

FREQUENTLY ASKED QUESTIONS

SEED VARIETY USE AGREEMENT

Value. Transparency. Choice.

Seed Variety Use Agreement Pilot Program & Working Group

Q. What is the Seed Variety Use Agreement?

A. The Seed Variety Use Agreement, also called the SVUA, is a value creation tool to increase plant breeding investment and benefit everyone in Canada's agriculture value chain. The SVUA is built on the principals of value, transparency and choice for producers.

Q. How will the SVUA work?

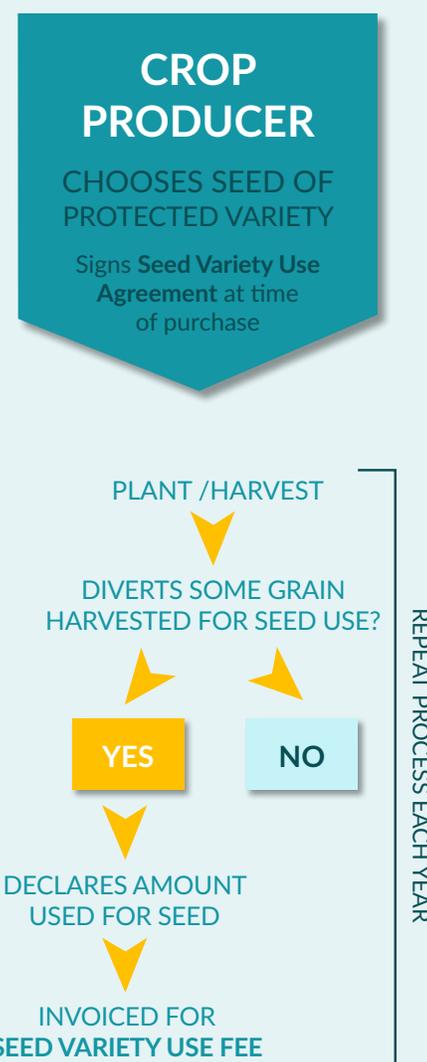
A. The SVUA will be applied to specific varieties as determined by plant breeders and their seed distributors. In simple terms, when producers purchase a SVUA variety and then divert some of that grain at harvest for seed use and plant it the following spring, they will be invoiced a Seed Variety Use Fee (SVUF) for use of the variety. This fee (which is set at the time of Certified seed purchase) will be invoiced to the producer every year that the farm-saved seed of the SVUA variety is grown.

Q. What is the SVUA Pilot?

A. The SVUA Pilot is a program to assess how the SVUA works in a real-farm situation in order to better inform the value creation discussion for the entire agriculture value chain. Specifically, the Pilot will evaluate the proposed platform that will be used to contract, track, invoice and collect fees for farm-saved seed of SVUA varieties.

The Canadian Plant Technology Association (CPTA) has created this Pilot program in response to producers who raised questions during the value creation consultations. The outcome of the Pilot will provide producers with detailed answers about how the SVUA will work. It will also help the seed industry better understand how it can generate a return on plant breeding investments.

How will the SVUA work?



SVUA Pilot Program Timeline

Q. Which varieties will be included in the SVUA Pilot?

A. The SVUA Pilot will include a limited number of new seed varieties (4 to 6 varieties of various crops) available for sale under a SVUA from CPTA seed company members.

Q. Who is participating in the SVUA Pilot?

A. The SVUA Pilot and development of the SVUA platform is being led by CPTA. Multiple plant breeders, seed distributors, retailers and producers will participate in the SVUA Pilot Program. Only producers who choose to purchase SVUA varieties will be involved in the Pilot. The Canadian Seed Trade Association (CSTA) is establishing a SVUA Working Group that will be a forum for CSTA, CPTA and producer groups to collaborate.

Q. What is the SVUA platform?

A. The SVUA platform is a confidential, online database that will handle all SVUA agreements, variety use acknowledgements, declarations, invoices, payments and compliance activity and data.

Q. When will the SVUA platform be operational?

A. Phase 1 of the SVUA platform will be operational by March 2020. Phase 2 of the System will be completed by March 2021.

