organization made up of family farmers across Canada. Our members produce a variety of grains, oilseeds, livestock and other commodities. The NFU works for policies that ensure the family farm remains the foundation for a food system that is environmentally and economically sustainable.

Canaryseed should be designated a grain under the Canada Grain Act

The National Farmers Union strongly supports the initiative to designate canaryseed as a grain under the *Canada Grain Act*, and to regulate it under the terms of the regulations contained in that legislation.

The NFU Policy Statement specifically states: “Canary seed should be included by the Canadian Grain Commission as a grain under the *Canada Grain Act*.”¹

The designation of Canaryseed as a grain under the CGA is a necessary step in ensuring farmers are able to achieve maximum value for their product, and to ensure they are able to access and protect markets for canaryseed worldwide.

As the background documents provided by the CGC clearly indicate, there is a strong need to have canaryseed standards regulated to the same extent as other major export grains. The fact that marketers themselves requested the CGC develop both Canary Seed and Canario Seed Analysis Certificates to be used for particular shipments of canaryseed illustrates the necessity of guaranteeing quality standards. Unfortunately, the CGA Seed Analysis Certificates cannot currently be considered the equivalent of a CGA grade.

¹ Policy Statement of the National Farmers Union, adopted by delegates to the 34th annual convention, Saskatoon, Saskatchewan, November, 2003. Section B-5-K “Canadian Grain Commission”

Designating canaryseed as a grain in the Canada Grain Regulations would allow the CGA Seed Analysis Certificates to be recognized internationally as a legitimate standard.

Benefits of designation under CGA outweigh costs

The respect accorded CGC grades is being used by marketers at the present time unfairly. The Seed Analysis Certificates are effectively being used as the basis for standards, with marketers utilizing the analytical services and certification services of the CGC but not paying appropriate costs for those services. Canadian farmers and taxpayers have already invested significant resources into laying the groundwork for quality standards for canaryseed. At present this investment provides limited and short-term benefits for a small number of dealers and exporters. It is essential that a longer-term framework be adopted to ensure the benefits flow not only to marketers, but also to customers – both in Canada and internationally – and most importantly, to Canadian producers and taxpayers

In recent years, the bankruptcies of a number of licensed grain dealers who had purchased canaryseed have resulted in substantial financial losses for farmers because they were ineligible for compensation under the terms of the CGA. Designating canaryseed as a grain under the CGA would help alleviate this problem.

The recent positive decision by the Canadian Grain Commission to enforce licensing provisions for grain dealers indicates the CGC is giving deserved priority to its mandate of protecting the interests of farmers. Extending protection to farmers by designating canaryseed as a grain under the CGA is a logical and important step forward.

As the CGC points out in its background document, producers would also benefit in other ways, including:

- gaining access to mandatory CGC arbitration of grading and dockage disputes with licensed primary elevator operators; and
- eliminating the potential for farmers to be unfairly subject to shrinkage deductions.

The anticipated costs of designating canaryseed as a grain are minimal – indeed, they are little more than the normal costs of doing business. CGC-licensed companies would be required to post additional security, and would also be limited in their ability to make shrinkage deductions on deliveries of canaryseed. Any increases in handling tariffs implemented by dealers must be fully justified to the CGC, and not be simply a convenient method of self-compensation for the loss of shrinkage deductions.

Conclusion

While Canada produces the vast majority of canaryseed grown in the world market today,² other countries, most notably Australia, have targeted this commodity as being a potential market, and have taken steps to establish a competitive vertically-integrated

² In 2004, Saskatchewan farmers seeded 840,000 acres of canaryseed. Manitoba accounted for 30,000 acres and Alberta planted 10,000 acres. Crop Production Week (Saskatoon) news release, January 10, 2005.

industry³ through a government-industry partnership involving the Australian Federal Government and the Lentil Company. Severe price instability, which has been a hallmark of the canaryseed market for many years, is partly due to widespread fluctuations in production levels. In 2004, for example, greater than average production of canaryseed on the Canadian prairies resulted in a price decline to approximately 11 cents per pound. The possibility of increased producer competition, combined with the emergence of a limited number of companies processing and distributing, could add to the downward pressure on farmers' returns. This will be aggravated if consistent quality standards are not adopted for all varieties of canaryseed.

The NFU is a strong supporter of publicly-funded research into crop varieties, with the benefits of that research being returned directly to farmers and to the Canadian public. Recently a producer check-off levy of \$1.75 per tonne for the purpose of funding canaryseed varietal research was implemented. If the benefits of this varietal research are going to be passed on to producers, then there is a strong need for quality standards to be established under the jurisdiction of the CGA. Canaryseed must be designated as a grain under the Canada Grain Regulations.

In conclusion, the NFU strongly recommends that canaryseed be regulated in accordance with the Canada Grain Act, and that it be designated as a grain in the Canada Grain Regulations.

All of which is respectfully submitted by
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³ "Canaryseed: Industry development for south-eastern Australia", a report for the Rural Industries research and Development Corporation, R.M. Norton and J.F. Ford. January 2002. www.rirdc.gov.au