

Industry Governance Review Meetings
Winnipeg
June 25 to 27, 2007

Working Group members: Doris Ludlage, Freda Molenkamp-Oudman, Bob Prather

Canola Council of Canada (CCC) – JoAnne Buth, VP Crop Production and Biotechnology

We were provided with a copy of the CCC strategic plan “Canola ... growing great 2015”.

- Their model is industry driven with government in a supportive role. It is also value chain related and includes working with the provinces.
- The CCC Board now consists of 17 members of which, 4 are established grower positions (3 western provinces). Other members include 3 crushers appointed by their association, 3 grain trade, 5 general appointments by the Board, and 3 elected at large at their annual meeting. They try to ensure representation from the important interest groups and partners and currently the appointees and elected positions include 1 additional crusher, 2 additional exporters, 3 seed companies, one bio-diesel and a Canadian grower association rep. The provinces and the federal government once had board positions but no longer.
- Bio-diesel is now a priority area. However their focus is on profit at all levels and in turn they focus on what needs to be done to achieve that. They have a new strategic plan (March 2007) that emphasizes focus on stability of supply and market demand. With the seed company additions, all of the industry players/funders are at the table.
- Grower contributions are through the respective provincial grower commissions along with 40 cents per tonne or around \$1.2 million in voluntary levies contributed through the crushers and grain companies. This a voluntary levy. In regards to bio-diesel there is some question as to whether the new “bio-diesel crushers” will provide a check off/pay a levy.
- Each sector has a strong voice and there is generally a focus on the future. They are now also discussing governance generally and relative to fairness with the merger of the Saskatchewan Wheat Pool and Agricore.
- The CCC has 3 major action areas: Crop Production, Utilization and Policy.
- Crop Production: on farm issues; education; variety trials and variety registration; dealers/extension system support; coordination of a directed research program that the producers pay for.
- Utilization: North America oil; meal use; quality revisions, a pricing proposal based on oil content, China/Pakistan/Mexico; bio-industrial. Meal utilization is from core funding while the North American oil program is mainly grower funding.

- Policy: Any proposed regulation/policy; trans-fat; labeling; WTO, bilateral agreements/tariffs; biotechnology; non-tariff barriers; APF2. They have a person in Ottawa.
- For 35 years they have had joint meetings with Japan on canola and canola product tariffs/use/etc. The exporters pay, the CCC organizes/coordinates and a national producer representative is included.
- Their planning cycle includes an environmental scan by August, voting on a proposed work plan in November for the following year and a review of results of the previous year in March.
- The Canadian Canola Growers Association and the Canadian Oilseed Processors Association are registered separately, although the CCC was not sure whether for legal purposes in Manitoba or nationally.
- The CCC believes that strong growers are key to value chain based organizations. The value chain cooperation and involvement does not go as far as retail or food companies as they are viewed as competing buyers.
- The Canadian growers association is their national voice and addresses producer policy issues such as safety nets, transportation, biotechnology and innovation; and also administers the national cash advance program for canola producers and a number of other commodities.
- On a 10 to 15 year horizon they see continued growth with multiple production streams and a food focus, although facing threats from some other areas like soybeans with a canola profile and new crops for industrial uses. Bio-industrials will be a challenge. They currently have an alliance with Australia on meal utilization. EU access is a future possibility with one more country's support needed – possibly by the end of the year.
- The Canadian Product Research program is looking at human health including both functional foods and nutraceuticals. Links to FDA health claim work in the US and linkages to diabetes and nerve conduction to the brain. On the outside they are also working in support of the establishment of a functional food Chair at the University of Manitoba.

Keystone Agricultural Producers – Lenore Smaldon, Communications Officer

We were given a package that included their general brochure, a brochure on the Young Farmers Committee, a recent news release, the Summer 07 issue of Manitoba Farmers' Voice, a school tax brochure with partners noted, an organization chart and a set of slides that were used in their presentation.