Q. Why do you think this particular platform will work?

A. We have a high level of confidence because it is built on a platform used by all retailers and growers of Midge Tolerant Wheat in Western Canada for the past decade. Modifications to this proven platform have enabled the SVUA platform to be developed for value creation purposes.

FEBRUARY 2020

- SVUA Pilot announced

MARCH 2020

- SVUA platform is operational
- Participating distributors launch SVUA varieties and set maximum Seed Variety Use Fee (SVUF)
- Retailers are trained on the SVUA system and sign a Retailer System Agreement (RSA)

APRIL 2020

- Producers wishing to participate in the Pilot and plant an SVUA variety will sign an evergreen SVUA System Agreement (SA)
- Producers purchase seed of SVUA varieties from their local seed retailer and sign Variety Use Acknowledgements, which includes the maximum SVUF

GROWING SEASON 2020

- Producers plant SVUA varieties

HARVEST 2020

- Producers harvest the crop grown from a SVUA variety
- Producers may divert some grain for seed use in 2021 (farm-saved seed)

TIMELINE CONTINUED

SVUA Pilot Program Timeline

JUNE TO JULY

2021

- Distributors set invoice SVUF, which may be lower than the maximum SVUF that the producer acknowledged at time of seed purchase
- SVUA platform sends grower Declaration Form
- Producers declare amount of farm-saved seed planted from SVUA varieties in 2021
- SVUA platform sends each grower a single SVUF invoice (for all SVUA varieties used)

JULY

2021

- Auditing of some farms for compliance

JULY TO AUGUST

2021

- SVUF collection and remittance to seed distributors (who represent the plant breeders) by CPTA

SEPTEMBER

2021

- Producer and retailer feedback on platform; measure effectiveness; refinement based on evaluation

Q. How much is the Seed Variety Use Fee and how is it set?

A. The Seed Variety Use Fee (SVUF) is set by the plant breeder/seed distributor and can vary depending on the value and performance of the particular variety. Producers will be made aware of the maximum SVUF at the time of Certified seed purchase. (This is the maximum SVUF for the lifetime of the variety.) The actual invoiced SVUF may be lower than the maximum.

Q. What happens to the SVUFs collected in this system?

A. CPTA distributes the funds collected to each plant breeder, or the seed distributor representing the breeding program, based on the amount collected for their varieties. This is similar to the way royalties on Certified seed sales are collected and distributed to plant breeding programs.

Q. How will the SVUA be enforced?

A. CPTA will manage enforcement using a 'coaching for compliance' approach. Third-party audits will be conducted, if necessary, to review producer compliance. Audits will not be random. If an audit is required, there will be only one audit per producer for all SVUA contracts. Audits will be conducted efficiently by a trained, independent, accredited third-party auditor.

Q. How are you supporting growers in this new process?

A. A dedicated SVUA line will be set up to provide customer support and service. Retailers also play a role in ensuring producers are aware of their commitment when using SVUA varieties.

Q. What is the SVUA Working Group?

A. The seed industry is committed to engagement with producers and has formed a Working Group to ensure transparency and ensure that the voice of farmers is heard in the SVUA pilot program. The Working Group will be forum for industry and producer groups to collaborate the pilot program and how it meets producer priorities, delivers transparency, value and choice, and aligns with the guiding principles.

Q. Why did CSTA create the SVUA Working Group?

A. We understand that producers have concerns and we want to ensure that their concerns are addressed. We want the Working Group to help measure the success of the Pilot.

Q. Who is part of the Working Group?

A. In order to allow for meaningful and substantive dialogue, the Working Group will include a small but representative group of producers, including the Canadian Seed Growers' Association and the Western Canadian Wheat Growers Association. Conversations are ongoing with several other groups at this time.

Q. What does success look like?

A. One of the areas of focus of the SVUA Working Group will be working together to determine how to measure success. Working with our partners and listening to their feedback is important and the evaluation process will take time. Ease of use of the system and increased capacity are some of the things we are looking at as a starting point. It will take time to determine success, likely a minimum of two growing seasons or potentially even the life cycle of a variety.

