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Changes needed in Canada's grading system

By Cheryl Jolly, President, Western Canadian Wheat Growers Association

For many prairie farmers the frustration of a difficult growing season in 2004 has only been compounded by the shortcomings of Canada's grading system. Rarely have we seen such a crop that begs for a complete overhaul of Canada's approach to assessing grain quality.

The Wheat Growers are constantly hearing stories of frozen or slightly sprouted wheat that is grading as feed quality, and yet the falling number and other attributes indicate that much of it would still make milling quality.

The heart of the problem is Canada's visual grading system, where "looks" count for more than substance. The Wheat Growers would be the first to agree that in many cases, a visual inspection can adequately assess grain quality. But not in all cases. Often wheat that looks bad can still have decent milling characteristics.

Technology now allows grain buyers to test for many of these milling qualities at the elevator door. In the United States, buyers at grain elevators routinely buy wheat on the basis of falling number. Thus, wheat that falls into the feed category in Canada might qualify as milling quality in the U.S. This is huge, because in Canada, farmers fall off a cliff (price-wise) if your grain doesn't meet the milling standard.

In the United States, farmers have the opportunity to send samples to state or private test labs where grain is tested for a number of quality traits. Buyers in the U.S. will then buy your grain based on these test results. This means that the price the farmer receives can better reflect the quality attributes of the grain he delivers.

Around the world, grain processors are continually coming up with new products or new manufacturing processes that change the quality attributes they want and are willing to accept. Our grading and marketing system needs to be flexible to accommodate these changes in the marketplace.

The Wheat Growers are convinced that Canada needs to reconsider its approach to grain grading. Rather than pigeonhole every sample into a grade box, we need to allow buyers and sellers to trade grain on the basis of its quality attributes. If a buyer and seller agree that a sample of wheat is of acceptable milling quality, then why have a third party telling them it isn't?

Canada needs to get away from this notion that all grain that is exported or delivered to a port terminal must be inspected and graded by the Canadian Grain Commission (CGC). Let's make it optional. Let's allow grain handlers the opportunity to deal directly with end-user on the quality specifications, and to accept the risk if the grain does not meet those specifications. That way, more grain from farmers could be accepted for milling quality than is the case now.

This is not to say the Grain Commission wouldn't still have a vital role to play in grain grading. All parties, including farmers and producer car shippers, should continue to have the right to submit samples to the CGC for an independent and official assessment of quality.

However, moving to a market-driven optional grading system could result in significant savings to the farmers. Currently, wheat farmers pay over a dollar per tonne to the CGC in weighing and grading fees on export grain. Optional grading at certain points in the supply chain could significantly lower this cost. Industry savings would also be significant, as companies would no longer have to provide space for on-site inspectors in the country, would have greater flexibility in terms of loading and unloading times, and would have fewer work stoppages due to labour disputes.

Allowing greater flexibility in the grading system also allows for the introduction of varieties that have good agronomic or end-use qualities, but do not meet the KVD (kernel visual distinguishability) requirements of the present grading system. The affidavit system that grain companies introduced in 2004 is working well, and demonstrates that farmers are more than willing to declare the variety they are growing, so long as it means they can grow those varieties that give them the best return.

Moving to an optional grading system and letting buyers and sellers come to their own terms on quality specifications would give farmers the ability to grow the varieties that are best suited to their farm. It would also give them a better chance to obtain the maximum value for the quality of grain they grow. The Western Canadian Wheat Growers are striving to make that happen.