- The KAP structure is based on voluntary membership covered under a separate piece of legislation from that governing the marketing boards and other mandatory levy organizations in Manitoba. Representation is based on 12 districts with their own Boards and assigned budgets, along with 4 “commodity” groups with individual commodity or special interest members – red meats (4), supply

managed (4), special crop/vegetable (6), and special interest (7). They have a delegate structure with annual meeting voting privileges going to 12 delegates from each district and one rep from each group member. There is a general council that sets policy and is made up of the President, four members from each district and a maximum of 25 from the group members. The Executive consists of the President, 2 Vice – Presidents, one rep from each district and one from each of the four “commodity” groups. Management consists of the President, 2 Vice – Presidents and the General Manager.

- They have 5,000 producer members for 7,000 farm families, around 50% of business-oriented farmers. They pay 0.5% of value on delivery/sale or pre-paid to a maximum annually of \$132.50. They can pay monthly, quarterly or once per year. If a producer falls below the \$132.50 for any reason, they refund it. Collection is through most commodities/elevators. They offer/provide a member benefits package that includes group insurance, travel services, market information and farm management software.
- Groups pay an annual \$1,000 membership fee, and can participate in committees (17+), sit on the General Council and can be represented on the Executive. They also ask KAP to help facilitate some things for them and get involved in commodity things, only if invited. Noted the government tendency to “divide and conquer”.
- District boards receive around \$3 per member and their use is independent of the central efforts but based on a budget with invoices or receipts provided to the KAP office.
- The General Council entertains all resolutions (not screened) with an opportunity provided for each to be spoken to. Its meetings are fully open, including to the media.
- The committee structure focuses on developing policy recommendations and position papers, as well as providing expertise and conducting some research. They have 2 to 5 meetings each a year and are supported by KAP staff who are assigned to work with/support particular committees (i.e. notes and action follow-up).
- The President puts in around 200 days a year and does around 800 interviews per year. Honorariums and travel generally are around \$25,000 per year.
- They have a farmer appreciation day once per year at the legislature to target both legislators and government officials, but also the urban constituency in particular.
- They have made significant efforts to include youth/younger members and now of their involved members around 20 to 25 % are young farmers. Some things they do are inviting younger farmers to be on committees and give a free meal to farmers under 40 years of age at the provincial Ag Days fair/exhibition.
- Communication is a big part of their operation with the 800 interviews, 60 or so press releases a year, weekly columns, the monthly magazine and a weekly KAP Alert newsletter.

- Some of the challenges that they face are finances (now only \$500,000 to \$600,000 per year), staff resources, member volunteer time, and being able to focus on common ground. The fees are set in regulation but they are now looking for an increase to 0.75% of value and the debate is around what is reasonable and affordable where each member has the same standing.
- Opportunities noted were developing a strong, single voice; building on past success and a growing understanding of the value.
- They work with other provinces on common interests but mainly as resources/information. They use the CFA vehicle as appropriate. In the future they see coordination and collaboration as being very important and needing improvement.
- They will be sending out a survey on their organization's effectiveness.
- In 10 years they see themselves having for funding and increased membership as a result of a campaign. There would be a change in the legislation to allow a higher deduction with changes on the refund policy i.e. if under the minimum fee level. There would be more commodity group meetings for consensus decisions, active committees and improved member benefit program.
- They don't want commodity specific stuff and for example have research RFP's out for fuel fertilizer costs, bio-fuels benefits and succession.

Prairie Oat Growers Association – Bill Wilton, President

We were given a proposal dated October 2003 for a research, market development and promotion entity for oats in Alberta, Saskatchewan and Manitoba; a copy of their February 2005 petition for a Manitoba organization and a copy of their January 2006 oat producers meeting program.

