

The Future of Crop Research Funding in Canada: "Concepts for Thought"

Crop Research Funding Working Group
Presentation to Grower Organizations
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Early Observations

- Shortage of research funding for cereals, especially wheat
- Private developer concerns about minimal use of certified seed and consequently limited ROI potential for developers
- Declining public sector funding for/involvement in research
- Grower concerns about losing voice in development decisions
- Small acreage crop concerns about lack of voice and funds
- Grower concerns about declining level of collaboration/IP sharing among researchers in some sectors
- Industry-wide concerns about shortage of research capacity to make use of funds (e.g., HR, infrastructure)

A Place to Start

- Proposal to focus efforts on where there is the greatest need and opportunity
 - Large scale, self-pollinated crop
 - Inadequate research funding
 - Significant untapped potential
- Which leads us to CEREALS... in particular wheat

Requirements: A New Model Should...

- Be national in scope and regional in response, to encourage federal government to support change and commit funding
- Engage producers in its development and operation
- Provide adequate ROI for developers/variety owners, while allowing the continued use of farm saved seed
- Utilize existing organizational infrastructure and minimize new layers or castle building
- Give each crop sector complete freedom to choose, and ensure one is not negatively affected by the choices of another
- Provide a means of preserving the valued role /funding the services of seed companies and growers (the middle layer)

Crop Research Funding Concept: Proposed Elements

- Initial Concept for Wheat/ Cereals:
 - Delivery-based research check-off, including research levy and variety based end point royalty
 - Research levy to be matched by government
 - Royalty to go to variety owners (public, private or producer-private)
 - Some form of royalty rebate for certified seed use
 - Some form of national, non-profit, producer/director-run entity or arrangement could be formed to
 - Coordinate levy and royalty collection in collaboration with existing organizations (represented on board of directors)
 - Allocate levy funds to existing organizations and to other research activities based on agreed upon formula
 - Portion of levy funds to go toward research of national importance (e.g., agronomic/cross-commodity benefit) and potentially accommodation for “small regions”

Not Simple or Certain...But...

What are The Realistic Alternatives?

- Status quo?
 - Lose ground in global competitiveness
- A government-only funding increase?
 - Unlikely
 - Uncertain future
- Significant increase in private investment?
 - Uncertain with current IP mechanisms (cereals)
 - Need to maintain private / public balance

How Much Funding are We talking About: Further Analysis

- Research Levy Calculator developed by University of Saskatchewan estimates revenue from 1% producer levy and matching government contribution, based on average cash receipts for 2005-2009
- Analysis done on individual crop basis for each province as well as Western Canada and Canada
- Example: Potential revenues for wheat
 - *Canada*
 - All wheat – \$41.1M + \$41.1M = \$82.2M
 - *Western Canada*
 - All wheat – \$38.0M + \$38.0M = \$76.0M