

# Winter Cereals Annual General Meeting January 14 ,2019

**Royalties on Farm Saved Seed**

A decorative graphic consisting of several horizontal lines of varying lengths and colors (teal, light blue, white) extending from the right side of the text area across the top of the slide.

# History

## UPOV78

- International Union for the Protection of new Varieties of plants
- Plant Breeders have protection on the Production of their varieties
- Farmers can use their saved seed on their farm

## UPOV91

- Applies to varieties registered after Feb 27,2015
- Plant Breeders have protection on the production and reproduction of their varieties
- “ Farmers Privilege “ allows farmers to use their saved seed on their farm

# UPOV 91 Regulations

- Being developed to create more income for varietal development
- Various models have been used in other countries and other commodities
- Regulations will probably be developed specific to the commodity or plant families

# Varieties in Plant Breeder Rights Act

(% of new variety applications 2017)

- Ornamental 43%
- Potatoes 13%
- Oilseeds 13%
- Cereals 12%
- Fruit 11%
- Vegetables 5%
- Pulses 3%

# Current Seed Registration

- **Canola, Soybeans, Corn, some pulses**
  - Majority of development by private breeders
- **Cereal crops, some pulses, some oilseeds (eg. Flax)**
  - Majority of development by public breeding
- **To register a variety, it must be shown to be:**
  - Distinct, uniform, and stable, BUT, a variety just needs to be equal to existing varieties

# Grains Round Table

- Value creation committee studied funding models
  - 2 leading funding models emerged over 10 years
- Endpoint Royalties
- Trailing Royalties
- No consensus or endorsement was arrived at

# Seed Synergy

- **Members**

- Canadian Seed Growers Association (CSGA)
- Canadian Seed Trade Association (CSTA)
- Canadian Seed Institute (CSI)
- Commercial Seed Analyst Association of Canada (CSAAC)
- Canadian Plant Technology Agency (CPTA)
- CropLife Canada

- **End Point Royalties**

- Royalty continues to be paid on purchase of Certified Seed (e.g. cereals: \$0.65 to \$1.65 per bushel)
- Variety is declared at point-of-sale
- End Point Royalty on production from farm-saved seed is assessed, collected and remitted by buyer to breeding institution



- **Trailing Royalties**
  - Royalty continues to be paid on purchase of Certified seed (e.g. Cereals \$0.65 to \$1.65 per bushel)
  - Farmer contracts to pay royalty on seeding farmer-saved seed to the breeding institution
  - May be by bushel, acre, or some other method
- **Trailing Royalties recommended by Seed Synergy Members**

# Potential Royalties Costs on a 1000 Acre Farm on Certified Seed & Cost of Farm Saved Seed (FSS) Under Trailing Royalties

Crop	Royalty/T	Royalty/Acre	<u>Certified</u>		Total Royalty	<u>FSS</u>
			Post Feb 2015	Acres in Crop		Total Royalty
Canola	\$2,200.00	\$5.00	Yes	250	\$1,250.00	none
Fall Rye	\$17.40	\$0.63	No	80	\$50.00	none
Fall Rye	\$2,000.00	\$20.00	Yes	80	\$1,600.00	none
Barley	\$16.00	\$0.65	Yes	125	\$81.25	\$40.60
Wheat, HRS	\$30.00	\$1.20	Yes	100	\$120.00	\$60.00
Wheat, GP	\$24.00	\$1.30	Yes	100	\$130.00	\$65.00
Peas, Yellow	\$23.00	\$1.50	Yes	100	\$150.00	\$75.00
Flax	\$40.00	\$0.80	Yes	100	\$80.00	\$40.00
Oats	\$14.25	\$0.45	Yes	145	\$65.25	\$32.63
<b>TOTALS</b>				<b>1,000</b>	<b>\$1,926.50</b>	<b>\$253.23</b>

# Assumptions & Considerations

- Royalties collected on either production through an end point royalty or trailing royalty on farm saved seed production in workshops given by AAFC refer to a collection of \$150 - \$300 on an average farm. IN the west an average farm is 3200 acres which is over 3x what is discussed here and it would be interesting to learn how AAFC derived that figure.
- In another part of the presentation at the workshop a 50% cost of the royalty on certified seed is referred to as the cost of a trailing royalty which is used in the above example.
- The second fall rye example is on a post-2015 registered hybrid variety and it is not included in totals.

# Acreage of Field Crops on the Prairies in 2015 & Potential Returns on Royalties on Certified Seed (CS) & Farm Saved Seed (FSS) Trailing Royalty

	<u>Acres</u>					<u>Royalties</u>	
	Alberta	Saskatchewan	Manitoba	Prairies	Canada	CS (30%)	FSS (70%)
All Wheat	6,850,000	13,060,000	3,150,000	23,060,000	24,218,300		
Spring Wheat	5,860,000	7,800,000	2,915,000	16,575,000	17,012,900	\$6,215,625.00	\$6,951,500.00
Durum	820,000	5,000,000	0	5,820,000	5,820,000	\$2,182,500.00	\$2,440,888.00
Winter Wheat	150,000	240,000	220,000	610,000	1,278,000	\$219,600.00	\$228,100.00
Fall Rye	35,000	90,000	70,000	195,000	258,600	\$38,025.00	\$0.00
Oats	670,000	1,700,000	480,000	2,850,000	3,336,800	\$384,750.00	\$448,755.00
Barley	3,350,000	2,400,000	400,000	6,150,000	6,527,100	\$1,199,250.00	\$1,291,500.00
Dry Peas	1,445,000	2,135,000	70,000	3,620,000	3,680,000	\$1,629,000.00	\$1,900,500.00
Flax Seed	115,000	1,400,000	125,000	1,640,000	1,640,000	\$393,600.00	\$459,200.00
Canola	6,100,000	10,700,000	3,140,000	19,940,000	20,094,000	\$100,000,000.00	

# Assumptions & Considerations

- All post-2015 varieties except fall rye
- Certified seed use 30%; farm saved seed use 70%
- No slippage
- Royalties over the years of growing seed have never gone down, only up
- Generally the farm saved seed royalty is slightly greater than the certified seed royalty collected

# What's Missing From other models

- Dollars allocated in some proportion to discovery research in crops and new crops
- A commitment in some proportion of matching dollars by government into public research

Questions?