- The Manitoba organization is again under consideration, after failing two previous votes with only 48 % and 53 % respectively versus the 60 % needed.
- The Saskatchewan organization has been in place since last summer with levies being collected through a contract with the Saskatchewan Canola Growers (“levy central”). They have a parochial view of the use of their check-off funds outside of their province.
- In Alberta they have worked/ been in contact with Marketing Council and various Alberta people since 1995 on a refundable levy commission. The last contact with Alberta (Leo Meyer of Spirit River representing an Alberta interest group) did not end well as there was an understanding/agreement but afterwards no communication follow-up from Alberta. They would again like to have Marketing Council's help to look at moving the Alberta situation forward. Bill was to be in Alberta the following week visiting family and would like to re-connect.
- See themselves as a regional association of provincial oat grower organizations with delegates from and service agreements back to those organizations.

- In 10 to 15 years they see themselves as having an Executive Director, a board of provincial organization representatives and \$2 million to \$3 million to leverage up to \$ 20 million in expenditures on the growers behalf (e.g. market development, varietal development, agronomic research and producer education).
- They see Alberta as a model and possible lever to move Manitoba ahead. They would like to have some Alberta directors. The provincial approach is a necessity given the respective legislation requirements/content in each province. They do not see multiple check-offs for producers as a significant issue. They have good industry involvement and support, at least with respect to the milling industry and food manufacturers (e.g. Quaker Oats).
- They noted the legal jurisdiction issue for barley and the WGRF and a prevailing attitude that the “Dominion” should do and fund research. They feel that KAP adds value through the local committees in particular.
- Their next producer meeting is November 29 in Manitoba.

Pulse Canada – Gordon Bacon, Chief Executive Officer and Greg Cherewyk, Director of Market Development

- Membership consists of 5 producer organizations (Alberta, Saskatchewan, Manitoba and two bean organizations in Ontario) and the trade. The board of directors consists of representatives of the 5 grower organizations and 3 trade members.
- Focus is on market development, market access and federal policies and programs affecting trade. One issue is that at times provinces overlap with or also do things in these areas.
- They share offices and staff resources with the Canadian Special Crops Association.

Manitoba Marketing Council – Gordon MacKenzie, General Manager

- He is the only staff person other than an administrator that supports the Councils that oversee legislation and Ministry support for the two Acts that provide the basis for check-off organizations in Manitoba. He has been in this area of work for 31 years.
- The first Act deals mostly with compulsory boards and commissions but also includes Keystone Ag Producers and the latest group, to manage the check off funds for processing. The latter is apparently under this because of a wish to be able to appoint the board, despite the fact that it is a refundable levy. The last time the legislation was changed was 2000 and parts were borrowed from both the Alberta and Ontario legislation. 10 organizations are covered, 8 of which have appointed boards: the new cattle group, Keystone, supply management, and 4 vegetable organizations. Supervision is done by a board that is hands off generally and its decisions can also be appealed.

- The other part is covered by the “Agricultural Producers Certification Agency”. There are no appointed board members. This group is under the supervision of 4 people deemed to be independent and not representing any commodity interests.
- Leadership on the boards that they deal with is producers except for the new cattle organization that has at least one non-producer. There is no limitation on board terms of office (or the Council for that matter).
- Keystone (KAP) provides the general focus, allowing the commodity groups to focus on their own stuff, yet stay involved. Their biggest complaint comes from the industry on levy collection.
- The Council’s focus is on reporting and updating with some facilitation between groups on issues. They are necessary otherwise the Boards would be “a law unto themselves”. They supervise levy collection with two appointed inspectors who are ex-RCMP, with expenses paid by the levy organizations that they do it for. KAP however has to do their own collection mainly through an agreement with the grain elevators.
- The Chair of Council is an active producer and members need to be from farm backgrounds. They need to operate without fear of having to do favors or offending someone, including the Ministry. The Chair meets with the Ministry directly 6 to 8 times a year.
- Confidentiality is important and board by-laws require an oath of confidentiality, with potential conflicts of interest to be disclosed by April 15 to all other members of the board.
- Recent referendum experience: Flax failed, oats failed twice and winter wheat is interested.
- In 10 years he sees things as much the same as now. He does not see a grains group. Provincial legislation is limited by the borders. Rules of engagement are important in dealing with divisiveness, and regulatory harmony is important.
- Sees staff resources as an important consideration under alternative models.