



Agricultural Producers Association of Saskatchewan
Response to the Canadian Grain Commission

*Falling Number and deoxynivalenol (DON) as potential
official grain grading factors*

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Introduction

The Agricultural Producers Association of Saskatchewan welcomes this opportunity to provide input into the Canadian Grain Commission (CGC) consultation concerning the use of Falling Number and deoxynivalent (DON) as potential grain grading factors.

APAS commends the CGC for undertaking this review as part of the ongoing Grading Modernization Initiative. It is very important that Canada's grain grading system evolves to ensure the quality requirements used at primary elevators are consistent with the quality specifications required by end-use customers. For many years, APAS members have expressed an interest in moving towards a more objective grading system. The addition of both DON and Falling Number as grading factors have the potential to replace, or supplement, visual methods of assessing quality. DON, especially, is a widely used quality specification that can significantly impact grain market values. The continued use of DON testing outside the scope of CGC operations has led to emerging concerns around the need for standard testing procedures and binding test determinations that should also be addressed as part of this consultation process.

Recommended Approach

APAS Representatives have reviewed the consultation document, dated March 11, 2019. APAS supports the principle of incorporating DON and Falling Number into the grain standards while recognizing that more information and broader producer engagement is necessary to inform decisions on long-term changes to the grading standards. Should these discussions extend into the next crop year, APAS is requesting that the CGC undertake interim measures, outside the grading factors, to ensure licensed grain buyers are following standard testing procedures with producers having the option for binding determination when these test results are used as quality specifications in sales transactions. The comments below explain this recommended approach in more detail.

DON and Falling Numbers as Potential Grading Factors

APAS is encouraged that the CGC is examining the potential of adding DON and Falling Number as official grading factors. While an important first step, the consultation document dated March 11th was narrow in scope. APAS would like to see the next phase of consultations provide clarification in several areas to allow for a better assessment of the potential impact certain options would have on primary producers, including: whether all grades would be subject to automatic Falling Number and DON testing; the availability and functionality of testing equipment and their associated costs; the variability of sample results and the potential for increased producer liability. The

discussion may also benefit from a recap of previous studies and proposals regarding Falling Number and DON and the technological improvements that have occurred since.

APAS would also like to see broader producer engagement as part of the next phase of consultation and decision-making. There is a great deal of interest in the use of objective testing and new grading equipment. APAS encourages the CGC to raise greater awareness of the proposals in providing more information to allow for informed decision-making.

Sampling & Testing Standards

It is our understanding that the CGC does not establish or oversee standard sampling and testing procedures for DON and Falling Number tests because these specifications are not official grade factors. Sample size and adherence to proper testing procedures are critical factors for managing the variability of both DON and Falling Number test results. Lack of consistent and standardized testing methods for DON is a particular concern for producers, given the significant impact that DON values can have on grain prices in years of high disease pressure. Any sale transactions made on the basis of agreed upon DON values should be made with confidence that the testing is conducted using the highest standards of sampling and testing protocols.

Should the consultations on adding DON and Falling Number to the grading standards extend into the next crop year, APAS recommends the CGC implement interim measures to establish and oversee standard testing procedures to guide the use of these tests in Canada's grain trade for the 2019/20 marketing year. We note that the addition of DON and Falling Number tests to the Harvest Sample Program is a positive step towards the development of standard CGC testing procedures for DON and Falling Number that should be applied to all licensed grain buyers.

Access to Binding Determination

APAS would also like to see the CGC consider interim measures to ensure producers have access to binding grade determinations of DON and Falling Number test results when these quality specifications are used in sales contracts. The potential for grade disputes increases as these tests become more prevalent in the industry and producers are made aware of results by submitting samples through the Harvest Sample Program and other third-party service providers. Subject to inspector's grade and dockage provisions are an important form of dispute settlement in Canada's grain industry that should be extended to any quality specification that is used in commercial contracts.

Crop Insurance Quality Coverage

Until such time that DON and Falling Number are added as grading factors, APAS encourages the CGC to work with provincial crop insurance agencies to address discrepancies that can arise when the CGC grade does not reflect the appraised insurance value for grain with high DON levels. In recent years, producers have expressed concern that the quality coverage provided for grain with high DON values is inconsistent with the appraised market values because crop insurance coverage levels are based on CGC grades which do not include DON as a grading factor. In the event that DON is not added to the CGC grades in the near term, APAS encourages the CGC and crop insurance administrators to develop alternative approaches to ensure insurance coverage is not limited by CGC grading factors.

Conclusion

APAS recognizes the CGC for undertaking the Grading Modernization Initiative and examining the potential of adding DON and Falling Number to the official grading standards. A key recommendation in the APAS submission to the CGC's accumulated surplus consultation was a comprehensive review of the grading system. APAS also encouraged the CGC to take a leadership role in supporting the development of new grading methods and technologies capable of producing accurate, repeatable and timely results. The CGC appears to be moving in this direction through its Grain Modernization Initiative, and APAS supports continued leadership in this area. We look forward to continuing to participate in the consultations concerning DON and Falling Number as potential grading factors.